Global Green Finance Index 3
Global Launch

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27 March 2019
Le Cercle De L'Union Interalliée, Paris

Hosted By Financière De Courcelles International

@longfinance

Welcome And Introduction

Emmanuel Antmann
Managing Director
Financière De Courcelles International

Agenda

17:30 Welcome And Introduction

Emmanuel Antmann, Managing Director, Financières de Courcelles

17:35 Keynote Presentation

Abdeldjellil Bouzidi, Founder and Economist, Emena Advisory

17:50 Measuring Green Finance

Professor Michael Mainelli, Executive Chairman, Z/Yen

18:00 GGFI 3 Results

Mike Wardle, Head of Indices, Z/Yen

18:20 Focus on Disinvestment And Data

Benoît Lallemand, Secretary General, Finance Watch

18:35 Questions

18:55 Concluding Remarks

Emmanuel Antmann

19:00 Reception

Keynote Presentation

Abdeldjellil Bouzidi
Founder and Economist
Emena Advisory

Measuring Green Finance

Professor Michael Mainelli
Executive Chairman
Z/Yen Group

The Global Green Finance Index

♦ Initiative sponsored by the MAVA Foundation and delivered by Finance Watch and Long Finance

♦ Aims to:

➢ Encourage financial centres to become greener, and financial system to deliver sustainability

➢ Encourage collaboration and competition

➢ Help to catalyse growth in this sector, and help policy makers' understanding of what makes a financial centre 'green'
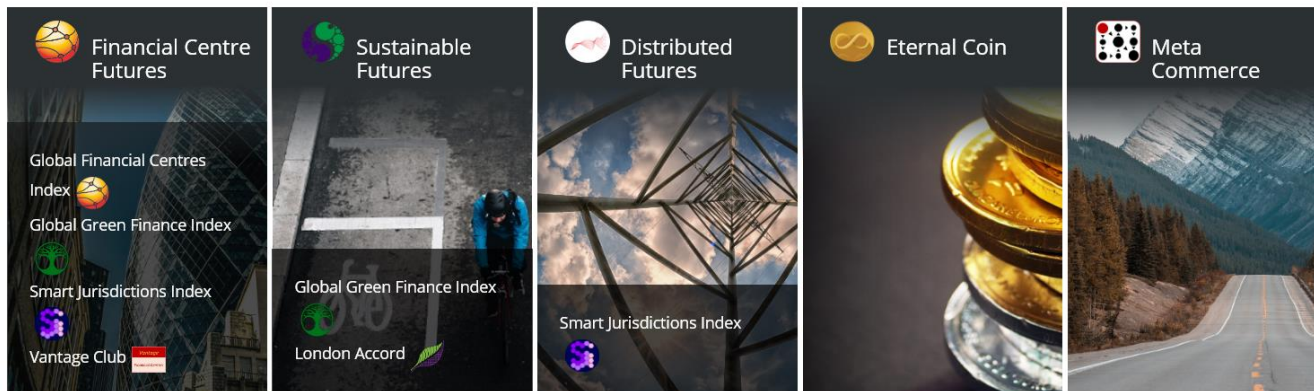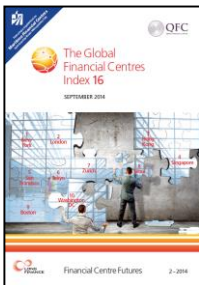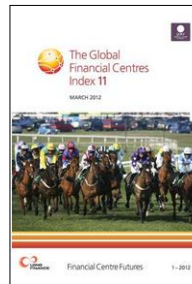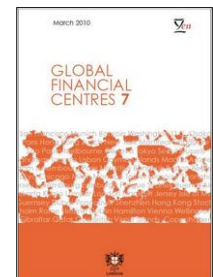
GGFI

Long Finance

"When Would We Know Our Financial System Is Working?"

This is the question underlying Long Finance's goal to improve society's understanding and use of finance over the long-term. In contrast to the short-termism that defines today's economic view, the Long Finance time-frame is roughly 100 years.

Financial Centres Research

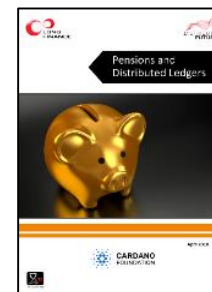# Long Finance Research
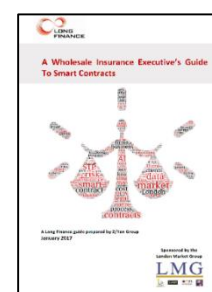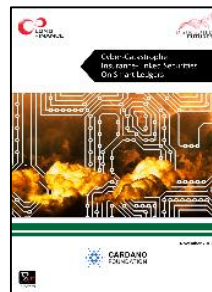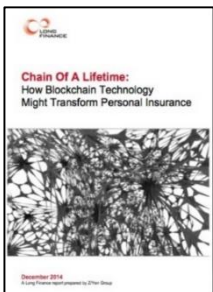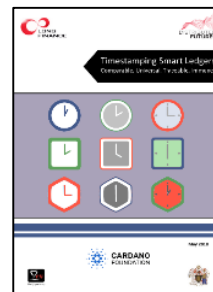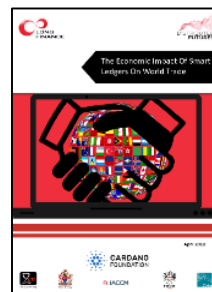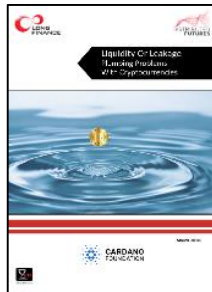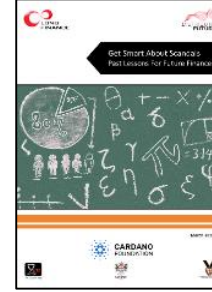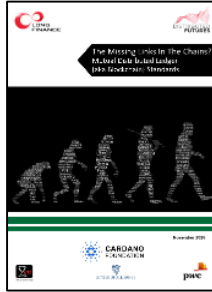
Financial Centres

♦ UNEP defines financial centres as "cities with an intense concentration of financial activity involving an interlocking set of financial sectors and transactions".

Photo by Ilya Gavin on Unsplash

Indices

Making Waves In 2018

LUXEMBOURG TIMES
Luxembourg among global leaders for green finance

New Climate Finance report: The invisible hand of the free market does not have green fingers

edie.NET
London slides down rankings for global green finance leaders

Forbes
Global 'Green Finance' Index Launch Boosts Sustainable Investing Drive

RSEDATANEWS
Finance verte : Paris peine à asseoir son leadership

Portaal Duurzaam Financieel
Amsterdam, London, Copenhagen, and Paris are ranked top global centres for green finance

FINANS FORBUNDET
København rykker som grønt finanscentrum

finews.ch Treffpunkt der Finanzwelt
Genf: Die grünen Bankiers

Börsen-Zeitung Zeitung für die Finanzmärkte
Green-Finance-Hype ist noch nicht in Realität angekommen- Amsterdam und London führende Finanzplätze

CHINADAILY.COM.CN
New index to give boost to green development

A Question Of Measurement

Why An Index?

♦ We value what we measure. "E*nvironmental sustainability is a tough equation"*- the more data we have to work with the better

♦ The GGFI seeks to measure perceptions of the quality and depth of green financial products across the world's financial centres

➢ What is Green Finance?

➢ How can you measure quality and depth?

Green Finance

♦ Green Finance refers to any financial instrument or financial services activity – which results in positive change for the environment and society over the long term (sustainability)

♦ The most basic "greenness" criterion of a company or project it that is contributes to reducing the emission of Greenhouse Gases

Factor Assessment Index

Completed questionnaires: each respondent rates only a proportion of the total number of financial centres

- Questionnaire 8 financial centres rated
- Questionnaire 5 financial centres rated
- Questionnaire 7 financial centres rated
- Questionnaire 14 financial centres rated
- Questionnaire 10 financial centres rated
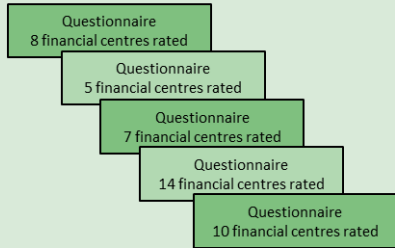
GGFI uses 4,097 assessments from 646 individuals

Support Vector Machine looks for relationships between assessments and instrumental factors

Support Vector Machine assigns ratings to unrated centres for each individual questionnaire response, based on analysis of instrumental factor/assessment relationship

Complete assessments and predictions for all financial centres

Global Green Finance Index constructed/updated

100+ instrumental factors on sustainability, business, human capital and infrastructure collected for all financial centres

- Instrumental factor
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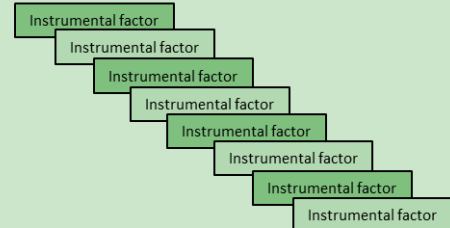
GGFI uses 131 instrumental factors

GGFI 3 Results

Mike Wardle
Head Of Indices
Z/Yen Group

Respondents By Sector
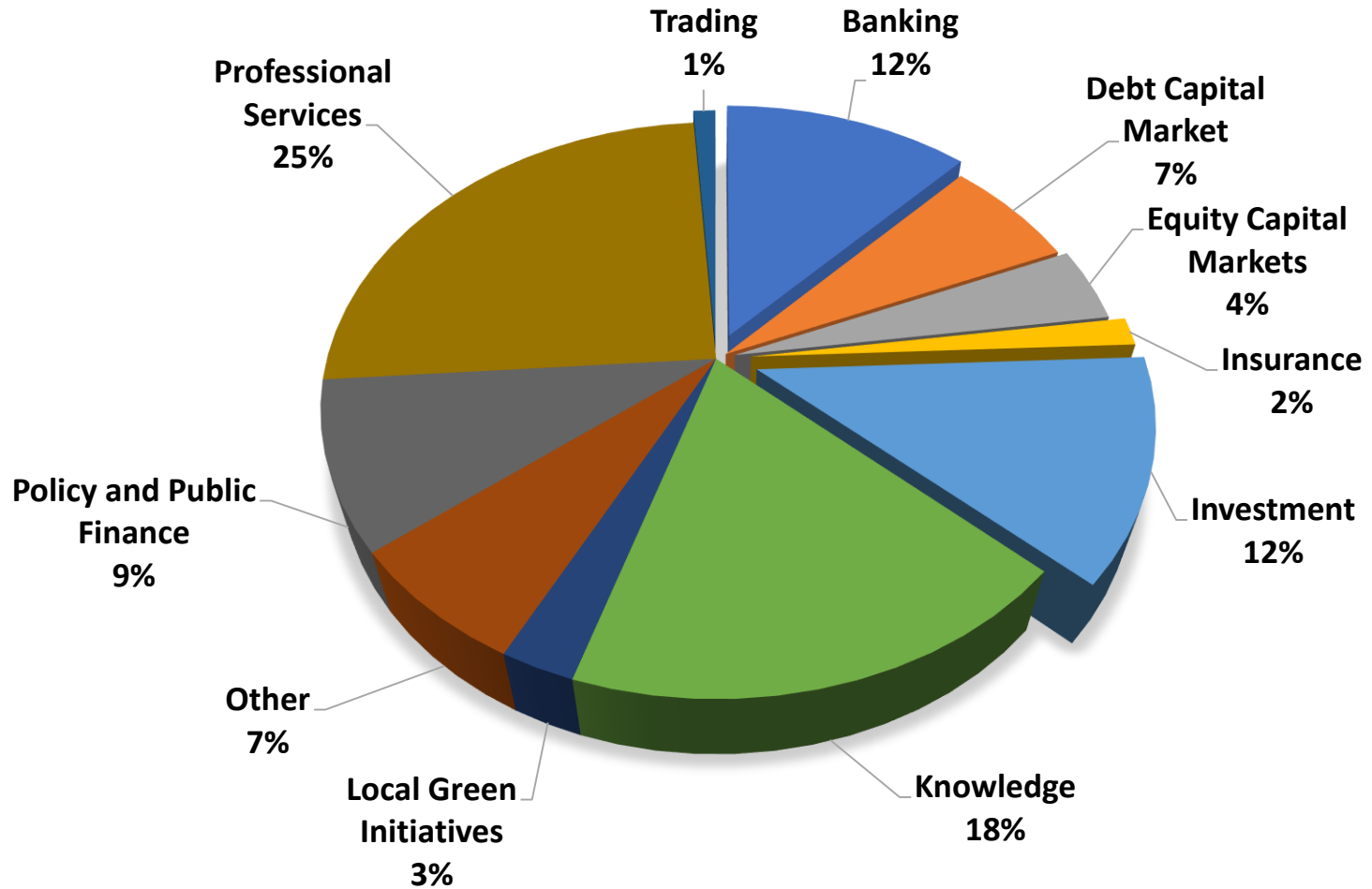
Respondents By Region
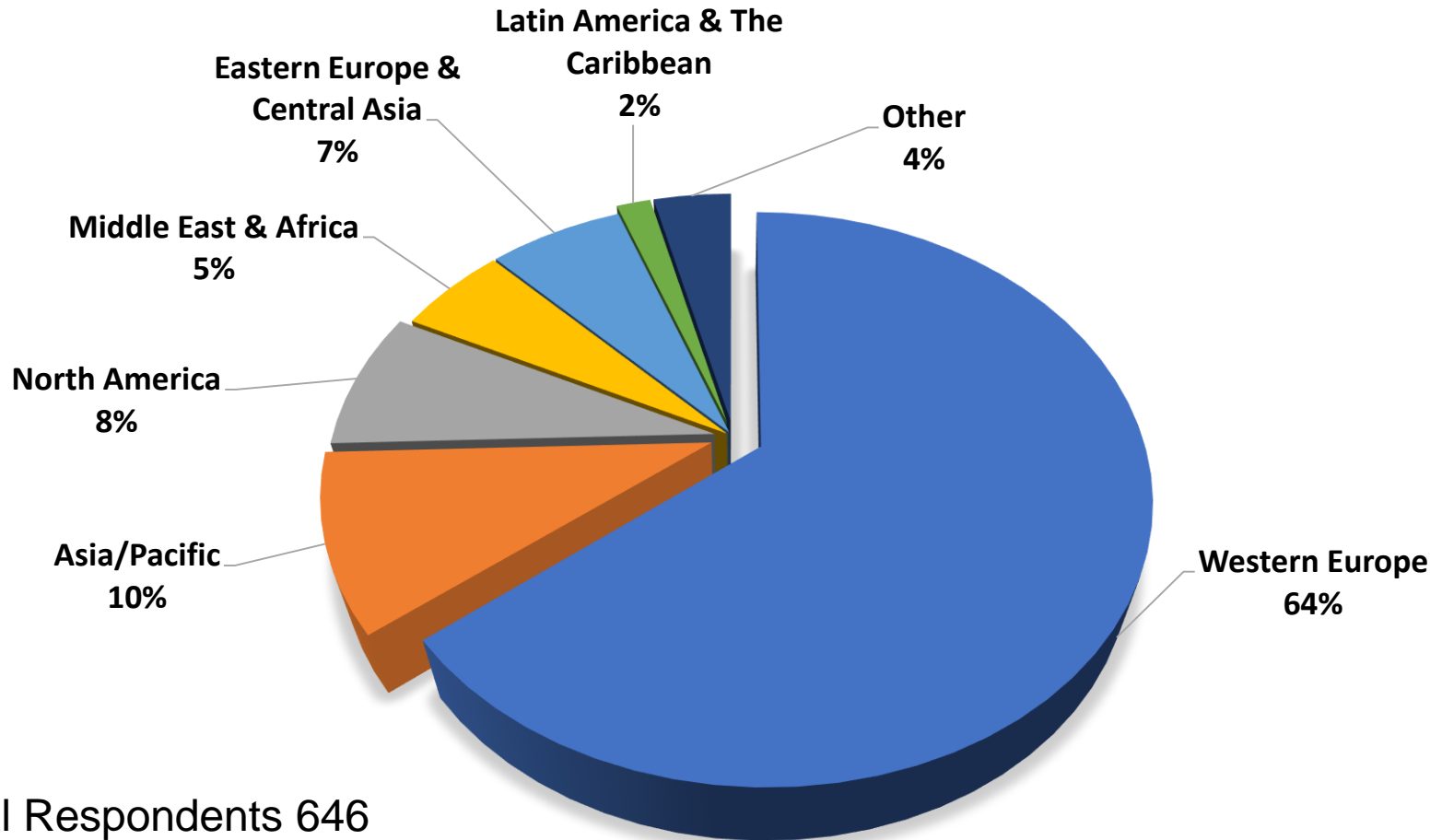
Total Respondents 646
Total Assessments 4,097

Connectivity

Instrumental Factors

Areas of Competitiveness

Sustainability	Infrastructure	Human Capital	Business
Green Finance Activity	Built Infrastructure	Availability Of Skilled Personnel	Political Stability And Rule Of Law
Environment And Biodiversity	ICT Infrastructure	Flexible Labour Market	Institutional And Regulatory Environment
Renewable Energy	Transport Infrastructure	Wealth and Economy	Tax And Cost Competitiveness
Quality Of Life	Fossil Fuel Usage	Governance	Economic Environment

♦ Top Factors By R Squared Correlation:
  ➢ Sustainability: Water Quality, Quality of Living City Rankings
  ➢ Infrastructure: Networked Society City Index
  ➢ Human Capital: Global Innovation Index; Legatum Prosperity Index
  ➢ Business: Global Enabling Trade Report

Depth & Quality

♦ GGFI measures depth and quality

   ➢ The depth question in our survey focuses on green finance intensity, asking users to rate financial centres on how much of their overall financial offering they consider to be "green"

   ➢ The quality question asks users to rate centres on their perception of the quality of each centre's green finance offering

♦ Measurement of both factors is important to understand the balance between green and brown finance as well as the quality of advice and delivery in centres

Headlines – Depth Top 10

Centre	Rank	Rating	Change in Rank
Amsterdam	1	461	▶ 0
Zürich	2=	448	▲ 7
Copenhagen	2=	448	▶ 0
Luxembourg	4	444	▼ -1
London	5=	442	▼ -2
Stockholm	5=	442	▶ 0
Paris	7	435	▼ -2
Montréal	8	431	▶ 0
Vancouver	9	429	▲ 1
Hamburg	10	424	▲ 2

Headlines – Quality Top 10

Centre	Rank	Rating	Change In Rank
London	1	491	▶ 0
Paris	2	462	▶ 0
Amsterdam	3	461	▶ 0
Hamburg	4	459	▲ 4
Zürich	5	458	▲ 2
Stockholm	6	453	▼ -1
Copenhagen	7	452	▼ -4
Luxembourg	8	450	▼ -2
Munich	9	441	▶ 0
Geneva	10	431	▲ 4

Depth And Quality
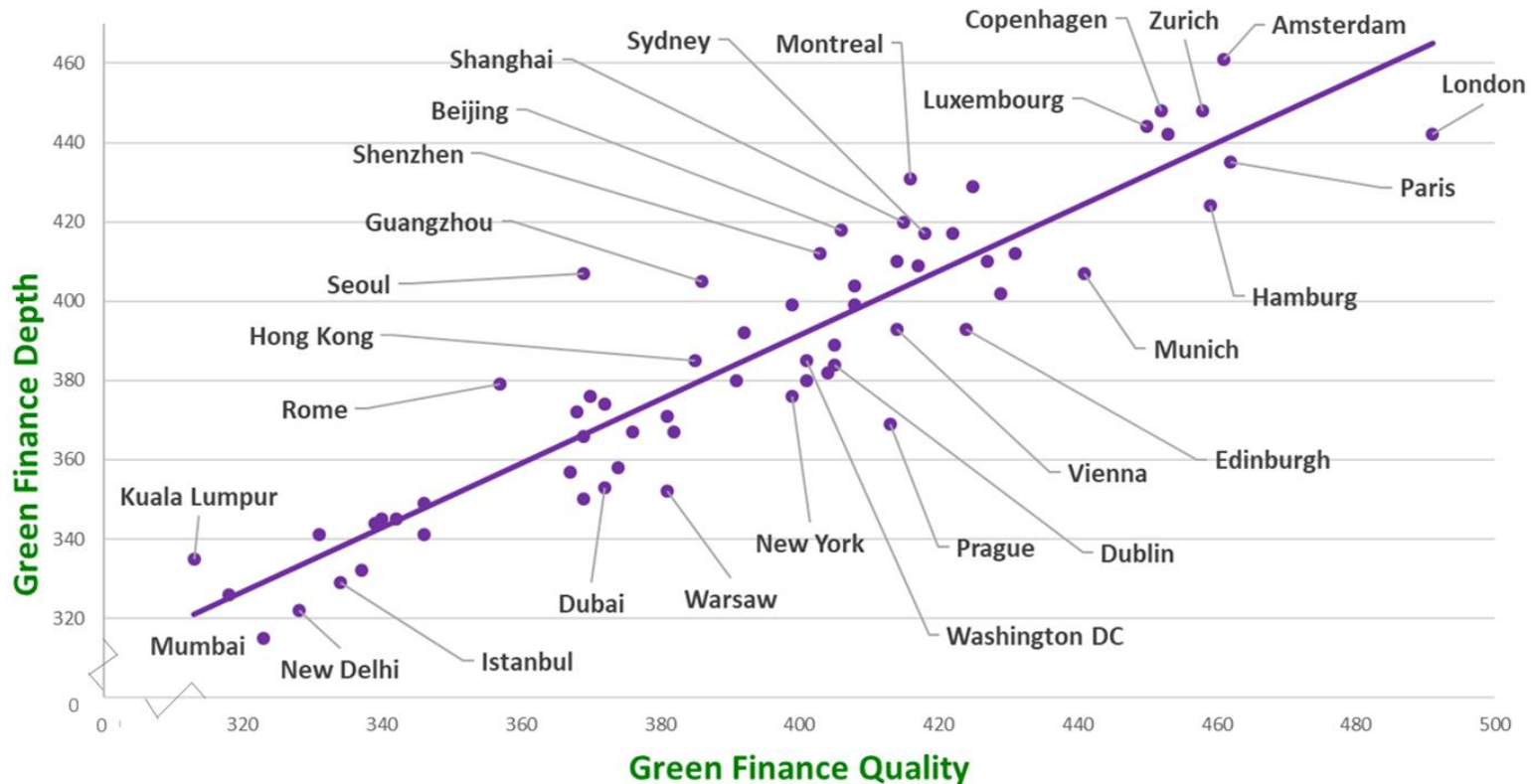
♦ Where a centre is assessed as having higher quality and lower depth, the amount of green finance is seen as a low proportion of the activity in the centre

♦ Where depth is higher but quality is lower, the centre assessed highly for green finance intensity

Rising Stars

The top five centres in the index for depth improved their ratings in each edition of the GGFI. Zürich has enjoyed the strongest improvement across the three editions of the GGFI.

Headlines – Western Europe
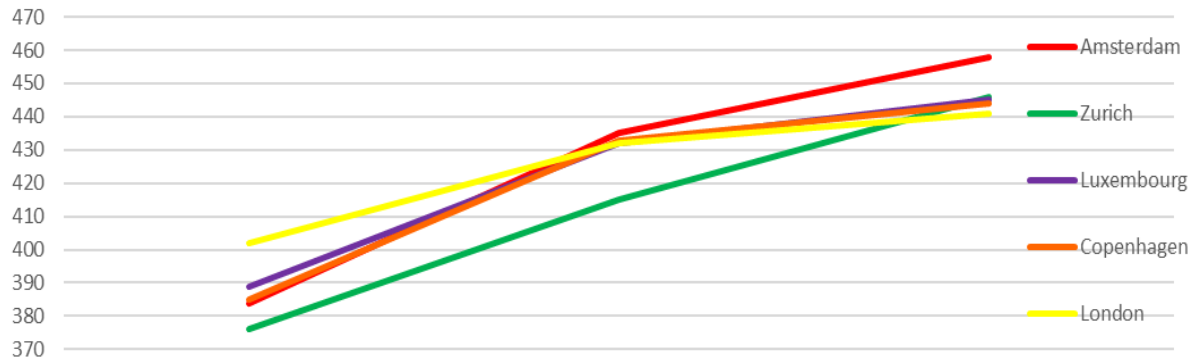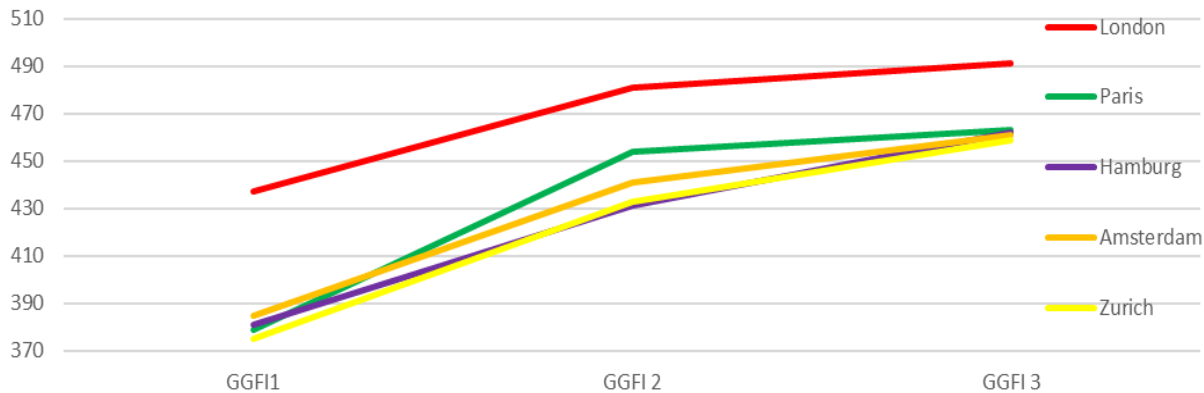
Depth		
Centre	Rank	Rating
Amsterdam	1	461
Zürich	2=	448
Copenhagen	2=	448
Luxembourg	4	444
London	5=	442
Stockholm	5=	442
Paris	7	435
Hamburg	10	424
Geneva	15=	412
Brussels	17=	410

Quality		
Centre	Rank	Rating
London	1	491
Paris	2	462
Amsterdam	3	461
Hamburg	4	459
Zürich	5	458
Stockholm	6	453
Copenhagen	7	452
Luxembourg	8	450
Munich	9	441
Geneva	10	431

♦ All ten of the top centres for quality are from Western Europe and eight out of ten for depth
♦ Liechtenstein entered the index for the first time

Headlines – Asia/Pacific

Depth		
Centre	Rank	Rating
Shanghai	11	420
Beijing	12	418
Sydney	13=	417
Shenzhen	15=	412
Melbourne	19	409
Seoul	20=	407
Guangzhou	22	405
Singapore	23	404
Hong Kong	31=	385

Quality		
Centre	Rank	Rating
Sydney	16	418
Melbourne	17	417
Shanghai	19	415
Singapore	23=	408
Beijing	25	406
Tokyo	28	404
Shenzhen	29	403
Guangzhou	36	386
Hong Kong	37	385

- ◆ Asia/Pacific Centres overall fell back in the rankings
- ◆ Australian centres are challenging Chinese dominance
- ◆ Sydney and Melbourne took the top positions for quality in the region

Headlines – North America

Depth		
Centre	Rank	Rating
Montréal	8	431
Vancouver	9	429
Toronto	17=	410
San Francisco	24	402
Los Angeles	29	392
Washington DC	31=	385
Boston	35=	380
New York	38=	376
Calgary	38=	376

Quality		
Centre	Rank	Rating
San Francisco	11	429
Vancouver	13	425
Montréal	18	416
Toronto	20=	414
Washington DC	30=	401
New York	32=	399
Los Angeles	34	392
Boston	35	391
Chicago	42	374

♦ San Francisco retained its leading place for quality in North America

♦ Canadian centres appear to be outperforming the USA both in depth and quality, and increased their ratings

Eastern Europe & Central Asia

Depth		
Centre	Rank	Rating
Prague	43	369
Warsaw	50	352
Moscow	56=	341
Istanbul	60	329

Quality		
Centre	Rank	Rating
Prague	22	413
Warsaw	39=	381
Istanbul	58	334
Moscow	59	331

♦ Prague consolidated its position as the regional leader, although its quality ranking has fallen nine places as it has been overtaken by other centres

♦ Overall, centres in the region have fallen back, other than Prague and Moscow, which each gained one place in the depth index. Moscow's rating rose 17 points for depth

Latin America & The Caribbean

Depth		
Centre	Rank	Rating
São Paulo	46	366
British Virgin Islands	53=	345
Mexico City	53=	345
Rio de Janeiro	55	344
Cayman Islands	56=	341
Bermuda	61	326

Quality		
Centre	Rank	Rating
São Paulo	46=	369
Cayman Islands	52=	346
British Virgin Islands	54	342
Mexico City	55	340
Rio de Janeiro	56	339
Bermuda	62	318

♦ São Paulo retained its leading position in the region, though fell slightly overall
♦ Other centres in the region all fell in the rankings for quality and depth, with Mexico City suffering the largest fall in depth and quality in the region for both rank and ratings
♦ Rio De Janeiro and Bermuda joined the index for the first time

Middle East & Africa

Depth		
Centre	Rank	Rating
Casablanca	13=	417
Mauritius	41	372
Cape Town	42	371
Dubai	49	353
Johannesburg	51	350
Abu Dhabi	52	349

Quality		
Centre	Rank	Rating
Casablanca	15	422
Cape Town	39=	381
Dubai	43=	372
Johannesburg	46=	369
Mauritius	49	368
Abu Dhabi	52=	346

♦ Casablanca consolidated its reputation as a regional leader, rising two places in the overall rankings for depth and 13 places overall for quality – the most significant improvement of any centre in the index

♦ Dubai's rating and rankings fell back in both quality and depth, both overall and in the region. This may reflect a readjustment following the improvements it made in GGFI 2

Reputational "Advantage" Top 10

Top 10 Centres Assessments and Ratings –
Reputational Advantage for Quality in GGFI 3

Centre	Weighted Average Assessment	GGFI 3 Rating	Reputational Advantage
Casablanca	500	422	78
Copenhagen	505	452	53
Stockholm	506	453	53
San Francisco	475	429	46
Montréal	461	416	45
Prague	457	413	44
Shanghai	458	415	43
Beijing	444	406	38
Hamburg	497	459	38
Istanbul	367	334	33

Reputational "DIS-Advantage"

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Bottom 10 Centres Assessments and Ratings – Reputational Advantage for Quality in GGFI 3

Centre	Weighted Average Assessment	GGFI 3 Rating	Reputational Advantage
Johannesburg	310	369	-59
Rome	295	357	-62
Vienna	351	414	-63
Cape Town	316	381	-65
Cayman Islands	274	346	-72
Guernsey	309	382	-73
Bangkok	263	337	-74
Dublin	327	405	-78
Bermuda	231	318	-87
British Virgin Islands	255	342	-87

Conclusions

♦ Stable policy frameworks appear critical - Strong performance of Western Europe, and the gap between Canada and the US, underline this point

♦ Long-established centres with a history of fossil-fuel financing tend to fare worse for depth than quality

♦ There are significant revenue risks for financial centres associated with future deflation of the carbon bubble, but no correlation between ratings and carbon risk exposure has yet emerged

♦ Disconnect between GGFI rankings and fossil fuel financing activity

♦ Premium to be gained from demonstrating leadership in particular sectors or products, for example, Paris on climate change, Luxembourg on green bonds, London in relation to insurance, or ESG equity in Hamburg

Focus On Disinvestment And Data

Benoît Lallemand
Secretary General
Finance Watch

Finance Watch

♦ Membership of 40 organisations, 30 individuals

♦ Including consumer organisations, Trade Unions, think tanks, NGOs, academics

♦ Team of 12, mostly recruited from the financial sector, lobby or communications

➢ Analysing European legislative proposals from a public interest perspective

➢ Spreading expertise with members

➢ Communicating in the specialist and general media

➢ Engaging in a dialogue (lobbying) with legislators and supervisors

Finance Watch
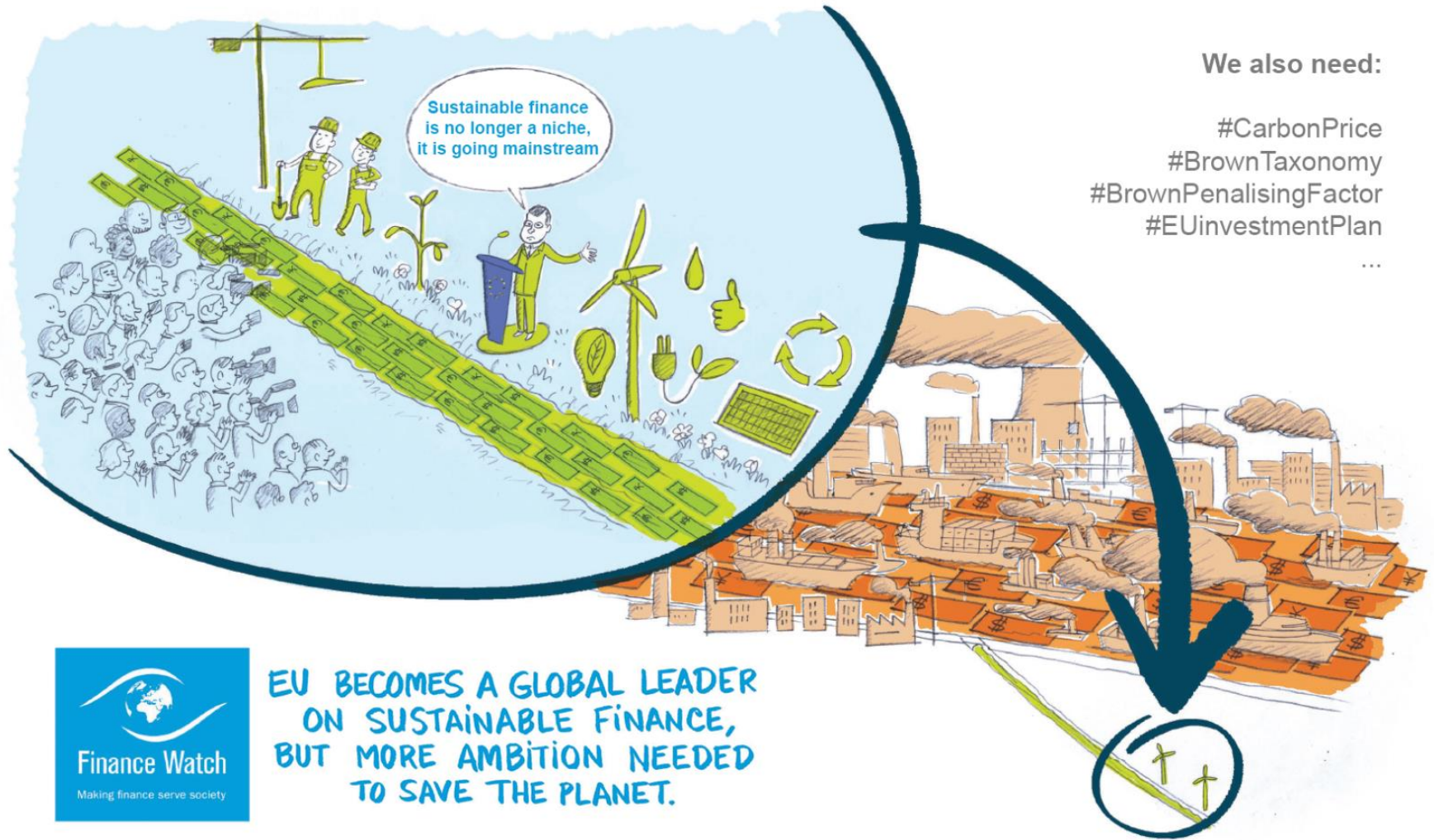
Carbon Exposure

Financial Centre	Percentage of Revenue Derived From Fossil Fuels
Moscow	58%
Bangkok	36%
Warsaw	33%
Amsterdam	32%
Bombay	23%
London	21%
Shanghai	18%
Istanbul	18%
Vienna	17%
Toronto	16%

Based on Corporate Knights data series "Financial centre corporate sustainability performance". Includes uranium mining. Fossil fuel revenues are the sum of total 2017 revenues from large companies (revenue $>1bn) in eight Corporate Knights Industry Codes: Coal and uranium mining; Fossil fuel exploration and production; Integrated oil and gas; LPG, Propane and Other Distributors; Midstream Energy; Natural Gas Utilities; Petroleum Refineries; Support activities for oil and gas.

Fossil Fuel Versus Green Revenue
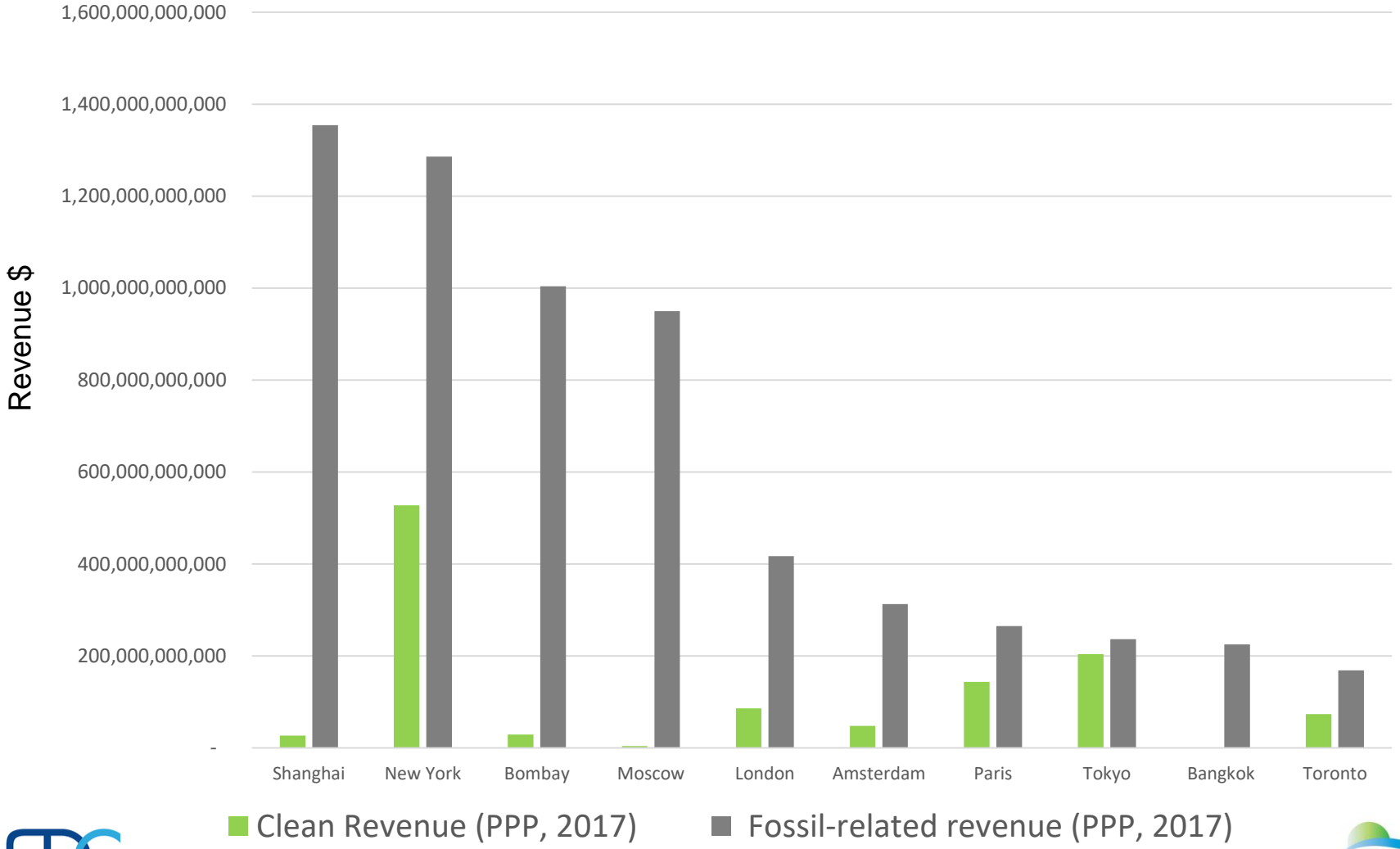
GHG Emissions of Companies By Primary Listing Location
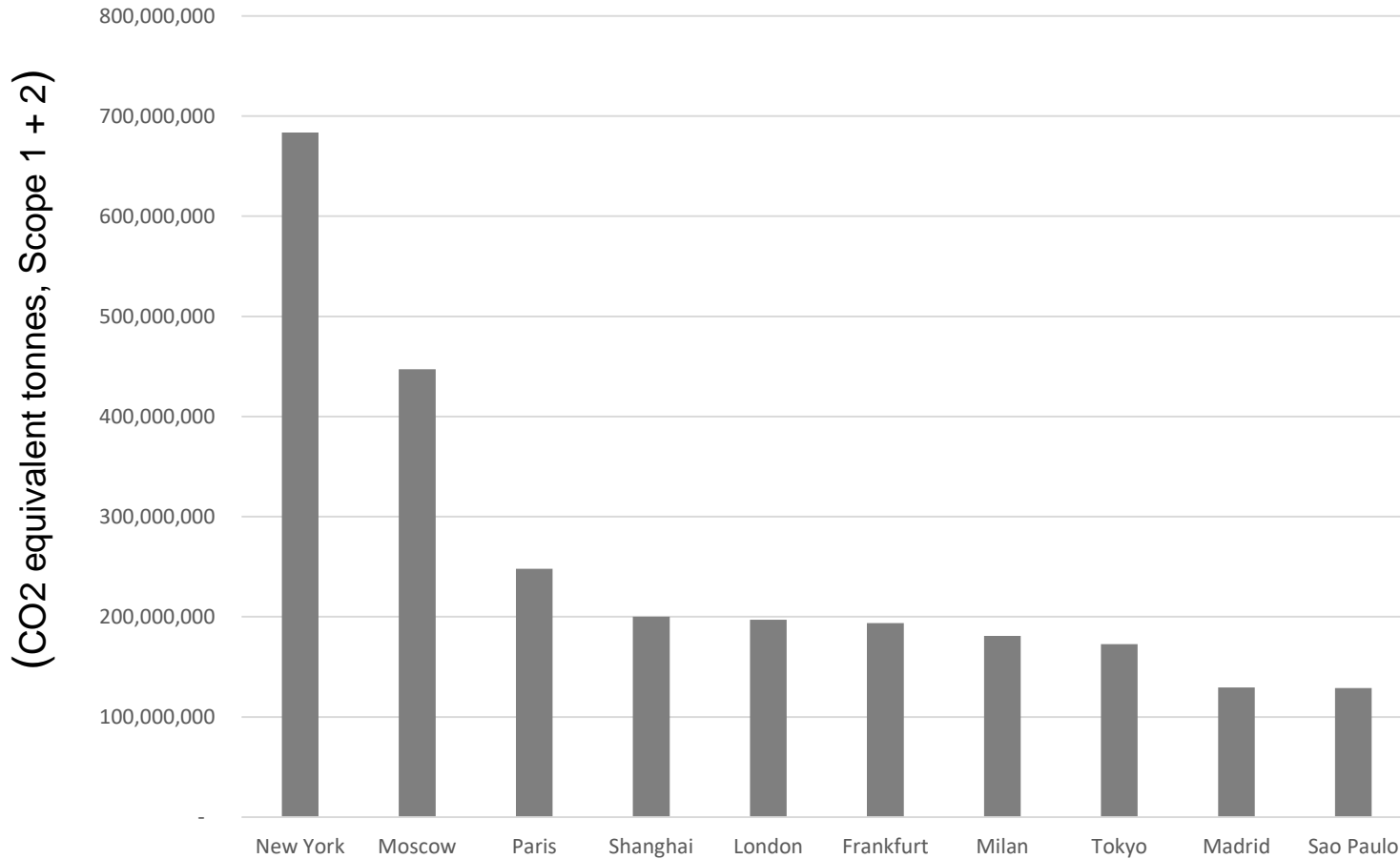
Should Policy Makers Support Disinvestment?
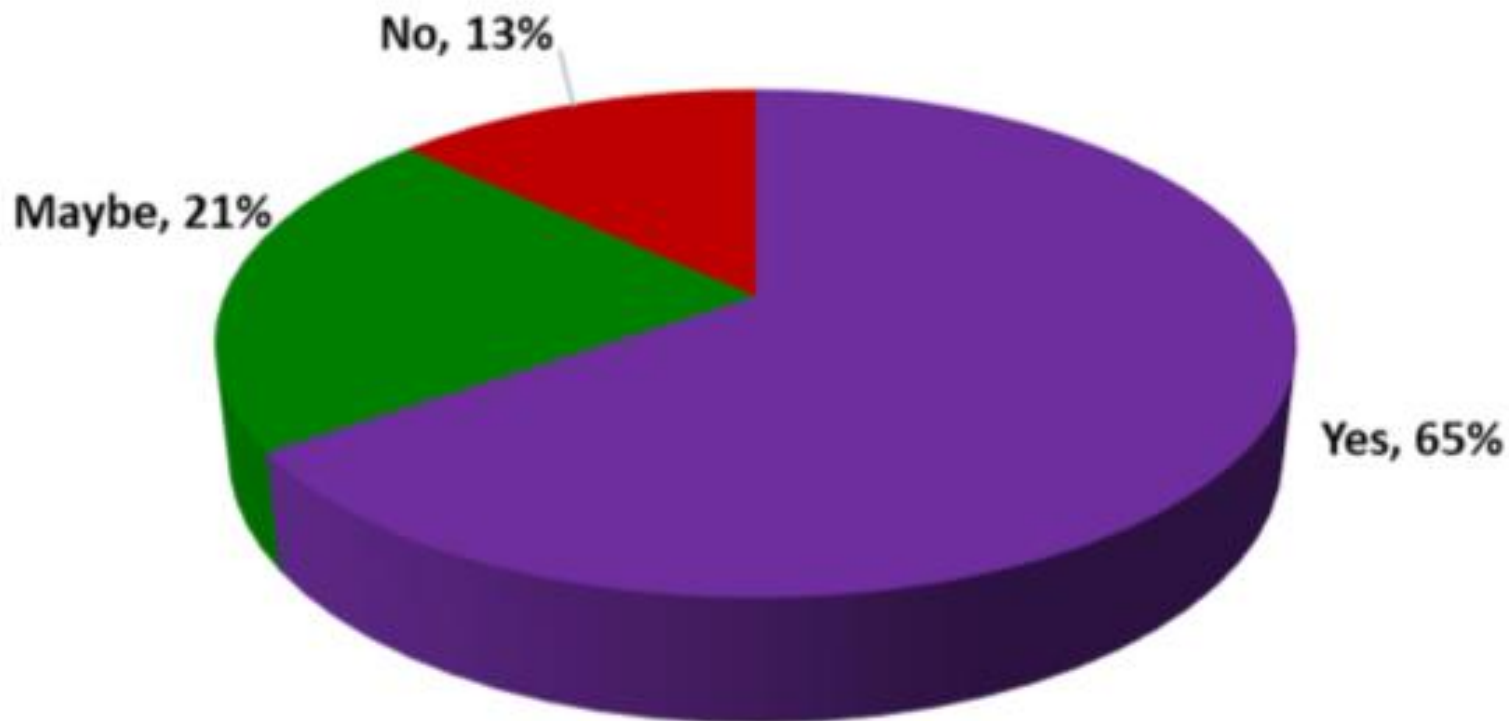
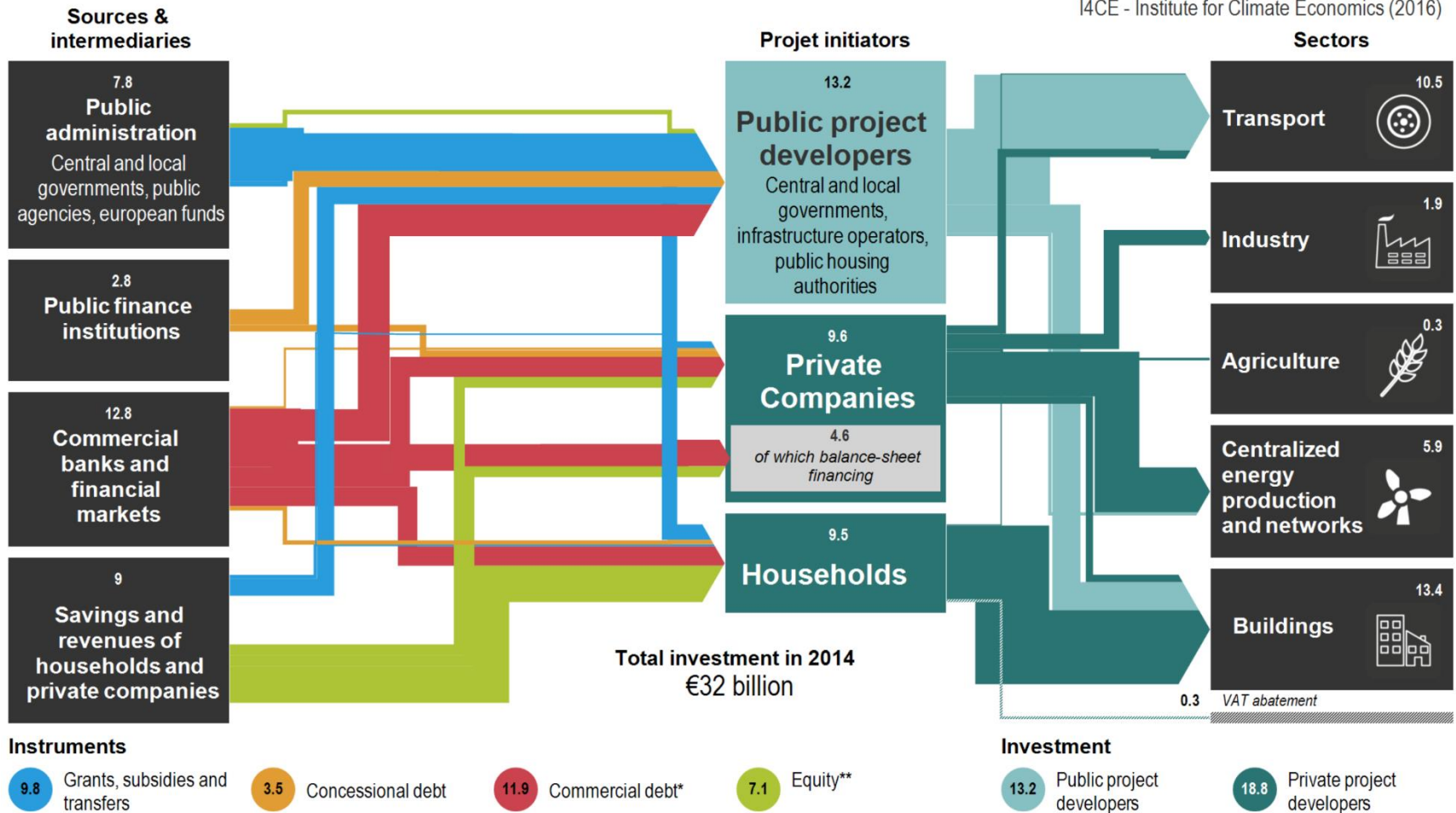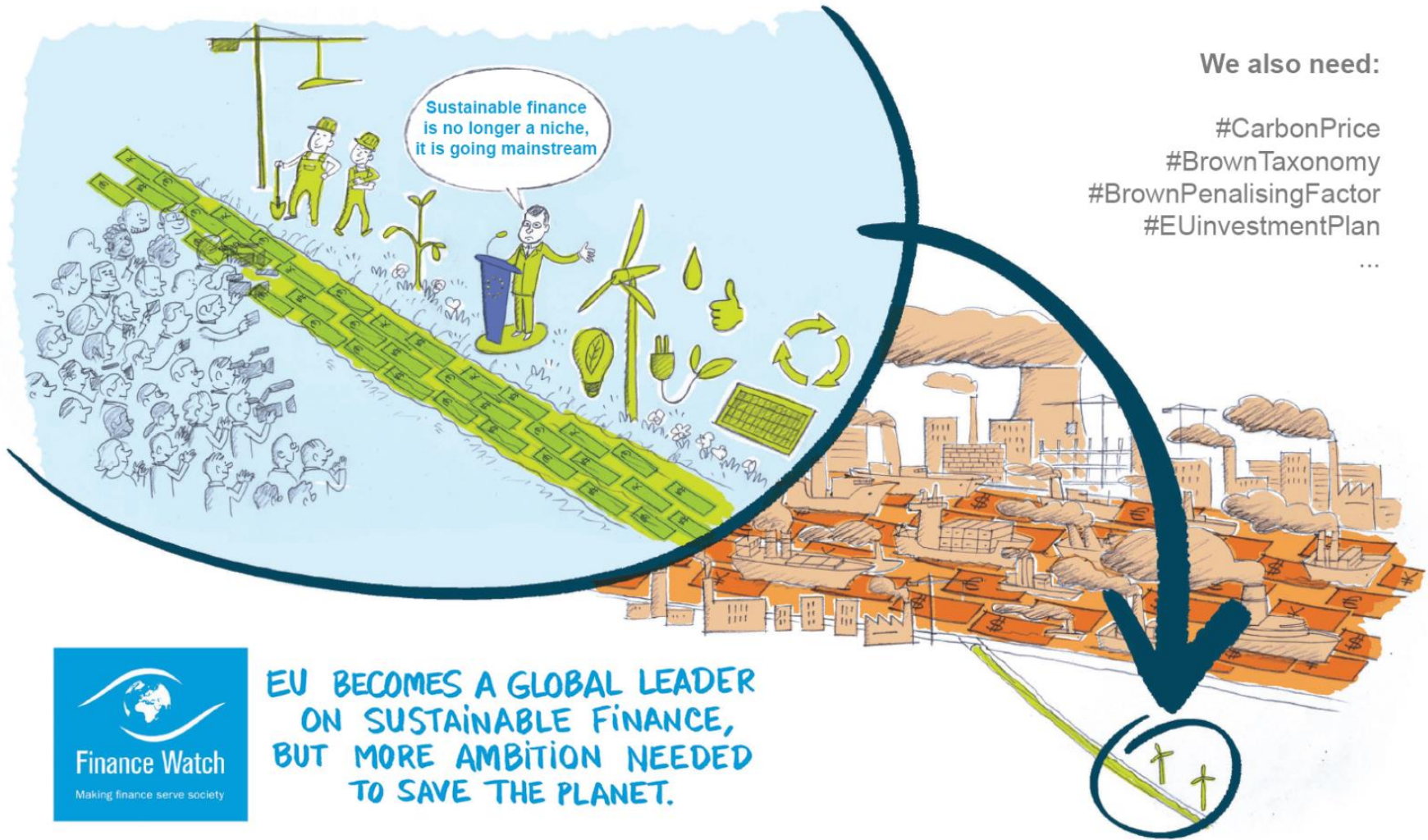# Most Frequently Mentioned Policy Interventions

Finance Watch
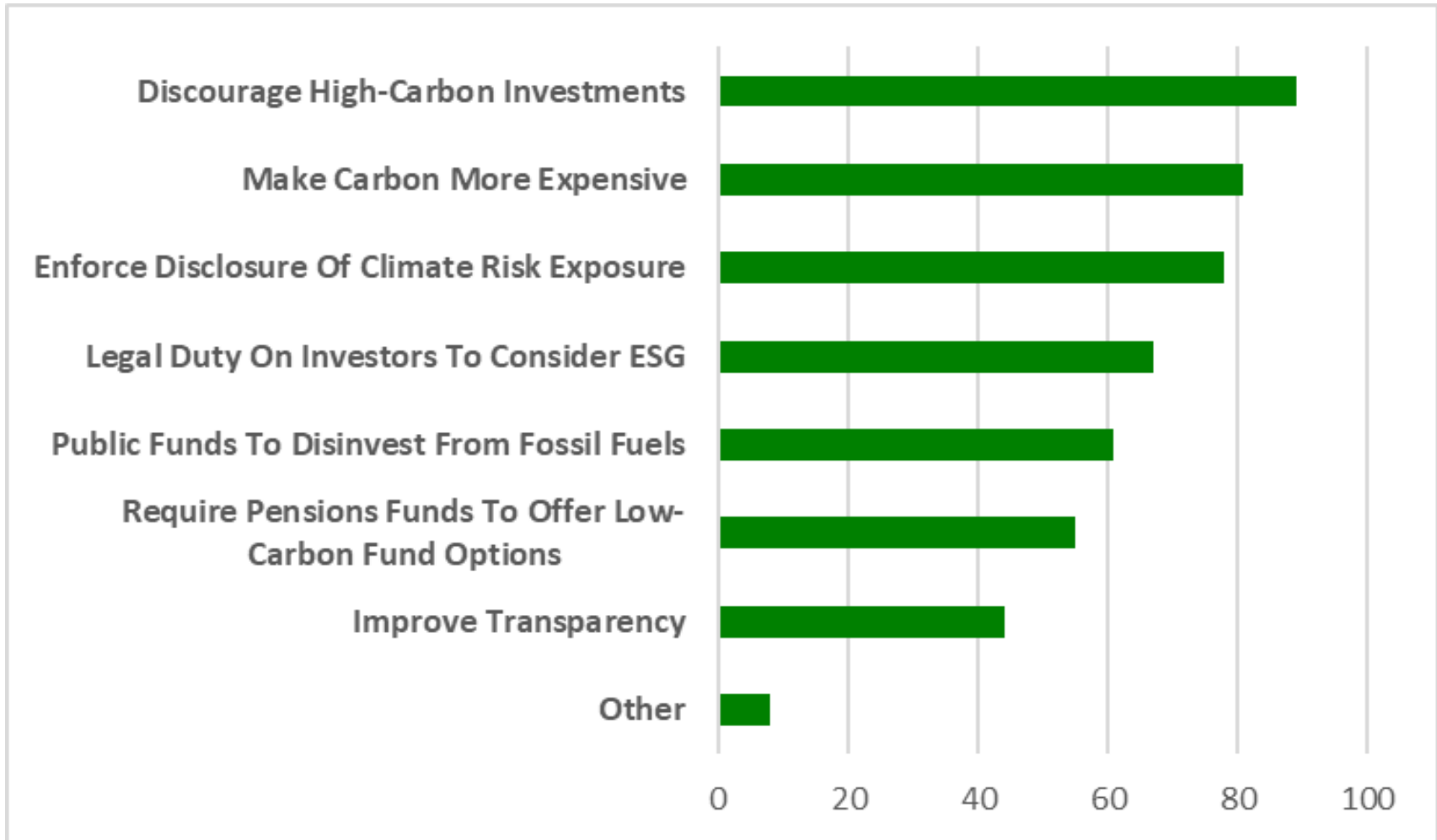
The Landscape of Climate Finance in France in 2014

Finance Watch

Questions

Global Green Finance Index
Ranking The World's Green Financial Centres

www.greenfinanceindex.net