

BNP Paribas issues A\$140m green bond to support Australian climate transition projects

BNP Paribas today announced the successful issuance of a series of equity-linked green bonds totaling A\$140million, subscribed by the Clean Energy Finance Corporation (CEFC), First State Super (soon to be renamed Aware Super) and QBE Insurance (QBE). The bonds are linked to the first forward-looking climate index in Australia, the Australian Climate Transition Index (ACT Index) and the proceeds will be used to invest in a portfolio of green projects.

The ACT Index uses five “dynamic” climate scenarios, which will continue to be adjusted to reflect future regulatory, technology and social environmental changes. It was jointly developed by BNP Paribas with ClimateWorks Australia, ISS-ESG and The Centre for Quantitative Finance and Investment Strategies at Monash University. The index seeks to identify companies likely to perform well in a world undergoing a 2°C transition and to continue to play a part of the Australian economy in a 2°C future. This includes 100 Australian companies that will support the transition, adapt and thrive, or be least affected by the expected changes.

Pascal Fischer, Head of Global Markets for Asia Pacific at BNP Paribas said: “Having the long-term support of these three major Australian investors indicates a clear willingness and readiness for action among critical sectors in Australia. We are pleased to support climate transition efforts in Australia and bring our European expertise to the development of this innovative climate index.”

Anna Skarbek, CEO of ClimateWorks Australia said: “This project draws on our research and modelling of dynamic climate transition scenarios, developed for our recently published Decarbonisation Futures report. The index uses a forward-looking approach, recognising that it is the future transition pathways that matter most to stabilising climate change. We are pleased that this index now enables investors and Australian companies to align their strategies with evidence-based climate transitions.”

Ian Learmonth, CEO of the CEFC said: “The ACT Index is an exciting market leading development, mobilising the increasing scale of impact investment to benefit Australian companies leading the emissions transition. As the first forward-looking index in the Australian market, it gives investors the capacity to analyze the climate risk profile of their ASX portfolios. At the same time, it gives emissions-focused companies access to a greater pool of capital, a powerful incentive to accelerate decarbonisation efforts.”

Liza McDonald, Head of Responsible Investments at First State Super said: “Our research shows that climate change poses one of the most significant long-term risks to our portfolio; and our members’ long-term financial future. As Australia’s second-largest industry super fund, we have committed to taking real and meaningful action to respond to climate change and ensure we continue to deliver strong long-term returns for our members, while supporting our community to prepare for a low-carbon future. The ACT index is an exciting and innovative initiative that we believe will help to deliver the sort of change we need now to secure a more sustainable financial future.”

James Pearson, Head of Impact and Responsible Investments for QBE Insurance said: “As an international insurer, we well appreciate the material risk that climate change presents for our customers and our business and the importance of supporting the transition to a lower carbon economy. This investment fits well with our efforts to support that transition and we look forward to applying the index methodology for our own investment purposes, in the future.”

Marija Kramer, Head of ISS ESG said: “We are delighted to contribute to this innovative project by providing ISS ESG’s market-leading data and analysis, in the context of the dynamic climate transition scenarios, to determine the extent to which Australian companies are prepared to transition to a low carbon economy, and to the mitigation approach related to these transition risks and opportunities.”

About BNP Paribas in Asia Pacific <https://apac.bnpparibas>

In Asia Pacific, BNP Paribas is one of the best-positioned international financial institutions with an uninterrupted presence since 1860. Currently with over 18,000 employees and a presence in 13 markets, BNP Paribas provides corporates, institutional and private investors with product and service solutions tailored to their specific needs. It offers a wide range of financial services covering corporate & institutional banking, wealth management, asset management, insurance, as well as retail banking and consumer financing through strategic partnerships.

Worldwide, BNP Paribas has a presence in 71 markets with more than 198,000 employees. It has key positions in its three main activities: Domestic Markets and International Financial Services (whose retail-banking networks and financial services are covered by Retail Banking & Services) and Corporate & Institutional Banking, which serves two client franchises: corporate clients and institutional investors. Asia Pacific is a key strategic region for BNP Paribas and it continues to develop its franchise in the region.

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