

# Top 4 take-aways from our webinar on ESG in Banking Practice in Asia: De-risking lending and identifying opportunities in green finance

## Top 4 take-aways

### 1. There is a big risk in investing in activities capable of environmental damage

In the face of no mandatory regulation, there exist big risks in investing in projects that cause environmental and social damage or greenwashing financial products that are advertised as sustainable. Apart from litigation and reputational ones, risks can also come from claims under an FI's covenants and/or ESG strategy that project a bank's commitment to sustainability whilst not ensuring due care and a detailed diligence into the potential impacts of the investment.

### 2. For banks based in Asia, an Asia-centric ESG strategy must be developed

It is important to proactively create an ESG strategy that is central to Asia's development needs whilst aligning with broader global ESG trends. ESG strategy for a bank can be its own internal strategy as well as on the lending and investment side. These must be based on scientific evidence, strong reporting capability, historic responsibility (under international law), just transition, energy security, human rights, environmental protection (safeguarding traditional knowledge, local communities, biodiversity).

### 3. Specialised understanding is required when investing in emerging markets in Asia

Investing in projects in emerging economies faces hurdles such as a lack of uniformity in the definition of ESG, political risks and instability, cultural differences and a strong NGO presence. Navigating the sustainable investment landscape cannot have a one-size-fits-all approach. Along with getting specialised advice and a tailored due diligence, banks must also identify the right stakeholders and project partners along the entire investment chain.

### 4. In addition to risks and opportunities, banks also have to be aware of emerging regulations on taxonomy, disclosure and reporting

There are several regional and national regulations on taxonomies that are attempting to set standards for ESG investments. Singapore, Malaysia, Indonesia, Hong Kong are all coming up with national standards whereas ASEAN is also looking to develop an ASEAN centric common language for sustainable investments.

Watch the webinar recording [here](#).

## Key contacts



**S Sivanesan**  
Senior Partner  
D +65 6885 3685  
[sivanesan.s@dentons.com](mailto:sivanesan.s@dentons.com)



**Ipshita Chaturvedi**  
Partner  
D +65 6885 3643  
[ipshita.chaturvedi@dentons.com](mailto:ipshita.chaturvedi@dentons.com)