FINANCING FOR SUSTAINABLE DEVELOPMENT

THERE IS NO BUSINESS ON A DEATH PLANET

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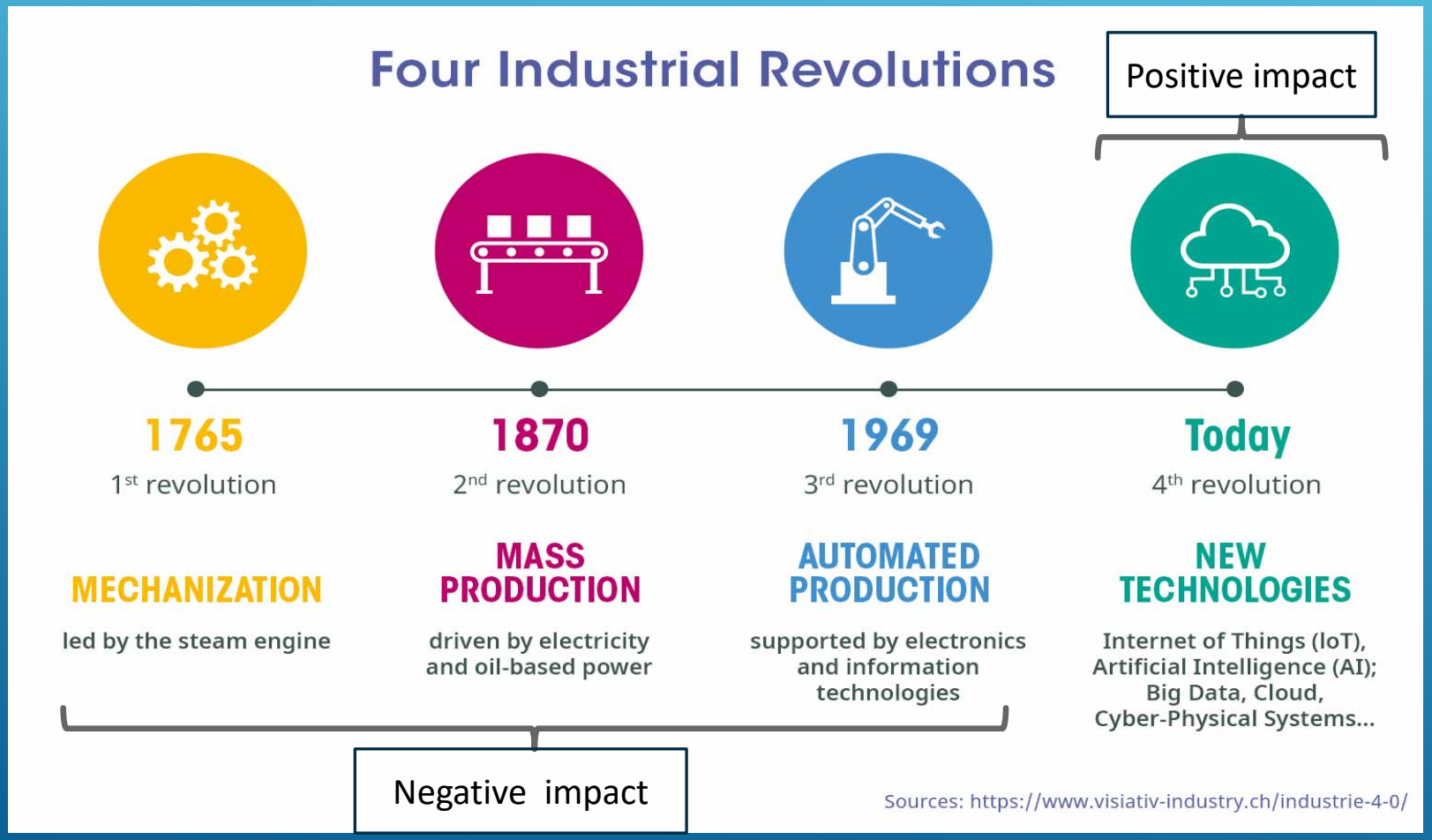
THE FRAMEWORK

THE SHIFT TOWARDS SUSTAINABLE FINANCE

FINANCING the 4the Industrial revolution

***Financing** , from the Latin noun finis ("end") , The original English sense was "ending".*



= co-creation of entrepreneurs and financing world

The framework

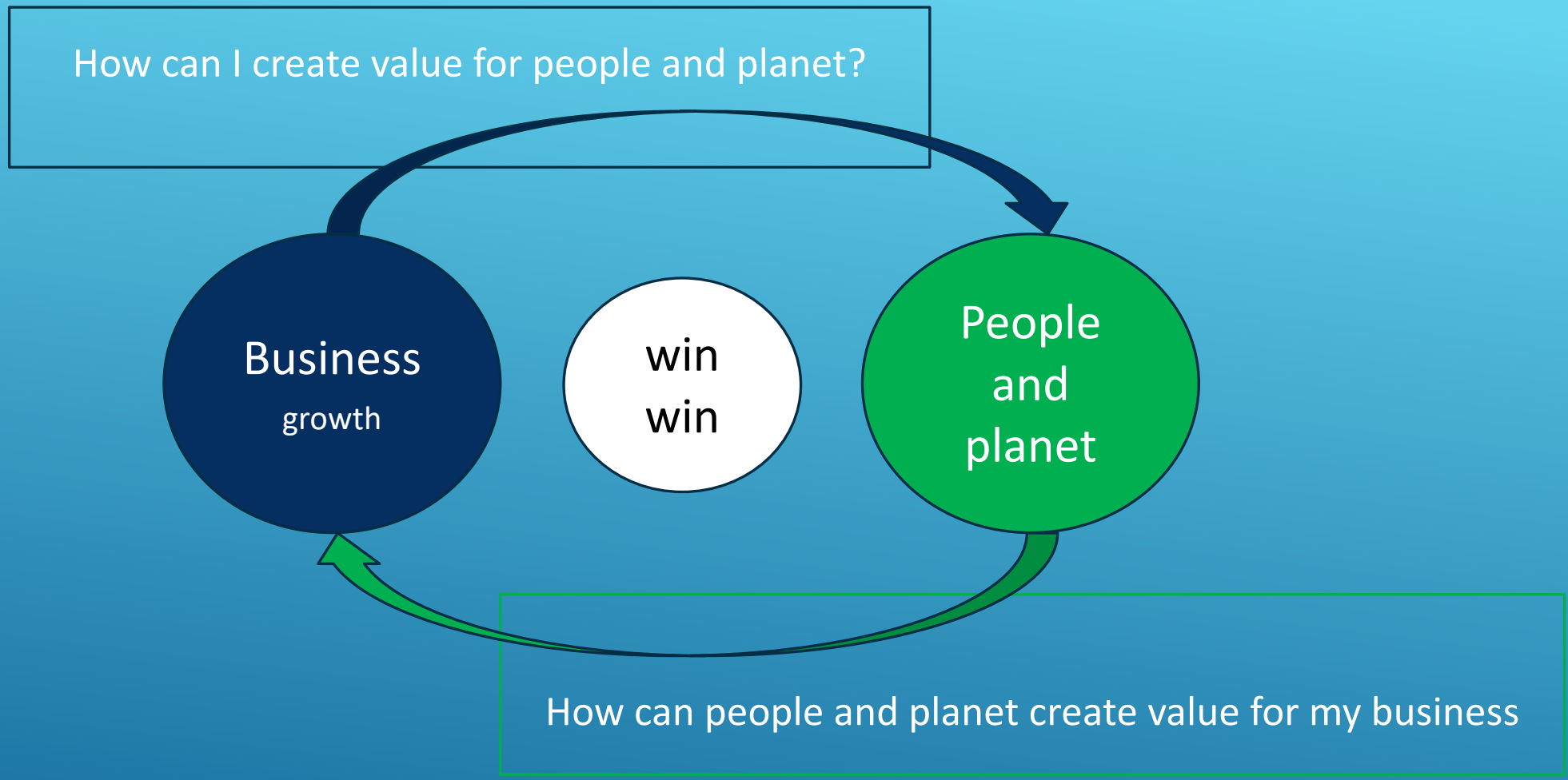
SUSTAINABLE BUSINESS = THE NEW NORMAL

Adapt the value creation to the changing world

With the purpose of creating more and better value for

- ✓ People and planet
  - ✓ Solidarity, reduce negative impact, increase positive impact
- ✓ You and your entity
  - ✓Increase efficiency and profitability for all your shareholders

Resulting in a future proof business in a future proof world



SHARED VALUE CREATION ⇔ SHAREHOLDERS VALUE

The framework

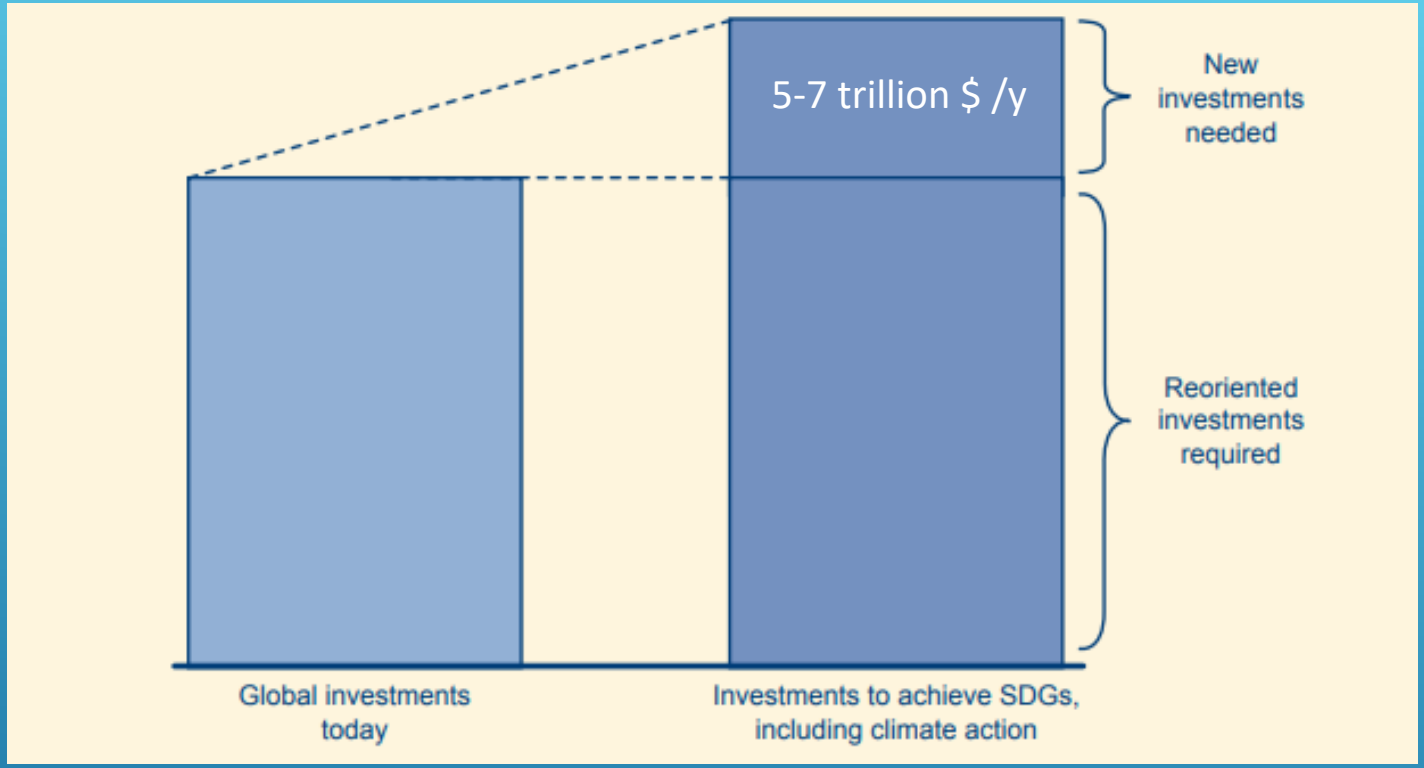
STAKEHOLDERS MANAGEMENT

Duty of Care

COP 25
UN
CLIMATE CHANGE
CONFERENCE
2019

NGFS
Central Banks and Supervisors
Network for Greening the Financial System

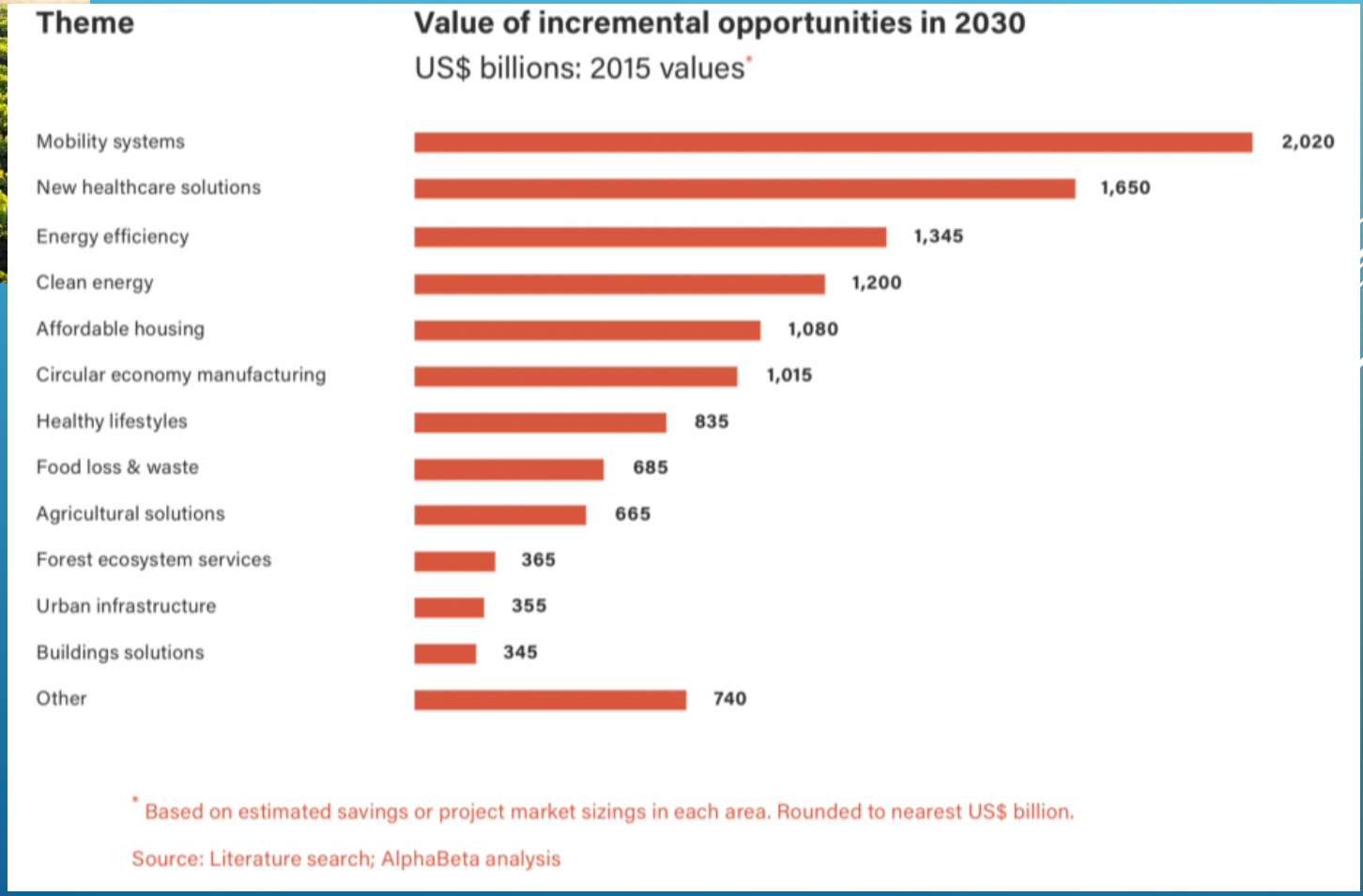
The framework



https://www.brookings.edu/wp-content/uploads/2016/09/global_20160919_sustainable_finance.pdf

CHALLENGE : 90 TRILLION $ ADDITIONAL INVESTMENTS NEEDED BY 2030

OPPORTUNITIES



MIND SET CHANGE

- **IMPLEMENTATION** - we should do things better
- **SUSTAINABILITY AS GUIDING PRINCIPLE** - we should do things differently
  - Circularity, frugality, system thinking, co-creation, regeneration
- **THE RIGHT INVESTMENTS** – transformative initiatives, not marginal efficiency gains

European Environment Agency

Policy makers

- Incentive frameworks
- Reduce carbon emissions framework
- Leading by example
- Duty of care legislation

Regulators

- Financial risk framework
- Insurance risk framework
- Non-financials reporting guidelines

Companies

- Sustainable company & business
- Purpose driven – positive impact
- Invest in & co-create 'green' projects

Financing actors

- Private & public capital
- Lending
- Direct investments

Circularity challenges the current economic model towards a sustainable future

Inspired by nature based solutions, **circular models keep materials at the highest possible value** along the value chain

The entire value chain matters, more than each stage individually

All stakeholders are engaged in changing the system

Lifecycle thinking enables the identification of strategic intervention points

Disconnecting natural resource use and environmental impacts from economic activity and human well-being is essential

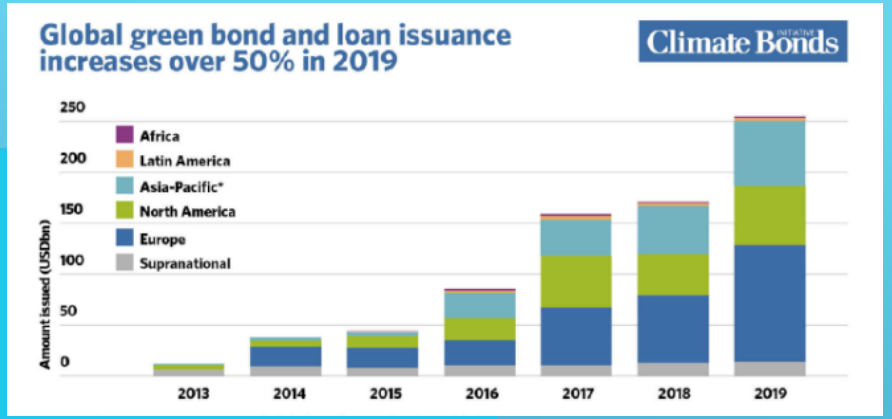
INCREASED INTEREST OF BANKS, ASSET MANAGERS & EQUITY FUNDS

Source: UNEP circularity platform

VALUE OF SUSTAINABLE FINANCE

- ✓ Finance (part of) the 90 trillion of sustainable investments
- ✓ Create awareness on the importance of sustainable investing
- ✓ Confirm the activity or project is ‘future proofed with a positive impact’
- ✓ Not cheaper – assessment of TCO and LCA needed
- ✓ Non-sustainable activity will not be financed anymore in the future
  - ✓ Sector policies developed by banks
  - ✓ Duty of care and ‘reputational risks’ are game changers
  - ✓ Regulators defining risk framework for banks – assessment of impact

INNOVATION IN FINANCING ONGOING



- ✓ Green Bonds and Green Loans
  - ✓ Green project financing
  - ✓ Issue : need for regulatory framework
- ✓ Sustainable linked loans
  - ✓ Bonus- malus principle applied => bonus when positive impact, malus on negative impact
  - ✓ Regulators (cfr EU taxonomy) start to define the sustainable dimension
- ✓ Sustainable impact loans
  - ✓ Financing a sustainable activity or project with a public or private incentive
- ✓ Financing the circular/ services economy
  - ✓ Off balance financing of sustainable performance
- ✓ Blended Finance
  - ✓ Projects eye marked by public authorities (eg UNEP, EU) as sustainable
  - ✓ Banks orchestrating the public and private funding

ECONOMY WINS WITH A BETTER PLANET, A BETTER PLANET WINS WITH A BETTER ECONOMY

Thank you