



Financing the Just Transition

The Role of inclusive, biodiversity and climate finance.



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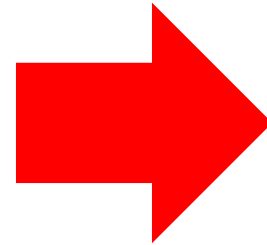
President of the Board of Directors of Banco da Família

IMPACTS OF CLIMATE CHANGE

Present



Estimated loss in
agricultural productivity
since 1961



Future



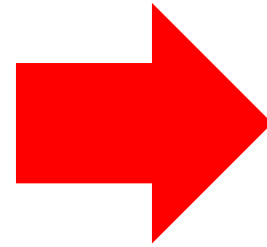
Estimated loss in
agricultural productivity
until 2050

BIODIVERSITY LOSS

Present



Of land is degraded



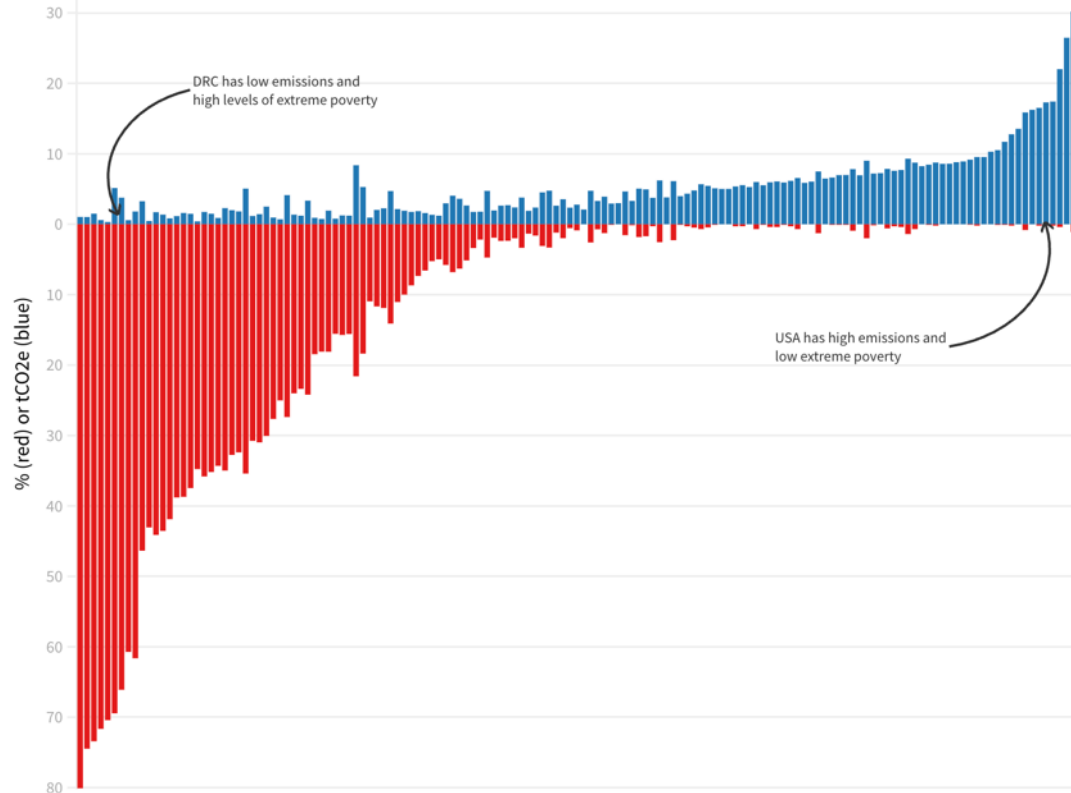
Future



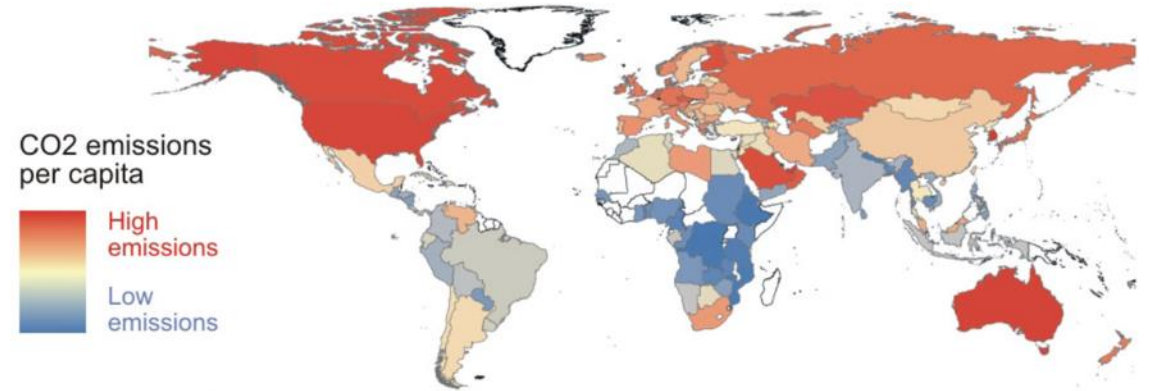
Of land is projected to be degraded if business as usual continues

The climate injustice

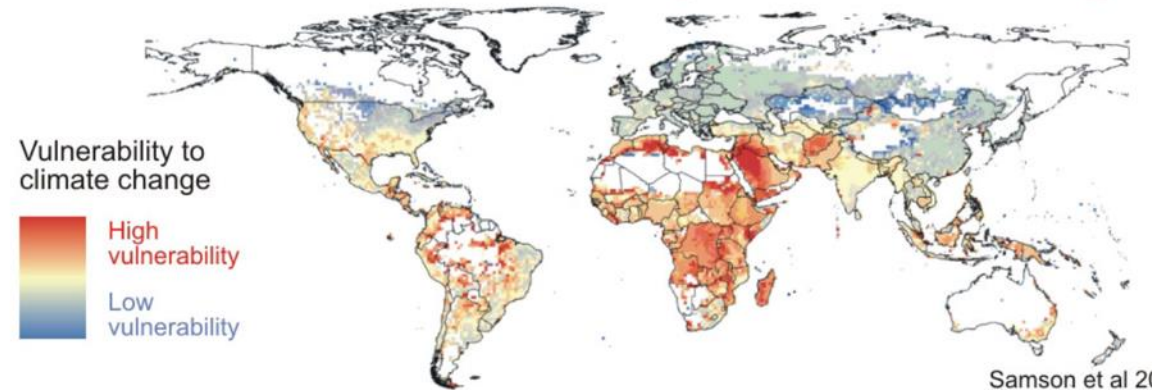
Though the poorest countries are barely emitting any GHG emissions...



- Greenhouse gas emissions (tCO2e/capita)
- Extreme poverty rate (%)



Those who contribute the least greenhouse gases will be most impacted by climate change



Samson et al 2011

The number of people falling into poverty due to climate change by 2030 to be between 32 million and 132 million in most scenarios.



JUST INSTITUTE: WHO ARE WE?

The Just Sustainability Transitions Institute is a not-for-profit member-based entity that catalyses market development towards climate, biodiversity, inclusive finance.

Not-for-profit

Member-Based

Operational



Climate



Biodiversity



Inclusion

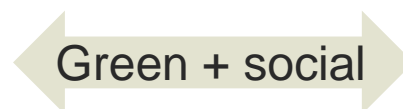
Just Transition

**Conventional
finance**

*Green finance that
leaves no one behind*



Building bridges



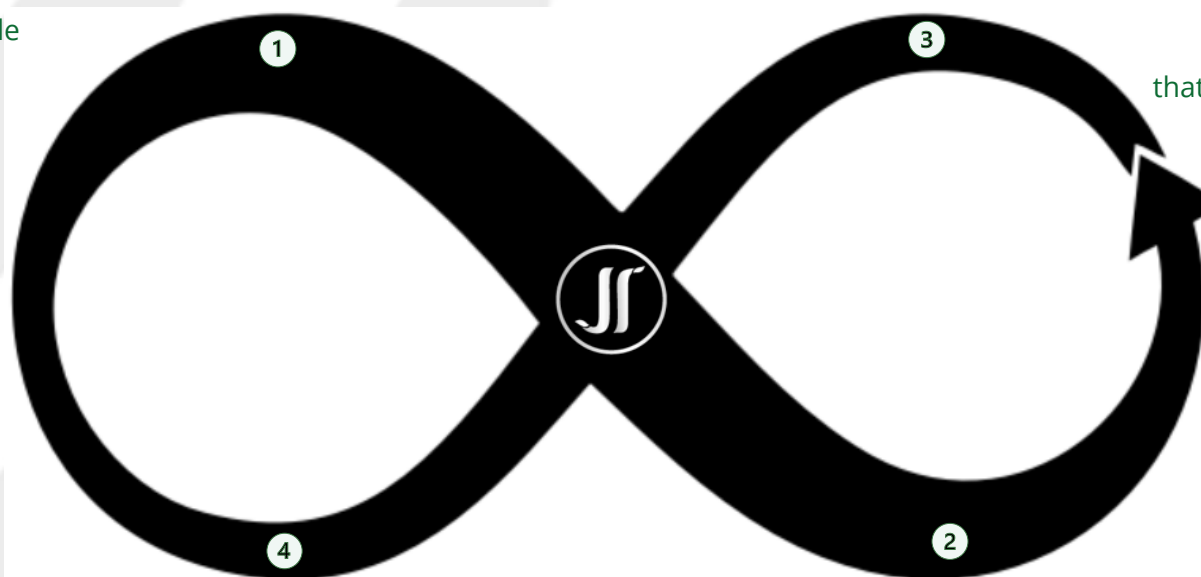
**Inclusive
finance**

*Green inclusive
finance*

OUR APPROACH TO JUST TRANSITION

Focus action on Inclusion
vulnerable population, like small scale
farmers, rural communities

**Protecting & Promoting
Biodiversity**
that the vulnerable population depends on



**Resulting in Inclusive
Climate Change Mitigation**
that benefits everyone

**Starting with Adaptation
to Climate Change & Biodiversity Loss**
that pose some of the biggest threats to the vulnerable ones

“For us, the Just Transition is co-building with vulnerable populations climate and biodiversity resiliencies that are sustainable amidst the dual crisis of nature loss and climate change.”



Patricia

Richter

Senior Technical Officer for Social Finance

International Labour Organization



What is a Just Transition... to a low-carbon climate-resilient society?

A Just Transition means maximising the **social and economic opportunities** of climate and environmental action while minimising and carefully managing any **challenge**. This includes through effective **social dialogue** and respect for fundamental principles and **rights at work** and **human rights**.



2015 Paris Agreement

Supporting climate
ambition



Delivering social justice
& decent work



Just Transition



2015 ILO Just Transition Guidelines
2023 ILC Conclusions



Why is it important?

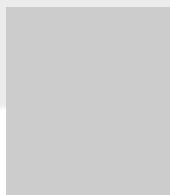
A just transition is a crucial enabler of ambitious climate action

- Achieving climate goals requires a far-reaching economic transformation that entails extensive employment and socio-economic implications. Ensuring a fair and inclusive transition can lead to **widespread support crucial for achieving climate goals**, all while mitigating the risk of social upheaval.
- It is the **right** thing to do and is fully consistent with longstanding commitments to human rights, labour standards and the SDGs.
- It is the **necessary** thing to do, to ensure long-term public support for rapid and potentially disruptive change.
- It is the **smart** thing to do, because it will minimise transition risks and strengthen the human and social capital needed for long-term investment.

Source: ILO, LSE Grantham Research Institute, [Just Transition Finance Tool](#)



Which levers do financial institutions have to foster a just transition?



Increase the **supply of capital** for just transition-aligned projects and activities through own practices, partnerships and raising sector standards.



Stimulate the **demand for capital** by contributing to the design of scalable and investable projects supportive of a just transition.



Act on the **financial inclusion** of affected groups by supporting most vulnerable customers with innovative financial solutions to achieve a just transition.



Transfer risks through insurance for both protective and productive purposes, including protecting incomes, preserving businesses, increasing access to credit and inputs.



Alain Lévy

Head of Microfinance & Social Entrepreneurship for
Americas & Asia

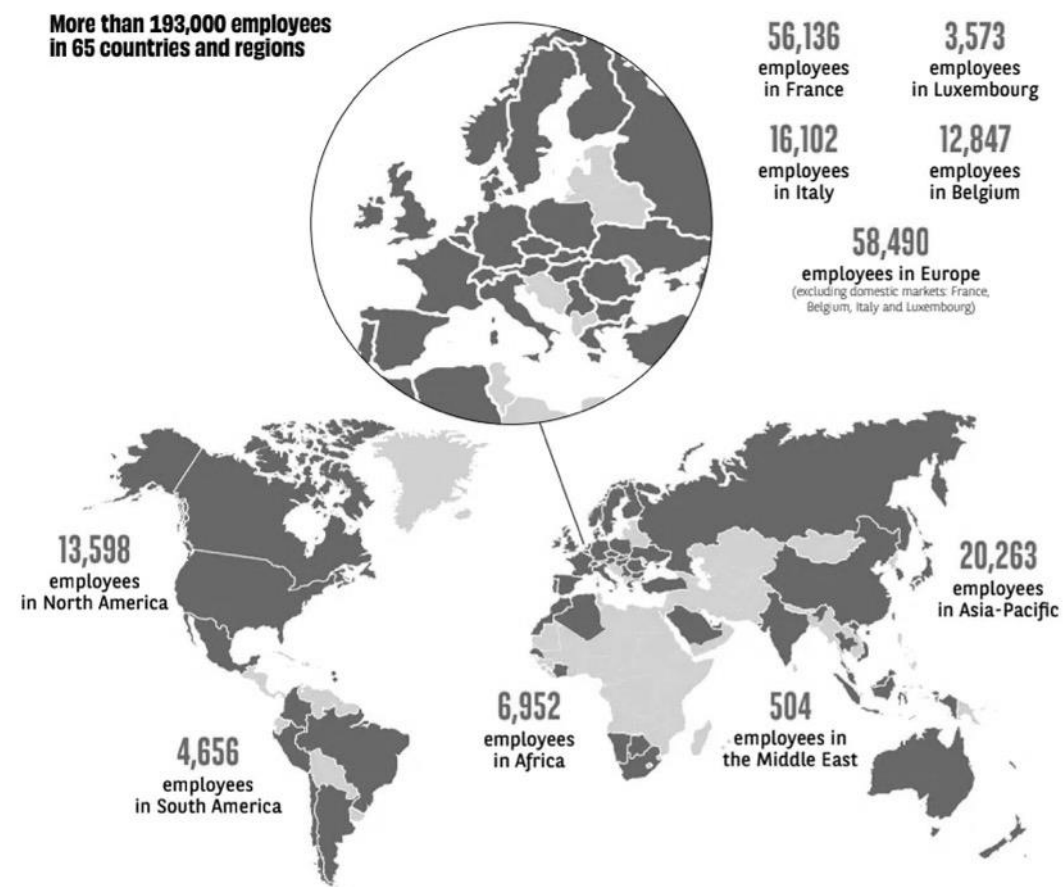
BNP Paribas



BNP PARIBAS, AN INTERNATIONALLY RECOGNIZED GROUP WITH STRONG COMMITMENTS AND OBJECTIVES

BNP Paribas has more than 193,000 employees in 65 countries and territories

BNP Paribas developed a diversified & integrated model to reach ambitious economic, social and environmental objectives



BNP Paribas' mission:

To contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards. We are engaged with our clients to create a better future.

BNP Paribas' key figures and objectives:

| | 2022 | 2025 objectives |
|---|--|--|
| Our economic responsibility | | |
| Amount of sustainable loans ⁽¹⁾ | €87bn | €150bn |
| Amount of sustainable bonds ⁽²⁾ | €32bn | €200bn |
| Amount of article 8 and 9 assets under management according to the SFDR ⁽³⁾ | €223bn | €300bn |
| Our social responsibility | | |
| Share of women in the SMP (Senior Management Position) population ⁽⁴⁾ | 35.2% | 40% |
| Number of solidarity hours performed by employees ⁽⁵⁾ | 1,126,142 <small>(in 2021 and 2022)</small> | 1 million <small>(over two rolling years)</small> |
| Share of employees who completed at least four training courses during the year ⁽⁶⁾ | 97.4% | 90% |
| Our civic responsibility | | |
| Number of beneficiaries of products and services supporting financial inclusion ⁽⁷⁾ | 3.3 million | 6 million |
| Our environmental responsibility | | |
| Amount of the support enabling our clients to transition to a low-carbon economy ⁽⁸⁾ | €44bn | €200bn |
| Amount of financing to companies contributing to protect terrestrial and marine biodiversity ⁽⁹⁾ | €1.8bn ⁽¹⁰⁾ | €4bn |
| Greenhouse gas emissions in teq CO ₂ , per FTE (buildings and business travel) ⁽¹¹⁾ | 1.65teq CO ₂ / ETP | 1.85teq CO ₂ / ETP |

Figures as at 31/12/22

BNP Paribas' just transition, a moral and strategic imperative

JUST TRANSITION DEFINITION PUTTING PEOPLE AT THE HEART OF CLIMATE ACTION TO ENSURE THAT NO ONE IS LEFT BEHIND IN THE PROCESS OF ENERGY TRANSITION

- Our objective is to link the **E and the S of ESG** – linking climate and social action - which means **reconciliate end of months and end of the world.**
- We identify **4 categories** in this just transition process
- The NEST team at BNP Paribas **drew on the expertise of Ipsos to conduct an in-depth investigation into Europeans' perceptions of climate change**, the energy transition and the concept of 'just transition.'



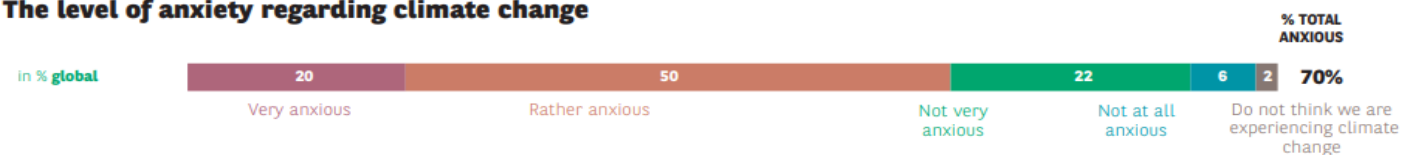
The main conclusion are :

- Purchase power and climate change** are the top two concerns
- Habits** are starting to change in term of **energy transition**
- Angst, reluctance and fear of constraints** are still the main concerns
- The **perception of impact on global warming** is largely attributed to **large companies and urban societies.**

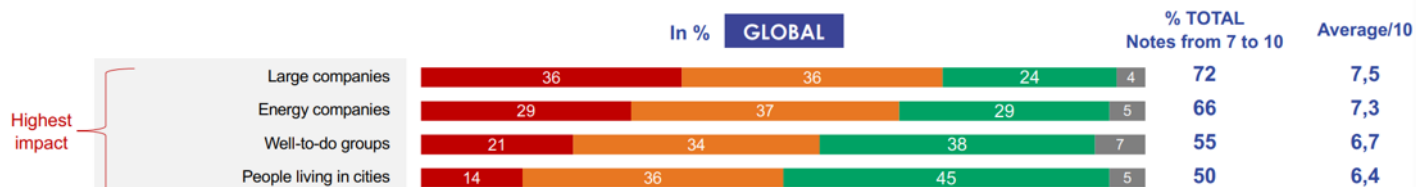
Global warming vs. Purchasing power: which priority?



The level of anxiety regarding climate change



The main concerns



AT BNP PARIBAS WE ARE CONVINCED THAT WE CAN MOBILIZE RESOURCES, CHANNELING FINANCIAL INSTRUMENTS TO A JUST TRANSITION



BNP Paribas Fortis and **Matexi** launched HappyNest rental and purchase formula.






A formula in which **prospective buyers** rent a **new-build home** and after a few years have the opportunity to buy it. Half of the past rent payment paid is then deducted from the purchase price.

A pilot have been implemented in the Flanders region of Belgium.

34 units launched as of September 2023, targeting more than 100 by 2024.

OTHER CONCRETE EXAMPLES

-  ➤ We support social entrepreneurship through microfinance partnerships.
-  ➤ We help low-income individuals to smooth out the additional cost of energy renovation through our My Sustainable Home partnership
-  ➤ We develop innovations with engaged institution such as CSR Europe forum and JuST institute



BNP Paribas personal finance help consumers purchase less polluting electrified car, offering ways to reduce long term leases costs

The objective of this campaign is to **propose long-term leases of up to 120 months and car-sharing solutions** (a purchase with the commitment to share with a third party).

By changing **the terms and conditions of loans**, BNP Paribas **support those who cannot currently obtain one**, i.e. young people or people with variable incomes such as part-time workers and freelancers and ensure that they are not exposed to too much debt.



Joana Pedro

Social and Human Rights Lead UNEP FI

United Nations Environment Programme
Finance Initiative





ISLF

Inclusive & Sustainability-Linked Financing

a transformative product for just transition

Environment & Social
Performance Management

Green Solutions

Climate, Biodiversity &
Inclusive Positive

BNP PARIBAS HAS BEEN INVOLVED IN WORLDWIDE MICROFINANCE FOR 30 YEARS

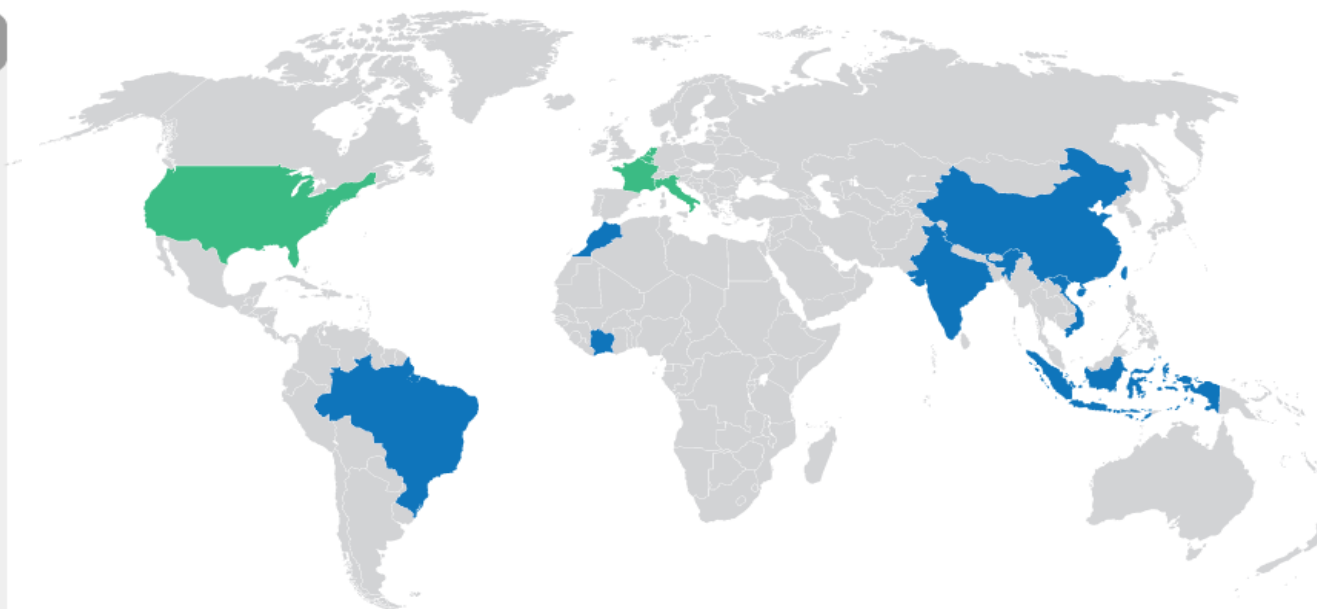
Social and economic performance of BNP Paribas

Since 1989

- 3 million** indirect beneficiaries reached, 83% of whom are women
- €1.2 billion** in total loans granted to MFIs

In 2022

- 21** MFIs supported and participating in the study
- 13 countries and 9 local currencies** represented
- 15,600** pro bono hours worked by BNP Paribas employees with MFI partners



■ Europe and United States
Belgium, France, Italy, Luxembourg, Netherlands and United States

■ EMERGING COUNTRIES
Ivory Coast, Brazil, China, India, Indonesia, Morocco and Vietnam

Performance of partner MFIs

In 2022

- 12,416,882** active beneficiaries, including nearly 280,000 supported indirectly by BNP Paribas
- 95%** of beneficiaries are women
- 63%** of beneficiaries are in rural areas
- 1,304,060** jobs created by beneficiaries
- 35,805,829** hours of support and training
- €3,808** average loan granted by MFIs to micro-borrowers

Microfinance is a powerful lever for financial inclusion

- Microfinance provides financial support to **low-income population to help them start their business and improve their livelihoods**. The main beneficiaries are women (83%) who borrow for financing income generating activities in rural areas.
- BNP Paribas provides support through** direct financing of Microfinance Institution (MFIs), investment in specialized funds, development of positive impact funds, etc.

BNP Paribas is a recognized institution for inclusive finance



Amid an environmental and political worldwide crisis, **BNP Paribas stood out for its commitment to financial inclusion** around the world awarded of “World’s Best Bank for Financial Inclusion 2023” by Euromoney.

BNP PARIBAS & THE JUST INSTITUTE, THE BIRTH OF AN AMBITIOUS PARTNERSHIP TOWARD FINANCIAL INCLUSION AND JUST TRANSITION

A PARTNERSHIP AT THE SERVICE OF FINANCIAL INCLUSION

- BNP Paribas and the JuST institute works along side to **catalyze market development towards Climate, Biodiversity and Inclusive finance** innovative solutions.
- We jointly realized that there were a **huge gap for financing of climate resilience and biodiversity conservation**, for small scale **producers & rural communities** and all economically vulnerable entrepreneurs. Existing public or private funds are not enough and do not reach them.

ISLF: AN INNOVATIVE SOLUTION IN MICROFINANCE

- The ISLF has been inspired by the **Sustainability Linked Loan (SLL)** a loan instrument that links a borrower's **performance on sustainability issues** relevant to its core activity with the terms of the loan.
- However, generally speaking, the SLL was a **corporate economic tool** targeting mainly environmental issues. The ISLF is a full new product that goes beyond just a SLL applied to MFIs, **the originality lie in the combination of Technical Assistance with a lending product** as well as **the intrinsic transformative will of this financial product**.
- So far, The JuST Institute and BNP Paribas designed and implemented 3 ISLF in Brazil, Italia and France

| | SLL | ISLF |
|----------------|--|--|
| Application | Corporate markets mainly | Any type of finance that targets social inclusion, e.g. microfinance markets |
| Targets | Environmental mainly | Just Transition: Environmental and social always linked together |
| Incentive tool | Principally Interest rates discounts | Financial and non-financial incentives |
| Objectives | Support the market development of sustainable solutions, improvement of ESG practices at corporate level | Have a transformative effect on the client, accelerate its transition towards more ambitious environmental and social goals. |



Isabel Baggio

President of the Board of Directors

Banco da Família





EUROPEAN
MICROFINANCE WEEK
connecting the inclusive finance world

Q&A



Finance the Just Transition

Thanks a lot !