



Financing Entrepreneurship in a changing world

Opportunities and challenges

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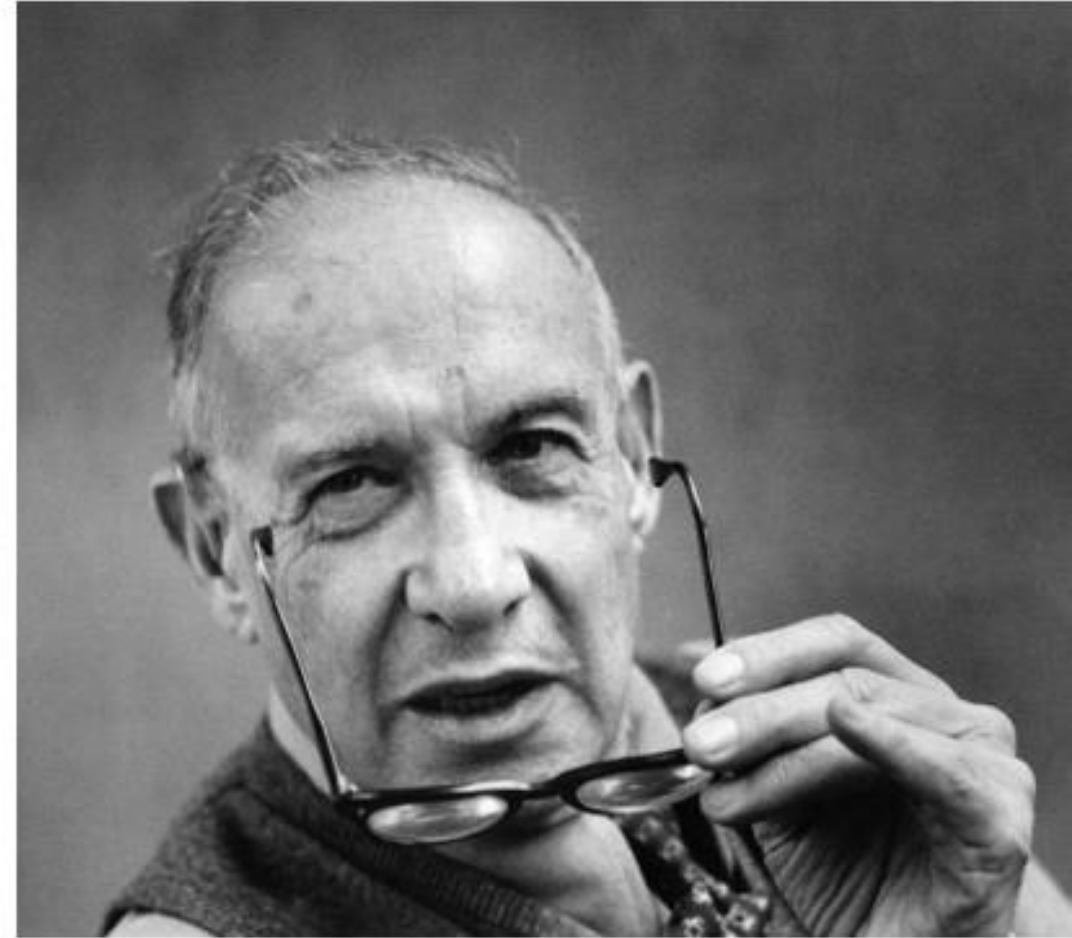
BNP PARIBAS

FORTIS

The bank for a changing world

”
*The greatest danger in times of
turbulence is not the turbulence—
It is to act with yesterday’s logic.*

Peter Drucker

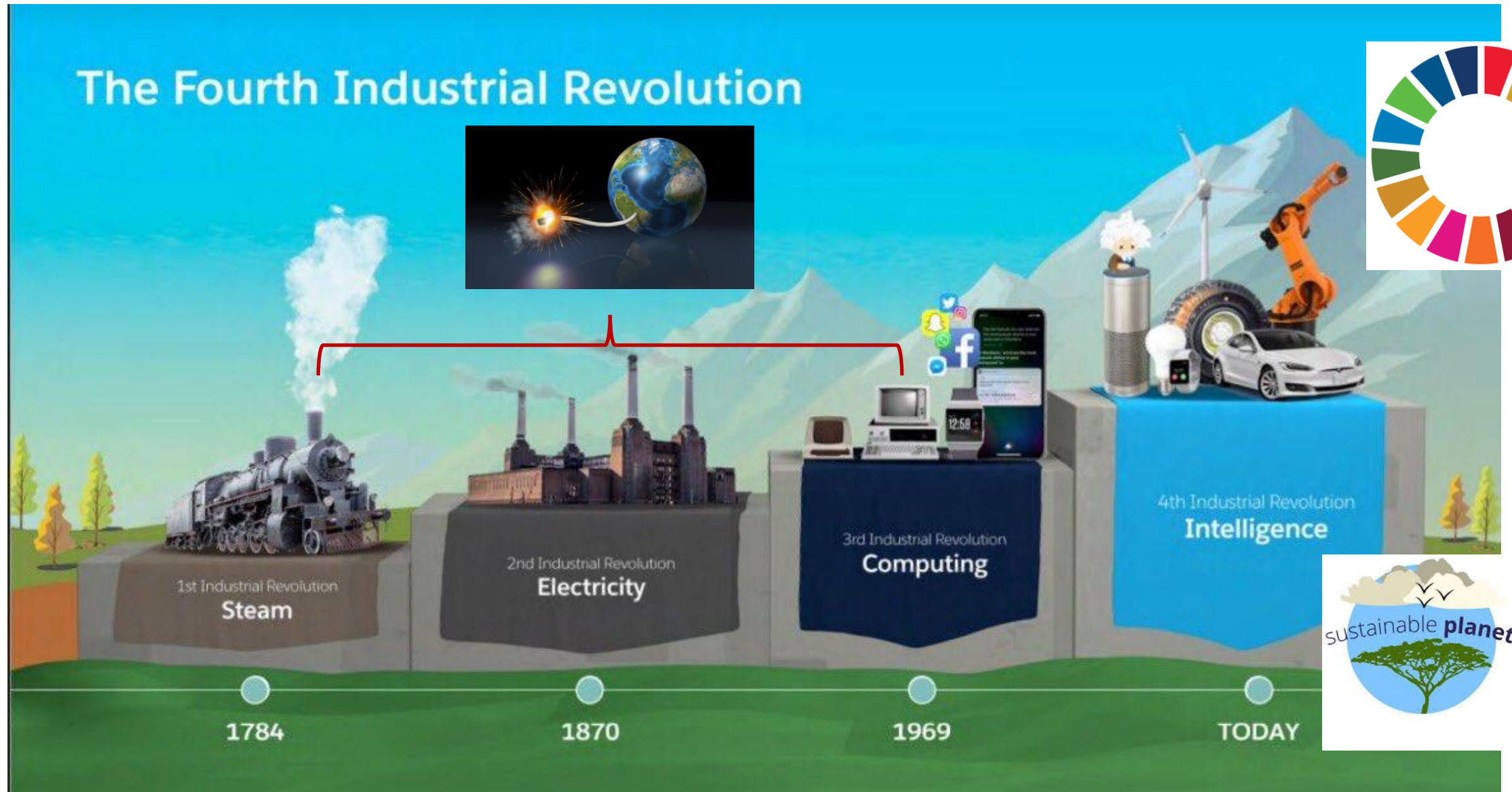




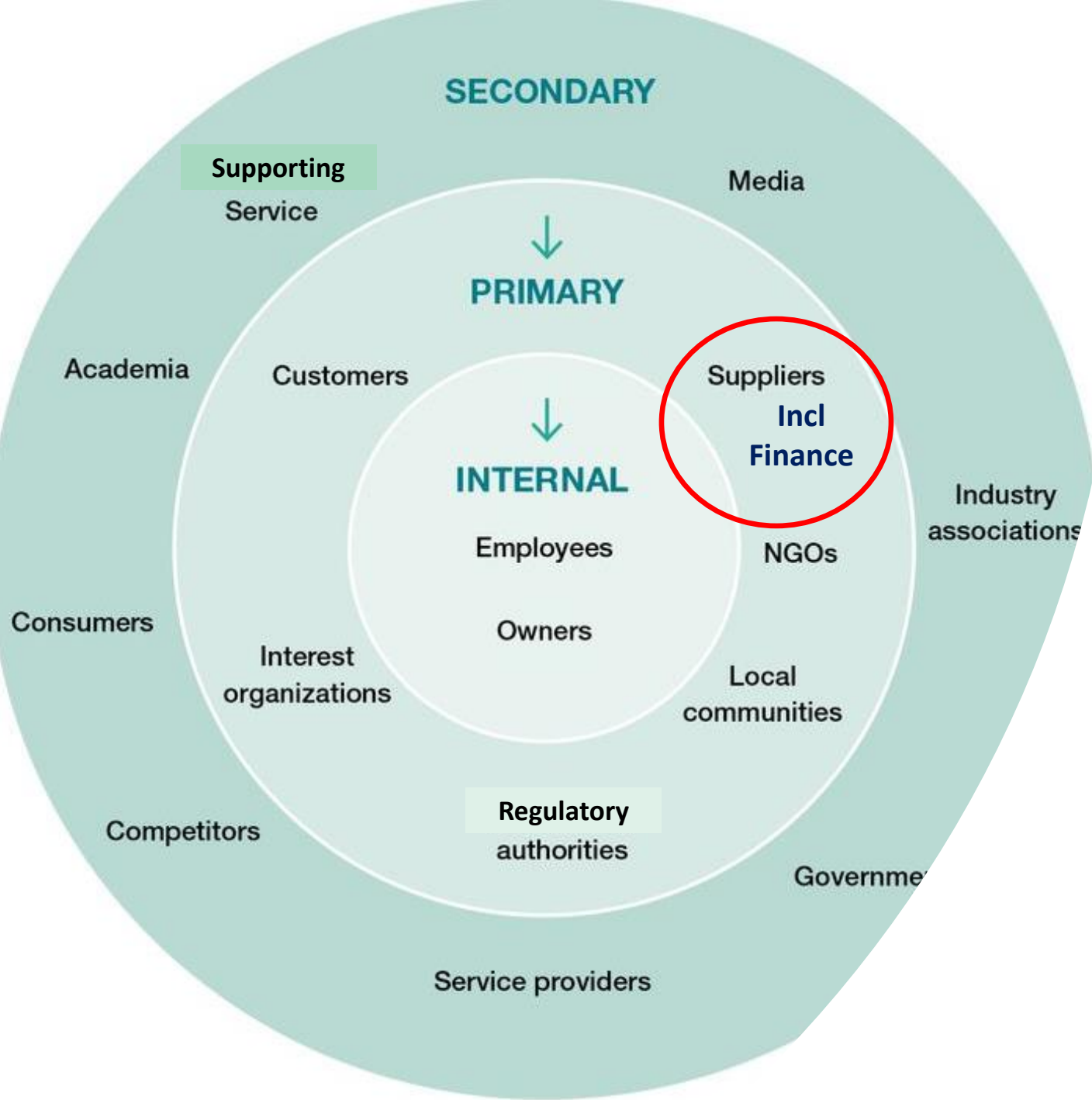
"THE SOCIAL
RESPONSIBILITY OF
BUSINESS IS TO
INCREASE ITS
PROFITS."
- Milton Friedman

Changing world?

2015 - Economic growth: from problem to solution



The changing world



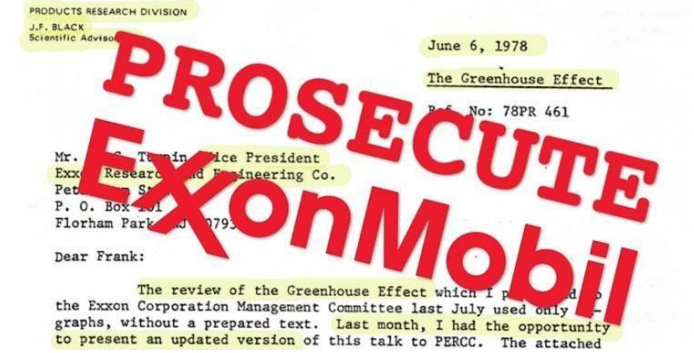
Stakeholders expectations management is evolving

2013

The new 1789?



The business game changers



Licence to
operate @risk



The new regulatory framework

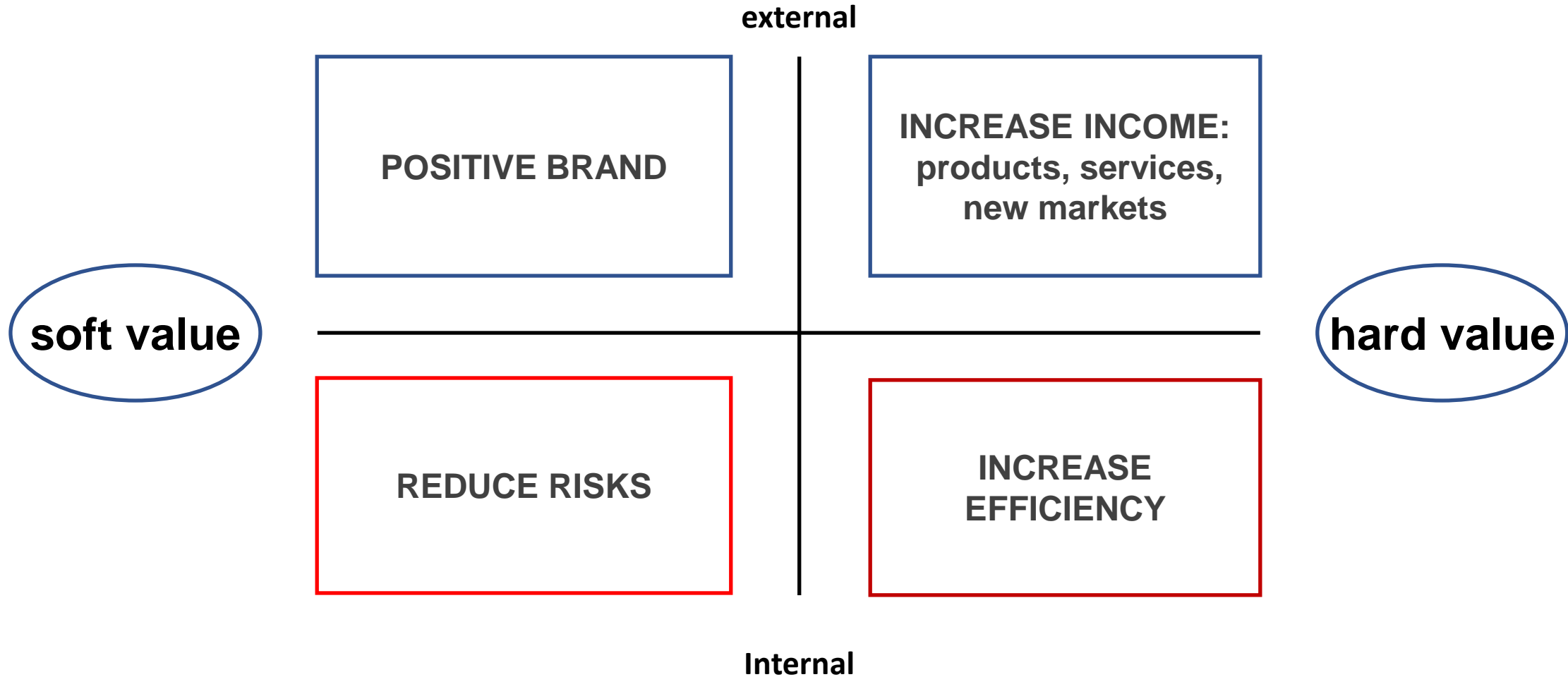


Entrepreneurship?

Entrepreneurship is per definition being 'sustainable'



The business of business is still business



The new paradigm of business in this changing world

Reflecting on the value you create and adapt it to the changing world is essential

With the purpose of creating more and better value for

- Business (Profit) and economy (Prosperity)
- Environment (Planet) and society (People)

Resulting in making your business future proof

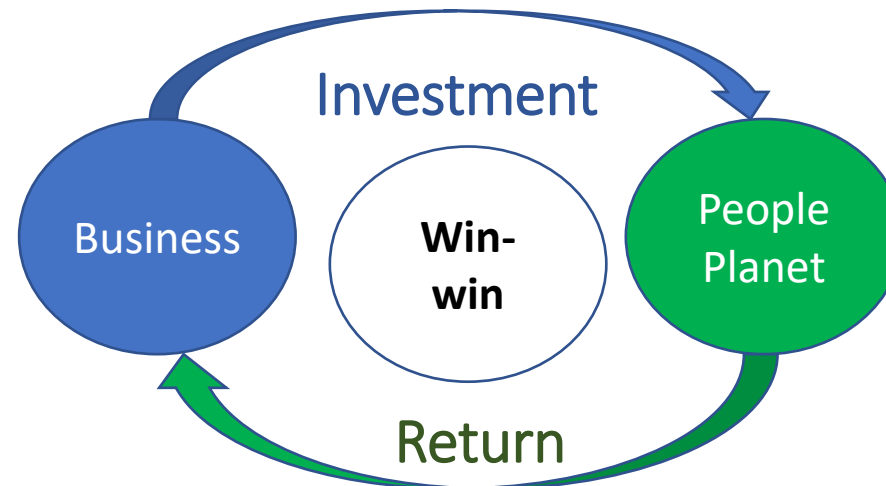
'billion \$' opportunities to seize

90.000 billion \$
investments needed



Entrepreneurial action is twofold

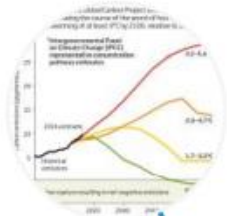
- Value for 'people and planet' = **societal & ecological value**
 - ✓ What can I do to improve value for my environment and society
- Value for my business = **economic value**
 - How can people and planet help me to create more profit



The new meaning
of growth

The framework for doing business has completely changed

External urgencies



Climate urgency

- ~10 yrs to invert the curve and stay below 2°C



Top-down urgency from regulatory & policies

- Paris Agreement
- EU Green Deal
- National regulations



Bottom-up urgency from your stakeholders

- Your employees
- Your clients/ Your suppliers
- Your prescribers
- Your children

Company motivations



Act responsibly

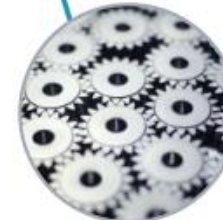
- Coherence
- Societal vision



External

Risks & opportunities

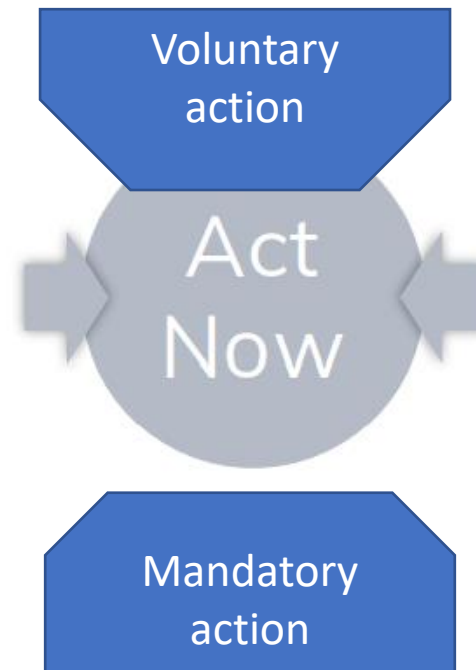
- Regulatory
- Stakeholder's value
- Reputation
- Markets
- Competition



Internal

Risks & opportunities

- Resources & energy
- Employees satisfaction
- Operations excellence
- Financials



A new urgency urgency popping up

Mitigation – reduce negative impact



Regeneration – create positive impact

LAND

OCEAN

AIR

A TRILLIONS \$ BUSINESS CASE

Financing

Financing



Investing

Funds of customers



Proper funds

Risk averse



Risk taking

**Reimbursement
+ remuneration**



Capital gain

Corporate lending ↔ Project finance

- (Financial) Assessment of company activity
- Assessment of past + future (budget)
- Assessment of expertise entrepreneur



- Assessment of (technical and financial) feasibility of project
- Assessment of future (budget) based on experiences
- Assessment of CAPEX & OPEX
- Assessment of 'supply chain'
- Assessment of expertise project manager

Classical risk assessment

Financial criteria

Liquidity

Working capital

Solvency

Profitability

Short term obligations

- Current assets/ current liabilities
- 'liquidities/current liabilities

Suppliers + stock / customers

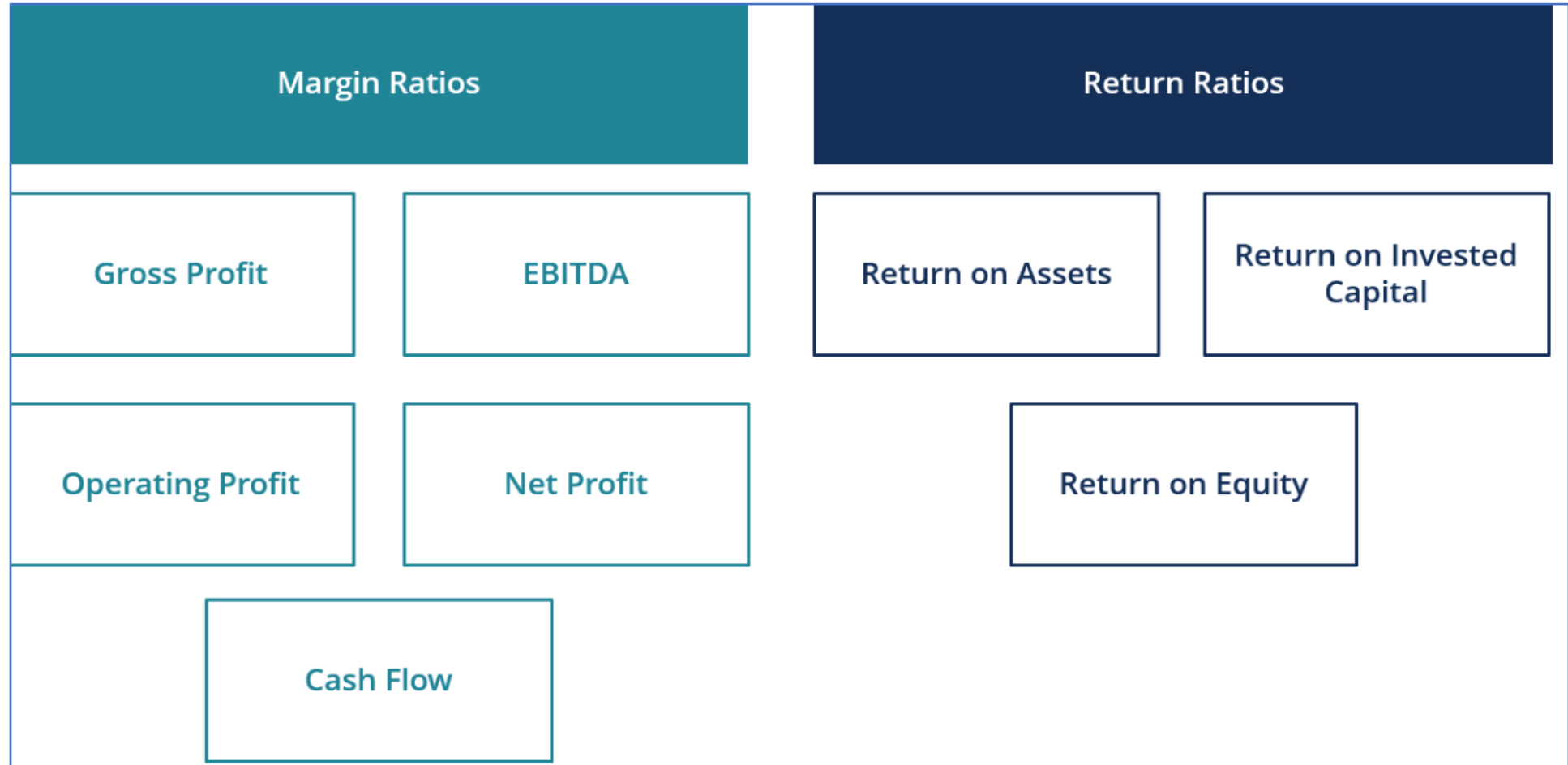
Long term obligations

- Cash flows/ liabilities
- Equity/liabilities
- EBITDA/ interest expenses

Earnings

- Earnings/ assets

profitability



guarantees

Personal guarantees



Collateral securities

- Mortgages
- Pledges

‘non-financial’ (risk) assessment

Solidarity with people & planet

Negative impact on people & planet

Positive impact on people & planet

Double materiality

- My impact on people , planet (and profit)
- Impact of people and planet on my business



‘Sustainable Regulation is increasing rapidly’

Environment

- › Climate change strategy
- › Environmental management system
- › Environmental impact of products and services
- › Carbon intensity
- › Energy efficiency
- › Water efficiency

Social

- › Equal opportunities
- › Freedom of association
- › Health and safety
- › Human rights
- › Customer and product responsibility
- › Social impact of products and services
- › Supply chain management

Governance

- › Business ethics
- › Compliance
- › Board independence
- › Executive compensation
- › Shareholder democracy
- › Shareholder structure
- › Taxes



Why is ESG more important than ever? A few trends



\$329bn

Total economic losses resulting from weather and climate-related events in 2021 ¹

Up to 18%

Worldwide GDP loss from climate change in 2050, \$23tn in reduced annual global economic output worldwide ²



\$1.4tn

Global sustainable debt issuance in 2021 ³

\$53tn

ESG Assets Under Management: 1/3 of global AuM are expected to be ESG assets by 2025 ⁴

3 dimensions of business approach of ESG

- Leadership: what are my commitments to tackle the issues
 - Level of visibility : which info /documents – disclosed ↔ undisclosed
 - Are my commitments relevant?
 - Who is owner of the commitments : board level and execution level
- Implementation: which actions to achieve the commitments
 - Means/resources
 - Scope: to which extent do the measures cover my responsibilities
 - Coverage: group level ↔ entity level
- Results
 - Performance of measures – aligned with evolutive KPI's
 - Stakeholders reactions / negative news
 - Responsiveness : how is negative news managed

EU Green Deal in late 2019: turning an urgent challenge into a unique opportunity



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



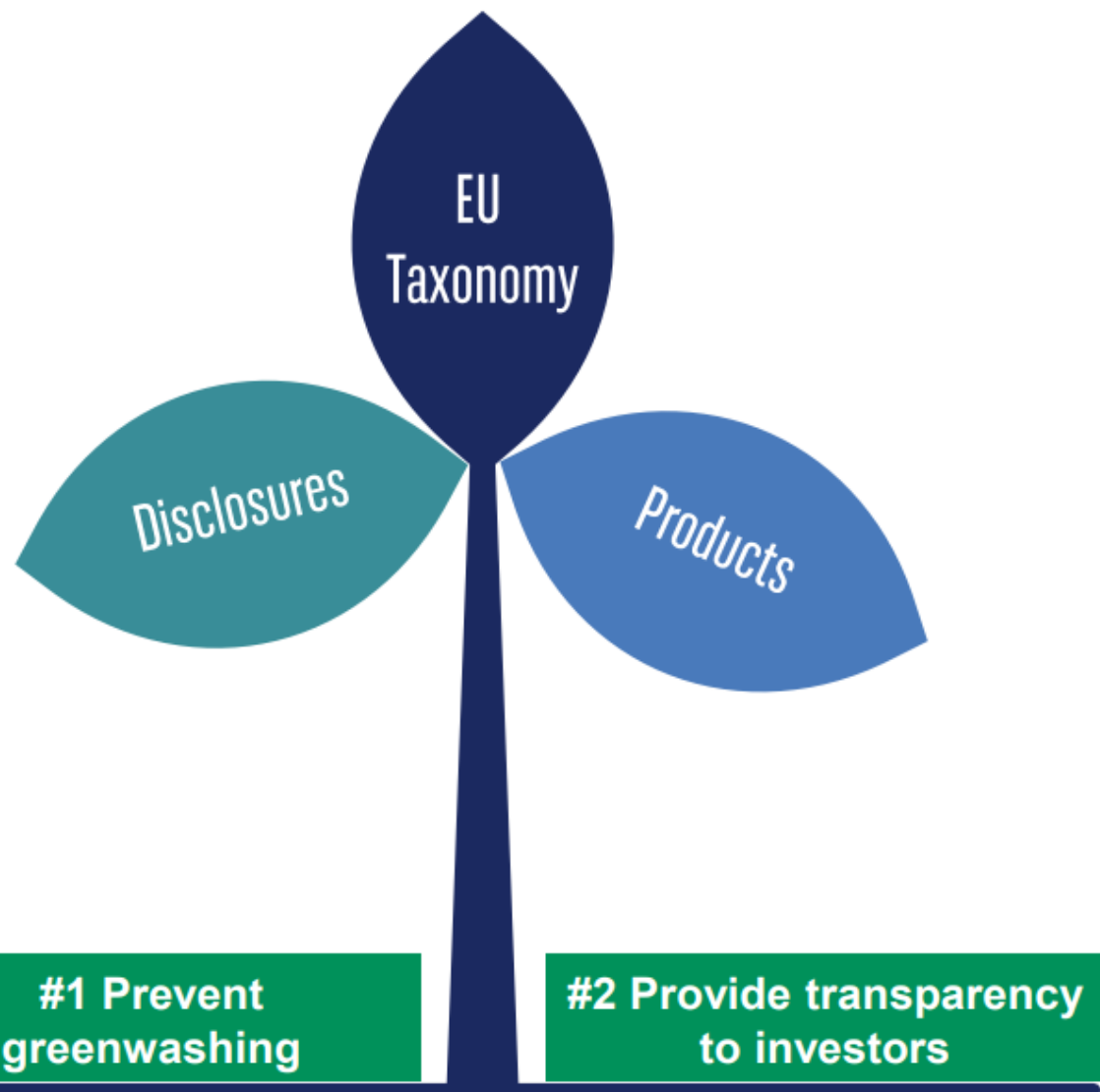
Help ensure a
just and inclusive
transition

An ambitious roadmap to sustainable economies

- **To become climate neutral by 2050** actions are needed in all sectors (clean energy, efficient building, sustainable industry, transport, etc.)
- The **first targets of decarbonisation should be achieved by 2030** (at least -55% in GHG vs. 1990 levels)

- To reach EU emission reduction targets and **bridge investment gap**, public and private sector flows must be directed towards low emission investments
 - Investments announced by the European Commission: **€1tr** up to 2030
 - Investments required from private sector estimated at **€2.5tr** over the next 10 years
- A **regulatory framework** has been designed to encourage and monitor achievements

The EU ESG regulatory framework is evolving fast and is fully embedded into business framework for the years to come, involving all market participants



EU Taxonomy

A **common classification of economic activities** substantially contributing to environmental objectives

Non-Financial Disclosures

Comprehensive disclosures for both financial and non-financial undertakings, providing investors with transparent information to make **sustainable investment choices**

- ✓ Taxonomy Regulation – **Article 8**
- ✓ Non Financial Reporting Disclosure (**NFRD**) & Corporate Sustainability Reporting Directive (**CSRD**)
- ✓ Sustainable Finance Disclosure Regulation (**SFDR**)

Products / Labels

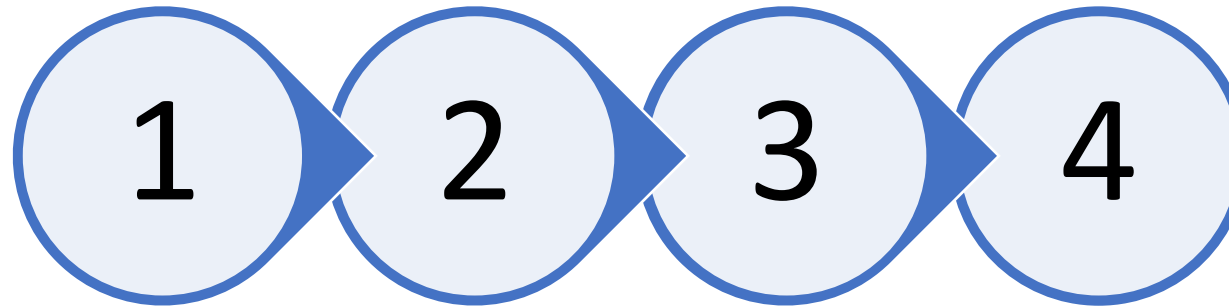
Broad toolbox for market participants, investors and States to develop **sustainable investment solutions**, while preventing greenwashing

- ✓ **Regulated label:** EU Green Bond Standard (**EU GBS**)
- ✓ **Market principles (e.g. ICMA, LMA):** Sustainability-Linked Loans (**SLLs**), etc.

The EU Taxonomy - guide on sustainable activities

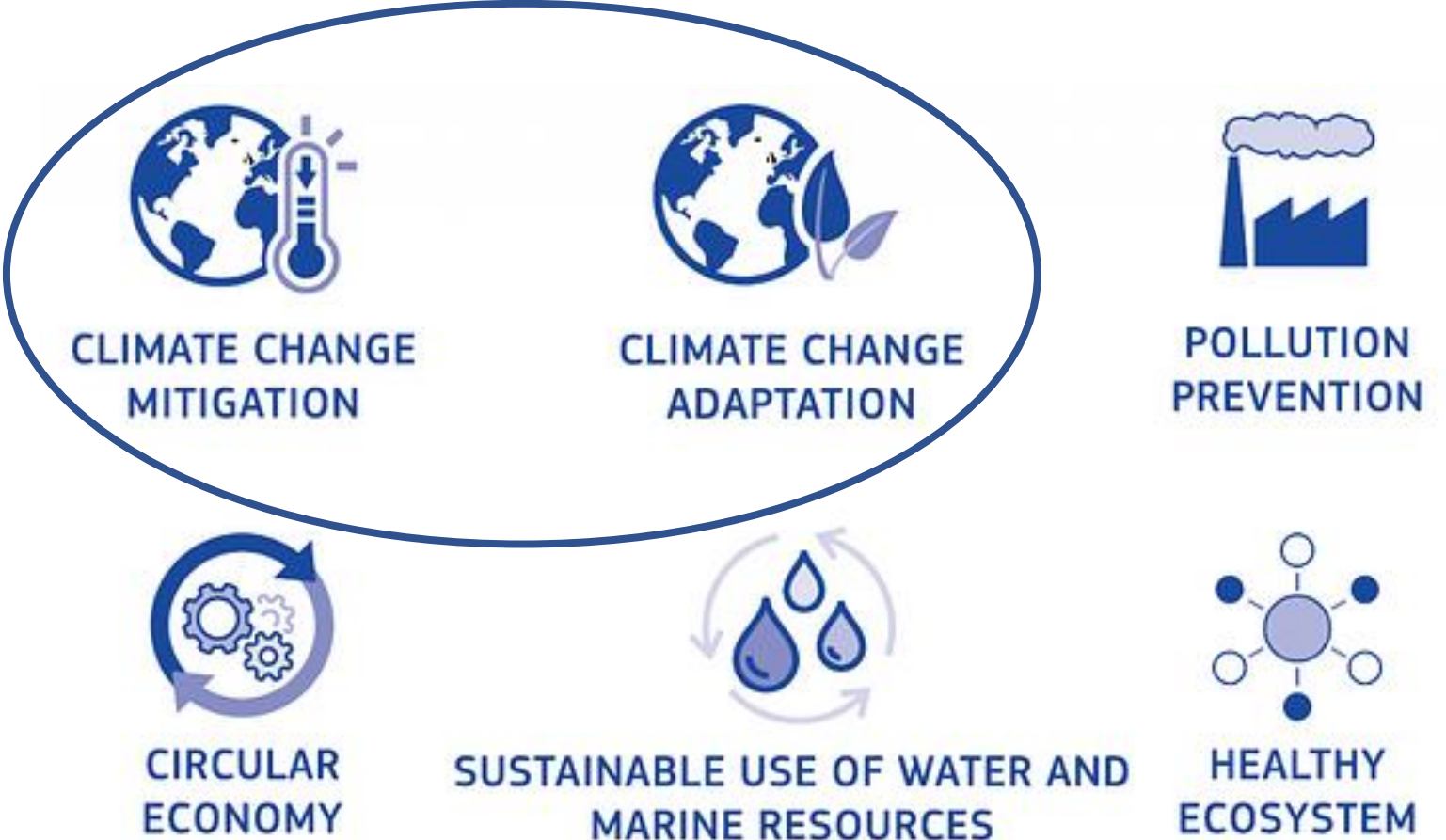
- A list of economic activities with related criteria ⇔ a rating of good vs bad
- Dynamic and flexible adapted to the changing world ⇔ static dictate
- Based on latest scientific and industry experience ⇔ mandatory list of activities
- Environmental performance ⇔ financial performance of an investment

The 4 steps to be 'green labeled'



1. **Increase positive impact** : Valuable contribution to one or more of the 6 environmental objectives
2. **Reduce negative impact** : No significant harm to the environmental objectives
3. **Solidarity** with social frame works and safeguards (framework of UN labour conventions)
4. **Comply** with the technical criteria of the EU taxonomy

The 6 environmental objectives



Focus on climate










Actions to limit the causes/
to reduce GHG emissions

- Net zero by 2050
- 50% to 55% reductions by 2030

Actions to address the impacts/
to reduce our vulnerability

- Build capacity
- Increase resilience

	Agriculture and forestry
	Manufacturing
	Electricity, gas, steam and air conditioning supply
	Water, sewerage, waste and remediation
	Transport
	Information and Communication Technologies (ICT)
	Buildings

Climate change mitigation

7 key sectors who can make the change happen

Three kinds of activities which can make a substantial contribution

Type of activity	Examples
1) Activities that are already low carbon. Already compatible with a 2050 net zero carbon economy	<ul style="list-style-type: none">• Zero emissions transport• Near to zero carbon electricity generation• Afforestation
2) Activities that contribute to a transition to a zero net emissions economy in 2050 but are not currently operating at that level.	<ul style="list-style-type: none">• Building renovation;• Electricity generation <100g CO₂/kWh• Cars <50g CO₂/km
3) Activities that enable those above.	<ul style="list-style-type: none">• Manufacture of wind turbines• Installing efficient boilers in buildings