

3 DAYS TO SCALE UP!

26-28 NOV 2018 - PALAIS BRONGNIART, PARIS

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“Financing Sustainable Development Goals and the Paris Climate Agenda: Innovation and Impact”

Climate Finance Day | 28th of November, 2018

KEY WORDS: URGENCY AND ACTION

The 4th edition of the Climate Finance Day brought positive news: climate finance flows exceeded 500 billion euros in 2017, the main European banks and insurers have shown their commitment to accelerate the transition to a low-carbon economy. However, we need to move faster and stronger, as global climate financing needs are estimated at \$2.5 trillion per year and climate finance remains a minority practice on the markets.

The 6 sessions of the Climate Finance Day gathered more than 500 international delegates (+1000 during the 3 days event) to address the different ways to align capital flows on the Paris Climate Agenda. The main takeaways were:

- The discussion “**Aligning capital flows: are we on track?**”, based on [Global Report on Climate Action into the Financial Sector](#) published by Finance for Tomorrow and Climate Action, highlighted the progress and resistance. Finance for tomorrow will carry out this assessment on green finance every year.
- The session on **Central Banks and Supervisors** showed that the members of the Network for Greening the Financial System (NGFS), are more than willing to do their share to scale-up the greening of the financial system.
- During the session on “**Private Equity for Green**” Martin Skancke, Chair, Principles for Responsible Investment, officially endorsed the Initiative Climate 2020 (ic20) and encouraged its adoption by private equity firms worldwide.
- The session on “**Green Loans Development**” highlighted the potential impact of this new instrument and the need for creating awareness among clients and investors.

- The session “**Mainstreaming climate for a low-carbon and inclusive economy**” presented concrete examples of how financial institutions are moving from commitments to action to make climate change an operational priority across business lines.
- It was also the occasion to showcase the **Network of Financial Centers for Sustainability (FC4S)** launched by UN Environment Programme to harness the power of place that resides in the world’s major financial hubs to mobilise the trillions of euros, renmimbi and dollars that are needed to drive climate action and sustainable development.

Philippe Zaouati, Chair, Finance for Tomorrow & CEO, Mirova said in the welcoming remarks *“We must talk about sustainable finance without complex but with enough transparency and ambition. This is the meaning of this week of events and actions organized by Finance for Tomorrow.” “We can now see the consequences of climate change. Faced with this reality, civil society demands accountability. Finance must meet the expectations of society. Because without the mobilization of private finance, we will not achieve Climate objectives and sustainable development goals”*

Brune Poirson, Secretary of State attached to the Minister of State, Minister of Ecological and Inclusive Transition opened the Climate Finance Day and said: *“Today, we have to talk about how to turn climate finance into mainstream finance, to talk about the finance we need, to build a more sustainable and inclusive world. You know well that finance is not a friend, nor an enemy. It is a tool - a smart one - which is able, if well-designed, and well-regulated to trigger a deep social and environmental shift.”*

François Villeroy de Galhau, Governor, Banque de France, stressed in the closing session that *“Climate Finance Day gives a concrete picture of what I like to call the “powerful coalition of the willing”. Each and every one of us - public authorities; academics, NGO’s and think tanks; corporates and financial institutions - have a part to play in this coalition. It is a shared challenge that no one can tackle alone.”*

Anne Hidalgo, Mayor of Paris, Chair of C40, concluded the Climate Finance Day and these 3 days for Sustainable Finance and underlined that *“The ecological transition is not only a duty but also an economic and social opportunity. Paris EUROPLACE and Finance for Tomorrow have understood this very well, as proven by our work together on green bonds and low-carbon investments for more than two years. I repeat it today: Paris is determined to support investors in this dynamic, as shown by the Paris Green Fund, which represents €100 million. We have unveiled its first beneficiary companies today. We still have a long way to go and we must increase our efforts. But when I see the energy and creativity of Climate Finance Day, I am optimistic and confident about our ability to make Paris the world’s leading green financial center.”*

Several announcements were made during the Climate Finance Day:

Caisse des Dépôts Group

Eric Lombard, CEO of Caisse des Dépôts Group, insisted on the fact that *“the fights against climate change and against social divisions go together”*. He announced new commitments from Caisse des Dépôts Group. Among them, that *“the Group will dedicate €16bn in green loans for French companies and in equity and loans for local green projects by 2020. For all asset classes, it will lower its exclusion threshold for investments in companies active in thermal coal from 20% to 10% of turnover.”*

Crédit Agricole

Philippe Brassac, CEO of Crédit Agricole SA, declared that *“Crédit Agricole should naturally be the bank of energy transition. Our will is to be in accompanying mode and not breach mode. As France’s top bank and the world’s No10, Crédit Agricole has considerable capacity to lead its customers and partners towards a low-carbon economy, by factoring in ESG criteria into all its fundings and investments, and by investing on a large-scale in green financing.”*

Natixis

François Riahi, CEO of Natixis, announced that *“Natixis has made a voluntary and concrete contribution to the fight against climate change by aligning its investment policy with the Paris Agreement goals for a global temperature increase of under 2°C.*

- The company will commit close to 10% of its investments each year to green assets, with the objective that 10% of total AuM be comprised of green assets by 2030 at the latest.”
- Natixis provided an update on its “green weighting factor” announced at CFD 2017 : an internal capital allocation tool that favors green transaction and penalizes brown ones. Natixis completes its own taxonomy from green to brown for all sectors and will implement this process on financing activities in 2019.

On the sidelines of the event, other new commitments were announced by Paris Market players:

La Banque Postale

- Achievement of its carbon neutrality across entire scope of operations, which includes its 16 consolidated subsidiaries and takes into account its employees' business and home-workplace travel.
- Commitments to climate protection projects through the "Carbon Fund", an innovative in-house mechanism set-up in 2015 for monetizing its carbon footprint.

EDF

- Syndication and commitment on the terms of a €4 billion Syndicated Revolving Credit Facility (“RCF”) introducing a sustainability pricing mechanism index in the margin to three of the Group’s sustainability key performance indicators (“KPI’s”): EDF’s direct CO2 emissions, EDF’s customers use of its online consumption monitoring tools, and the electrification of EDF’s vehicle fleet.

UNEP FI and Finance for Tomorrow are partnering and co-organizing their two flagship events, which together become the major global Rendez-vous in 2018 dedicated to mobilizing the financial sector to showcase solutions, explore successful policies and make new commitments to scale up green and sustainable finance, the **Climate Finance Day** and **Global Roundtable** event brought together high-level representatives of the financial industry, regulatory authorities, corporates and civil society.

Climate Finance Day, the flagship event by Finance for Tomorrow, is a major annual gathering that, since COP21, has undertaken to mobilise the world's financial industry to make further commitments to combat climate change. CFD also attempts to survey and review the main achievements to date and showcase the most innovative solutions implemented by public and private actors to reach the goals set in the Paris Agreement.

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