

PIRAEUS BANK



Green Energy Investments Forum

Sustainable Banking

**Green Banking & Development
Programs**

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Director



October 2018





EU and international framework for climate change & sustainable banking



- September 2015 : 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit
- October 2015 : At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first-ever universal, legally binding global climate deal. The agreement sets out a global action Plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2° C.
- December 2015 : The Financial Stability Board (FSB) appoints a Task Force on Climate-related Financial Disclosures (TCFD) to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The final report was issued in July 2017. Specific mention for the banking sector.





EU and international framework for climate change & sustainable banking



- **December 2016** : Commission appoints a High Level Expert Group (HLEG) on Sustainable Finance reforming the EU's rules and financial policies to facilitate green and sustainable investment. The Group of experts submit an interim report in July 2017 and the final one in January 2018.
- **September 2017** : The European Banking Federation (EBF) has appointed a Task Force on Green Finance (Sustainable Finance Working Group). The report “Towards a green finance framework” was submitted with the objective to provide a general overview of how banks see their role and how they could further increase their support for sustainable economic growth, focusing on transformation to a two-degree economy while correctly assessing the embedded risks in all sectors, not only those at the frontline of the climate change revolution.
- **March 2018** : EU Action Plan on Sustainable Finance is submitted. This Action Plan unveils EU's strategy for a financial system that supports the EU's climate and sustainable development agenda.





EC Action Plan : Financing Sustainable Growth

Action 1
Establishing an EU classification system for sustainable activities

Action 2
Creating standards and labels for green financial products

Action 3
Fostering investment in sustainable projects

Action 4
Incorporating sustainability when providing financial advice

Action 5
Developing sustainability benchmarks

Action 6
Better integrating sustainability in ratings and market research

Action 7
Clarifying institutional investors' and asset managers' duties

Action 8
Incorporating sustainability in prudential requirements

Action 9
Strengthening sustainability disclosure and accounting rule-making

Action 10
Fostering sustainable corporate governance and attenuating short-termism in capital markets



World Business Council For Sustainable Development (WBCSD)

STEPPING UP CLIMATE AMBITION: a business perspective



COMBATTING CLIMATE CHANGE IS CRITICAL
We must limit warming to well below 2°C

WE'RE RUNNING OUT OF TIME



2015-2017 were the hottest years on record¹



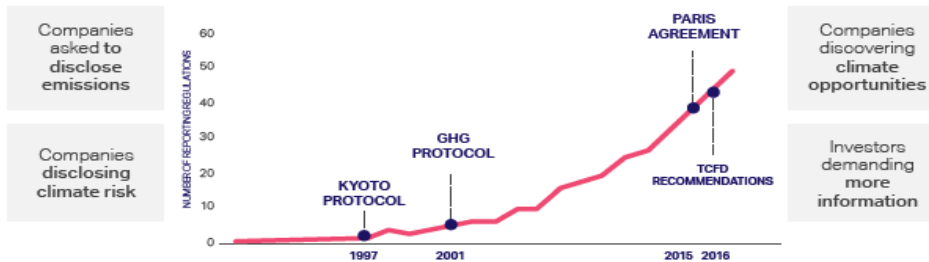
In 2016, the U.S. experienced 16 climate disasters²



Since 2008 climate has displaced 22.5 million people³

RECENTLY, WE'VE SEEN MAJOR EFFORTS TO SOLVE THESE ISSUES

Growth in corporate reporting related to Greenhouse Gas Emissions 1992-2017⁴



Companies asked to disclose emissions

Companies disclosing climate risk

Companies discovering climate opportunities

Investors demanding more information

THERE'S STILL MORE TO DO...



POLICY



BUSINESS



CIVIL SOCIETY

HOW IS BUSINESS STEPPING UP?

At the World Business Council for Sustainable Development

200 companies are taking action.

Their scope 1&2 emissions equal 1/2 of the US' annual emissions.^{5,6}

80%

believe that climate change is a material risk that could affect their business.⁷

These companies have the power to drive change.

Many are stepping up to manage risks and seize opportunities

40%

are talking about climate risks in public disclosure documents⁷

Nearly

20%

have publicly endorsed the Task-Force on Climate-related Financial Disclosure⁷

THIS IS A GLOBAL BUSINESS EFFORT

Science Based Targets⁸

Over **470** companies

Set climate targets in line with science

Their scope 1&2 emissions are more than the annual emissions of Canada

We Mean Business⁹

Over **790** companies

Over **1270** commitments

Their scope 1&2 emissions equal the annual emissions of India

WE HAVE THE MOMENTUM. LET'S GO FURTHER



Without renewed and strengthened ambition, we will not limit warming to **2°C**

Businesses and policymakers must continue to work together

... NOW IS THE TIME TO DECARBONIZE FOR A CLIMATE RESILIENT FUTURE

Emissions reductions in line with the Paris Agreement are possible, it's time to strengthen climate action.



Peter Bakker, President and CEO, WBCSD

How will you step up?





Timeline of Green Banking & Development Programmes

Approval of the **Environmental Management Policy** by the BoD

Establishment of **Development Programmes**

The first LIFE co-funded European project of Piraeus Bank. For environmental management



Environmental clauses incorporated in the Bank's amended Articles of Association

Establishment of the first green banking branch in SE Europe in Athens

Appointment of a BoD member as responsible for environmental issues



Green Banking Portal



Develop collaborations with stakeholders



Cooperation with EBRD



ESMS Environmental & Social Mngmnt system



PF4EE

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

Final Beneficiary of third CSF



Creation **Environmental Management System**

First Green Banking product for private individuals and businesses

Intermediary Management Body

Establishment of **Green Banking**

Evolution of Piraeus Bank's subsidiary, **ETVA VIPE**, to an R&D center for green investments and practices.



Certification of the Bank's Environmental Management System (EMS) under ISO 14001 and EMAS.



Creation of new Green products and Services for enterprises

New Businesses loans: Green businesses for Energy Saving and Net-metering

MEMBER OF **Dow Jones Sustainability Indices**
In Collaboration with RobecoSAM



360° funding

The only Greek bank that participates in the program PF4EE

Piraeus bank loans in corporation with EIB under the covered bond issuance



PIRAEUS BANK





Products for Individuals

Green Mortgage

Green Home Retrofitting

Green Consumer Loan

**Green Services
“Going Green”**

Small-Medium Enterprises

**Piraeus Green Business -Small
Businesses Energy Retrofitting**

**Piraeus Green Business - Loans for SME
that wish to invest in Net metering**

Favorable terms & conditions





Piraeus Bank has successfully participated in “ENERGY EFFICIENCY I & II FOR HOUSEHOLDS”

Piraeus Bank participated actively in Energy Efficiency for Household I and thus successfully managed approximately 30% of the total number of applications, approved from all the banks that participated in the first program. As for Energy Efficiency for Household II, even if it hasn't yet been completed, our participation is expected to be much higher.

In both programs, our strong know-how on green investments resulted to an efficient allocation of resources and thus providing our customers high quality services in short response time.



info

✦ *Piraeus Bank could provide support further energy efficiency interventions by providing financing through our Green consumer and home improvements loans*



Ευρωπαϊκή Ένωση
Ευρωπαϊκό Ταμείο
Περιφερειακής Ανάπτυξης



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ
ΥΠΟΥΡΓΕΙΟ
ΠΕΡΙΒΑΛΛΟΝΤΟΣ & ΕΝΕΡΓΕΙΑΣ



ΕΛΛΗΝΙΚΗ ΔΗΜΟΚΡΑΤΙΑ
ΥΠΟΥΡΓΕΙΟ
ΟΙΚΟΝΟΜΙΑΣ & ΑΝΑΠΤΥΞΗΣ



ΕΣΠΑ
2014-2020
ανάπτυξη - εργασία - αλληλεγγύη

Με τη συγχρηματοδότηση της Ελλάδας και της Ευρωπαϊκής Ένωσης
στο πλαίσιο των Επιχειρησιακών Προγραμμάτων ΕΠΑΝΕΚ και των ΠΕΠ Ηπείρου, Ιονίων Νήσων, Δυτικής Ελλάδας,
Στερεάς Ελλάδας, Αττικής, Πελοποννήσου, Βορείου Αιγαίου, Νοτίου Αιγαίου και Κρήτης.
Δικαιούχος του Προγράμματος ΕΤΕΑΝ ΑΕ.





Complete solutions for your business under the new actions of the NSRF 2014-2020!

In Piraeus Bank, with central philosophy promoting Greek entrepreneurship, we support small businesses and professionals who wish to include their investment projects in the NSRF 2014-2020 actions.

Towards this direction, we designed the new package "Piraeus Business 360" a complete proposal which specifically includes selected products and services, designed to meet your needs, from the start of the investment until its completion.





Private Finance for Energy Efficiency (PF4EE) is a special purpose tool which aims to mobilize Energy Efficiency investments for individuals, businesses and the public sector.

Piraeus Bank, the only bank in Greece that takes advantage of the PF4EE, will be able to provide energy efficiency loans with favorable terms and reduced risk

- Pilot programme
 - 10 contracts in Europe
 - 1 contract in Greece
-
- ✓ Financing
 - ✓ Collateral - Guarantees
 - ✓ Technical assistance



European Investment Bank

European
Commission

PIRAEUS BANK





Beneficiaries

- **Businesses of any legal form and size or organizations for implementing an Energy Efficiency investment**

Characteristics





Subsidy & Grants Program-ESPA “Small & Very Small Bus (ENERGY EFFICIENCY)”

Beneficiaries

- **Small & Very small Businesses of any legal form for implementing an Energy Efficiency investment, salary expenses, quality certificates etc**

Characteristics





Piraeus Bank has also successfully managed in 2016 **EUR 40 million** of JESSICA funds ("Joint European Support for Sustainable Investment in Urban Areas") to finance urban development projects in its capacity as an Urban Development Fund for the regions of Central Macedonia and Thessaly.

Piraeus Bank's objectives were to enforce private and public sector to adapt to new, cleaner technologies, which includes all the special features both for the creation of a multiplier effect for the residents and the living conditions in the cities, as well as for the exploitation of European development funds, which contribute to leveraging private capital and maximizing socio-economic benefits.

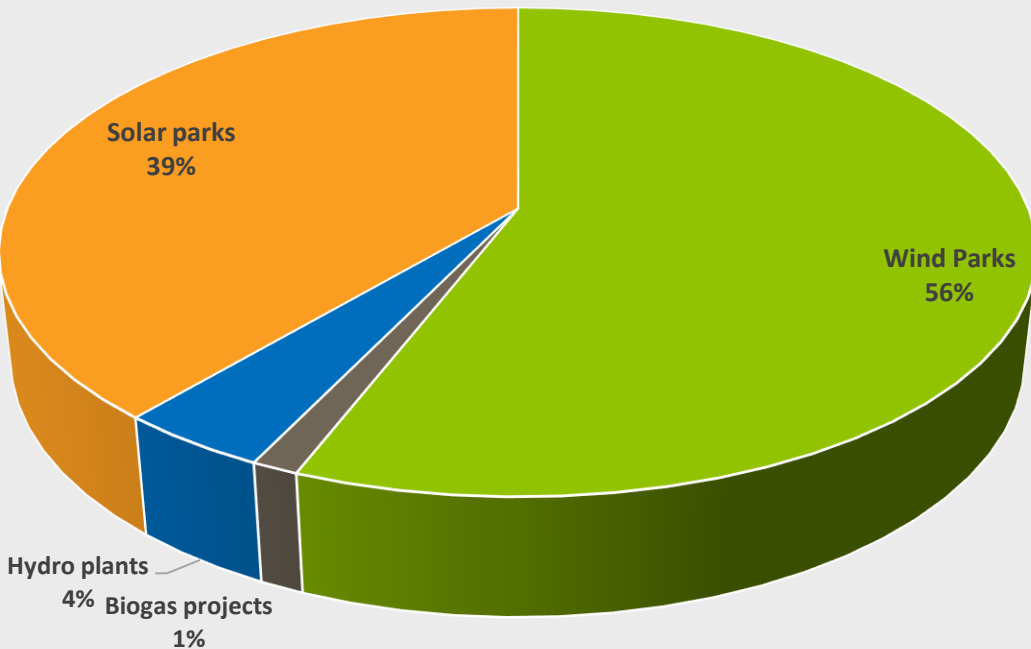
*On this concept we aim in 2018 to participate to **Infra FoF** (Infrastructure Fund of Funds), empowering even more investments in clean techs.*





Project Financing of Piraeus Bank in Renewable Energy Sources (RES)

Piraeus Bank current Project financing in RES - Based on capacity



Piraeus Bank has significant track record in financing RES projects in all technologies, as it has been active since the initiation of the market :

- i) It currently has existing credit limits (excluding projects that loans have been fully repaid) for RES projects of total capacity of 1.222 MW
- ii) 56% of the financed capacity refers to Wind Parks (764MW), while 39% of financed capacity refers to solar parks (683 MW)
- iii) Piraeus Bank is also a pioneer in financing biogas projects in Greece, as it has financed 8 projects of total capacity of 15,3 MW.

Project Finance Division

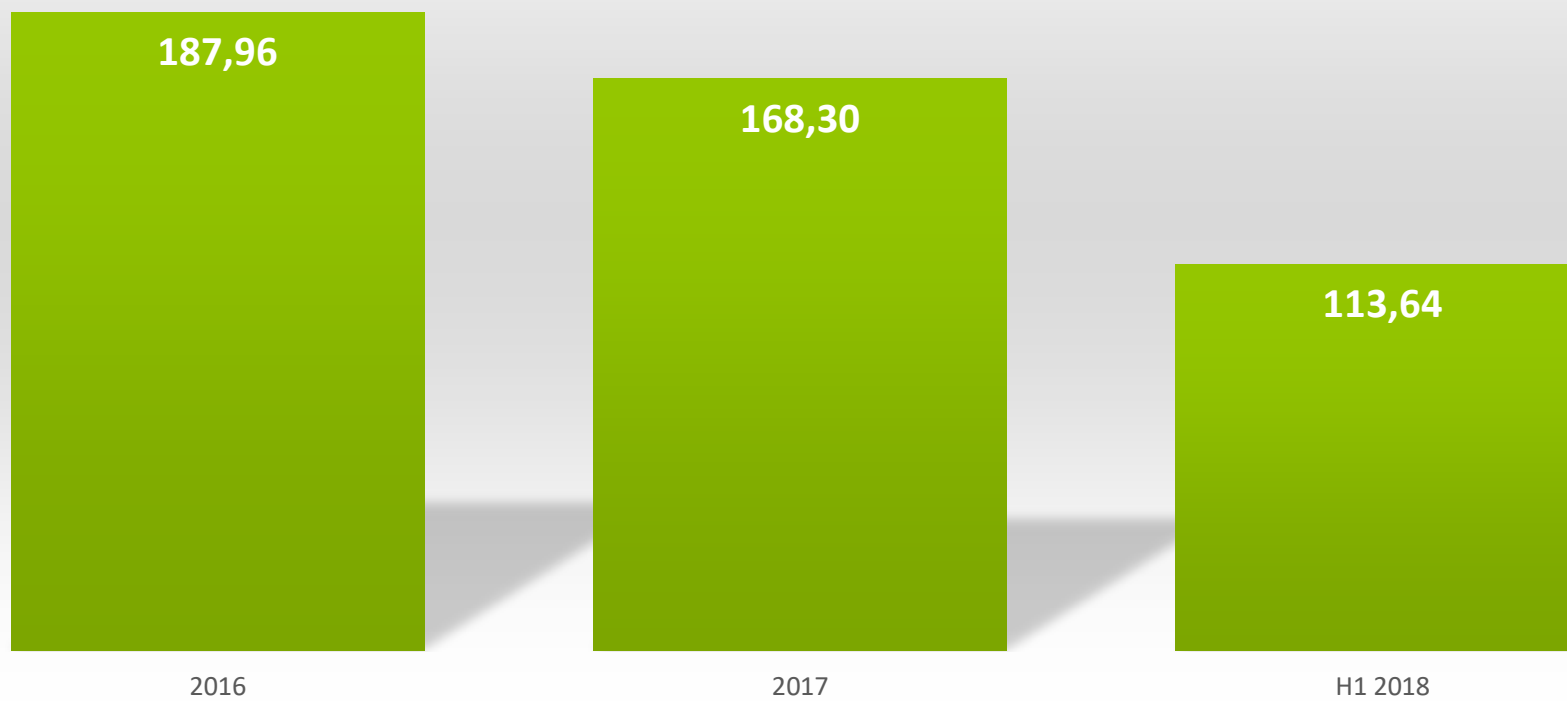
Green Banking & Development Programs





Financing of Wind Parks in the last years

Total Capacity (in MW) of Wind Park Projects financed in the last 3 years



Project Finance Division





High-level conference: Financing sustainable growth

Speech by Vice-President Dombrovskis at the High-Level Conference on Financing Sustainable Growth
Brussels, 22 March 2018



The second objective of our Action Plan is **to embed sustainability into risk management**. This is important, because sustainability risks will have an increasing impact on financial stability. Last year, the amount of catastrophe-related losses covered by insurance reached an all-time high – €110 billion. If we ignore the risks of climate change, we may end up locking capital into projects that are only viable in the short-run, which would be a waste.

There are two reasons why we should climate-proof our investments, and foster a broader view of risks: first, the impact of climate change can threaten financial stability and lead to major economic losses through floods, land erosion or draughts. And second, because of the risk of stranded assets. If we wake up too late to the reality of global warming, many of today's investments could end up being redundant.

.....

We will also consider incorporating sustainability into prudential rules to boost funding for green projects, for example by adjusting capital requirements for banks. Work is currently ongoing in the European Parliament on a proposal for such a green supporting factor, and the Commission stands ready to give support for this process.

By reducing the costs of certain loans, a green supporting factor could provide incentives to choose investments that are good for the climate, such as building a passive house, or buying an electric car. Still, any measures would need to be justified from a risk and financial stability perspective, and they would need to be carefully calibrated.

Green does not necessarily mean risk-free.

Along this, **we are looking into amending rules for banks' risk management policies to better account for sustainability risks.**

Time is running out, so we need solutions to quickly help sustainable finance reach scale, and the green supporting factor could be one of them.





By virtue of their role as financiers of the real economy, banks are de facto exposed to **credit, reputational, legal, operational and market risk** that is driven by environmental and social (E&S) issues that affect their clients and customers (indirect risk).

These risks can stem from :

- ❖ the impact clients have on the environment and society (e.g. pollution, natural resource depletion, health and safety concerns for communities and employees)
- ❖ the physical impacts based on climate change (e.g. severe weather events, water stress, fluctuating ecosystem services) that affect client's performance and success.





Environmental and Social Management Risk System (ESMS)

Targeting the holistic approach of a business unit or project, PB implemented environmental and social criteria in the approval process of business lending, along with the economic ones. By this way the Bank is able to identify, evaluate, manage and monitor periodically the environmental and social risks & opportunities that may derive from each business financing.

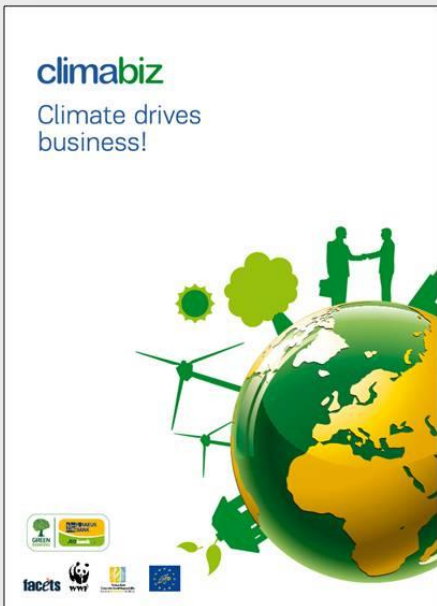


With the implementation of an efficient and effective ESMS, the Bank:

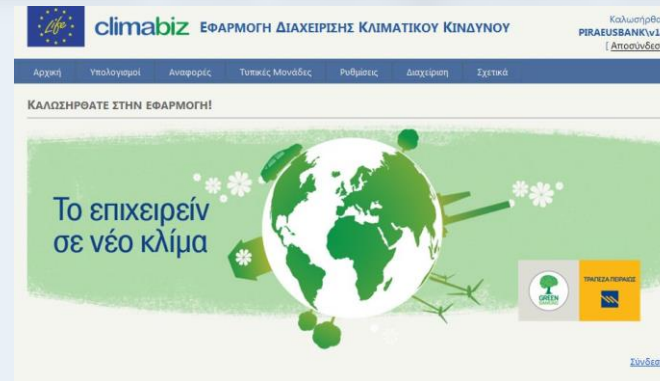
- ✓ Ensures enhanced transparency,
- ✓ Improves the quality of the portfolio and
- ✓ Enhances customer's support in managing E&S risks



2012 :

E.U. Life+ project
climabiz

Climate Risk Management Model



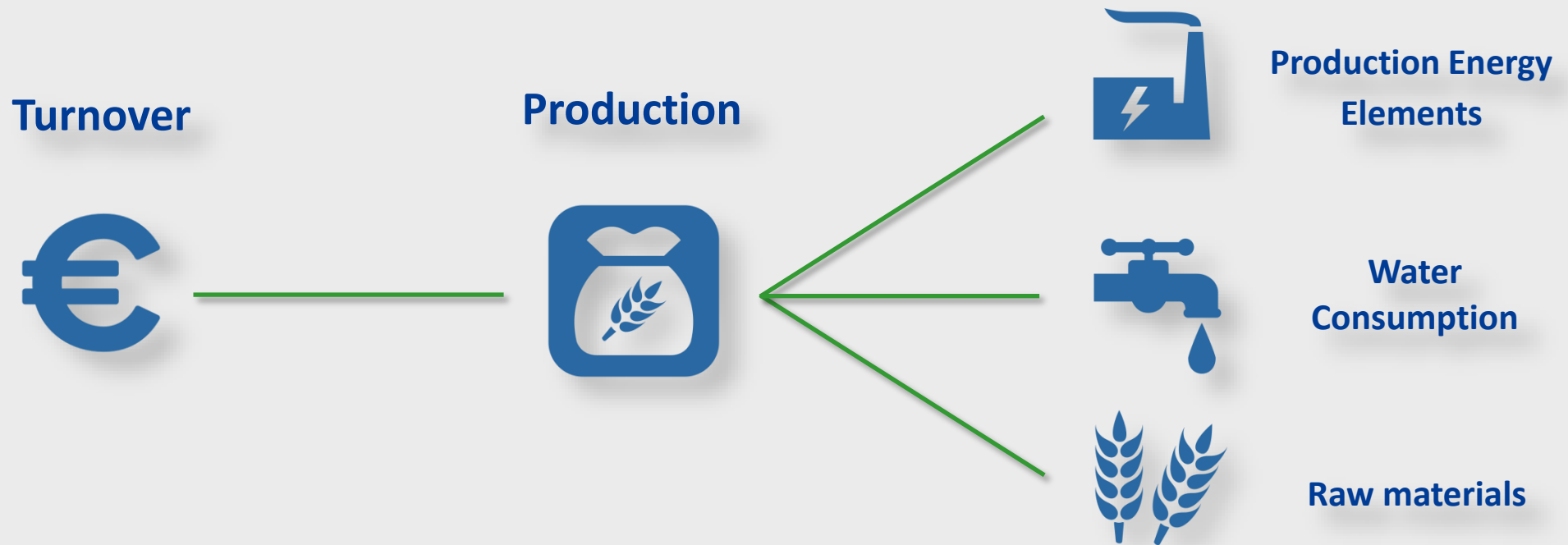
The application calculates the following parameters:

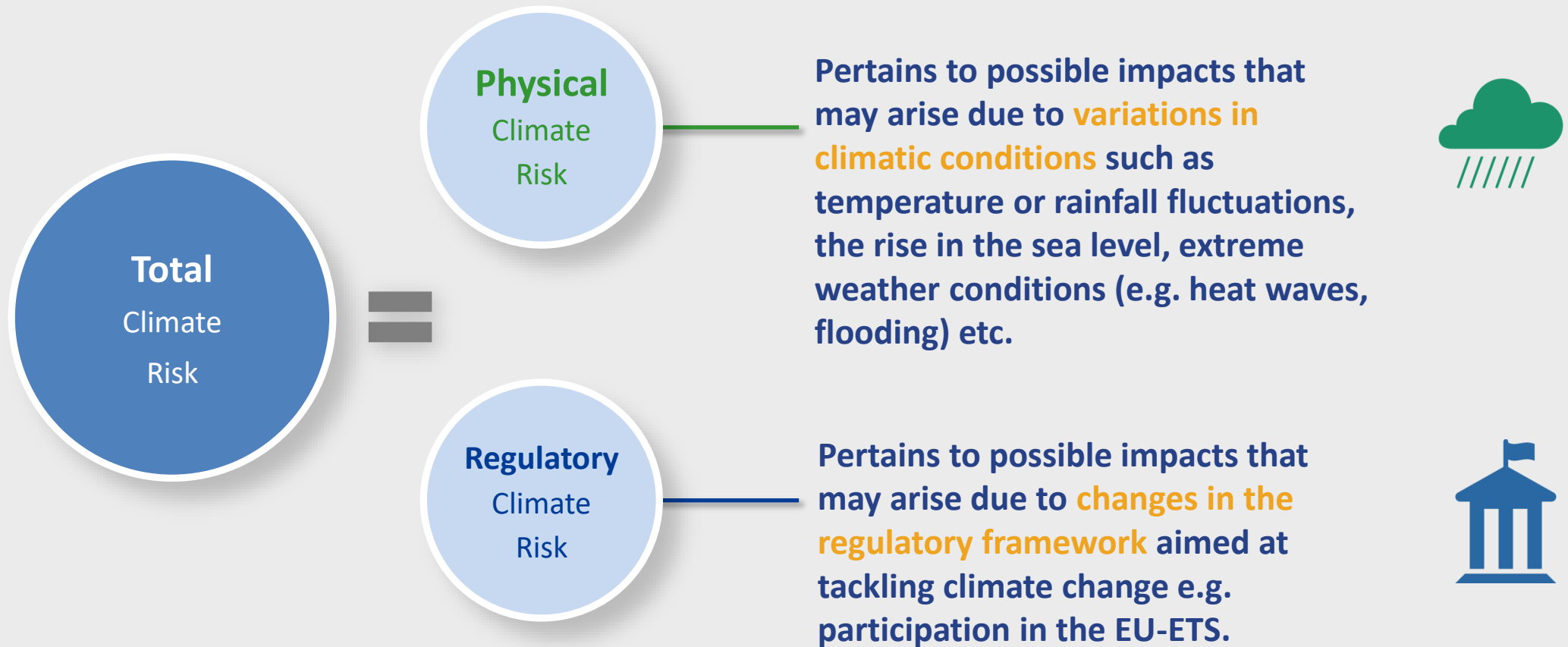
- i. The costs of physical and regulatory climate risk at a sector, subsector and company level (which are influenced by climate change)
- ii. Costs & benefits of the practices that a company can apply in order to reduce climate risk
- iii. Environmental footprint (air pollutants, greenhouse gases, liquid waste, solid waste) at a subsector and company level.





The core idea of climabiz







The program aims

- A **climate risk assessment** for decision making support
- Connecting **pricing** with climate risk
- Providing **supporting services** for mitigatory practices, regarding climate risk.
- Potential enhancement of Piraeus Bank **“Green Portfolio”**





Sustainable Banking





Thank you for your attention !

