



SUSTAINABILITY IN BANKING

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Outline

Sustainable Banking:

A decision by banks to provide products and services only to customers who take into consideration the environmental and social impacts of their activities.

- IFC at a Glance
- Risks, Challenges, and Opportunities
- IFC's approach
- National and International Best Practices

IFC in a Nutshell

- **IFC Globally:**

- Private sector arm of the World Bank Group
- The world's largest global development institution focused on the private sector in developing countries
- Established in 1956
- FIs comprise 44% of IFC's Global investments by commitment
- Global committed balance for FY12: US\$ 45billion

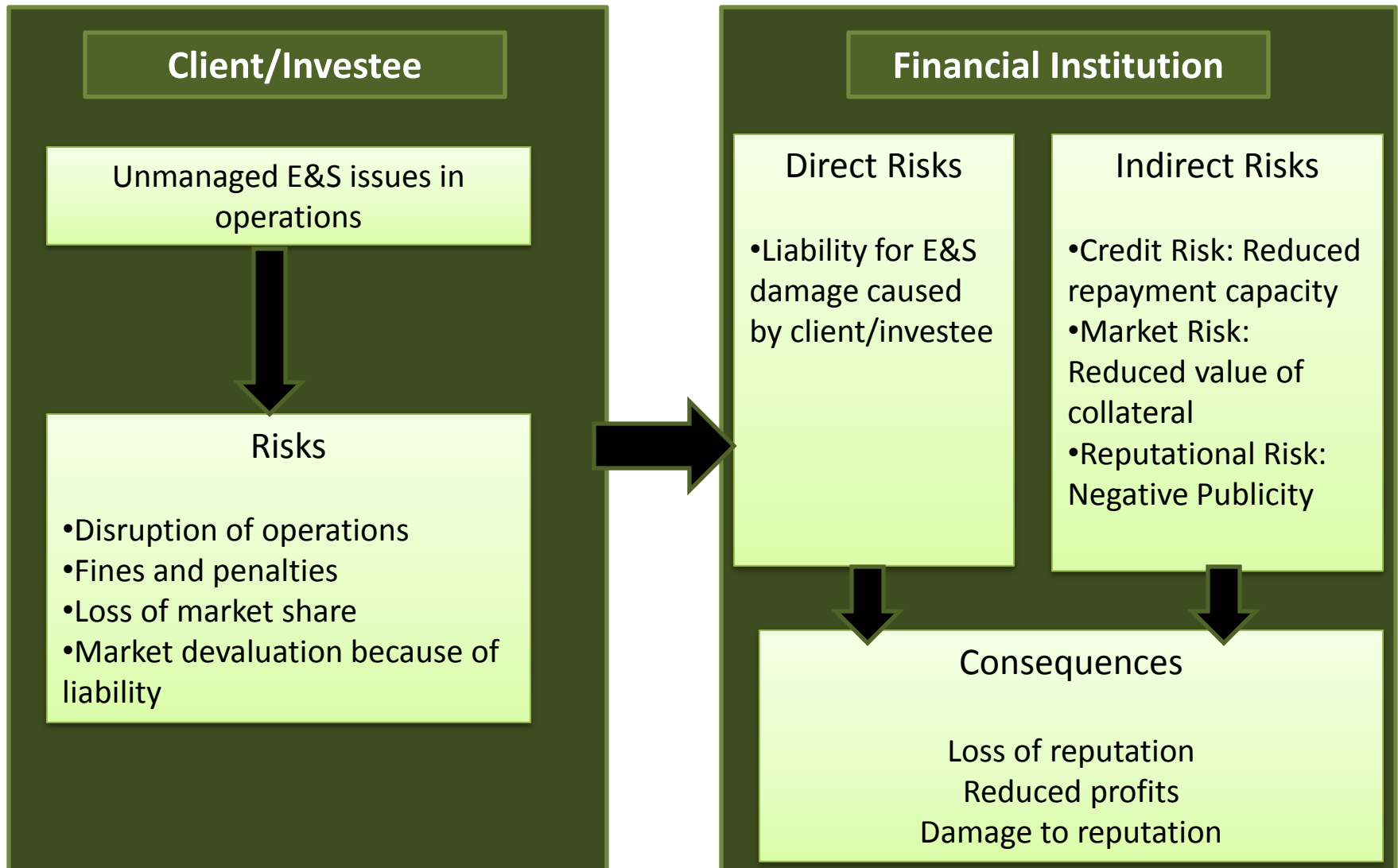
- **IFC Turkey:**

- In the market since 1967
- First operational center in Istanbul – 2010
- 5th largest exposure by commitment
- FIs comprise 50% of IFC's Turkey investments by commitments
- Number of FI clients: 14
- Turkey's committed balance for FY12: \$ 2.3billion

Banks' First Impression of Sustainability

- **WHY?**
 - Any possibility that FIs have significant risk and impacts to the environment and society need to be managed?
- **CONCERN/PERCEPTION**
 - Lose market share!
- **WHAT?**
 - Risks
 - Challenges
 - Benefits
 - Opportunities
- **HOW?**
 - Implement
 - Turn Risks into Benefits!

E&S Risks to Financial Institutions



Challenges/Barriers

- Absence of enabling environment and market drivers
- Constraints on technical capacity

E&S Benefits to Financial Institutions

- Reduced risk
- Improved access to international financing
- Improved brand value and reputation

IFC Performance Standards



PS1: Assessment and Management of E&S Risks and Impacts



PS2: Labor and Working Conditions



PS3: Resource Efficiency and Pollution Prevention



PS4: Community Health, Safety and Security



PS5: Land Acquisition and Involuntary Resettlement



PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

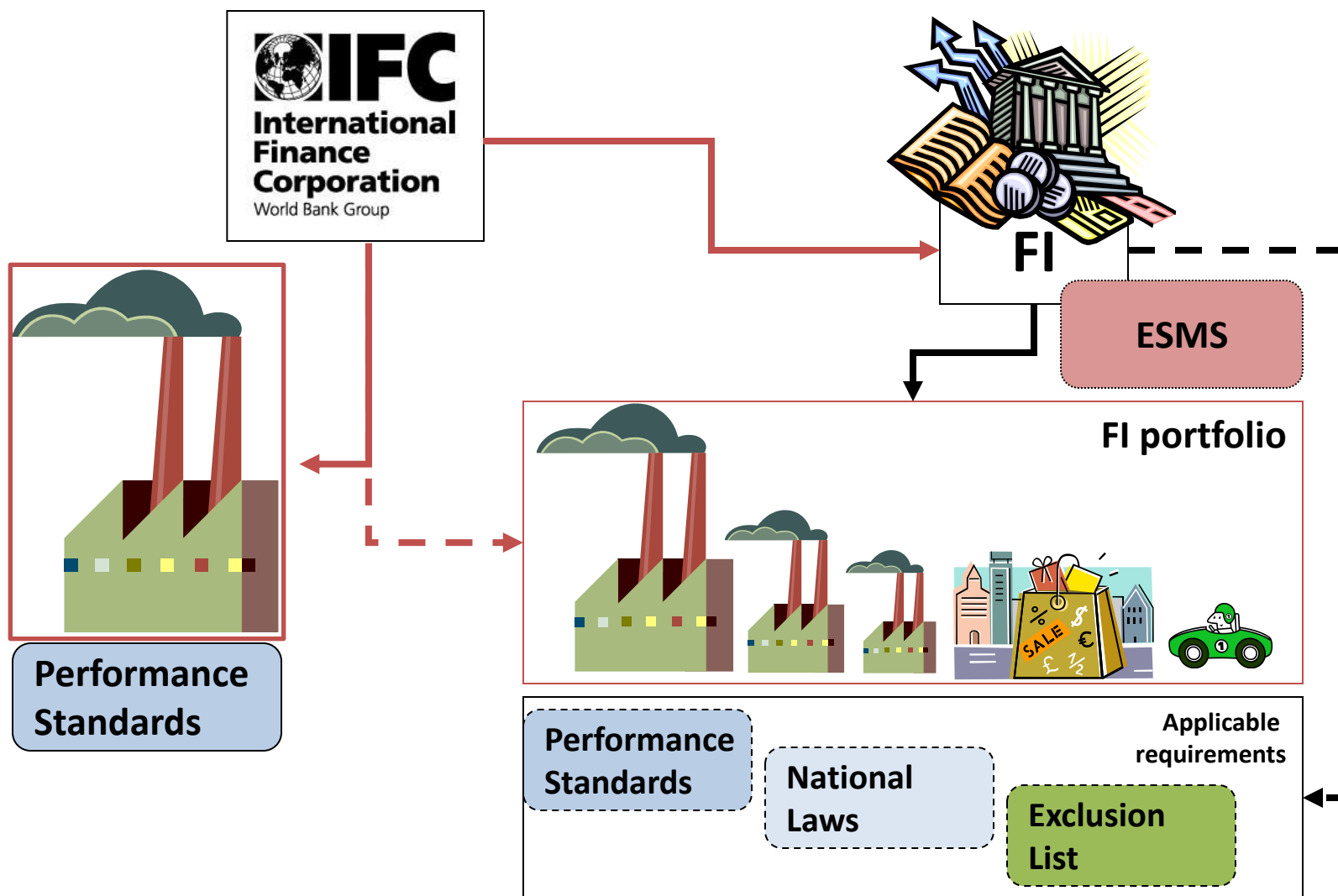


PS7: Indigenous Peoples



PS8: Cultural Heritage

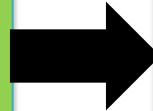
IFC's E&S Approach to FI Investments



IFC's Support to Opportunities

Providing financial products and/or advisory for FIs

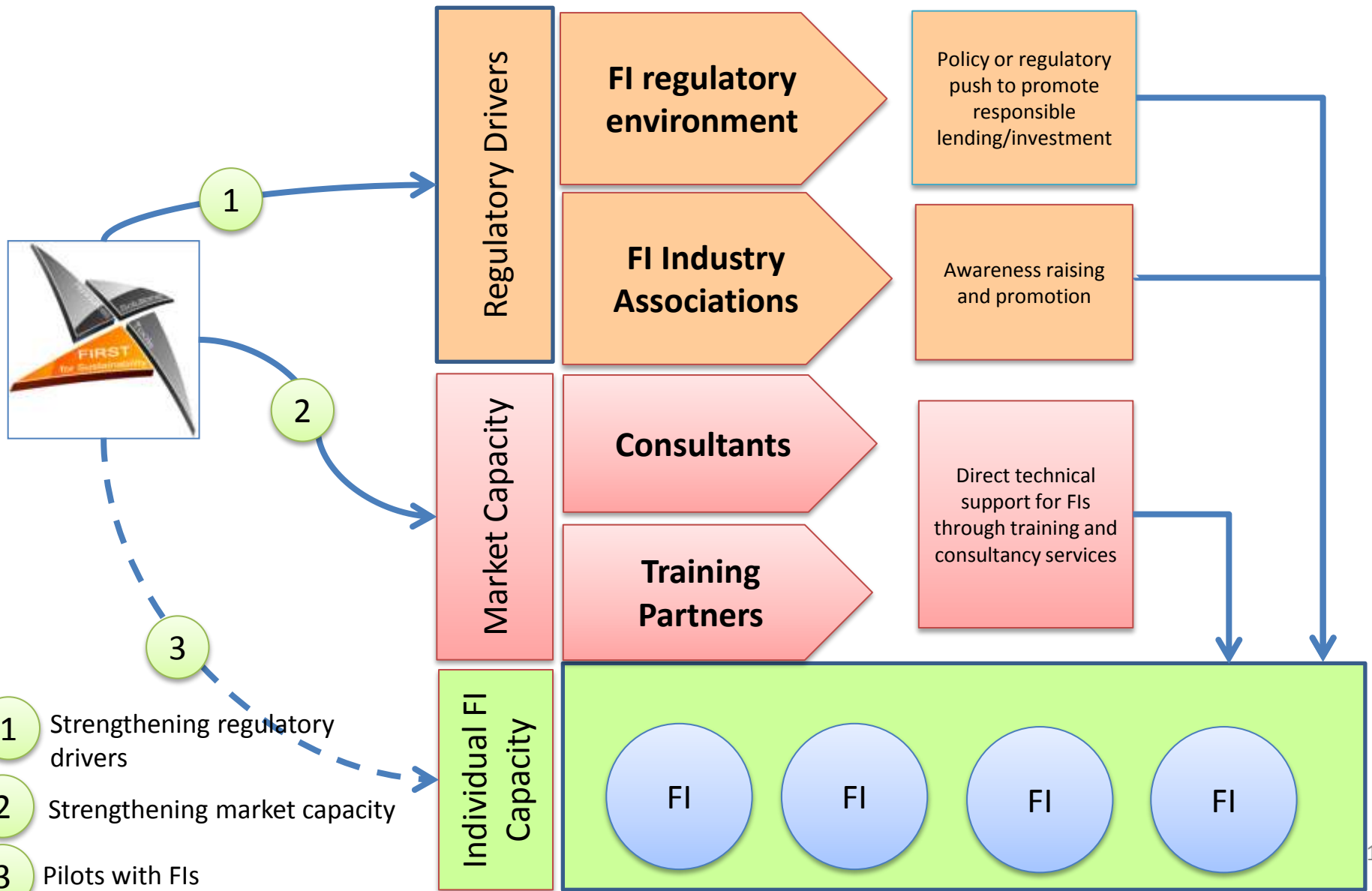
- Energy Efficiency
- Renewable Energy
- Resource Efficiency



Innovative financing

First mover advantage

IFC's Multi-level Advisory Approach



National Approaches

- **China:** Green Credit Policy & Guidelines, 2012
 - Benchmarked to the Equator Principles and IFC Performance Standards; Planning for implementation, capacity building and sector guidelines
- **Brazil:** Green Protocols I and II, Central Bank of Brazil Circulars and Resolutions on E&S risk management for the financial sector
- **Colombia:** Green Protocol, outlines a framework for action by the financial sector
- **Bangladesh:** Environmental Risk Management Guidelines, 2011
 - Developed by Bangladesh Bank (central bank) in collaboration with local banks, Bangladesh Association of Banks, Department of Environment
- **Nigeria:** Nigerian Sustainable Banking Principles, 2012
 - Developed by the Strategic Sustainability Working Group led by an independent advisor with representatives from the banking sector, Central Bank Nigeria and DFI partners

National Approaches (Additional Examples)

- **Underway**

- **Indonesia:** Green Banking Policy in development by Bank Indonesia
- **Peru:** Peruvian banking regulator (SBS), developing Rules for the Prevention of Social and Environmental Risk for the financial sector
- **Vietnam:** State Bank of Vietnam (central bank) developing E&S Risk Management Guidelines for the financial sector

- **Under active consideration**

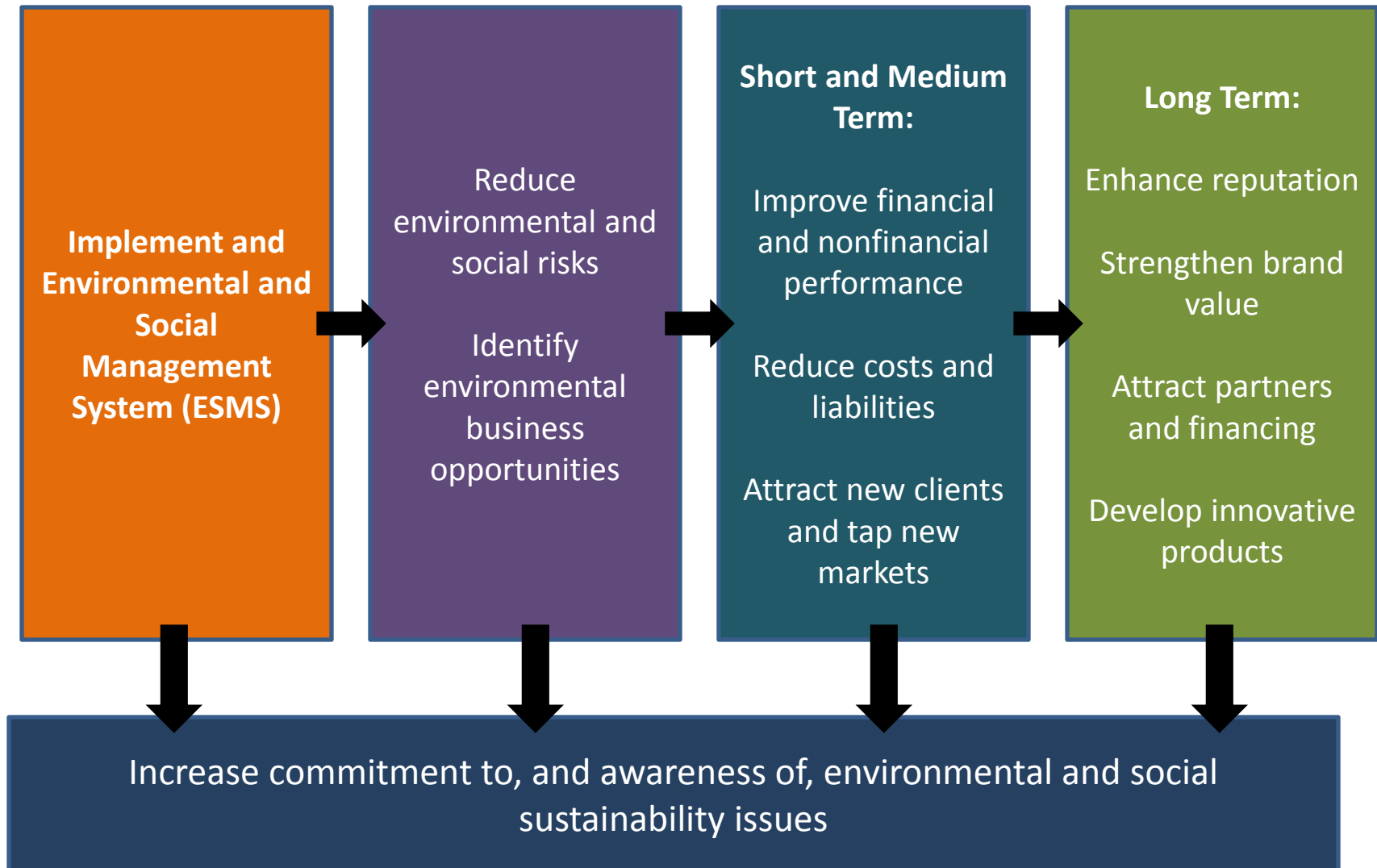
- Cote d'Ivoire, Ghana, Kenya, Mexico, Philippines, Thailand, and Senegal under consideration

A Global Standard for the Private Sector

The Equator Principles Financial Institutions



Creating Long-Term Value Through Sustainability



RESOURCES & TOOLS

Resource	Type	Contact/ Link/ For More Info
Community of Learning Annual Meeting (EPFIs, ECAs)	Annual conference	Community of Learning Annual Meeting
Sustainability Days (connected to IFC-FT Sustainability Awards)	Annual forum	Sustainability Days
Sustainability Framework website	Web resource	http://ifc.org/sustainability
FIRST for Sustainability (Financial Institution Resources, Solutions & Tools)	Web resource	http://firstforsustainability.org/
E&S Risk Management for Private Equity	Web resource	https://www.estoolkit.com/
STEP	E-learning tool	https://ifc.org/step/
E-Learning Course on Managing Environmental and Social Performance	E-learning tool	E-Learning Course on Managing E&S Performance
IFC Performance Standards-Turkish	Web resources	IFC Performance Standards

Thank you!

Questions?

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