

Sri Lanka Sustainable Banking Initiative

**An SLBA initiative supported
by European DFIs**



Purpose of a SL Sustainable Banking Initiative

- To create a platform where banks can work together on sustainability issues
- To provide for a platform that facilitates decision-making
- To coordinate efforts in order to increase efficiency and effectiveness
- To suggest and jointly agree upon minimal standards or principles for integrating environmental and social considerations into operations
- Training and capacity building
- Leveling the playing field through joint principles or standards

The different steps

PHASE I

- Getting sufficient 'buy-in' from SL FIs and CBSL
- Installing a Sustainable Financing Working Group
- Formulation of 'Sustainable Banking Principles'
- Sustainable Banking Round Table to launch the initiative

PHASE II

- Developing guiding materials
- Capacity building
- Developing emerging markets business case studies that demonstrate the commercial viability and economic potential of Sustainable Finance.
- Developing an e-learning platform for knowledge sharing

Sri Lankan Sustainable Banking Principles

1. **Our Business Activities : Environmental and Social Risk Management** - We will integrate environmental and social considerations into decision-making processes relating to our Business Activities to avoid, minimize or offset negative impacts.
2. **Our Business Operations : Environmental and Social Footprint** - We will avoid, minimize or offset the negative impacts of our Business Operations on the environment and local communities in which we operate and, where possible, promote positive impacts.
3. **Rights of the respective stakeholders** - We will respect relevant human rights principles in our Business Operations and Business Activities.
4. **Financial Inclusion** - We will promote financial inclusion, seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.
5. **E&S Governance** - We will implement robust and transparent E&S governance practices in our respective institutions and assess the E&S governance practices of our clients.
6. **Promote ethical finance** - We will not finance certain “excluded” activities, we will not tolerate unethical or criminal behavior.
7. **Promote “green economy” growth** - We will promote projects and other activities that contribute to a greener, cleaner economy in Sri Lanka.
8. **Capacity Building** - We will develop individual institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our Business Activities and Business Operations.
9. **Collaborative Partnerships** - We will collaborate across the sector and leverage international partnerships to accelerate our collective progress and move the sector as one, ensuring our approach is consistent with international standards and Sri Lankan development needs.
10. **Promote transparency and accountability** - We will promote transparency and accountability regularly review and report on our progress in meeting these Principles at the individual institution and sector level.
11. **No “race to the bottom”** - We will not compete with other banks on E&S issues, i.e. undermine our competitor on E&S requirements towards the credit taker.

Banks signed for the principles

(in alphabetical order)

Amana Bank, Cargills Bank, Commercial Bank of Ceylon, DFCC Bank, Habib Bank, Hatton National Bank, MCB Bank, National Development Bank, Nations Trust Bank, Pan Asia Bank, Peoples Bank, Regional Development Bank, Sampath Bank, Sanasa Development Bank, Seylan Bank, Sri Lanka Savings Bank and Union Bank

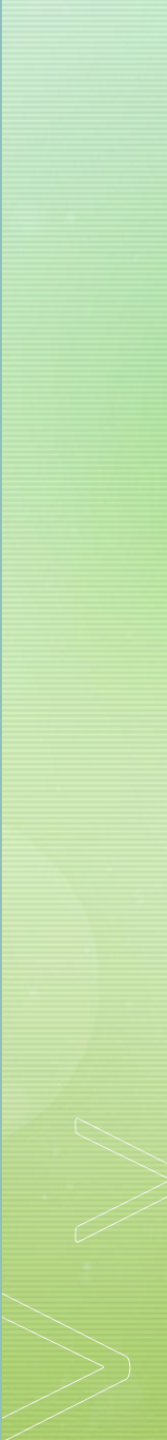


Phase II

- Appointment of a Coordinator for the project
- Signing the TA agreement with the funding partners (FMO, OeEB, Proparco and DEG) and the consultant (Innovativkonzept Limited)
- Selecting a 'Core Group' from the representatives of participating banks to support the coordinator
- Phase II – Kick off Meeting
- Appointment of 3 working groups for different activities



Where are we today

- Web site – Ready to launch
 - e-learning module being built
 - Requested for Case studies from Banks
 - Guidance notes are being finalized
 - Expected to have a meeting and workshop very soon with partner banks
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Thank you

