



External Relations Department

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Governor SBP launches Environmental & Social Risk Management (ESRM) manual in high-level sustainable banking conference

The State Bank of Pakistan organized a Sustainable Banking Conference, in collaboration with IFC, a member of the World Bank Group, today in a local hotel in Karachi. The objective of the conference was to create critically needed awareness related to climate change and sustainability within the financial sector and launch the Environmental and Social Risk Management (ESRM) Implementation Manual. The inaugural session of the conference was chaired by Governor, SBP, Mr. Jameel Ahmad.

The conference was attended by high profile dignitaries including, Mr. Khawaja Aftab Ahmed (Regional Director, IFC), Mr. Zeeshan Ahmed Sheikh (Country Manager for Afghanistan and Pakistan, IFC), Mr. Toshio Odagiri (the Consul General of Japan in Karachi), Dr. Shamshad Akhtar (Chairperson, PSX Board), Mr. Yaseen Anwar (Senior Policy Advisor, IFC), Ms. Sima Kamil (Deputy Governor, SBP), presidents/CEOs of banks/DFIs, senior officials from Pakistan Banks Association, Sindh Environmental Protection Agency and other relevant stakeholders.

During the conference, Governor, SBP, launched the ESRM Implementation Manual for banks and DFIs. While delivering the keynote address, Governor, SBP remarked that this manual has been launched as part of SBP's ongoing efforts to promote green banking in Pakistan. The ESRM manual is a procedural guide for the banks/DFIs to establish their environmental & social risk management systems, as advised in SBP's Green Banking Guidelines (GBGs). Further, he highlighted that the conference was an effort to spread awareness on the impact of climate change and environmental degradation on the financial sector of Pakistan and a step towards SBP's endeavor to reduce the vulnerability of financial sector from such risks. He added that Pakistan is one of the most vulnerable countries to the impacts of climate change as we have witnessed during the recent floods; therefore, it is critical time for Pakistan's financial sector to become sensitive to financial consequences arising from environmental & social risks.

SBP, being a responsible regulator of the financial system, has also undertaken certain initiatives like Green Banking Guidelines and Financing Scheme for Renewable Energy, to ingrain sustainability considerations into the financial sector as per international best practices. Governor, SBP, encouraged the entire banking industry to take full benefit of the manual to establish their ESRM systems and procedures. State Bank will keep on providing necessary support and guidance at every stage of ESRM implementation.

In the inauguration ceremony, Khawaja Aftab Ahmed, IFC Regional Director for the Middle East, Pakistan and Afghanistan, shared that the launch of the Environmental and Social Risk Management (ESRM) Implementation Manual marks a significant step towards promoting sustainable banking practices in Pakistan. He added that the manual can help the banking industry better manage environmental and social risks throughout their lending practices, and subsequently, enable a green and inclusive economic recovery at a critical time for Pakistan.

The conference also included two high-level panel discussions on important topics including ESG integration in financial sector and climate finance risk & climate disclosures wherein, in addition to other senior level experts, two ex-SBP Governors shared their experiences. Deputy Governor, Sima Kamil concluded the conference and thanked all participants.
