

# Financing it Green, Financing it Right



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# Context

Urgent response to  
climate change



- Public demand for accountability,
- International requirements,
- Maturing Human Rights legislation

Diverse, Multiple projects-large portfolios, Varied leverage and capacity

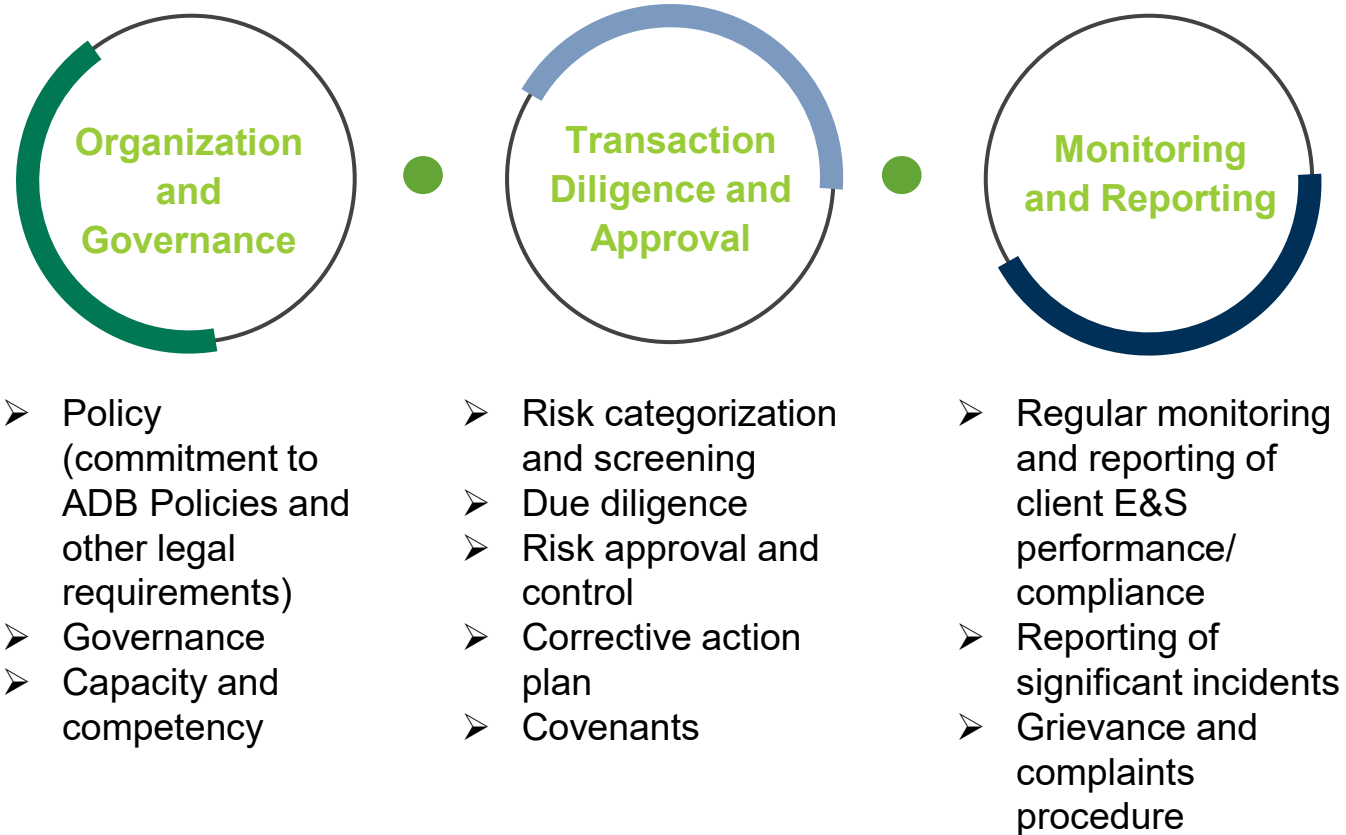
# Typical Environmental and Social Management System

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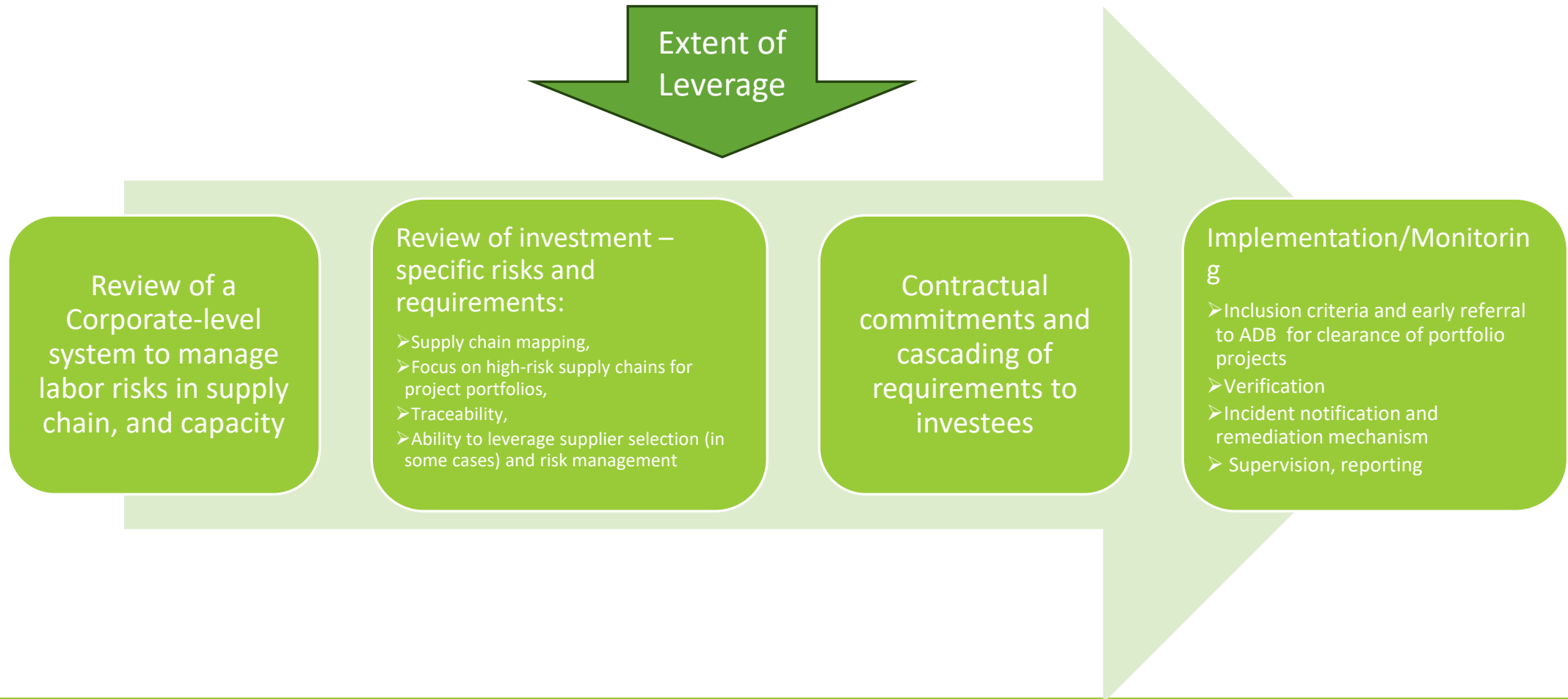


# FI Environmental and Social Management System

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# Example: Supply Chain Management in FI portfolios



# Example: Child and Forced Labor Management in Trade Finance (Pilot Project)

Over 2022-2023 ADB implemented a Child and Forced Labor Pilot Project with 15 Partner Banks as part of the Trade and Supply Chain Finance Program (TSCFP)



- **Compliance** with national legislative systems
- **Dedicated exclusion lists** to prohibit financing of certain high-risk sectors
- **Integration of child and forced labor risks** within banks' ESMS systems



- **Develop holistic processes** to identify, assess and mitigate child and forced labour risks – the **Child and Forced Labor Questionnaire** , **Child and Forced Labor Toolkit**
- **Set up processes** to continuously monitor child and forced labour risks – **Monitoring KPIs**
- **Develop formalized grievance mechanisms** and remediation measures
- **Capacity building** for all relevant employees on child and forced labour risks – **MDBs and internal E&S trainings, hiring** to support the management of child and forced (and wider E&S) labour risks

# Key Takeaways

- FI investing is incredibly diverse - no one-size-fits-all approach
- Systems' approach is at the core of ensuring socially and environmentally just financing by FIs
- Type of FI, investment structure and FI leverage dictate scope of social risk management and how 'Just' can be realised

# Let's continue the conversation!

Post questions and comments in the IAIA24 app.



## #iaia24

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