

## Key pillars of the E&S risk assessment process:

- National Legal Framework
- International Standards and Best Practices
- On-site inspections (autopsies) in project-funded business facilities
- Design, implementation and follow-up of any corrective actions needed
- Definition of contractual terms and clauses

The following elements are, on an indicative basis, taken into consideration:

- Regulatory framework
- Sectoral risk
- E&S related incidents history of borrowers and business owners (e.g. imposition of fines, incomplete or pending licensing applications, lawsuits from employees, work accidents, etc.)
- Existence of an Environmental Management/ Certification System (adoption of best operating practices, health and safety conditions)
- Location of project-funded business facilities/ clients (protected/conservation areas, local communities, biodiversity, etc.)
- Impact of business activity on local communities, relationships with stakeholders and society as a whole (impacts from business operations, concerns, etc.)
- Early identification, evaluation and management of potential impacts on the viability of the enterprise concerned
- Existence of a contingency and crisis mitigation plan



With a view to effectively mitigating E&S risks, we look forward to collaborating with your enterprise and we remain at your disposal for any further information

## Environmental & social risk management

  
HELLENIC BANK  
ASSOCIATION

NEW PERSPECTIVE  
IN BUSINESS  
BANKING FINANCE



This information leaflet is addressed to both, already existing corporate customers and those who are applying for a business loan or any equal type of credit for the first time.

Dear customer,

## Introductory remarks

The active engagement of the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) in the shareholding of banks has strengthened the processes and standards that banks follow, both at pan-European and global scale, and introduced the requirement to adopt Environmental and Social (E&S) responsible practices not only for banks but also for the activities of their business clientele.

In particular, the European Union (EU) has put forward initiatives related to the establishment of an energy union, combating climate change and safeguarding the environment and its biodiversity. At the same time, the European Commission is already working on proposals<sup>1</sup> pertaining to the concept of Sustainable Finance, which will take into account the environmental and social dimension arising from business activities.

<sup>1</sup> [https://ec.europa.eu/info/sites/info/files/170713-sustainable-finance-report\\_en.pdf](https://ec.europa.eu/info/sites/info/files/170713-sustainable-finance-report_en.pdf)

*Against this backdrop, banks  
have incorporated  
in their internal credit processes  
the **new Environmental  
& Social Management System (ESMS).***

## What does the ESMS entail? (Environmental & Social Management System)

ESMS constitutes a set of procedures, application forms and actions that became part of the banks ongoing credit procedures and are taken into account for the assessment of financing requests according to their internal credit policy, IFC and EBRD Standards, as well as International Best Practices.

ESMS constitutes a methodology for identifying, evaluating, managing (preventing, avoiding, improving or mitigating) and monitoring Environmental and Social Risks that may arise from the borrower's business activities.

## Potential benefits for the enterprise/investment project concerned are:

- ➔ Strengthening extroversion through the adoption of contemporary and international sustainability standards
- ➔ Avoiding financial and operational impacts (e.g. imposition of fines, license revocation etc.)
- ➔ Improving sustainability performance and reducing the environmental footprint
- ➔ Facilitating access to finance
- ➔ Safeguarding reputation