Sustainability Risk Management: 
Banking Industry Initiatives for Sustainability 

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The challenge of stakeholder pressure

Credit Suisse, like many global banks, is subject to strong pressure from clients, NGOs, the media, and other stakeholders on issues of corporate responsibility and sustainability. Many of these stakeholders have high expectations of how the bank will manage its role as a corporate citizen.

However, laws and regulations applicable in many of the jurisdictions in which the bank operates (both in emerging and in developed markets) do not meet the high standards that many of our stakeholders expect.

Credit Suisse seeks to apply rigorous environmental and social standards in its financings globally, and where appropriate to apply higher standards than those required by law. But the bank could be competing with other banks that apply the minimum standards required.

The result of this could be that Credit Suisse loses the business, although this may have no impact on the final outcome since another bank with lower risk management standards could step in to provide the financing.
The dilemma and the solution

How, then, to resolve this dilemma faced by many global banks? How to prevent any one bank from finding itself at a competitive disadvantage if it applies standards that are higher than the minimum required by law?

One approach that is becoming increasingly common is for banks to agree with their competitors on a common set of standards of environmental and social risk management.

There are currently a number of examples of this approach in the market, which up until now has proved successful at allowing banks to raise sustainability standards without materially damaging their businesses.

Some of these initiatives involve only banks, others involve additional players in the financial services industry (such as insurance companies and asset managers), while others involve other corporates as well.
Main industry initiatives in the area of sustainability

**UNEP FI**
- A global partnership between UNEP and the financial sector to manage the impacts of environmental and social factors on financial performance.
- CS is signatory since 1992.

**UN Global Compact**
- A global initiative to respect ten fundamental principles on human rights, labor rights, environmental protection, and anti-corruption.
- CS is signatory since 2000.

**Equator Principles**
- Voluntary industry standards for project finance, based on the World Bank's environmental and social standards.
- CS is an adopting institution since 2003.

**Roundtable on Sustainable Palm Oil (RSPO)**
- A multi-stakeholder roundtable that supports the growth and use of sustainable palm oil products.
- CS is member since 2010.
Main industry initiatives in the area of sustainability

Banking Environment Initiative (BEI)
- An initiative to lead the banking industry in collectively directing capital towards environmentally and socially sustainable economic development.
- CS working with BEI members banks since 2010.

Thun Group of Banks
- An informal group of banks that launched a discussion paper in October 2013, in an effort to develop a better understanding of, and provide guidance on, the UN's Guiding Principles on Business and Human Rights and how they are relevant for banks.
- CS has been a member of the group since 2011.

International Chamber of Commerce (ICC) Environment & Energy Commission
- The Environment & Energy Commission of the ICC makes recommendations for business on significant regulatory and market issues concerning energy and the environment.
- CS is a member of this commission since 2007.

Credit Suisse Roundtable on Environmental and Social Risk in Investment Banking
- A one-day roundtable for banks, organized by Credit Suisse and moderated by Ecofact since 2011, where participants share knowledge on the topic of sustainability risk.