



## ENVIRONMENTAL & SOCIAL RISK MANAGEMENT

### Background:

Environmental risks pertain to the potential for damage of the environment and ecosystem. The principal sources of such potential damage are pollution of the air, water and land resulting from industrial activity. Environmental risks are largely a function of the nature (i.e., sector) of the business activity. Social risks pertain to the potential of business activities to cause an adverse impact such as damage, injury or loss to persons (e.g., employees, customers) and communities (e.g., neighbors). Social risks can include violation of labor standards, unsafe working conditions, community impacts such as public health, safety and security, discrimination, impacts on indigenous peoples and cultural heritage, or involuntary resettlement. Social risks are largely a function of the client's behavior (Please see Annex 1 for details on typical E&S risks to which that a B/FI's clients are exposed).

To reduce exposure to Environmental and Social (E&S) risks associated with their clients, B/FIs must ensure that their clients' financial and operational sustainability is not undermined by adverse impacts on the environment or communities resulting from their clients' business activities. B/FIs require a good understanding and evaluation of the E&S risks associated with a potential client's operations, and their implications to the client and the B/FIs, prior to making a financing decision.

This requires proactive identification, assessment, and management of E&S risks before they become significant or result in an adverse outcome for the client. A B/FI can best achieve this by developing and implementing an Environmental and Social Management System, to systematically assess the E&S risks arising from their clients' operations and manage its exposure to those risks.

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## Program Takeaways

- The individual after the program will have deeper understanding and appreciation of the Environmental & Social Risk Management Guidelines published by Nepal Rastra Bank in May 2018.
- The individuals will understand key elements of the Guidelines and will be able to integrate into Bank's Credit Risk Management process and system in the local context.
- The individuals will also have better understanding of their roles and responsibilities.

## Target Audience

- Credit Risk Team
- Relationship Managers
- Front Sales Team

## Trainer's Profile

### **1. Mr. Bidhya Kant Adhikari**

Advocate/ Banking & Corporate Lawyer. IFC Certified Trainer for " Corporate Governance " & ESRM

### **2. Mr. Hemanth Raj Angdebay**

Ex-banker with an MBA degree. Worked with SCBNL for 22 years handling various operation as well as front office departments. Took up short assignment of 11 months as General Manager with Alpine Card Service Division for establishing policy and procedure for the company in 2016.

Key trainings and development program achieved:

- Train the Trainers program on Environment & Social Risk Management program conducted by ERM in association with IFC, NRB & CCO.
- Great Managers Program- SCB
- Negotiation Skills - SCB
- Facilitation skills -SCB

## **Program Delivery**

Lecture, PPT with Discussion/interaction.

In-between group activities, role play and video clips for better understanding.

Venue : NBI Hall, Kathmandu

Date: 2nd & 3rd August 2019

Time : Friday 3:00Pm to 6:00Pm

Saturday : 9:30am to 4:45Pm

Time	Details
	Day 1 1. Training Objectives 2. Environment & Social Risks and Project Management *Project life cycle stage *Sources of risks in project 3. Environment Assessment and its Types
	<b>Tea Break</b>
	4. Environment Assessment in Nepal 5. Regulatory provisions on IEE/EIA 6. Environmental & Social Risk Management Guidelines * Guidelines applicability * Expectation from Banks * Activity 1 – E&S Issues
	<b>Lunch Break</b>
	* ESRM Fundamentals & Guidelines Exclusion list Activity 2 – exclusion list Loan categorization Environment & Social Due Diligence E&S Risk Rating Generation E&S Risk Management and Control, Escalation E&S Risk Monitoring and Reporting 7. Credit Risk Evaluation Activity 3 – Role Play scenario
	<b>Tea Break</b>
	8. BFI - Internal Roles and Responsibilities * Activity 4 – E&S risks screening 9. Labor & Working conditions * Activity 5 – Issue identification 10. Reporting - Good Management Practices 11. Integration of E&S Risk into CRM & ESAP
	Day 2
	12. Loan Monitoring – EHS Issues 13. Challenges – How do we manage them 14. Managing eventualities and non-routing events in investment projects * New developments and unplanned events * Assessing readiness of the borrower
	Group Activity based on Case Study