

# **Sustainability and finance**

## **The Friends of the Earth Challenge**

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# Sustainability – what is it?

*Sustainability is the process of improving the quality of life for all people, while respecting environmental limits and the ability of future generations to enjoy a similar quality of life.*



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# So what is it about?

- **Justice and equity for all**
- **Limits**
- **Quality of life**
- **Future generations**



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# Is sustainability a near term prospect?



- **Climate change**



- **Habitat loss and degradation**





- **Over-exploitation of renewable resources**



- **Pollution**



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- **Inequality of consumption**
- **Increasing pressure on resources – increased population and consumption**



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# Current Weaknesses

- **Sustainability is not taken seriously**
- **Short term focus of markets**
- **Culture of secrecy**
- **Defensiveness**
- **Reliance on voluntary action**
- **Power of the corporate lobby**



# **Paper Tiger Hidden Dragons – a timely lesson**

## **Asia Pulp and Paper**

### **What went wrong**

- **Operational risks were ignored**
- **Breach of environmental limits**
- **Legal risks were not addressed**
- **Reputational risks**
- **‘Licence to operate’ lost**



# What the must FIs do to embrace sustainability?

- **Long term thinking**
- **Sustainable strategies**
- **Transparency**
- **Accountability to affected people**
- **Regulatory legislation**



# Equator Principles

## - principles without accountability

### Highlight :-

Private banking sectors finally admit environmental and social performance of companies they finance is a problem

### Low lights :-

- No transparency
- No accountability
- Too narrow

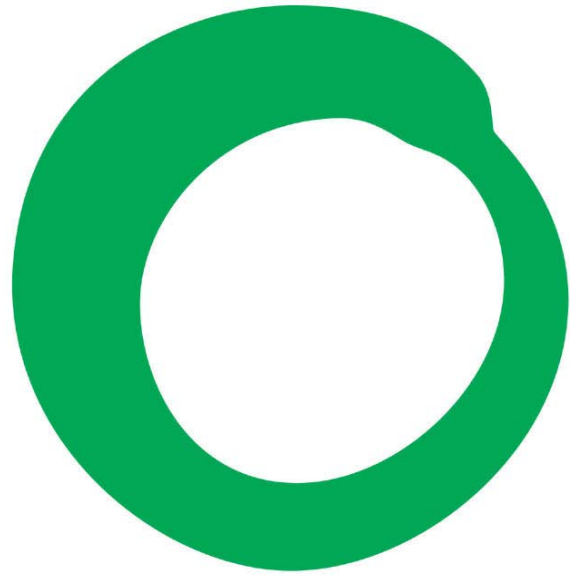


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# Collevechio Declaration

- **A broader vision**
- **Screen the impacts**
- **Take responsibility**
- **Be accountable to stakeholders**
- **Open up**
- **Foster a market place to achieve these changes**





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