

# The FT Sustainable Banking Awards

2009



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# Sustainable Bank of the Year



Technical Advisor  
sustainable finance

Strategy	Level 4 Mainstreamed	Level 3 Operationalizing sustainability	Level 2 Reputational risk management	Level 1 Financial risk management
1. What is the current top management approach to sustainability?	Use of sustainability to drive growth across key business lines	Assess and effectively manage environmental and social risks	Reputational risk management: screen out high-risk projects	Minimum focus on sustainability as a non-business related issue
2. What best describes the sustainability approach of your key business line leaders?	Specific sustainability targets (e.g. gaining SRI investment, winning market share as lead arranger for complex deals, winning new corporate and retail clients)	Use sustainability expertise as a means of transforming marginal deals – making more deals possible	Achieve business targets without exposure to problem projects	Maximize deal flow: sustainability considered a potential barrier to growth
Core Products	Level 4 Mainstreamed	Level 3 Operationalizing sustainability	Level 2 Reputational risk management	Level 1 Financial risk management
1. Which phrase best describes your wholesale or structured finance operations?	Equator due diligence used as key differentiator for complex deals. Additional sustainability products provided (e.g. carbon credits, etc.)	Equator due diligence applied to enable the bank to win market share as lead arranger	Projects reviewed to ensure compliance with environmental and social requirements	Environmental and social due diligence carried out by other parties (IFIs, etc.)
2. Which phrase best describes your corporate finance operations?	Range of products to enhance market share (e.g. carbon credits, eco-efficiency services, certification, corporate governance, etc.)	Environmental and social risk management process for non-project finance activities compatible with IFI requirements	Discretionary use of minimum exclusion list	No environmental or social risk management process for corporate finance
3. Which phrase best describes your retail operations?	Range of products to enhance market share (e.g. micro-insurance, micro-credit, credit cards and deposit accounts targeting ethically conscious consumers)	Sustainability integrated within "know-your-client" exclusion list criteria. Limited range of retail products with positive sustainability features (micro-credit, etc.)	Sustainability integrated within "know-your-client" exclusion list criteria (human rights issues, corruption, etc.)	No process for small business and retail customer screening
4. Which phrase best describes your asset management operations?	Sustainability mainstreamed across asset management products, attracting SRI investors and high-net worth individuals	Negative screening/exclusion list for all products. Limited range of retail products with positive sustainability features (micro-credit, etc.)	Negative screening/exclusion list criteria for all products (human rights issues, corruption, etc.)	Absence of negative screening process for asset management products
Business Processes	Level 4 Mainstreamed	Level 3 Operationalizing sustainability	Level 2 Reputational risk management	Level 1 Financial risk management
1. What type of policies and standards are employed?	Specific industry good practice standards for all key business lines plus internal policies (carbon, forestry, etc.) forged in consultation with stakeholders	Specific standards for required business lines (e.g. Equator Principles applied to project finance projects over US\$50 million, total project cost)	Commitment to operate according to accepted business lines (OECD guidelines, etc.)	Sustainability not explicitly part of the institution's policy framework
2. How is sustainability integrated into the institution's procedures?	Business and sustainability teams jointly responsible for identifying sustainability opportunities	Risk management formal part of process, with credit or sustainability team working to provide sustainability solutions	Risk management formal part of process, with credit or sustainability team rejecting deals	Sustainability not formally incorporated within procedure
3. What is the nature of sustainability training provided?	Institution wide sustainability training including e.g. new product development	Sustainability training for deal teams (including credit, syndications and relationship managers)	Limited training for key staff on implementing risk management procedures	Sustainability not formally incorporated in training
4. What formal incentives promote sustainability?	Formal recognition of staff involved with value-adding sustainability deals/incentives	Informal recognition of staff involved with value-adding sustainability deals/initiatives	Penalties for staff involved with problem transactions	Sustainability not formally incorporated within incentives
5. How is sustainability performance monitored?	Identification of evolving client business risks/opportunities, as basis for delivery of new sustainability products and services	Monitoring of ongoing project performance. Proactive disclosure of violations of standards/policies	Monitoring of problem projects. Reactive disclosure of non-compliance	Lack of systematic monitoring
6. How is sustainability performance communicated or reported?	Signaling of value to range of key stakeholders (SRI investors, IFIs, raters, analysts, employees, clients, co-financiers, etc.)	Quantitative reporting on implementation of environmental and social risk procedures	Sustainability report focused on internal initiatives and processes established	Summary of philanthropic activities

# Emerging Markets Sustainable Bank of the Year



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# Achievement in Basic Needs Financing



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Criteria	Level 4	Level 3	Level 2	Level 1
<b>Innovation</b>				
<b>Financial structure:</b> To what extent is the program's financial structure innovative (e.g. securitization of MFI portfolios)?	Internationally groundbreaking structure	Groundbreaking structure within regional context	Domestic level best practice	Proven structure
<b>Business model approach:</b> Does the program represent a new business approach?	Transformational initiative	Innovative elements in structure	Domestic level best practice	Proven approach
<b>Market innovation:</b> Does the program provide innovative services?	Transformational initiative	New product or service	Modified product or service	Existing product or service
<b>Impact</b>				
<b>Environmental benefits:</b> Does the program deliver environmental benefits (e.g. avoided deforestation, etc.)?	Significant environmental benefits	Limited environmental benefits	No significant environmental benefits	No significant benefits, potential impacts
<b>Social benefits:</b> Does the program deliver social benefits?	Significant social benefits	Moderate social benefits	Limited social benefits	No significant benefits
<b>Financial benefits for the bank/MFI:</b> To what extent does the program deliver financial benefits for the bank/MFI?	Exceptional financial performance (arrears, client growth, portfolio size, profitability)	Strong financial performance	Variable financial performance	Financially unsustainable as standalone business
<b>Scalability</b>				
<b>Catalytic effect:</b> Does the program create a new best practice that is reliable/scalable?	Practice likely to be replicated as new standard internationally	Practice likely to be replicated within market segment	Limited replicability, loss of benefits in scaling up	Not replicable or scalable without loss of benefits
<b>FI's role</b>				
<b>Bank impact:</b> Did the bank/MFI itself play a value added role in triple bottom line aspects?	Critical value added role within transaction	Value added role	Supporting role within sustainability value added	Provision of plain vanilla financing

# Award for Banking at the Bottom of the Pyramid



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sustainable finance

Criteria	Level 4	Level 3	Level 2	Level 1
<b>Innovation</b>				
<b>Financial structure:</b> To what extent is the BOP program's financial structure innovative (e.g. securitization of MFI portfolios)?	Internationally groundbreaking structure	Groundbreaking structure within regional context	Domestic level best practice	Proven structure
<b>Business model approach:</b> Does the BOP program represent a new business approach?	Transformational initiative	Innovative elements in structure	Domestic level best practice	Proven approach
<b>Market innovation:</b> Does the BOP program provide innovative services to a previously unbanked segment of the market?	Transformational initiative to unbanked market	New product or service to underbanked segment	New product or service to already banked segment	Existing product to already banked segment
<b>Impact</b>				
<b>Environmental benefits:</b> Does the BOP program deliver environmental benefits (e.g. avoided deforestation, etc.)?	Significant environmental benefits	Limited environmental benefits	No significant environmental benefits	No significant benefits, potential impacts
<b>Social benefits:</b> Does the BOP program deliver social benefits?	Significant social benefits to vulnerable communities	Social benefits to vulnerable communities	Limited social benefits	No significant benefits
<b>Governance benefits:</b> Does the BOP program deliver benefits in terms of corporate governance structures of the client or its public/private partners?	Significant governance benefits	Limited governance benefits, no governance issues	No governance issues	No significant benefits, potential governance issues
<b>Financial benefits for the client:</b> To what extent does the BOP program deliver financial benefits for the client?	Best practice track record of lifting vulnerable communities out of poverty	Use of good practice microfinance to reduce transaction costs and reduce costs for the client	Pricing at levels lower than informal market	Predatory pricing
<b>Financial benefits for the bank/MFI:</b> To what extent does the BOP program deliver financial benefits for the bank/MFI?	Exceptional financial performance (arrears, client growth, portfolio size, profitability)	Strong financial performance	Variable financial performance	Financially unsustainable as standalone business
<b>Scalability</b>				
<b>Catalytic effect:</b> Does the BOP program create a new best practice that is reliable/scalable?	Practice likely to be replicated as new standard internationally	Practice likely to be replicated within market segment	Limited replicability, loss of benefits in scaling up	Not replicable or scalable without loss of benefits
<b>Bank's/MFI's role</b>				
<b>Bank impact:</b> Did the bank/MFI itself play a value added role in triple bottom line aspects?	Critical value added role within transaction	Value added role	Supporting role within sustainability value added	Provision of plain vanilla financing



# Sustainable Investor of the Year



Technical Advisor  
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Criteria	Level 4	Level 3	Level 2	Level 1
<b>Innovation</b>				
<b>Financial structure:</b> To what extent is the investment program's financial structure innovative?	Internationally groundbreaking structure	Groundbreaking structure within regional context	Domestic level best practice	Proven structure
<b>Business model approach:</b> Does the investment program represent a new business approach?	Transformational initiative	Innovative elements in structure	Domestic level best practice	Proven approach
<b>Market innovation:</b> Does the investment program address a previously untapped need?	Transformational initiative/new product or service to new markets	New product or service to significant existing markets	Existing product or service to new markets	Existing product to existing markets
<b>Impact</b>				
<b>Environmental benefits:</b> Does the investment program deliver environmental benefits?	Significant environmental benefits and full mitigation of impacts	Limited environmental benefits	No significant benefits	No significant benefits, potential impacts
<b>Social benefits:</b> Does the investment program deliver social benefits?	Significant social benefits and full mitigation of impacts	Social benefits and full mitigation of impacts	Full mitigation of social impacts	No significant benefits, potential impacts
<b>Governance benefits:</b> Does the investment program deliver benefits in terms of corporate governance structures of the client or its public/private partners?	Significant governance benefits	Limited governance benefits, no governance issues	No governance issues	No significant benefits, potential governance issues
<b>Financial benefits for the client:</b> To what extent does the investment program deliver financial benefits for the investee (e.g. companies or communities)?	Exceptional returns for the investee	Strong financial benefits for investee	Limited financial benefits for investee	Negative financial impacts for investee
<b>Financial benefits for the investor:</b> To what extent does the investment program deliver financial benefits for the investor?	Exceptional returns for the investor	Demonstrated potential for exceptional returns in long term for investor	Uneven financial returns	Negative financial returns
<b>Scalability</b>				
<b>Catalytic effect:</b> Does the investment program create a new best practice that is reliable/scalable?	Practice likely to be replicated as new standard internationally	Practice likely to be replicated within market segment	Limited replicability, loss of benefits in scaling up	Not replicable or scalable without loss of benefits
<b>Investor's role</b>				
<b>Investor impact:</b> Did the investor itself play a value added role in triple bottom line aspects?	Critical value added role within transaction	Value added role	Supporting role within sustainability value added	Provision of plain vanilla financing