



CREATING STRONGER COMMUNITIES



ADFIAP
financing sustainable development

Sustainability Report 2014

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)







40
countries
and territories



101
members

Please go to pages 23-26 for the full list.



ADFIAP's Sustainability Agenda

These pillars establish a clear vision for our critical areas of focus and are aligned with the work we do to address the issues of highest importance to our internal and external stakeholders:

- **Economic Responsibility:** support of micro, small and medium enterprises (MSMEs);
- **Social Responsibility:** financial inclusion, social banking and microfinance;
- **Environmental Responsibility:** green banking programs, dialogues, and capacity-building/training; and
- **Good Governance:** promoting fair, transparent and accountable governance principles.

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ABOUT OUR REPORT

Content

A major part of our advocacy in championing sustainable development is sharing our sustainability progress with our key stakeholders. We consider this an important aspect of ADFIAP'S journey to operating sustainably and making a positive difference in society.

In the six years since we have published our first sustainability report in 2008 and benchmarked our sustainability performance against the Global Reporting Initiatives (GRI) G3 disclosure guidelines, many of our member-institutions have been emboldened and inspired to join our journey in sustainability reporting. We are encouraged by the progress we are making in this regard and know that being transparent about our goals, our successes, as well as the lessons we have learned help us continuously improve.

Scope of the Report

The report covers the operations of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), which holds its Secretariat office in Makati City, Philippines.

Given the nature of ADFIAP as an umbrella organization of development financing institutions and the varying complexity of its 101 member-institutions' operations in 40 countries and territories, communicating sustainability can be challenging. This is why our environmental and social performance covers only the annual operations of the ADFIAP Secretariat, while our economic performance represents the activities of the entire organization. Financial information are obtained from ADFIAP's accounting system and are presented in U.S. dollars. Comparative data are also included wherever possible. There are no significant changes noted during the reporting period.

Reporting criteria

In 2013, ADFIAP first published a report guided by the Sustainability Reporting G4 Guidelines of the GRI. Since then, we have been gathering feedback from our stakeholders.

Our 2014 report strives to further address the information needs of our stakeholder groups that are most affected by our advocacies — our member-institutions, partner organizations, and those with an advanced understanding of sustainability issues. The information provided in this report were selected on the basis of feedback and consultations with internal stakeholders.

Validation

ADFIAP has a full-time Sustainability Officer who keeps close track of our sustainability performance. This Sustainability Officer has undertaken sufficient training to make independent external assurances on the sustainability report of ADFIAP, as well as other organizations.

Feedback

For inquiries and feedback, contact:

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Association of Development Financing
Institutions in Asia and the Pacific (ADFIAP)
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MESSAGE FROM THE CHAIRMAN



Our world faces unprecedented changes: constrained resources, population growth, heightened connectivity, increased demand for resources. And in a world where risk is increasingly becoming interconnected, organizations must come up with collaborative solutions.

At ADFIAP, we believe that “The braid is always stronger than the strand.”

In the past 38 years, we have been transforming our organization, as well as our product and service offerings, to remain relevant to our key stakeholders — our 101 member-development financing institutions in the Asia-Pacific region and in various parts of the world which continue to see us as the focal point of sustainable development issues.

As we take on various organizational roles, we realize that our operations and our responsibilities to society are inextricably linked. Now more than ever, people care about where products come from, how they are sourced, and the environmental and economic impact of purchase decisions they make each day. Similarly, DFIs face the daunting task of deciding whether or not to lend to enterprises that impact the Earth. Our members are also continuously faced with significant global issues and regulatory changes that affect their ability to meet the demand of their growing populations.

As we continue along our sustainability journey, we’re striving to ensure that our actions and our ambitions are both holistic and outcome-based. We are encouraged by the progress we and our member-DFIs are making along the way—a number of which are detailed in the pages of this report. At the same time, we also know that we must continue to expand and evolve our efforts. This is why we continuously challenge ourselves and our members to keep working together and finding even better ways to be a force for good.

On behalf of the ADFIAP Board, I invite you to join us as we continue on this journey together.



Datuk Wan Azhar Wan Ahmad
Outgoing Chairman

ABOUT ADFIAP

ADFIAP is all about linking people, institutions and ideas to inspire leadership and spark achievement within the development banking and finance community. We facilitate the work of development financing institutions and professionals in advancing sustainable development through knowledge delivery and collaboration initiatives.

Organization

ADFIAP is a non-stock, non-profit organization established in October 1976 during the 6th Asian Development Bank Regional Conference for Development Financing Institutions held in Manila.

Markets Served

As of end-2014, there are 101 member-institutions representing 40 countries and territories that comprise ADFIAP's membership. We also partner with international organizations to address issues and promote sustainable development.

Services

Through these business units, ADFIAP is able to provide knowledge and information for the development banking and finance industry and profession:

Asia-Pacific Institute of Development Finance (IDF) conducts regular training and capacity-building activities organized and implemented together with ADFIAP's partners and donor-institutions.

ADFIAP Consulting (AC) provides advisory and business development services to ADFIAP members and other institutions.

ADFIAP Responsible Citizenship Institute (ARC Institute) serves as the corporate social responsibility and outreach unit of ADFIAP.

Products

We publish materials that help raise awareness and promote our various advocacies. We also strive to minimize the environmental impact of our products by increasingly disseminating information electronically via our website and other microsites.

Events

We hold various events designed to build awareness for the valuable role that development banks, financial institutions and professionals play in advancing sustainable development and engage various stakeholders.

Supply Chain


We are committed to building and driving a sustainable supply chain by integrating sustainable practices into our procurement policies and procedures. As our work mostly involves producing publications, holding events, and conducting seminars and workshops, we mainly deal with service providers such as printers, online publishers, creative agencies, event venues, and suppliers of materials.



To see ADFIAP publications and events, click on: www.adfiap.org

SUSTAINABILITY PERFORMANCE (2014 vs. 2013)

Financial Results



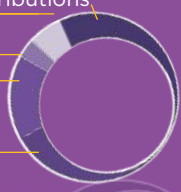
MEMBERS' CONTRIBUTIONS
USD 286,891 ▼ 7%

GRANTS
USD 98,315 ▲ 200%

TRAINING FEES
USD 155,434 ▲ 68%

INTEREST INCOME
USD 2,816 ▼ 37%

FUNDING SOURCES




- 48% Members' contributions
- 6% Others
- 4% Lease income
- 16% Grants
- 26% Training fees

ECONOMIC RESPONSIBILITY

Better economic performance enables us to provide better products and services to our members. It also enables us to pay our staff well, train, and retain them; donate funds to the community; and organize, support, and advise other organizations on sustainability issues.

Indirect Economic Contributions

WITHHOLDING TAXES PAID TO GOVERNMENT
USD 27,814 ▲ 1.05%




STAFF SALARIES & BENEFITS
USD 176,682 ▲ 2%

COMMUNITY DONATIONS
USD 3,000 ▲ 50%

Travel-related carbon emissions

79,836.62 MILES
▼ 41%

Due to increased use of online channels for meetings such as Skype and webinars




ENVIRONMENTAL RESPONSIBILITY

Our environmental performance focuses on minimizing our environmental impact by reducing the energy and materials used in our operations, products, and services. This means we have to strive to do things more efficiently while lessening our fuel use and greenhouse gas emissions. We also need to actively engage other like-minded organizations and other enterprises that are part of our supply chain to mind their carbon footprint.

Water consumption

115.82 CUBIC METERS
▼ 16%


Due to increased water conservation initiatives



Electricity consumption

1,798 KILOWATTS
▼ 37%

Due to energy conservation measures



Minding our Footprint



- 95% of ADFIAP publications distributed electronically through e-mails and online channels (website)
- 24 sessions of webinars/online meetings held in 2014

SOCIAL RESPONSIBILITY


ADFIAP aims to create sustainable value in our host communities and the countries in which our members operate. As such, the performance of our social responsibility can have a significant impact on our stakeholders (primarily, our members), on our staff through our labor practices, and the promotion of safety, health and wellness; and investments in community infrastructure.

Paper consumption

BOND PAPER
81.25 TONS ▼ 19%

Due to increased use of recycled paper and digital copies

RECYCLED MATERIALS USED
20% of total paper consumption in 2014





CREATING A STRONGER ORGANIZATION

Good governance entails a careful balance between the short-term and long-term interests of the organization. ADFIAP's aim is to have a strong governance structure that is transparent and does justice to the interests of all of stakeholders.

Governance structure

The ADFIAP Board of Directors (BOD) governs all decisions related to key sustainability initiatives of the organization. Among the 23 members of our Board, six belong to the 30-50 age group while 17 members are from ages 50 and above.

The BOD delegates authority for the day-to-day management of ADFIAP's economic, environmental, and social performance to the Secretariat, which is led by the Secretary General.

The Secretariat, comprised of 18 senior officers and administrative staff, performs ADFIAP's corporate functions.

In 2013, ADFIAP designated a Sustainability Officer, a senior executive who regularly reports to the Secretary General regarding sustainability strategies, priorities, goals, and performance.

Governance practices

We have a Code of Conduct that we adopted during the ADFIAP General Membership Meeting in Istanbul, Turkey in 1998. This Code aims to establish ADFIAP as an association of institutions with high standards of integrity and ethics in the conduct of its business. It also serves as the guiding principle of the Association and our members in their undertakings. All ADFIAP members, as well as the Secretariat staff, are expected to abide by this Code, as well as high standards of professional behavior.

Addressing the precautionary principle

The "precautionary principle" applies primarily to activities that could potentially harm human health or the environment, even if not fully established scientifically. While we have not formally adopted this principle, ADFIAP is fully aware of these risks and is deeply engaged to reduce, avoid, or mitigate them.

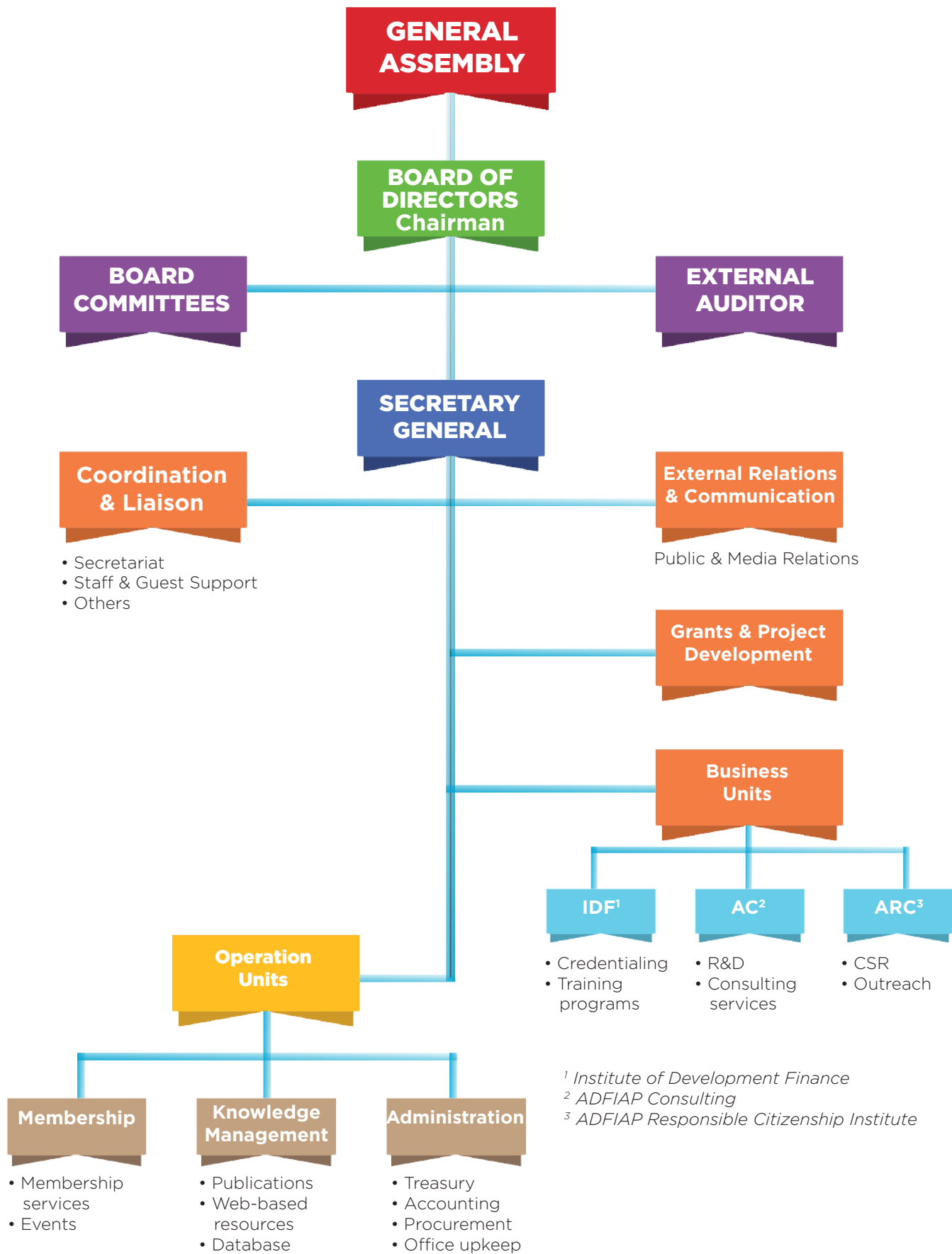
Anti-corruption and anti-competitive behavior

We ensure that our operations comply with all applicable laws, rules, and regulations in the countries where we and our members operate. Our Code of Conduct includes policies and procedures that prohibit our employees, and the people acting on behalf of ADFIAP, from engaging in anti-competitive behavior, antitrust activities, or monopolistic practices, as well as unlawful activities such as bribery.

We are not aware of any allegations of corruption against ADFIAP that has been filed by any entity or agency with oversight of this issue. In our 38 years as an organization, we have not been involved in lawsuits that arise in the normal course of our operations.

Raising concerns

Secretariat staff are encouraged to raise concerns about compliance, ethics, or business conduct with the ADFIAP Secretary General. There are policies in place to protect employees from facing retaliation if they report in good faith any violation or suspected violation of ADFIAP's legal, ethical, or policy obligations.



CREATING A STRONGER ORGANIZATION

The strength of ADFIAP as an organization lies in its people: the quality of its members and its Secretariat. Empowered people tend to empower those around them because they know the difference it makes to have more resources, options, and opportunities. We also believe that everyone at ADFIAP should have an understanding of key sustainability issues and how this can make a difference in society.



(L-R)

Octavio B. Peralta
Secretary General

Sandra C. Honrado
Senior Executive Programs

Vic Abainza
Senior Consultant

Ma. Eloiza Rosario R. Olvina
Membership Specialist

WORKFORCE

18 TOTAL STAFF

▲ 1 staff added in 2014
0 staff turnover

Employee Categories:

4 Permanent
4 Contractual

4 Permanent
6 Contractual

TRAINING

Average hours of training per year

576 Male

288 Female

Opportunities for formal and informal training are offered to the Secretariat staff, including coaching and counseling at work and access to ADFIAP's e-learning library.

EQUAL OPPORTUNITY

Ratio of basic salary and remuneration of women to men by employee category:

67% 33%

A host of benefits are provided to full-time staff, as per labor laws. All staff are entitled to avail of retirement plans when they retire.

Ma. Cristina O. Arenas
IT Specialist

Lorina E. Cervantes
Finance & Administration
Officer

Ma. Sandra I. Lim
Membership & Events
Management Consultant

Regional M. Villaflor
Staff Support



Enrique I. Florencio
Knowledge Management
& Sustainability Officer

Robert B. Juan
Information Officer

Jasper Glenn S. Sancho
Staff Support
Finance & Administration

Jordan R. Isidro
Staff Support



ADFIAP Consulting

(L-R)

Emy Chavez
Corazon Conde
Ma. Cristina Aquino
Atty. Alberto Reyno
Arlene Orenca
Cecile Ibarra

CREATING A STRONGER NETWORK

ADFIAP regards stakeholder engagement as an essential aspect of good governance, the fourth pillar of its sustainability journey. We serve a vast membership of 101 development financing institutions that operate in 40 countries and territories worldwide and belong to different networks of organizations that share our mission and discuss sustainability issues.

Stakeholders

For 38 years now, ADFIAP has always maintained the concept of community as a strategy for growth and sustainability. This sense of community is the essential driver in our success. As the community affiliation of choice for development banking and finance industry and professionals, ADFIAP's membership is comprised of member-institutions represented typically by their Chairpersons, Chief Executive Officers, or other senior decision makers.

Stakeholder Concerns

Through constant engagement, we are able to proactively address stakeholder concerns, which typically range from membership-related issues, the development banking industry, and larger issues and trends they care about. We put all these inputs together to identify the aspects that are most material to our sustainability.

ADFIAP's primary mechanism for stakeholders and employees to provide recommendations or direction to the Board of Directors is direct communication via the Secretary General.

Engagement Initiatives

Due to our decades-long history, we have been constantly engaged by our stakeholders for different initiatives. As such, we have adopted various approaches to engaging a broad array of stakeholders.

We have constant dialogue with our members through these regular activities:

- Annual Meetings and CEO Forum
- Board Meetings (twice a year)
- Country Host Program
- DFI-to-DFI exchange
- Study tour programs
- Seminars and briefings

- Business networking
- ADFIAP Awards (yearly)

We also utilize digital technology whenever necessary to keep abreast of developments concerning our members and partners, as well as relevant issues in the sustainability arena.

Affiliations and Partnerships

Due to the breadth and depth of our network and our commitment to sustainability, we are able to identify numerous opportunities to participate in external initiatives. Our approach has been to choose initiatives associated with global or national sustainability issues, and with credible organizations capable of mounting and sustaining successful programs. We devote our resources, energy, and attention to advancing them.

As an active member of these local and international organizations, ADFIAP supports various external initiatives and advocacies:

- Founding member, World Federation of Development Financing Institutions, which has member-institutions belonging to regional associations in Africa, Latin America and the Middle East;
- NGO in consultative status with the United Nations' Economic and Social Council;
- Member, United Nations Environment Programme Finance Initiative's Asia-Pacific Task Force;
- Collaborating partner, Asia Pacific Economic Cooperation Business Advisory Council;
- Partner in EU SWITCH Asia projects, SMART Cebu and SMART Myanmar; and
- Organizational Stakeholder Member of the GRI and a member of the GRI G4 Pioneers Program.

ADFIAP 2014 HIGHLIGHTS

ANNUAL EVENTS

Over 120 delegates attended the 37th ADFIAP Annual Meetings in Moscow on April 23-25, 2014.



200 delegates attended the 10th International CEO Forum organized by ADFIAP jointly with the African Association of Development Financing Institutions and the Association of Development Finance Institutions of Malaysia on November 4-6, 2014 in Kuala Lumpur.

PARTNERSHIPS

10 cooperation agreements ADFIAP entered into in 2014

13 regional and global organizations that partnered with ADFIAP in 2014



MEMBERSHIP

10 institutions became new ADFIAP members in 2014:

- First Private Bank Ltd.
- Perbadanan Usahawan Nasional Berhad
- Employees Retirement Fund
- Iskandar Regional Development Authority
- Capital Bank of Mongolia
- JSC Development Bank of the Republic of Belarus
- National Investment Company P Ltd.
- Tose'e Ta'avon Bank
- Majlis Amanah Rakyat,
- Baria-Vungtau Development Investment Fund

PROGRAMS

170 staff and officers from members participated in various capacity building programs, briefings, study tours, and seminars/workshops conducted by ADFIAP in 2014



18 countries and island territories where the delegates of various ADFIAP capacity building programs in 2014 came from

REGULAR MEETINGS

80th meeting of the ADFIAP Board of Directors held on November 4, 2014 in Kuala Lumpur, Malaysia

15th Extraordinary Meeting of the General Assembly held on April 23, 2014 in Moscow, Russia



PARTICIPATIONS

12 seminars, conferences, forums, and other events that ADFIAP has spoken or participated in through invitations from regional and international organizations



MEMBERS

By type of institutions

Other types 9

Universal, commercial and investment banks 16

Eximbanks, pension funds 10

Housing banks 5

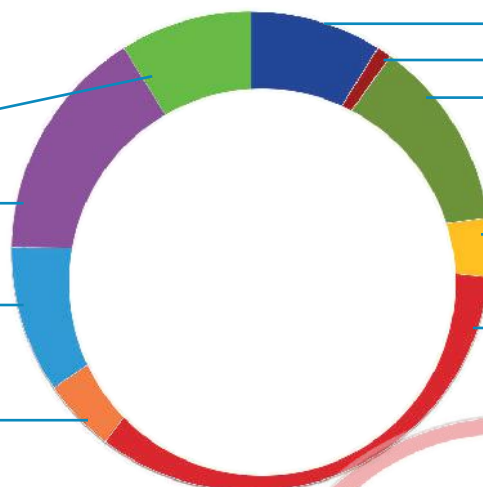
SME banks 9

Technology bank 1

Microfinance 13

Agri banks 4

Policy-based banks 34



CREATING A CIRCLE OF WINNERS

SOCIAL

ADFIAP believes in the power of its network and its member-DFIs to end poverty in the world by helping the unbanked and marginalized get access to financial services at affordable costs. Through financial inclusion projects, ADFIAP and its members make a difference.



China Development Bank's Eyesight Restoration Project

Staring poverty in the face

Disease can strike any time, and it is often the poor that are most vulnerable to less-than-optimal health and increased fatality rates.

Recognizing how this segment of society is most in need of medical and surgical assistance, China Development Bank (CDB) launched a free sight-restoring operations project in Guilin County, Sichuan Province, for less-fortunate cataract patients to prevent blindness.

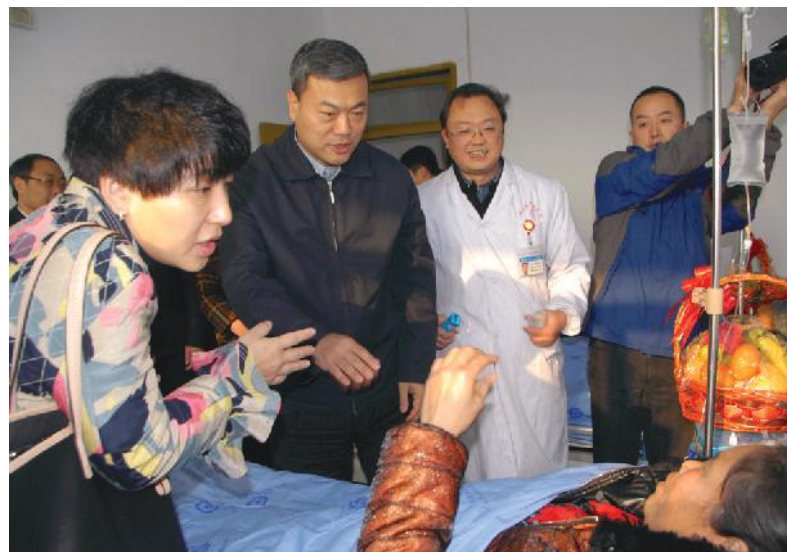
Carried out in partnership with the China Foundation for Disabled Persons (CFDP), the project is part and parcel of the bank's continual efforts to help the underprivileged — from young to old, schoolchildren to teachers, and families to special groups. It aims to deliver social resources to poverty-stricken areas using multiple channels and measures.

CDB has focused on six counties as designated areas to perform these anti-poverty measures. One of these is Guilin, among the most poverty-stricken counties in China. But the development bank is not about to back down, strengthening its position to improve the county's conditions.

It has donated RMB 2.8 million to develop agricultural and animal husbandry projects, including tea-growing and white goat breeding. It has also organized more than 50 headmasters or primary and middle school principals to be trained in Beijing Normal University.

The bank has also signed a cooperation agreement with the local government to address poverty alleviation via an intended financing of RMB 2 billion in support of developing Wumeng, the old revolutionary base area. It has committed to an RMB 160 million loan to support the construction of Shiliangzi Reservoir, as well as an RMB 53.56 million loan to help upgrade rural highways.

Institutions such as CDB are rolling up their sleeves and tackling various socio-economic challenges, from vision problems and disabilities to lack of stable livelihood, via financing and social responsibility programs set in place.



Creating wealth through health

Nghe An, Vietnam's largest province by area and found on its north central coast region, is making huge leaps in its health care conditions and service delivery.

Thanks to Vietnam Development Bank (VDB), which plays an integral part in Nghe An with its funding of this critical aspect of social development.

VDB funded three health care projects, including the completed and operational Cua Dong General Hospital and 115 general hospital projects, with a total investment value of up to VND 720 billion.

With the development bank's help, Nghe An is able to make lofty goals for its health care landscape and come close to achieving them.

By 2015, over 75% of communes will meet the national criteria for health care service, and over 90% of clinics in these localities will have dedicated doctors. Inclusion in health care insurance, too, is envisioned to be at 80%.



Seven years into the implementation of the province's health care development policy, the numbers and concrete markers of progress in Nghe An's health care sector show how a development bank's contribution can greatly accelerate change and improvement. Wealth converts to health, reaching those who most need it.

Putting a roof over their heads

"Housing for All" is a multi-pronged strategy of the Indian government yet rural housing receives only about 10% of the housing finance from banks — a largely underserved segment.

The Rural Housing Fund (RHF) of the National Housing Bank (NHB) of India serves as a ray of light and a major supplement to earlier financing schemes in this direction, pouring more resources on rural housing refinance for the homeless.

RHF targets individuals falling under the "weaker section" category, which includes small and marginal farmers with land holding of five acres and less; landless laborers, tenant farmers, and share croppers; women; scheduled castes and tribes; and persons from minority communities.

RHF has persuaded many housing finance institutes in India to extend more housing loans to rural areas. In fact, 44% of NHB's refinance assistance program goes to rural housing.



NHB's "Rural Housing Finance" won the ADFIAP Outstanding Development Project Awards under the Development Finance-led Poverty Reduction Category.

ENVIRONMENT

ADFIAP believes in being a force of positive change by emboldening development financial institutions, including ADFIAP members, to go into green financing, pouring money into clean and renewable energy technologies, and other initiatives to mitigate the impact of climate change.



Development Bank of Turkey's Clean Energy Loans

When lending goes green

The use of renewable sources and energy-efficiency measures occupies a special place in Turkey's energy policy.

The Development Bank of Turkey (DBT), with its strong mandate and client bases in the large-scale industrial sector, has been a steadfast partner in developing a robust lineup of green financing projects.

Coursed through DBT and another development bank is financing from the World Bank-steered Private Sector Renewable Energy Efficiency Project, which aims to help increase privately owned and operated energy production from indigenous renewable sources. Created in 2009, the project is financed by an International Bank for Reconstruction and Development (IBRD) investment loan and the Clean Technology Fund (CTF).

DBT finances the investment expenditures of energy production projects based on wind, solar, geothermal, wave, tidal, biomass, and hydroelectric resources. It offers a maximum of \$50 million credit limit per project, financing up to 75% of the total cost.

The clean energy loans of DBT has spawned at least nine hydroelectric power plants, along with six wind, one geothermal, and 20 energy-efficiency projects.



There is also a projected reduction in greenhouse gas emissions of 3.3 million tons per annum through investments under the Private Sector Renewable Energy Efficiency Project.

In addition, hydropower plants are more sustainably developed through a cumulative impact assessment. More renewable energy technologies are now being financed commercially, and they are no longer just for large-scale industries. Financial institutions now also see great value in lending to small and medium scale enterprise for green investments.

Changing the game

Current social and environmental conditions make the use of green energy stronger and more compelling than ever.

As the Sri Lankan government-designated administrative unit of the Renewable Energy for Rural Economic Development (RERED) Project, DFCC Bank has transformed the renewable energy landscape in the country into a world-class industry of committed stakeholders and life-changing developments.

RERED seeks to expand the commercial provision and utilization of renewable energy resources. It funded 77 mini-hydro projects and a 10-megawatt wind farm, commissioned a one-MW biomass project, powered 139,480 households in remote off-grid areas, and supplied electricity to about 8,000 households with its Village Hydro projects, to name a few completed efforts.

An estimated 2.15 million tons of greenhouse gases were prevented from polluting the environment due to RERED projects.



RERED projects are internationally recognized as a model initiative when it comes to renewable energy development. DFCC has already hosted study teams from countries such as Cambodia, India, and the Philippines where the bank presented its experiences in renewable energy development. DFCC Bank thrives as one of a small number of development finance institutions (DFIs) that remain viable and continue to fortify their social and environmental programs.

Taking big leaps

The island nation of Fiji is at the forefront of the Pacific region, not only for its robust economy, but also with its use and support of renewable energy sources.

The financing of clean energy of Fiji Development Bank (FDB) is a show of commitment to deliver sustainability and a more profound engagement in pro-environment initiatives.

Under its Sustainable Energy Financing Policy (SEFP), FDB provided FJD \$2.17 million (US \$1.22 million) for the financing of two projects of SunergiseFiji Limited. The company is engaged in delivering solar power to businesses, governments, and communities. These green financing initiatives help Fiji reduce its dependence on fossil fuels to generate electricity.

Apart from bringing immediate positive effects on the environment, they pose significant savings in operating costs for businesses, which can



translate to higher wages and benefits for employees.

FDB won the ADFIAP Outstanding Development Project Award in 2014 under the Infrastructure Development Category.

ECONOMIC

ADFIAP believes that a thriving global economy enables many people and institutions to do more for society. Through the financial support that its member-institutions extend, communities become more economically resilient, more inclusive, and more able to withstand and respond to disasters.



Development Bank of Japan's Business Continuity Management Rated Loan Program

When disaster strikes

How do you effectively buffer the effects of disaster for businesses, which have so much to lose? The answer lies in effective business continuity planning (BCP), an area of focus for the Development Bank of Japan (DBJ).

The bank's Business Continuity Management (BCM) Rated Loan Program is a clear-cut support mechanism for recovery from disaster and the resulting financial woes of business owners.

DBJ helps clients in their total enterprise risk management programs and efforts, including the design of BCPs, preparation of information technology backup systems, and the earthquake proofing of business facilities. As part of speeding up disaster recovery, the bank also provides new financing methods, including recovery finance and alternative risk transfer finance.

Formerly known as the DBJ Disaster Preparedness Rating, the program as early as 2006 had evaluated companies and selected those engaged in high-level anti-disaster and business continuity initiatives. This assessment set the stage for the first disaster preparedness-based financing method in the world.

As early as 2006, DBJ has been evaluating companies and selected those engaged in high-level anti-disaster and business continuity initiatives.



In 2011, DBJ's financing menus were revised following the destruction of the Great East Japan Earthquake, a magnitude-9 quake off the Pacific coast of the Tohoku region that unleashed a savage tsunami and caused pernicious effects around the world.

The program bagged the ADFIAP Outstanding Development Project Award in 2014 under the SME Development Category, setting world-class standards in natural disaster risk mitigation and preparedness among business enterprises.

SME Bank Malaysia's Y-Biz Challenge

Fueling young blood

SME Bank Malaysia Berhad has institutionalized, not just financing and assistance for small and medium scale enterprises (SMEs), but also molding Malaysia's young blood into savvy entrepreneurs. It created a signature corporate responsibility program called "SME Bank Y-Biz Challenge" that help young people realize their business aspirations.

With the support of the Malaysian Ministry of Education and other government agencies, the program offers a venue for creating and innovating products and services that have great potential for commercial success. Over 160 schools and over 700 students have participated in this initiative that exposes young talents and their inventions and innovations.

Y-Biz Challenge winners also received acclaim from other prestigious international contests such as the European Exhibition of Creativity and Innovation in Romania in 2013 when the SME Bank Y-Biz Challenge 2012 champion won a gold medal.



In 2014, SME Bank also flew its 2013 winner to the same competition to showcase a clay-based product that can pour up to 10 cups at any one time.

The program also won for SME Bank the ADFIAP Award under the CSR category at the 37th Annual Meetings in Moscow, Russia. Targeting to become a full-fledged Shariah-based development finance institution by 2015, SME Bank makes meaningful steps toward this direction with the development of SMEs in the country.

TEKUN Nasional's Young Graduate Entrepreneurship Development Program

Starting afresh

Cognizant of the rising joblessness among Malaysian graduates, TEKUN Nasional designed its award-winning "The Young Graduate Entrepreneurship Development Program" to help convert young graduates into successful business owners. This financing scheme based on the Shariah concept lends a hand to the country's new breed.

The bank allocated an RM 15 million fund for the program and forged partnerships with colleges and universities to provide entrepreneurship training, innovation and management training, and loan facility to participants.

With a financing limit of RM20,000-500,000, the program provides up to 100% working capital (including raw materials, stocks, operational costs, legal fees, and renovation) and purchase of assets such as machinery and equipment.

The program won the ADFIAP Outstanding Development Project Award 2014 under the Human Capital Development Category, a testament to its sustainable work and influence in fertilizing ground for SME development. To date, TEKUN Nasional has already provided microcredit facilities of RM2.96 billion to more than 270,000 entrepreneurs.



SME Development Bank's Happy Loan Project

Extending 'financial happiness'

SME Development Bank of Thailand promotes "financial happiness" among small and medium scale enterprises (SMEs) through loan facilities that accommodate their specific needs and demands.

Among these are Small SMEs Loan, Special SMEs Loan, Smile Factoring Loan, and Happy Loan. All these create the flexibility that most other commercial banks and financing institutions typically do not provide entrepreneurs.

Small SMEs Loan, available for businesses existing for no less than a year, provides financial support as working capital or business expansion or improvement. With up to one million baht loan amount per account, the loan divides clients into two groups based on risk of collateral, as guaranteed by Thai Credit Guarantee Corporation.

The Happy Loan Project features a special interest rate, maximum borrowing of 120% of collateral value, a 50% discount in credit analysis fee, and overall more flexible terms.

SMEs that can access the credit facility consist of 13 groups, including fabric and textile, food and beverage, metal production, construction, and vehicle and motorcycle maintenance. Target businesses should comply with the Ministry of Industry's strategy to qualify for the loan.

SME Bank is lending out 19 billion baht (around US\$583 million) to launch credit menus that will "return happiness to SMEs," showcasing innovations for new and existing business owner-clients to help them expand, develop further, and enhance their liquidity.

Complementing its loan offerings are seminars that will spread useful knowledge and experience among SMEs, including the tricky terrains of finance, cost accounting, and taxation.

From lending what SMEs need for their dream venture to helping educate them about cost reduction and brand management, SME Bank knows how to serve as a springboard for success — and SMEs' return to financial happiness.



SME Bank is lending out \$583 million to launch credit menus that will 'return happiness to SMEs.'

GOVERNANCE

ADFIAP believes in adhering to fair, accountable and transparent principles and practices of good governance. Its member-institutions support programs that build institutions and promote best practices on good corporate governance.



Development Bank on the Philippines' Public Governance System

Elevating governance standards

When it comes to good governance, the state-owned Development Bank of the Philippines (DBP) walks the talk. Being the first government financial institution in the Philippines to achieve “compliance” status in the Public Governance System (PGS) of the Institute for Solidarity in Asia (ISA) serves as a solid testament.

DBP formally attained this compliance mark at the biannual Public Governance Forum organized by ISA on October 21, 2014. During the validation exercise, DBP President and Chief Executive Officer Gil A. Buenaventura presented the bank's plans and accomplishments before a panel made up of business, academic, media, and civil society experts, as well as business organization such as ADFIAP.

The PGS program consists of four stages: initiation, compliance, proficiency, and institutionalization. DBP became the first government financial institution to be classified as “initiated” (first stage) using the scorecard.

Aside from successfully proceeding to the Compliance stage, the bank also received a Silver Trailblazer award, given to institutions garnering an 8.5 to 9.2 score in the validation process.

The PGS encourages public offices, professional associations, and academic institutions to articulate long-term development goals, accountabilities in the organization and community, and transparency measures through sustainable governance mechanisms.

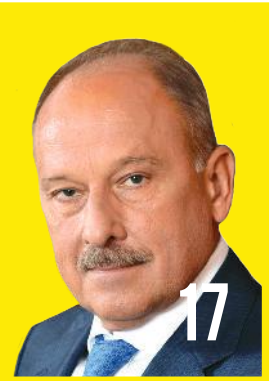
It enables them to create and implement specific and quantifiable strategies, as well as to honor their time-bound commitments in these aspects.

DBP is also accredited by ISA as an “Island of Good Governance,” where public offices commit to achieve at least 50 breakthrough goals that will positively impact the community.

The development bank's tireless work in raising good governance standards includes setting up a Multi-Sectoral Governance Council (MSGC), which acts as an oversight body to encourage and assist DBP in realizing its vision and strategic direction. MSGC is made up of at least 12 members from diverse groups, including ADFIAP.



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GRI G4 CONTENT INDEX

ADFIAP was among the few organizations that belonged to the Global Reporting Initiative's (GRI) G4 Pioneer Program in 2013. GRI is a leading organization in the sustainability field that promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development. To know more about applying G4 guidelines, contact the ADFIAP Secretariat or go to www.globalreporting.org.



GENERAL STANDARD DISCLOSURES

G4 Indicator	Page	G4 Indicator	Page
1 STRATEGY AND ANALYSIS		3 STAKEHOLDERS ENGAGEMENT	
G4-1 Statement from the most senior decision maker(s) of the organization	4	G4-24 List of stakeholders groups	11
G4-2 Provide a description of key impacts, risks, and opportunities	4	G4-25 Basis for identification and selection of stakeholders group	11
2 ORGANIZATIONAL PROFILE		G4-26 Organization's approach to stakeholders engagement, frequency of engagement, and by stakeholders group	11
G4-3 Name of the organization	3	G4-27 Key topics and concerns that have been raised through stakeholders engagement	11
G4-4 Primary brand, products, services	5	4 REPORT PROFILE	
G4-5 Location of the organization's headquarters	3	G4-28 Reporting period	3
G4-6 Countries of operations	1	G4-29 Date of most recent previous report	3
G4-7 Nature of ownership, legal form	5	G4-30 Reporting cycle	3
G4-8 Markets served	5	G4-31 Contact point for question about the report and its content	3
G4-10 Total workforce by employment type (permanent, probationary, contractual)	9	G4-32 GRI content index and in "accordance" option chosen	3
G4-11 Percentage of total employees covered by collective bargaining agreements	N/A	G4-33 Organization's policy and current practice with regard to seeking external assurance for the report	3
G4-12 Organization's supply chain	5	5 GOVERNANCE	
G4-13 Significant changes during the reporting period	3	G4-34 Governance structure of the organization	8
G4-14 Report whether and how precautionary approach or principle is addressed by the organization	7	6 ETHICS AND INTEGRITY	
G4-15 List of externally developed economic, environmental, and social charters, principles, and initiatives	11	G4-56 Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	7
G4-16 Association's membership in national and international advocacy organizations	11		

SPECIFIC STANDARD DISCLOSURES

G4 Indicator	Page	G4 Indicator	Page
ECONOMIC 		SOCIAL 	
ASPECT: ECONOMIC PERFORMANCE Generic disclosures on management approach		ASPECT: EMPLOYMENT Generic disclosures on management approach	
	6		9
EC1	Economic value generated and distributed, including revenues, operating cost, employee compensation, donation and other community investments, retained earnings, and payment to capital providers and governments	LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
	6		9
EC3	Coverage of the organization's defined benefit plan obligations	LA2	Benefits provided to full-time (permanent) employees
	9		9
ASPECT: MARKET PRESENCE Generic disclosures on management approach		LA3	Return to work and retention rates after parental leave, by gender
	3		N/A
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	ASPECT: LABOR-MANAGEMENT RELATIONS Generic disclosures on management approach	
	N/A		9
ASPECT: INDIRECT ECONOMIC IMPACT Generic disclosures on management approach		LA4	Minimum notice periods regarding operational changes
	6		N/A
EC8	Significant indirect economic impacts, including the extent of impacts	ASPECT: TRAINING AND EDUCATION Generic disclosures on management approach	
	6		9
ENVIRONMENTAL 		LA4	Average hours of training per year per employee by gender, and by employee category
ASPECT: MATERIALS Generic disclosures on management approach			9
	6	ASPECT: DIVERSITY AND OPPORTUNITY Generic disclosures on management approach	
EN2	Percentage of materials used that are recycled input materials		9
	6	LA12	Composition of governance bodies and breakdown of employees per category
ASPECT: ENERGY Generic disclosures on management approach			7, 9
	6	ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN Generic disclosures on management approach	
EN7	Reductions in energy requirements of products and services		9
	6	LA13	Ratio of basic salary and remuneration of women to men by employee category
ASPECT: WATER Generic disclosures on management approach			9
	6	ASPECT: LOCAL COMMUNITIES Generic disclosures on management approach	
EN8	Total water withdrawal by source		13
	6	SO1	Percentage of operations with implemented impact assessments, and development programs of women to men by employee category
ASPECT: PRODUCTS AND SERVICES Generic disclosures on management approach			N/A
	5	ASPECT: CUSTOMER HEALTH AND SAFETY Generic disclosures on management approach	
EN27	Extent of impact mitigation of environmental impacts of products and services		9
	6	PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement
ASPECT: TRANSPORT Generic disclosures on management approach			N/A
	6	ASPECT: PRODUCT AND SERVICE LABELING Generic disclosures on management approach	
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce		N/A
		PR5	Results of surveys measuring customer satisfaction
			N/A



ADFIAP
financing sustainable development

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