

ESG IMPACT SELF-ASSESSMENT CHECKLIST

For Banks, Investment Banks, Investment Funds & Development Finance Institutions

A short diagnostic to assess whether sustainability strategy is substantively transformative or surface level. Assess each criterion: **R** = Robust (fully in place, independently verifiable) | **P** = Partial (developing or incomplete) | **A** = Absent (not in place).

A — ENVIRONMENTAL AMBITION SUFFICIENCY		
A1	Scenario Consistency Climate targets align with 1.5°C pathways (IPCC AR6) and include a sector-specific decarbonisation trajectory — not a standalone 2050 declaration unsupported by interim milestone evidence.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A2	Boundary Integrity GHG inventory covers Scope 1, 2, and all material Scope 3 categories including financed and facilitated emissions accounted under PCAF, GHG Protocol Financial Sector, or equivalent methodology.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A3	Beyond Carbon Environmental commitments explicitly address water use and stress, biodiversity and nature loss, novel entities (plastics, PFAS, nanomaterials), land use change, and ocean health — not GHG emissions alone.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A4	Interim Milestones Science based interim targets for 2025 and 2030 exist at sector level; progress is tracked quantitatively against a documented baseline and disclosed annually with variance explanation.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A5	Capital Alignment New lending, investment, and underwriting pipelines are screened against net-zero alignment criteria; carbon-intensive exposure is quantified and subject to a disclosed, time-bound reduction schedule.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A6	Verification Chain Emissions and environmental performance data are independently verified by a qualified third party using a documented, reproducible methodology with a full chain-of-custody evidence trail.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A7	External Assurance Material ESG disclosures carry formal limited or reasonable assurance from an accredited assurance provider (ISAE 3000, AA1000AS, or equivalent) — not management-only attestations.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
A8	Disclosure Honesty Annual reporting includes performance shortfalls, restatements, unresolved data gaps, and candid explanation of underperformance — not only achievements and forward-looking commitments without negative counterparts.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

↳ Scope 1 & 2 reporting that covers less than 15% of total financed emissions. Water stress, novel entities, and biodiversity loss represent material financial risk that most institutional ESG frameworks continue to exclude.

B — SOCIAL AMBITION SUFFICIENCY		
B1	Job Quality Disclosure Social impact reporting disaggregates employment by type (permanent/temporary/contract), wage relative to the applicable living wage standard, gender, disability, and geographic distribution — not FTE headcount or aggregate 'jobs supported' alone.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
B2	Just Transition Strategy identifies transition risks to workers and communities in fossil-dependent or high-carbon sectors and includes specific, funded mitigation provisions or reskilling commitments with defined timelines and accountable parties.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
B3	Financial Inclusion Additionality Products targeting underserved groups (MSME, women, rural, informal sector, youth) include measurable outreach targets and segment-level disbursement reporting — not aggregate portfolio volume claims.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
B4	Supply Chain Conduct Labour due diligence covering forced labour, child labour, wage theft, and unsafe conditions is conducted across at least Tier 1 and Tier 2 suppliers (and clients), with findings and remediation actions disclosed.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

B5	Community Rights Projects affecting indigenous or vulnerable communities document application of Free, Prior and Informed Consent (FPIC) per IFC Performance Standard 7 or equivalent, with process records publicly accessible.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
B6	Development Additionality Claimed development outcomes include a documented counterfactual demonstrating what would not have occurred without this specific financing at this specific term, timing, and structure.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

► ‘Jobs created or supported’ without wage levels, permanence, gender disaggregation, and access data for marginalised groups communicates little about social impact. Reporting on community programmes funded from profit (CSR) as impact from the underlying financing activity is a misrepresentation.

C — GOVERNANCE & ACCOUNTABILITY

C1	Board Competence At least one board member holds practitioner level ESG expertise; ESG is a standing board agenda item with minutes evidencing substantive challenge, decision, and accountability.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
C2	Incentive Alignment Executive and material-risk-taker remuneration includes at least one quantified ESG KPI with a defined target, a documented measurement method, and a stated consequence for non-delivery.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
C3	Decision Integration ESG risk analysis is formally embedded in credit assessment, deal origination, and investment committee processes – is not a parallel ‘ESG checklist’ that only serves as an advisory note, unable to block or materially condition a transaction.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
C4	Lobbying Consistency Institutional lobbying positions and trade association memberships are publicly assessed for alignment with stated ESG and climate commitments; material conflicts are disclosed with a documented response.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
C5	Anti-Greenwash Controls A documented internal process scrutinises ESG product labels, marketing claims, and external commitments before publication; sign-off by a named accountable officer is retained and subject to audit.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

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D — FINANCIAL PRODUCT DESIGN & ADDITIONALITY

D1	Structural Design Sustainable finance products include at least one feature that redirects capital or changes borrower/issuer behaviour. Independently verified KPI-linked pricing, catalytic first-loss provision, guarantee unlocking otherwise unfinanceable assets, or concessional terms tied to performance milestones.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
D2	Additionality Test Each ESG labelled product must be assessed for whether the financing could have been extended on the same terms, to the same borrower, for the same use, without the ESG label? Where the answer is yes, the label reflects reclassification – not additionality. Sustainable finance leadership would demand some level of additionality, which is embedded in the product design.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
D3	Portfolio Alignment Aggregate loan/investment portfolio is assessed against sector-level net-zero transition pathways (SBTi Financial Institutions, PACTA, or equivalent); non-aligned exposures are disclosed by sector with rationale and a remediation timeline.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
D4	Relabeling Review An independent review assesses whether products marketed as ‘green,’ ‘sustainable,’ ‘impact,’ or ‘transition’ represent product design innovation or conventional instruments with ESG nomenclature applied post-origination.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

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E — IMPLEMENTATION & EXECUTION CAPACITY		
E1	Competency Coverage The ESG Strategy Design and Execution requires competencies across nine functional clusters: (1) GHG Accounting; (2) Supply Chain & Scope 3 Tracing; (3) ESG Reporting & Disclosure; (4) Impact Assessment & Management; (5) ESG Strategy & Integration; (6) ESG Risk Management; (7) Nature & Biodiversity; (8) Social Performance & Labour Standards; (9) Sustainable Finance Product Design. A team of 2–3 covering all nine without documented competency mapping is a capacity gap. The best practice is to develop these competencies within existing finance, operations and procurement teams.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
E2	Budget Proportionality ESG function budget and headcount are benchmarked against the ambition and volume of stated commitments; where resourcing is materially insufficient, this gap is acknowledged as a risk and has a documented remediation plan.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
E3	Data Infrastructure ESG data is collected, stored, and reconciled through dedicated systems with audit trails and access governance controls not unversioned spreadsheets without change control, access logs, or independent review.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
E4	Training & Embedding ESG competency requirements are included in job descriptions and assessed in performance reviews across all material business functions (origination, credit, risk, treasury, investor relations).	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A
E5	Contractual Embedding ESG KPIs, reporting obligations, independent verification requirements, and remedy provisions are contractually embedded in loan agreements, investment mandates, and material supplier and investee contracts.	<input type="checkbox"/> R <input type="checkbox"/> P <input type="checkbox"/> A

SCORING SUMMARY — Proportion of Robust items indicate strategic maturity				
	Section	Robust ✓	Partial ~	Absent ✗
A	Environmental Ambition Sufficiency (8 items)	__ / 8	__ / 8	__ / 8
B	Social Ambition Sufficiency (6 items)	__ / 6	__ / 6	__ / 6
C	Governance & Accountability (5 items)	__ / 5	__ / 5	__ / 5
D	Financial Product Design & Additionality (4 items)	__ / 4	__ / 4	__ / 4
E	Implementation & Execution Capacity (5 items)	__ / 5	__ / 5	__ / 5
Σ	TOTAL (28 criteria)	__ / 28	__ / 28	__ / 28

Interpretation: ▶ 75–100% Robust: Leading practice — pursue frontier differentiation and peer benchmarking. ▶ 50–74%: Progressing — address gaps in product design, capacity, and boundary integrity. ▶ <50%: Foundational gaps — strategy requires redesign.

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