

Environmental Policy

Template for Financial Service Providers

[Date created and updated]

Table of Contents

1. Acronyms and abbreviations	2
2. Context and rationale	2
3. Scope.....	5
4. Commitments of the FSP.....	5
5. Standards, Regulations, and Initiatives	7
6. Fundamental principles.....	10
7. Environmental policy objectives for the next five years.....	10
8. Governance and implementation actors.....	13
9. Operational implementation.....	15
A. Training/Awareness.....	15
B. Categorization and management of environmental risks	16
C. Green product development.....	18
D. Search for technical partners.....	18
E. Mobilization of financial resources.....	19
10. Monitoring and evaluation of the implementation of the environmental policy	20
11. Updates and revisions	21
12. Conclusion	21
13. Act of adoption and entry into force	22
14. Appendices and related standard documents	23
Appendix A: Environmental exclusion list template	23
Appendix B: Environmental risk assessment and management template	23
Appendix C: Environmental policy implementation plan template	23
Appendix D: Template for an environmental indicator tracking table	23
Appendix E: Template for tracking customers' environmental action plans	23

1. Acronyms and abbreviations

GA: General Assembly

ESG: Environmental, Social, Governance

SEPM: Social & Environmental Performance Management

EPM: Environmental Performance Management

EI: Environmental Objective Measurement Indicator

FSP: Financial Service Providers

EO: Environmental Objective

EFP: Environmental Focal Point

IFC: International Finance Corporation

MIS: Management Information System

SPTF: Social Performance Task Force

USSEPM: Universal Standards for Social and Environmental Performance Management

SDG: Sustainable Development Goals

BoD: Board of Directors

2. Context and rationale

General climate change context

The [report by the Intergovernmental Panel on Climate Change \(IPCC\) published in 2021](#) highlights the reality of current and future climate change and the role of human activity in these changes. The ecological crisis (loss of biodiversity, pollution, climate change) is likely to increase poverty worldwide: an additional 100 million people are expected to fall into poverty by 2030.

An example of the impact of climate change in West Africa:

According to the IPCC, the average temperature in West Africa could rise by 3°C to 6°C by the end of the 21st century compared to the normal values of the 20th-century. The Sahelian and tropical zones are identified as "hot spots" where unprecedented climate change is expected to occur earlier than in other regions of the planet. Heat waves will be more frequent, affecting human health and the growing of crop. IPCC projections also indicate later rainy seasons for West Africa and the likelihood of more frequent extreme rainfall events. Heat waves, droughts, intense rainfall, and flooding: according to the IPCC, these climate changes will inevitably lead to a reduction in agricultural productivity in the region (crop losses, lower productivity), which affects the food security of the population.

By adopting Agenda 2030 with its [17 Sustainable Development Goals](#) and [the Paris Agreement on climate change](#), the member states of the United Nations have created a global framework for national action and global cooperation on sustainable development in order to preserve the climate system for the benefit of present and future generations.

At the international level, several standards have been issued, including the [Universal Standards for Social and Environmental Performance Management](#) (the Universal

Standards), to help Financial Service Providers align their management practices with Environmental protection requirements.

National climate change context

Example of the context with the impact of climate change in Benin: Benin ranks 159th in the ND-GAIN index (2022), which measures a country's level of vulnerability and preparedness for climate change. It ranks 170th among countries in terms of vulnerability to climate change and 135th in terms of preparedness to deal with the consequences of climate change. These rankings are due to the high vulnerability of its agriculture to climate change (highly exposed due to its geography and highly sensitive due to its practices) and to conditions that limit its ability to prepare. But also to other environmental issues such as deforestation, air, water and soil pollution, etc. Similarly, Benin's legal corpus has been enriched with new regulations that require companies to comply with these requirements. Thus, taking environmental concerns into account is becoming a compliance requirement.

Example illustrated in article #1 – the testimony of Assilassimé Solidarité, in Togo:

When we talk about environmental issues, the first thing that comes to mind is greenhouse gas emissions and their impact on the climate. However, Togo is a country with very low greenhouse gas emissions [a Togolese citizen emits on average less than 1 ton of CO₂ per year, which is 17 times less than the average American and 8 times less than the average European]. The major challenge for Togo and for our beneficiaries is therefore not so much to limit CO₂ emissions as to prepare for the consequences of climate change. We already know that Togo will be increasingly affected by climate change. Heat waves, droughts, heavy rains, and floods will become more frequent. These climate changes will inevitably impact agricultural productivity in the region (with crop losses and lower productivity) and affect the food security of the population.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-1>

Climate change context for the financial service providers

[Name of the FSP] recognizes the importance of protecting the Environmental and contributing to the fight against climate change. As an inclusive finance provider, we have a role to play in supporting our clients, particularly microentrepreneurs and small producers, in adopting sustainable and resilient practices.

Example illustrated in article #3 – the testimony of ENDA Tamweel, in Tunisia:

In rural areas, we face significant challenges around agriculture. Tunisian agricultural production is highly resource-intensive, with irrigation techniques that lead to significant water waste and the use of pesticides that pose a risk of soil and groundwater pollution. With climate change, droughts are becoming more frequent and severe, increasing pressure on water resources and sometimes leading to shortages. Due to climatic uncertainties, agricultural productivity are increasingly variable, while demand is growing. In addition to these ecological challenges, the crisis in Ukraine has further highlighted the need to strengthen food security for our country and our customers.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-3>

Example illustrated in article #5 – ESAF's testimony in India:

Climate change is wreaking havoc and creating a lot of uncertainty for our customers. We sense a great deal of concern on their part, particularly among those who depend on nature for their livelihood: farmers, fishermen, etc. Many young people no longer have confidence in agricultural activities because there are too many climatic uncertainties. Many are moving to the city but cannot find jobs there. In addition to climate change, we also face pollution problems in the communities where we work. In the city of Delhi, air pollution is high. Water pollution is also a problem, as many water sources are now contaminated and unfit for human consumption. People have to dig deeper wells, which affects the quality of groundwater.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-5>

[Recognition of its direct and indirect negative impact]

[Name of the FSP] also recognizes that it contributes to climate change through its greenhouse gas emissions linked to its energy consumption, transportation, etc. *[cite key items]* and through the financing of activities that are harmful to the Environmental. Similarly, certain activities and practices of *[Name of the FSP]*'s customers contribute to Environmental degradation through air, soil, and water pollution. These mainly include:

- Agricultural activities that require the use of chemical fertilizers,
- Craft activities that produce waste or toxic fumes.
- *[List here the major activities financed by the FSP that have a negative impact on the Environmental – see IFC fact sheets]*

[Description of environmental risks perceived and experienced by the FSP and its clients]

Long considered a pessimistic view of the future, environmental concerns are increasingly appearing in the daily lives of our target population due to the negative consequences on their activities. While microentrepreneurs are not major polluters, they suffer severely from the consequences and also perpetuate practices that further degrade their situation and, in particular, their ability to meet their basic needs:

- Crop losses due to drought
- Loss of stock due to flooding
- *[List examples of negative consequences encountered by the organization's clients]*

[Justification for the environmental policy]

[Name of the FSP] is therefore aware that the effects of climate change constitute constraints on the fulfillment of its mission, which is to improve the living conditions of its clients by offering financial and non-financial services.

[Name of the FSP] has therefore decided to adopt an environmental policy to:

- Integrate environmental issues into its activities, with the commitment of its management.
- Reduce the direct and indirect ecological footprint of its operations.
- Promote a greener, more resilient, and more inclusive local economy.
- Actively contribute to local sustainable development, in particular by protecting its clients against climate change and environmental threats.

This approach will enable it to meet the expectations of its technical and financial partners, reduce environmental risks, and strengthen stakeholder confidence. It defines the commitments, responsibilities, and mechanisms necessary to align the FSP's commercial and social practices with the principles of sustainable development. It thus aims to strengthen stakeholder confidence and contribute to the socio-economic progress of [country].

By adopting this policy, [Name of the FSP] aligns itself with the Universal Standards for Social and Environmental Performance Management (Universal Standards), particularly its environmental dimension, and consequently with the Sustainable Development Goals (SDGs), the Paris Agreement, the IFC Performance Standards, and best practices in responsible finance.

3. Scope

This environmental policy applies to all of the following areas:

1. **Internal operations:** All activities of the FSP, including those of technical and regional departments, members of the Board of Directors and Management, branches and service points, IT systems, as well as business travel and field operations.
2. **Clients and financed projects:** All projects and businesses supported by [Name of the FSP], particularly in the agricultural, commercial, and service sectors.
3. **Partners and suppliers:** All entities collaborating with [Name of the FSP] in the frame of its commercial activities.

The Board of Directors and Executive Management of [Name of the FSP] shall ensure that the procedures, processes, and tools for implementing this environmental policy are in place in all areas of management and are known and properly applied by all stakeholders according to their position and responsibilities.

4. Commitments of the FSP

This environmental policy affirms the commitment of all stakeholders at [Name of the FSP], from the Board of Directors (BoD) to the Points of Service, from executives and senior managers to operational staff, to integrate environmental issues into their decisions and operational practices. It undertakes to make this a reference document in establishing and managing relationships with its partner.

[Name of the FSP], its executives, and its staff, aware of the consequences of climate change and environmental degradation on its activities and those of its clients, are committed to managing its environmental risks and supporting its clients in managing theirs. [Name of the FSP] aspires to be a benchmark FSP in the adoption of best practices for mitigating environmental risks in its operations, in its business activities, and in the activities of its clients.

[Name of the FSP] and its managers are committed to implementing a set of systematic and consistent procedures necessary for the implementation of the provisions of the environmental policy.

More specifically, *[Name of the FSP]*'s environmental commitments are made at two levels: internally and externally.

Internal commitments – management of the FSP's direct impacts

- **Compliance with national and international regulations:** *[Name of the FSP]* is committed to ensuring that the facilities housing its headquarters and branch offices comply with national and international laws and regulations on environmental protection in their functioning and operations.
- **Environmental governance:** *[Name of the FSP]* is committed to creating a special committee, composed of elected members and technical staff, dedicated to managing its social and environmental performance. The FSP also undertakes to appoint an Environmental Focal Point (or Environmental Performance Manager) and to systematically include at least one item relating to environmental issues on the agenda of at least one Board of Directors meeting per year.
- **Reducing ecological footprints:** *[Name of the FSP]* is committed to reducing the negative effects of its operations and activities on the Environment through continuous energy savings (energy efficiency, solar energy), responsible water management, the implementation of sustainable mobility (fuel-efficient vehicles, carpooling, optimization or limitation of travel), and the reduction and recycling of paper, plastic, and waste from its offices and branches. *[Name of the FSP]* is committed to regularly monitoring its FSPal carbon footprint (scope 1 and 2, and scope 3 where possible), in conjunction with its investment partners or technical assistance partners, in order to validate its approach and report its results.
- **Integration of environmental issues:** *[Name of the FSP]* is committed to taking environmental issues into account in all its operational procedures for lending, savings, and human resources management by developing appropriate processes and tools.
- **Capacity building:** *[Name of the FSP]* is committed to providing training and capacity building for its managers and staff at all levels on environmental issues and defining and implementing their responsibilities in this area.

External commitments – managing the impacts of its clients

- **Environmental responsible financing:** *[Name of the FSP]* is committed to financing activities that are aligned with the energy transition, the use of renewable energies, and the reduction of greenhouse gas (GHG) emissions, etc., and is committed to refusing or accompanying mitigation measures for any financing of activities that have a negative impact on the environment and biodiversity. *See Appendix A. Model environmental exclusion list;*
- **Preservation of Local Ecosystems:** *[Name of the FSP]* is committed to taking into account the impacts on biodiversity and natural resources when selecting projects for financing (e.g., supporting reforestation projects in degraded areas).
- **Provision of green financial services:** *[Name of the FSP]* commits to defining a range of financial services to enable its customers to access green technology and improve their adaptation and resilience to the consequences of climate change (services for access to solar energy, sustainable agriculture, energy efficiency, waste management *[list here the key areas in which the FSP will support its customers]*);
- **Capacity building for customers and their communities:** *[Name of the FSP]* is committed to developing non financial services in terms of information, awareness-raising, and capacity building for customers and their communities to improve their

resilience to environmental shocks (early warning services in case of bad weather, agroecological training, *[list examples of support provided by the FSP]*);

- **Partnerships:** *[Name of the FSP]* is committed to working in partnership with other financial sector players, green technology providers, NGOs, government FSPs, and international organizations to promote financial and non-financial services that respect the environment and protect its clients.
- **Post-financing monitoring:** *[Name of the FSP]* is committed to regularly and rigorously monitoring the activities and projects it finances to ensure that they comply with environmental criteria throughout their life cycle.
- **Transparency and traceability of decisions:** *[Name of the FSP]* is committed to ensuring transparency in its environmental performance management. To this end, it will regularly publish reports detailing the progress made in implementing its policy, the impacts of the activities and projects financed, and any corrective actions taken in the event of non-compliance. The FSP will also ensure that decisions taken, particularly with regard to loan approvals and the selection of activities or projects, are clearly documented and communicated in order to ensure traceability and understanding of its choices by stakeholders.
- **Rigorous Environmental Assessment:** *[Name of the FSP]* is committed to adopting a comprehensive set of specific performance requirements that its staff, service providers, and clients must comply with, covering key aspects related to environmental issues and their impact.

5. Standards, Regulations, and Initiatives

International Conventions and Declarations

[Name of the FSP] adopts and respects the values and principles enshrined in the following international conventions and declarations:

[List the major conventions on which the organization wishes to rely]

List of major international conventions and declarations

The United Nations Framework Convention on Climate Change, which aims to preserve the climate system for the benefit of present and future generations.

https://unfccc.int/files/essential_background/background_publications_htmlpdf/application/pdf/conveng.pdf

The Paris Agreement on climate change, whose primary objective is to keep "the increase in global average temperature well below 2°C above pre-industrial levels" and to pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

EN: <https://unfccc.int/process-and-meetings/the-paris-agreement>

FR: <https://unfccc.int/fr/a-propos-des-ndcs/l-accord-de-paris>

The Convention on Biological Diversity (CBD) and the Kunming-Montreal Global Biodiversity Framework, which set out an ambitious plan to implement large-scale action to transform our societies' relationship with biodiversity by 2030, in line with the 2030 Agenda for Sustainable Development and its Sustainable Development Goals, and to ensure that by 2050 the shared vision of living in harmony with nature is realized.

<https://www.cbd.int/portals/action-agenda/>

<https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>

EN: <https://www.cbd.int/doc/c/e6d3/cd1d/daf663719a03902a9b116c34/cop-15-l-25-en.pdf>

FR: <https://www.cbd.int/doc/c/0bde/b7c0/00c058bbfd77574515f170bd/cop-15-l-25-fr.pdf>

The Rotterdam Convention on pesticides and hazardous chemicals, which aims to protect human health and the environment by regulating international trade in hazardous chemicals and pesticides.

EN: <https://wedocs.unep.org/bitstream/handle/20.500.11822/27561/Rotterdam.pdf>

FR: <http://pic.int/portals/5/download.aspx?d=unep-fao-rc-convtext-2015.french.pdf>

The United Nations Sustainable Development Goals (SDGs) are a framework of 17 interconnected goals to be achieved by 2030 to address global challenges such as poverty, inequality, climate change, and environmental degradation, and to build a better and more sustainable future for all.

<https://sdgs.un.org/goals>

Guiding principles

[Name of the FSP] recognizes the value of the following Standards, initiatives, and best practices, which it uses as guiding principles:

- The International Finance Corporation (IFC) Performance Standards¹, which define a framework for managing environmental and social risks associated with business activities.
- The Social and Environmental Performance Management Standards (SEPM)² from CERISE+SPTF.

National regulations

Example of environmental regulations in Benin:

- Law No. 2018-18 of August 6, 2018, on climate change in the Republic of Benin
- Law No. 2021-04 of July 8, 2021 on the protection and rules relating to international trade in endangered species of wild fauna and flora in the Republic of Benin
- Decree No. 2022-390 of July 13, 2022 on the organization of environmental and social assessment procedures in the Republic of Benin
- Law No. 93-009 of July 2, 1993 on forest management

Example of mapping between laws and Universal SEPM Standards

¹ <https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-guidance-note-en.pdf>

² <https://cerise-sptf.org/fr/universal-standards/>

Indicator 7.B.1.4 USSEPM	<i>The FSP avoids, minimizes, and/or compensates for the negative impacts on the Environmental of its internal activities related to:</i> - Its energy consumption - Its water consumption - Its paper consumption - Transportation and fuel consumption - Its waste production - Greenhouse gas emissions	• Decree No. 2003-332 of August 27, 2003 on solid waste management in the Republic of Benin
7.B.2.2	<i>The FSP identifies the negative impacts of customers on the Environmental, related to the following elements:</i> - Greenhouse gas emissions - Air, water, or soil pollution, including the inappropriate use and storage of hazardous chemicals - Deforestation, land degradation, loss of biodiversity, fauna and flora/protected areas, particularly in relation to biodiversity-sensitive areas - Waste production and management	• Law No. 2022-36 of July 10, 2023 on the management of chemicals and their waste in the Republic of Benin - Law No. 98-030 of February 12, 1999 on the Environmental in the Republic of Benin • Decree No. 2003-332 of August 27, 2003 on solid waste management in the Republic of Benin

6. Fundamental principles

[Name of the FSP], in accordance with its mission, aims to support its clients, most of whom are micro and small businesses and disadvantaged individuals, in improving their living conditions by offering high-quality financial and non-financial services. The implementation of this environmental policy will be aligned with the following key principles:

- **Compliance:** Comply with national and international environmental laws and regulations. Align strategies and operations with initiatives, conventions, standards, and regulations aimed at protecting the Environment.
- **Precaution:** Avoid any activity that poses a major environmental risk.
- **Prevention:** Identify and reduce environmental impacts before they occur by providing sustained financing for activities that help reduce customers' vulnerability to environmental risks and reduce their ecological footprint.
- **Transparency:** Communicate regularly on environmental commitments and results, both internally and externally.
- **Training:** Train and build the capacity of employees, customers, and partners on environmental risks, as well as environmental solutions and opportunities.
- **Inclusion:** Integrate women, young people, and vulnerable populations into the environmental strategy.
- **Continuous improvement:** Regularly adapt practices and policies.

7. Environmental policy objectives for the next five years

The development of *[Name of the FSP]*'s environmental policy for the next five years aims to align its management practices with national and international environmental protection requirements in order to be a model FSP in terms of integrating environmental issues into its strategies, operations, and product and service offerings, with clear responsibilities for all stakeholders at all levels of the FSP.

Example of a table of objectives

Type of environmental objective	Environmental objective	Related indicator for monitoring	Activities to be carried out (see details in 9. Implementation)
Reduction of the negative impacts of internal practices on the Environmental	E01: Reduce the electricity consumption of the General Management and branches of [Name of the FSP] by 20% within 5 years.	EI1: Percentage reduction achieved each year compared to baseline consumption (year 1)	Implementation of an energy management system
	E02: Organize at least one training session per year for staff on various topics related to Environmental protection.	EI2.1: Number of training sessions organized each year on Environmental protection EI2.2: Employee participation rate in training sessions	Training and skills development
2-Reducing the negative impacts on the Environmental of customer activities	E09: Train 1,000 customers within five years in the use of Environmental friendly technologies for their business activities, such as biodegradable packaging or energy-efficient equipment.	EI9.1: Number of customers trained. EI9.2: Number of training sessions conducted	Training and skills development
	OE1: Support 300 customers over the next five years in the construction or renovation of latrines that comply with Environmental Standards, in order to reduce the negative impact of their activities on the environment and promote hygiene.	EI11: Number of customers who have built or renovated latrines that comply with environmental standards.	Financing access to sanitation products

3-Customer adaptation to climate change	E012: Protect customers from environmental risks by identifying the risks associated with their activities	EI12: % of credit files that have undergone an environmental risk assessment in accordance with environmental policy.	Implementation of an environmental risk assessment for each client
	E016: Raise awareness among 1,000 customers within five years about the impacts of climate change on their business and the opportunities offered by eco-responsible practices to adapt to climate change risks and remain competitive.	EI16.1: Total number of members and customers made aware EI16.2: Number of workshops or campaigns organized	Training and skills development
4-Ensure that [Name of the FSP] is aligned with the requirements of the USSEPM and international and national Environmental protection laws	E018: Assess the evolution of its Environmental Performance every two years	EI18: Percentage change in Environmental Performance score	Evaluation of Environmental Performance Management
	E019: Achieve a compliance level of at least 35% with the requirements of the Universal Standards for Environmental Performance Management in the first year, then at least 60% after 5 years (Baseline = 35%)	EI19: Score obtained in the SPI5 assessment on Dimension 7 (or on the Focus Green tool)	Environmental Performance Management Assessment

See Appendix D. Environmental indicator tracking table template for a more comprehensive overview of other specific environmental objectives

8. Governance and implementation actors

The main actors involved in implementing environmental policy are:

- The Board of Directors
- The Executive Management
- The Environmental Focal Point
- The Heads of Branches and Service Points
- Operational Staff.

The Board of Directors of *[Name of the FSP]* plays a key role in managing environmental performance and associated risks by guiding strategies and making decisions to ensure compliance and integration of environmental principles into the FSP's operations.

The roles of the Board of Directors in this area are as follows:

- Through its Environmental Focal Point, ensures that all procedures, processes, and tools necessary for the implementation of the environmental policy are in place at the Executive Management level.
- Approves the environmental strategy of *[Name of the FSP]*, including objectives and priorities for environmental risk management.
- Ensures that environmental risks are properly identified, assessed, and managed in the FSP's operations, particularly in credit files and internal practices.
- Ensures that all decisions made by the Board of Directors comply with the requirements of the environmental policy.
- Ensures that Executive Management reports and statements systematically mention environmental achievements in accordance with the format of the environmental indicator tracking table developed and adopted by the Board of Directors.
- Ensures that credit file evaluation and selection forms include environmental criteria.
- Encourages awareness-raising and training initiatives for staff and members on environmental issues and best practices.
- Ensures, through its Environmental Focal Point, that the annual activity and budget plan of *[Name of the FSP]* incorporates the environmental action plan in line with the activity forecasts of the environmental policy.
- Ensures compliance with Environmental Standards and relevant national and international regulations, in particular those of CERISE+SPTF and the International Finance Corporation.

The Executive Management of *[Name of the FSP]* is responsible for integrating environmental criteria into the FSP's operations and practices, as well as for managing environmental risks. Its roles in managing environmental performance and associated risks are as follows:

- Ensures that the Environmental Focal Point has the necessary authority and skills to lead the implementation of this environmental policy under its supervision.
- Issues a memo specifying the framework for the Environmental Focal Point's relations with department heads, branches, and service points in the context of implementing this environmental policy.
- Ensures that actions to implement *[Name of the FSP]*'s environmental strategy are included in its annual work plan and budget.
- Integrates environmental criteria into credit file analysis tools and takes their assessment into account when approving credit files.

- Ensures that lending procedures determine the categorization and disbursement of credit files based on environmental risks. Available financial resources must be allocated as a priority to files with low environmental risks before those with higher risks.
- Ensures that the policy is communicated to all staff and that they are aware of their roles and responsibilities in its implementation.
- Updates the environmental risk map annually and takes the necessary mitigation measures.
- Ensures that all *[Name of the FSP]* policies and procedures are reviewed to incorporate the requirements of the environmental policy.
- Periodically produces a report to monitor progress in implementing the environmental strategy.
- With the support of the Environmental Focal Point, produces reports and minutes for the Board of Directors on the implementation of the environmental policy and strategy in accordance with the formats and frequencies adopted by the Board.
- Presents an annual report to the Board of Directors on data and information concerning indicators for monitoring environmental objectives.
- Implements relevant environmental standards and national and international regulations, in particular those of CERISE+SPTF and the International Finance Corporation.
- Integrates environmental concerns into all policies and procedures relating to the operation of *[Name of the FSP]*.
- Ensures that staff and clients are aware of and trained in environmental issues and good environmental practices.

The Environmental Focal Point of *[Name of the FSP]* has various responsibilities for implementing the environmental policy:

- Oversees the implementation of the environmental strategy at all levels of *[Name of the FSP]*.
- Supports and advises the Executive Management in fully assuming its responsibilities in terms of Environmental Performance Management.
- Periodically trains the members of the Board of Directors and staff on the environmental policy of *[Name of the FSP]*. He/she may be assisted by experts in the field.
- Ensures that the strategic plan or business plan of *[Name of the FSP]* incorporates its environmental policy.
- Ensures that the annual budgets of *[Name of the FSP]* incorporate EPM activities.
- Regularly submits proposals to the Executive Management for improving the implementation of the environmental strategy.
- Guide the Board of Directors in formulating recommendations and opinions on environmental issues.
- Produce and present periodic reports on the level of achievement of environmental objectives according to the environmental indicators selected.
- Coordinates the execution of GPE-related activities within *[Name of the FSP]*. To this end, an annual work plan is to be submitted to the Executive Board at the beginning of each year.
- Monitors the implementation of recommendations resulting from environmental performance assessments of *[Name of the FSP]* (Focus Green environmental audit,

Green Index 3.0, ISO 14001, etc.) and reports periodically to the Executive Management.

- Liaises with internal or third-party parties likely to be involved in an environmental performance assessment of *[Name of the FSP]*.
- Ensures that the performance objectives set for staff incorporate the environmental objectives of *[Name of the FSP]* and the selected indicators.
- Monitors the relevance, quality, and adequacy of the data generated by the MIS on the selected indicators.
- Conducts at least one self-assessment per year using the Focus Green tool on SPI Online and produces a report on the implementation of Universal Standards in terms of Environmental Performance Management.

The Heads of Branches and Service Points of *[Name of the FSP]* have various responsibilities for implementing the environmental policy:

- They are responsible for the effective implementation of the environmental policy in their Branches and Service Points.
- Ensure that its provisions are effectively applied by operational staff in all processes and procedures that they are required to implement.
- Report on their environmental achievements according to the frequency and formats defined by Executive Management.

Operational staff (credit officers, support staff) at *[Name of the FSP]* have various responsibilities for implementing the environmental policy:

- Actively participate in any action to implement the environmental policy.
- Raise customer awareness of environmental issues and ways to address risks and integrate them into their activities.
- Assess customers' environmental risks using tools defined in the environmental policy to categorize environmental risks.
- Monitors compliance with environmental standards to identify potential risks related to clients' activities.
- Informs customers about the FSP's policies.
- Participates in environmental training.

9. Operational implementation

A. Training/Awareness

[Name of the FSP] is committed to providing regular training and awareness sessions for its staff, managers, and elected officials, including interactive workshops and educational materials. It is committed to distributing posters and reports to maintain a high level of awareness of environmental issues.

[Name of the FSP] also commits to raising awareness among its customers about the key provisions of the policy. *[Name of the FSP]* commits to using social media, its website, and marketing materials to inform customers and the public about the FSP's commitments and initiatives. It organizes events to engage with local communities and promote best practices.

Examples of training that the FSP could offer include various training modules on good agricultural practices, optimizing energy consumption, for example through internal awareness campaigns to limit the waste of resources (water, energy, paper), responsible waste management through reduction and recycling, the use of eco-friendly materials and suppliers, financial education and climate risk management, or climate change adaptation techniques that help to strengthen community resilience and improve the profitability of financed projects.

Example illustrated in article #3 – ENDA Tamweel's testimonial in Tunisia:

Enda Tamweel is also committed to promoting responsible practices through awareness campaigns. In partnership with the National Agency for Environmental Protection, we organize two half-days of awareness-raising on climate change and eco-citizenship for our staff each year, using simple and accessible language, in order to encourage eco-responsible practices at the individual level (on energy consumption, water, waste, etc.). As part of our Eco-chams loans, we conducted a survey to identify the training and support needs of our agricultural clients. We then trained the first beneficiaries on climate change issues, irrigation methods, composting, water management, and disease treatment. To successfully implement ecological projects, we have seen how important it is to invest in training and awareness-raising for both staff and customers on environmental issues. Above all, it is a question of establishing a corporate culture and instilling a change of mindset in individuals: staff, customers, and partners.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-3>

Example illustrated in article #5 – ESAF's testimony in India:

We also seek to raise awareness and build capacity among our staff to ensure that they have embraced the issue and are able to discuss it with customers. Environmental issues are integrated into our initial staff training and regular refresher courses. To instill this environmentally conscious mindset, we have also developed a Green Protocol, which provides employees with guidelines on how they can reduce their ecological footprint at headquarters and in branches. We have appointed and trained Green Champions in each department and branch. These Champions are responsible for promoting and reporting on environmental practices within their team. Each year, every branch is assessed by our internal auditors on its environmental performance. Based on our green audit criteria, each branch receives a score. And every year, on World Environmental Day, we award Gold, Silver, and Bronze Green Awards to the best-performing branches!

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-5>

Example illustrated in article #2 – testimony from UBTEC in Burkina Faso:

Beyond financial services, it is essential to offer non financial services. In general, people adopt harmful practices because they lack information. All that is needed to bring about change is to raise awareness and build capacity.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-2>

B. Categorization and management of environmental risks

Environmental risks include temporary or permanent changes to the atmosphere, marine environment, or land caused by human activity that can have significant reversible or irreversible effects. The scale and severity of risks vary depending on the type of sector, the

scale of activity, the type of practices, and the location. *[Name of the FSP]* identifies its environmental risks using a matrix designed for this purpose (environmental risk matrix), which enables it to refine its environmental risk management strategy.

When analyzing credit applications above a threshold set by senior management, loan officers are required to identify the environmental risks associated with the activities or projects of members and customers. This enables *[Name of the FSP]* to control the environmental risks associated with its activities, improve its environmental performance, and contribute positively to environmental preservation and the resilience of its clients. This assessment includes risks related to impacts on pollution, degradation of natural resources, and vulnerability to climate change.

[Name of the FSP] assesses and categorizes its own environmental risks as follows: (i) by examining the environmental risks faced by the FSP itself and its branches, and categorizing these risks; (ii) implementing appropriate and effective measures to limit its vulnerability to environmental risks and avoid or, failing that, minimize and mitigate or even offset any negative environmental impact of its internal activities; (iii) identifying opportunities for additional environmental benefits, including seeking potential specialized partners to ensure the successful implementation of new appropriate and effective measures.

At the client portfolio level, and more specifically in the lending process, the categorization and management of environmental risks consists of: (i) reviewing the environmental risks faced by clients and categorizing those risks; (ii) excluding certain financing or helping clients develop appropriate and effective measures to limit their vulnerability to environmental risks and avoid or, failing that, minimize and mitigate or even offset any negative environmental impact; (iii) helping to identify opportunities for additional environmental benefits; and (iv) monitoring the compliance of financed projects with environmental commitments.

See Appendix B. Environmental Risk Assessment and Management Model

Example illustrated in Article #2 – testimony from UBTEC, Burkina Faso:

UBTEC is primarily involved in agricultural finance. Initially, we financed farmers regardless of their agricultural practices. However, over time, we noticed that certain practices led to risks in terms of soil degradation, water pollution, and vulnerability to droughts, floods, or bush fires. These risks weakened the beneficiaries and ultimately impacted our portfolio. In April 2016, following heavy rains, flooding engulfed our beneficiaries' vegetable fields in northern Burkina Faso, resulting in huge production losses. As a result, UBTEC's Portfolio at Risk rose from 7% to 12%! As our portfolio consists largely of agricultural loans, we decided that we needed to put mechanisms in place to help minimize such environmental risks. Our philosophy is to "develop without damaging." The challenge for UBTEC is therefore to develop the growing of crop and contribute to water and land management without negatively impacting the environmental. We therefore conducted a second study to identify the main environmental risks facing our clients and the best practices that could be used to reduce these risks. We had these practices validated by professionals (producers, agronomists, foresters, livestock engineers). We identified the expertise and equipment required to implement these practices. And for each one, we assessed the necessary investments and expected gains, in other words, the short-term return on investment.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-2>

C. Green product development

In addition to internal and customer training and awareness-raising to promote adaptation to environmental risks, *[Name of the FSP]* offers dedicated services and products such as green finance products and insurance in collaboration with specialized partners. *[Name of the FSP]* is committed to developing a range of financial services to enable its customers to access green technology and improve their adaptation and resilience to the consequences of climate change.

Example illustrated in article #1 – the testimony of Assilassimé Solidarité, in Togo:

On the energy front, Assilassimé Togo is developing the Miwoé credit facility, which finances access to healthier, more sustainable, and more environmentally friendly energy solutions, such as solar kits, improved stoves, and gas kits. During group meetings, we raise awareness among our beneficiaries about the issue of energy poverty: we explain the risks associated with the use of fossil fuels and the possible alternatives. And to offer high-quality solutions, we work in partnership with Mivo Energie, a social enterprise specializing in the distribution of energy solutions in Togo.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-1>

Example illustrated in article #3 – the testimony of ENDA Tamweel, in Tunisia:

Enda Tunisia has developed a line of "Eco-loans" to promote the development of waste collection and recycling activities. These preferential-rate eco-loans enable waste collectors, recyclers, and waste collection centers to purchase light transport equipment or meet their cash flow needs.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-3>

Example illustrated in article #6 – MiCrédito's testimonial in Nicaragua:

MiCrédito launched a Product Redesign Competition called the "GreenFinTech Challenge - Developing a High-Impact Financial Future." The aim of this competition was to invite its partners to review its financial products and propose improvements by integrating a sustainability component that meets the identified needs of its customers in a scalable and profitable manner, adopting a triple impact approach (social, financial, environmental).

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-6>

D. Search for technical partners

[Name of the FSP] is committed to working in partnership with other players in the financial sector, green technology providers, NGOs, government FSPs, and international organizations to promote environmentally friendly financial and non-financial services.

[Name of the FSP] will rely on strategic technical partnerships to strengthen its environmental capabilities and those of its clients.

[Detail the type of strategic partnerships you wish to establish over the next five years (collaboration with local businesses, development agencies, regulators, public funds, etc.) and/or specify the projects already identified with key partners for implementation. These collaborations will promote sustainable practices and support innovative local initiatives for Environmental protection.]

Example illustrated in article #1 – the testimony of Assilassimé Solidarité, in Togo:

To address environmental issues, it is essential to be able to develop skills. This means both learning and training internally, but also, and above all, knowing how to forge partnerships with key players, whether they are specialists in energy, agroecology, or waste management. What is interesting is that all these experiences have enabled Assilassimé to expand its network of technical partners. It was because we were thinking about these environmental issues that we approached new specialist partners, such as the CADETE center, which specializes in agroecology. These initiatives have also enabled us to strengthen our collaboration with state bodies, such as the Technical Institute for Agricultural Research and the Institute for Technical Support and Advice. We were also able to count on the support of our usual financial partners. It is thanks to such multi-stakeholder collaborations that we can tackle certain key issues and propose appropriate solutions.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-1>

Example illustrated in article #4 – the testimony of CRECER DFIs, in Bolivia:

Little by little, Crecer has established various partnerships. On the paper recycling front, we have collaborated with the Hormigón Armado Foundation, an association that prints the newspaper of the shoe shiners of the city of La Paz (shoe shiners are often children and young people in vulnerable situations who also sell these newspapers to earn a living). We have managed to give them more than a ton of paper to recycle. CRECER DFIs has also signed an agreement to deliver plastic caps to the Association of Volunteers Against Childhood Cancer (AVCCI). As part of a campaign called "Little caps for a happy child," the association has an agreement with EMPACAR S.A., which buys the collected caps at a preferential price. The profits then go directly to AVCCI.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-4>

Example illustrated in article #6 – the testimony of MiCrédito, in Nicaragua:

Seeking partnerships to achieve environmental goals has been essential to MiCrédito's success. We have formed alliances with key players in the areas of drinking water, sanitation, and clean energy. These agreements enable us to train our employees, provide technical assistance to our clients, and create communication campaigns to promote the importance of our financial products. Similarly, thanks to our partnership with HEDERA, we have been able to accurately identify areas of action that have an impact on our clients.

<https://en.spi-online.org/news/view/environmental-performance-management-in-practice-6>

E. Mobilization of financial resources

The implementation of the environmental policy for the next five years, along with all procedures and other institutional documents that will align with it, is essential to affirming [Name of the FSP]'s environmental commitments.

- Internal mobilization strategy:

A portion of the equity capital generated from profits is allocated annually, by decision of the Board of Directors, to the implementation of the environmental strategy.

To implement this policy, *[Name of the FSP]* allocates *[10%]* of its annual budget to environmental initiatives. This allocation covers the costs of staff training, green product development, infrastructure improvements, and environmental reporting.

- External mobilization strategy:

[Name of the FSP] also actively seeks and mobilizes financial resources for the implementation of annual action plans. This search for resources may consist of increasing the commitments of current partners or seeking new partners and mobilizing additional financial resources from appropriate national, regional, and international organizations to support the implementation of its policy through the development of projects and terms of reference for the implementation of activities resulting from the environmental policy implementation action plan for funding requests.

[Name of the FSP] is active in providing information on national and international projects and programs that can contribute to the implementation of its environmental policy.

The coordination of all its actions to seek partners and resources is ensured by the Executive Management, supported by the Environmental Focal Point, under the supervision of the Board of Directors.

The mobilization of financial resources remains an important component of this policy, as it influences the success of its implementation, execution, and impact.

10. Monitoring and evaluation of the implementation of the environmental policy

A monitoring and evaluation mechanism is in place to measure the effectiveness of the policy and identify areas for improvement. The main monitoring actions include:

Environmental indicator monitoring table

The Executive Management develops an environmental indicator monitoring table. It is based on specific environmental performance objectives (Point 7). It is used to monitor the implementation of the environmental policy in order to identify challenges, discuss areas for adaptation, track the progress of interventions, and monitor the execution of strategic activities over the five-year period of the environmental policy. The format of the table is subject to approval by the Board of Directors.

See Appendix D. Environmental indicator monitoring table template.

The Environmental Focal Point monitors the implementation of the environmental policy at all levels of *[Name of the FSP]*. To this end, he or she periodically collects data from department heads, service points, and staff in order to complete the environmental indicator monitoring table.

See Appendix C. Environmental policy implementation plan template.

The Environmental Focal Point also monitors the implementation of environmental projects developed by clients to address previously identified environmental risks.

See Appendix E. Template for monitoring clients' environmental action plans.

Other monitoring and evaluation actions:

[Name of the FSP] conducts an assessment of its Environmental Performance Management every two years to measure the level of compliance of its practices with national and international environmental standards, using the SPI5 (or Focus Green) tool from Cerise+SPTF. Based on the results of this assessment, *[Name of the FSP]* will adapt its environmental policy with the aim of defining core values, monitoring the implementation of the plan, and evaluating the overall impact at the end. These assessments will identify strengths, areas for improvement, and factors contributing to the success or failure of the environmental policy's implementation. The various results of these assessments will be used to define *[Name of the FSP]*'s next strategic priorities in environmental matters.

[Name of the FSP] is committed to providing its stakeholders and the public with the information necessary to prepare an environmental report, which will be produced regularly and consolidated for monitoring at least once a year, in order to:

- Assess progress in implementing this Policy;
- Highlight good environmental practices within the FSP and share experiences.

The Executive Management, through the Environmental Focal Point, will analyze and produce specific reports for the Board of Directors and Partners based on the commitments made to them and to the public.

11. Updates and revisions

This policy will be revised every two years or as needed, based on regulatory changes, international best practices, and feedback from stakeholders.

12. Conclusion

This dynamic and evolving environmental policy represents a formal commitment by *[Name of the FSP]* to the development of a more sustainable inclusive finance sector.

The implementation of this environmental strategy within *[Name of the FSP]* represents both a challenge and an opportunity. To this end, it is important that the activities contained in the operational plan are budgeted for each year.

The integration of environmental risks into strategic analysis will enable a better understanding of the issues affecting communities and ecosystems, and the definition of appropriate responses. By adopting rigorous monitoring of environmental risks, the FSP will not only strengthen its resilience, but also its ability to provide responsible financial and non-financial services that promote inclusive and sustainable growth.

13. Act of adoption and entry into force

This policy was adopted by the Board of Directors (BoD) during its meeting held on *[day/month/year]*.

Chair of the BoD

Secretary General of the BoD

And

Enforced by memorandum No. [] dated *[day/month/year]*

The General Management

14. Appendices and related standard documents

Appendix A: Environmental exclusion list template

This appendix provides a template for an environmental exclusion list that combines a general framework with an example tailored to Financial Service Providers, in order to clearly specify the activities that the FSP will not finance. It aims to reduce environmental risks while taking into account the realities of the FSP's clients, and applies directly to the FSP's credit policy.

Appendix B: Environmental risk assessment and management template

This appendix provides an operational model for assessing and managing environmental risks: it structures the identification of risks (institutional and customer-related), their classification according to their level of risk and decision-making (impact × management level), and then guides the follow-up actions to be taken (awareness-raising/training or action plan with mitigation measures and monitoring).

Appendix C: Environmental policy implementation plan template

This appendix provides a model implementation plan for translating the environmental policy into a monitoring table (specific objectives, target, activities, budget, responsibilities, and timetable) with examples of pre-filled objectives. This tool helps FSPs prioritize, budget, and manage their commitments in a measurable way by establishing a clear planning–execution–monitoring cycle.

Appendix D: Template for an environmental indicator tracking table

This appendix provides a template for an environmental indicator tracking table that links each objective to a specific indicator, measurement frequency, previous and current results, variation in results, target value, sources of information, and the person responsible—in order to provide clear and comparable monitoring over time. This tool helps the FSP standardize communication (reporting), facilitate decision-making, and equip teams to monitor results.

Appendix E: Template for tracking customers' environmental action plans

This appendix provides a template for tracking clients' environmental action plans, in the form of a ready-to-use table where each action is coded, described, dated, and rated in terms of expected value and actual value, with fields for justifying discrepancies and recommendations. This sheet enables the FSP to operationalize its environmental policy in the field, standardize monitoring by credit teams, and document progress/compliance with clients.