

Environmental and Social Management (ESM) Procedure

[ANONYMIZED]

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Abbreviations

BoD	Board of Directors
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
EIA	Environmental Impact Analysis/Assessment
ESMS	Environmental and Social Management System
ESMP	Environmental and Social Management Plan
IFC	International Finance Corporation
LO	Loan officer
MD	Managing Director
MSME	Micro Small and Medium Enterprises
xEPA	[Country] Environmental Protection Agency
RAP	Resettlement Action Plan

Definitions

Environment is the natural environment: air, earth, water, climate, flora and fauna, on the integrity of intercommunication and cultural heritage as a part of environment created by man;

Environmental pollution is direct or indirect introduction of polluting matters or energy into the environment, caused either by human activities or natural processes, which have adverse effects on the quality of environment and human health;

Environmental degradation process of violence of environmental quality caused by natural activities and human or consequence on non undertake measures for moving of guilty degradation of quality or environmental damage of natural values or values created with activities;

E&S Risk is a potential of a certain activity, directly or indirectly, that shall cause damage/pollution for the environment, human health and material goods;

ESMS The objective of the ESMS is to effectively appraise and manage the E&S risks and opportunities associated with the lending activities. A typical ESMS consists of an E&S Policy, E&S risk management procedures, E&S tools and institutional capacity (human, technical and financial resources). Also ESMS is a system that provides systematic steps and operational tools for managing the E&S performance of the MIF;

[Loan Software] is the internal software of [FSP];

E&S Policy is a policy, describing the company's commitment to conducting its business in an environmentally and socially responsible manner;

E&S Procedures are the step-by-step activities which when properly followed ensure compliance of the company's operations with it E&S policy;

E&S Risk Categorization ensures that the extent of the E&S risk assessment of a client is commensurate with the nature of risk, categorization is a useful step in the procedure where based on the business activity of the client, the level of E&S risk the client could pose is determined. This also enables [FSP] to determine the extent of the E&S risk assessment. The categorization levels are High, Medium, and Low risk;

Exclusion List defines the type of project that [FSP] does not finance. These types of projects range from economic reasons to health and cultural concerns. Therefore, as part of its procedures, [FSP] is required to verify that the activity of a client is not part of the Exclusion List;

Environmental authorization is official written legal document issued by Ministry, allowing the holder thereof to develop the activity or execution of the project only once, in accordance with the described conditions specified therein.

Environmental permit is written document issued by Ministry based on this law, requested with the purpose of getting work permit. Environmental permit is issued by the municipalities (local level) based on Law on Environmental Impact Assessment;

Environmental Consent is a written document issued by the [Ministry of Environment].

Pollution shall mean discharge of matters in solid, liquid and gas state, including vibration, radiation, warming, lighting, noise or other forms of energy in environment having potential

meaning for damaging of human health, living organisms, ecosystems or even environment in general;

Natural resources shall mean all natural components used by humans for economical aims. Natural resources might be un-renewable (mineral substances) and renewable (biological goods, water, renewable soil);

1. Introduction

1.1 Background and Rationale

Potential environmental or social adverse impacts are characteristic of every financial transaction, as business activities have inherent potential to cause damage to the environment (i.e. air, water, land, flora, and fauna) or to people (i.e. employees, customers, neighbors, the community). For some business activities this inherent potential can be quite low (e.g. many service businesses), while for others it can be quite high (e.g. some production activities). The effective management of E&S risks enhances [FSP]'s internal risk management process, the quality of its loan portfolio and its image with external stakeholders.

It is important that [FSP]'s clients responsibly manage the E&S risks associated with their business activities, to avoid incurring unexpected financial (fines, etc.), legal (liability for property damages or personal injury), and/or market (reputation, loss of market share) liabilities.

In the same way, [FSP] needs to manage its exposure to environmentally or socially irresponsible clients, to avoid, incurring unexpected financial (e.g., loan default, decrease in value of assets held for collateral), legal (liability for clean-up of collateral assets taken as a result of a loan default) and/or market liabilities (reputational damage, loss of market share).

[FSP] is aware of the increasing expectation of financial institutions to not only create long-term economic value but also environmental and social value for a wide range of stakeholders, including customers, regulators, shareholders, investors, employees, civil society, etc.. Developing an Environmental and Social Risk Management System is crucial firstly, to demonstrate that [FSP] has a deliberate intention to commit to E&S goals and secondly, to meet investors requirements and expectations.

1.2 ESMS

An Environmental and Social Management System is a set of policies, procedures, tools and internal capacity to identify and manage a financial institution's exposure to the environmental and social risks. It is targeted to effectively appraise and manage the E&S derived risks within the context of [FSP]'s existing credit risk appraisal process and associated documentation.

The Environmental and Social Management System states [FSP]'s commitment to environmental and social management and explains its procedures for identifying, assessing and managing environmental and social risk of its financial transactions. Its final objective is to promote the establishment of a healthy environment for the current population of [Country] as well as its future generations by gradually enhancing the environmental standards and by promoting economic development and social welfare through the provision of loans.

[FSP]'s ESMS consists of:

- Environmental and Social Policy, describing the commitment to conducting its business in an environmentally and socially responsible manner
- E&S Risk Management Procedures, which when followed ensure compliance of the operations with its Environmental and Social Policy
- E&S Risk Management Tools which enable non-technical staff to more easily and effectively implement the key aspects of the Procedures
- Institutional Capacity, human, technical, and financial resources required to effectively implement the E&S Policy and Procedures and monitor and report on its E&S Performance to management and stakeholders.

1.3 Purpose

The purpose of this document is to describe [FSP]'s ESM Procedures and its employees' roles and responsibilities. The documents also provides guidance on how to screen transactions, categorize transactions based on their environmental and social risk, conduct environmental and social due diligence and monitor the client's/investee's environmental and social performance.

The purpose of the ESM procedures is to ensure that [FSP]'s financing activities are executed with appropriate consideration for environmental, social, health, safety and labor aspects. This includes commitment to the following:

1.4 Legal Basis

The ESM Procedure has taken into account:

- [Law on Environmental Protection]
- [Labor Law]
- [Law on Safety and Health at Work]
- [Other relevant laws and regulations]

2. ESM Procedures

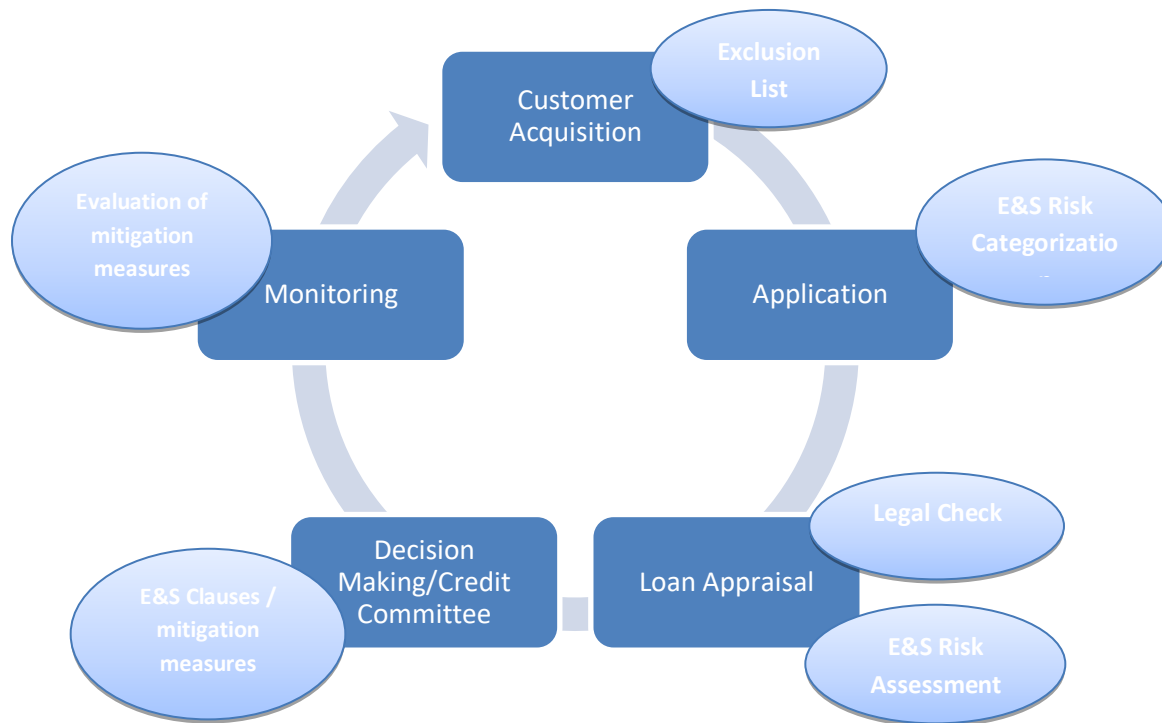
The ESM Procedures provides a set of guidelines, activities and tools for assessing, evaluating, mitigating and monitoring potential environmental and social risks, related to activities financed by [FSP]. These procedures provide a series of defined steps to be followed in a definite order for the application of [FSP]'s ESM Policy and identify the relevant functions and individuals involved in implementing and governing the policy. Procedures serves as the backbone of the ESMS and are critical to its implementation.

Through these procedures [FSP] is able to identify E&S risks of its clients' projects and improve their abilities to comply with [FSP]'s standards for promoting sustainable business.

The ESM Procedures determines the operational implementation of the ESMS, with a focus on the process of E&S Risk Assessment of the clients and the responsibilities within [FSP]. The process encompasses the following steps:

- screening of the business activities against [FSP] exclusion list;
- risk categorization (low, medium and high);
- legal check (it needs to be conducted for clients with an higher exposure and all business activities classified as medium or high risks to ensure client compliance with local legislations).
- E&S Risk assessment

The E&S risk assessment is conducted along the credit cycle as indicated in the graph hereafter.



2.1 Scope

This procedure applies to all loans offered by [FSP] to micro, small and medium enterprises (MSME) as well as for any agricultural activities in rural areas of [Country]. Personal loans (Consumption) are neither subject to E&S Risk categorization nor to the E&S Risk Assessment.

2.2 [FSP]’s Roles and Responsibilities

Effective implementation of [FSP]’s ESM policy and procedures requires a defined structure with clearly outlined roles and responsibilities.

The **primary responsibilities** for applying the EMS procedures lies with all employees of [FSP] who are (responsible of) and involved with assessing, approving and reporting new business loans to which this policy applies.

Thus, key departments in charge of ESM implementation are the Credit Department, The Risk and Internal Control Department and the Legal and Compliance Unit.

The approval of this procedure is done by [FSP] management of [FSP].

The overall responsibility for the ESMS reside within the Legal and Compliance Unit.

Responsibilities of the Legal and Compliance Unite:

- Overseeing the implementation of the S&E objectives of [FSP] and ensure alignment with the broader business strategy;
- Overseeing of the ESMS implementation and proposing update to policies and procedures as needed;
- Monitoring of [FSP]'s portfolio development with respect to E&S risk and suggesting of actions to top management, in case the risk level is getting high;
- Oversee periodic reporting of [FSP]'s E&S performance to external stakeholders
- Determine appropriate course of actions to be taken by [FSP] to reduce its potential exposure in cases of unresolved environmental and social issues or cases of client non-compliance. Where such resolutions require seeking legal counsel the department shall be responsible for overseeing the process.

The E&S Officer of [FSP] who exercises his position in the legal unit and for compliance is appointed for the operational implementation of ESMS by [FSP] with the following main tasks:

- Monitor the implementation of E&S Risk Assessment procedures within [FSP]'s credit process and ensure that environmental and social standards are implemented through the credit process;
- Ensuring compliance with ESM policy and procedures and notifying management in case on non-compliance;
- To review, verify and update any changes that occur in the local Laws and Regulations and international standards, and at the same time inform the relevant staff about these changes;
- Supporting loan officer with the E&S assessment process if necessary and train field staff on ESM issues;
- Compiling external reporting to investors and internal reporting to executive management regarding environmental and social issues
- Assess (at least on an annual basis) the E&S Risk of [FSP]'s portfolio and compare the estimated risks with the risk criteria established by the organization.
- Include E&S risk in the Risk Management Report to different stakeholders;
- Monitoring and reviewing of ESM procedures to ensure effective appropriate measures are in place;
- The E&S officer is also responsible is to include continuous improvement of E&S Risk assessment procedure

Responsibilities of Credit Department with regard to E&S issues include but not limited to:

- Manage clients portfolio and supports activities related to lending in all branches;
- Monitoring of [FSP]' portfolio development with respect to E&S risk and report any issues to Legal and Compliance Unit
- Ensuring the proper and uniform implementation of the E&S risk assessment procedures by the responsible staff;
- Ensure the implementation of the lending procedures (including E&S issues) by staff;
- Identifying E&S Risk Management training needs for staff (loan officers in particular);
- Manages the daily work operations of staff in the department of credit including the staff from all branches of [FSP];
- E&S Portfolio management is done in coordination with Risk and Internal Control department and/or Legal and Compliance Unit.

The **Loan Officers** are key for ESMS implementation. They are responsible to conduct the screening against the exclusion list and the E&S Risk Assessment as part of the credit risk assessment of the client. **Supervisors and branch manager** shall review the assessment and ensure its quality.

The Credit Committee at any level of [FSP] must take in consideration the environmental and social issues in accordance with these procedures for the final decision about the client application.

Notice of Accidents: in case of client incident/accident, the Branch manager within 3 days, after becoming aware of the occurrence of incident/accident should inform the Legal and Compliance Unit. The reporting should meet at least the basic criteria by specifying in each case the nature of the accident, its circumstance and the impact arising or likely to arise as consequence of the accident. Thereafter, the Legal and Compliance Unit will decide regarding the measures to be taken, to address the issue and mitigate the risk of similar events to occur in the future. Legal and compliance unite shall inform relevant parties concerning actions that should be taken or have been taken.

Responsibilities of Risk and Internal Control Department with respect to E&S issues, include but are not limited to:

- Risk assessment which includes comparing the estimated risks with risk criteria established by the organization;
- Participates in loan committees, as a member with the right to approve loans exceeding the permitted limit per branch and the right of veto. Suggest measure in case E&S risk is higher than established thresholds.
- Assess (at least on an annual basis) the E&S Risk of [FSP]'s portfolio and compare the estimated risks with the risk criteria established by the organization.
- Include E&S risk in the Risk Management Report to different stakeholders;

3. Implementation of ESM Procedures

3.1 Screening against the Exclusion List

All credit applications will be screened against [FSP]’s **Exclusion List**. The Exclusion List is used at the initial stage of evaluating a potential financial transaction, to determine if the business of the potential client is eligible for financing. During the credit application process, the loan officers assess whether the potential client’s business falls under any of the “excluded” categories, which are activities detrimental to the environment and/or harmful or dangerous to people or communities. The Exclusion List addresses environmental, social, health and safety issues and is provided in Annex A.

In case the clients does fall under one of the excluded categories, the LO declines the financing and inform the client and the credit department in line with the standard credit procedures.

3.2 Compliance with local Regulations and Laws

All approved loans to MSME must meet the national legal requirements. Therefore all clients must be informed during the application phase, that their activities must comply with the applicable local environmental, health protection, labor, and safety regulations. Upon [FSP] request, the client shall present relevant licenses, certificates permits and later inspection reports (such as ESIA reports if applicable).

The Legal and Compliance Unit will draft and whenever there are changes update a list of sensitive business activities with information about the potential E&S legislations, regulations, permits/licenses/certificates applicable to the mentioned business activities. The loan officers must have access to this document in order to check the necessary documents to be requested from the client to perform the legal check.

It is also worth to notice that some investments require by law an ESIA with approval of xEPA ([Country] Environmental Protection Agency). The list of these activities is provided in annex B. xEPA Certificate has to be presented to [FSP] for the listed activities. Potential clients that fail to provide necessary licenses, permits and/or certificate will be rejected. Exceptions are made in the following cases:

- The client is in process of obtaining the necessary documents;
- The client is supposed to achieve compliance through measures financed by the loan;
- The client is able to achieve compliance before the disbursement or soon after that.

[FSP] includes the following standard clause in the loan contract to state that the client will act in full compliance with applicable national laws and regulations:

“Borrower confirms that the activity of his business is in full compliance with the laws and regulations applicable in [Country], and that the destination of the loan in no way affecting and damaging health, environment (air quality, water, soil, biodiversity) and safety, in order to ensure a healthy environment for present and future generations”.

3.3 E&S Risk Categorization

When the client business is not an excluded activity, the following step is the identification of the appropriate E&S risk category associated with the proposed business activity.

The main purpose of this phase is to identify the scale of E&S risks which will determine further E&S assessments, documentation and mitigation measures. There are three E&S risk categories and all relevant applications shall be categorized according to the followings:

- Low risk¹
- Medium risk²
- High risk³

Each risk category requires a different risk evaluation.

Categorizing clients in one of these categories is based on its primary activity. In case that there are two or more principal activities that could cause a negative impact on the environment and society, the categorization is done in accordance with a higher level of environmental and social risk (Annex C). The list is integrated in [LOAN SOFTWARE], which define the E&S risk category after selecting the sector and sub sector typology.

Each client receiving a business/SME loan is assigned an E&S Risk category.

3.4 E&S Risk Assessment

The E&S Risk assessment is made based on the category of risk. It is performed **for all loans except those falling in the *Low Risk category***.

Loan officers shall assess all projects that **fall under categories High and Medium Risk** against their potential E&S risks, using the E&S Assessment Form (Annex D). No further actions (with respect to E&S issues) are required in case the risk category is Low.

The E&S risk assessment is part of the overall loan analysis and it is integrated in [LOAN SOFTWARE]. The system shows the specific E&S risks to be assessed, after selecting the sector/sub-sector activity of the clients. The shown questions identify the likely E&S risk issues potentially associated with the client's business activity, and allow the LO to appraise the client's capacity to responsibly manage those issues. The appraisal effort should be sufficient that, when summarized by the LO in the E&S Assessment Form (Annex D), it allows the credit authority to make an informed decision regarding the acceptability of the E&S risks associated with the transaction.

The E&S risk appraisal is always based upon a conversation with the client, during the credit appraisal business site visit. In case of High Risk it is also based on the review of a technically qualified third party expert (EIA).

¹ Projects which are not likely to directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts.

² Projects which are likely to have detrimental site-specific environmental and/or social impacts that are more adverse. Likely impacts shall be few in number, site specific, largely reversible and readily minimized by applying appropriate management and mitigation measures.

³ Projects which are likely to induce significant and/or irreversible adverse environmental and/or social impacts, or significantly affect environmental or social components that the country considers sensitive.

3.5 E&S Decision Making

Following the E&S due diligence (visit to clients), [FSP] shall take a decision on the approval or rejection of the client. If the LO gets sufficient information about E&S risks and assess an honest commitment from the client to responsibly address E&S issues identified, financing will be considered.

In case a new client applies for loan and during the analytical phase is found out that his business activities do not comply with environmental and social requirements, [FSP] may chose not proceed further with the client's application or to ask the client to put in place mitigation measures and to comply with required standards within a given period of time.

If the customer constantly and consciously ignores environmental issues, then the LO reports the case to the credit committee and senior management for them to take a decision.

In case the E&S issues and risks are severe, the loan officer should discuss with his/her superiors/during credit committee to reject the loan application. The credit committee shall ensure that the E&S performance of each business client has been reviewed and documented.

Based on the risk evaluation, the **Credit Committee** should indicate whether further action is required to manage the environmental risks of the client. The Credit Committee may require additional assessment for the clients, whose activities is at high risk category.

3.6 E&S Monitoring

Monitoring E&S risks status over the life of the is a crucial activity to ensure that [FSP] and its customers remain compliant with the E&S requirements and that no E&S additional risks have been emerged after loan disbursement.

The monitoring for environmental and social issues will be part of the regular [FSP] loan monitoring and it is integrated into the standard **Monitoring Form** (Annex E) The frequency for monitoring clients is stated in credit procedure. However, for purpose of E&S monitoring issues, the frequency of monitoring depends on the nature, scale and complexity of the client's business risk, profile client's activity, client products, and the degree of risk associated with each area of customer operations:

- For high-risk transactions and/or loans bigger than € 10.000, the first monitoring visit is made in the first month before the first instalment payment and the followings are conducted every 6 months.
- For loans smaller than 10.000 Euro, the monitoring visit is conducted once a year, starting one year after the disbursement date. Additional visits will be made in case there is suspicious of relevant E&S issues.

During the monitoring visits, the LO (accompanied by the E&S officer, in case of need) shall use the E&S Monitoring Form to assess any possible evolution in the E&S risk, the compliance with the possible E&S clauses stipulated in the legal agreement and implementation of the agreed mitigation measures (if any). When mitigation measures have been imposed to the client during loan disbursement or during a previous monitoring visit, [FSP] shall monitor the client's implementation of the recommended activities until the project closure.

The monitoring visits shall identify any necessary corrective and preventive actions for the projects. [FSP] may use spot inspections and audits to verify client compliance and progress

towards desired outcomes. Further possible monitoring actions could include asking client to provide copies of the inspection reports by regulatory authorities (if applicable).

In the case of non-compliance by the client, this may be considered as a breach of contract leading to a loan default. In such cases, [FSP] shall work with the customer to resolve non-compliance issues through designing corrective actions and indicating a clear timeline.

The outcome of this process must be documented in the client file and be communicated to the credit department/Credit Committee and in case of non-compliance to the Legal and Compliance Unit and in turn, to the Risk Unit (see reporting section).

3.7 E&S Reporting

[FSP] is committed to report based on lenders requests on an annual basis.

[FSP] will also prepare reports on its environmental and social performance to be provided and to be used for internal decision taking (to senior management and risk manager) on a quarterly bases and for other interested external investors and shareholders (including the BoD). E&S reports are prepared by the legal and compliance unit.

3.8 Training

[FSP] provides training to all staff, who are exposed to social and environmental issues at any stage, in order to ensure that people has adequate capacity for E&S implementation. Training will be provided at least once a year. New staff who are exposed to social and environmental issues at any stage, will have brief training on environmental and social issues. Training of staff shall be documented. Specific training material has been developed to this end.

3.9 Final Provisions

This procedure will be accessible all the time by all employees and notification will be sent for any updates. Also the process of clients complaints, including complaints on E&S issues are regulated according to the instructions given in the procedure for handling customer requests and complaints.

4. Approval and Entering into Force

This Procedure has been approved by the [FSP] Management and will enter into force on the date of approval / signature by the Executive Director.

The document signed by the Executive Director will disseminated to all [FSP] relevant staff.

This document approved by the Executive Director replace all other documents related to ESM Procedure.

This Procedure is in compliance with the [CB] regulations, applicable laws and other [FSP] internal documents

Date of approval_____

Executive Director_____

ANNEX A – EXCLUSION LIST

1. Activities involving harmful or exploitative forms of forced labor⁴ and harmful child labor⁵.
2. Production, trade, storage or transport (or commercial scale usage) of:
 - a. Any product or activity deemed illegal under the host country laws or regulations or international conventions and agreements, and/or subject to international phase-out or bans, such as pharmaceuticals, pesticides/herbicides, chemicals, ozone, PCB's, etc.
 - b. Significant volumes of hazardous chemicals, including gasoline, kerosene, and other petroleum products.
 - c. Hazardous materials such as radioactive materials, unbounded asbestos fibers and products containing PCBs. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where [FSP] considers the radioactive source to be trivial and/or adequately shielded. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
3. Production or trade in:
 - a. Weapons, munitions and military equipment
 - b. Tobacco and hard liquor (All alcoholic beverages except beer, brandy and wine)⁶
4. Gambling, casinos and equivalent enterprises and any business relating to pornography or prostitution.
5. Trade in wildlife or wildlife products regulated under CITES.
6. Cross-border trade in waste and waste products unless compliant to the Basel convention and the underlying regulations.
7. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
8. Significant conversion or degradation of Critical Habitat.
9. Media that produce and disseminate racism and anti-democracy.
10. Important change, damage or destruction of biodiversity and cultural heritage.
11. Relocation of vulnerable peoples from traditional or customary lands (projects involving resettlements).
12. Activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
13. Commercial logging operations for use in primary tropical moist forest.
14. Production or trade in wood or other forestry products other than from sustainably managed forests.
15. Financial institutions, insurance business, speculation in currencies, investments in securities of any kind as refinancing (or otherwise displace) any existing term loan or credit operations to the relevant MSE Borrower.

⁴Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

⁶This does not apply to projects which are not substantially involved with this activity (when it is ancillary to the primary operations)

ANNEX C – E&S SECTOR RISK CATEGORIZATION

ID	Loan Segmentation	Subtype of business/activity	E&S Risk
1	Agriculture	A-Ag. Processing	Medium
2	Agriculture	A-Cereal Crops	Medium
3	Agriculture	A-Vegetable Crops	Medium
4	Agriculture	A-Ag. Mach./Equip Services	Medium
5	Agriculture	A-Fishing and Hunting	Medium
6	Agriculture	A-Marketing/trading of agriculture products	Low
7	Agriculture	A-Other	Medium
8	Animal Husbandry	An-Poultry/Bee	Medium
9	Animal Husbandry	An-Cows (meat)	Medium
10	Animal Husbandry	An-Cows (milk)	Medium
11	Animal Husbandry	An-Goats and other small Livestock	Medium
12	Animal Husbandry	An-Processing of milk products (chees etc.)	Medium
13	Animal Husbandry	Other	Medium
14	Services/Construction	S-High Construction/Commercial	Medium
15	Services/Construction	S-Private housing	Medium
16	Services/Construction	S-Wood working /Carpentry/Painting	Medium
17	Services	S-Education	Low
18	Services	S-Entertainment activities	Low
19	Services	S-Food & Drink	Low
20	Services	S-Health/Beauty	Low
21	Services	S-Mechanic/Car maintainance and Repair	Medium
22	Services	S-Transportation	Medium
23	Services	S-Laundry Services and Dry cleaning	High
24	Services	S-Printing services and film processing facilities and	Medium
25	Services	S-Professional services (advocacy, accounting, etc)	Low
26	Services	S-Other	Low
27	Trade	T-Mark./Str.Vendors	Low
28	Trade	T-Shops (including photocopy shops)	Low
29	Trade	T-Wholesale	Low
30	Trade	T-Trade with vehicles	Low
31	Trade	T-Trade with precious metals	Low
32	Trade	T-Real estate	Low
33	Trade	T-Water and Waste management	Medium
34	Trade	T-Power supply, gas and air conditioning	Medium
35	Trade	T-Raw material extraction	high
36	Trade	T-Other	Low
37	Production/Manufacturing	P-Metal and Motor	Medium
38	Production/Manufacturing	P-Food (Bakery, processing of other food and beverage)	Medium
39	Production/Manufacturing	P-Food (Grain Milling)	Low

40	Production/Manufacturing	P-Wood	Medium
41	Production/Manufacturing	P-Plastic products without chemicals and Paper products, pulp	Medium
42	Production/Manufacturing	P-Textile	Medium
43	Production/Manufacturing	P-Artifacts/Handicrafts (Ceramics, pottery, glazing enamaling) and other miscellaneous manufacturing (jewelery, wood objects, peintings, etc.)	Medium
44	Production/Manufacturing	Leather Products with tanning	High
45	Production/Manufacturing	Brick making, cement and related	Medium
46	Production/Manufacturing	Glass manufacturing /Blowing	Medium
47	Production	P-Other	Medium
48	Consumption	C-Consumer goods	n.a
49	Consumption	C-Education&Health	n.a
50	Consumption	C-Energy efficiency goods	n.a
51	Consumption	C-Other	n.a
52	Renovation	R-Energy Efficiency Solutions (home improvement with energy solution/isolation, etc)	Low
53	Renovation	R-Other home improvement	Medium
54	Renovation	R-Other	Medium

ANNEX D - E&S Risk Assessment Form

Risk Category: Low , Medium , High

See the list “*Categorization of the Activities by the Environmental Risk Level*” in page Annex C.

For personal/consumption loans and low risk loans the remaining section of the checklist does not have to be completed.

The customer has had problems with child labor issues in the past (or present)

Have there been any injuries or fatalities in the past 2 years?

Has there been any environmental incidents and/or fines?

Has the client paid any labor related fines in the past 2 years?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

What are the risks associated with the main activity/other activities of the enterprise (describe below):

Working conditions

(lightening, noise, ventilation, temperature, acceptable salary)

Health and safety

(intoxication, personal injury, fire and explosions, fire extinguishing, emergency exit, machine well-maintained, protective gears, perishable ingredients are kept fresh, quality control of raw material done, valid health certificates)

Use and Storage of Chemicals

(Professional manner: storage locked; chemicals do not leak away; fact sheets available)

Waste disposal

(waste is stored in secured in (closed, no littering, etc.) containments, disposal through appropriate channels (approved disposal companies))

Water pollution

(the activities take place on slopes of a hill or near a water body, liquids discharged to water, waste water is properly managed through sewage system, septic tank or treated)

Air pollution

(Burning waste in open space, production of gas, no use of proper filter, etc.)

Other concerns (deforestation, soil contamination, etc.)

In case some E&S issues are detected, the Loan Officer write here below some mitigation measures suggested to the client:

Name of Loan Officer _____

Name of Supervisor/Manager: _____

Signature of LO _____

Date: _____

Signature of Supervisor/Manager _____