

Universal Standards for Social and Environmental Performance Management

February 2022

Dear Reader,

Thank you so much for being part of the Cerise+SPTF community. We are delighted to share this important resource with you.

The Universal Standards for Social and Environmental Performance Management (“the Universal Standards”) is a comprehensive manual of best practices that cover seven different dimensions of a financial institution’s operations—strategy, governance, client-centric product design, client protection, responsible human resource development, responsible growth and profits, and environmental performance management. Collectively, the Universal Standards help financial service providers put clients and the environment at the center of all strategic and operational decisions, with the result that clients benefit from using financial products and services. Additionally, implementing the Universal Standards strengthens providers’ financial sustainability, because doing good for people and planet is also good for business.

The Universal Standards were developed, tested, refined, and finalized by financial service providers all over the world, so they are highly practical. They do not just describe a vision or set forth high-level principles. Instead, the Universal Standards provide a clear roadmap that financial service providers can follow to achieve their goals. First launched in 2012 and now in their third edition, the Universal Standards have stood the test of time and proven relevant in many different geographic contexts, for many different types of providers.

This is a very rich and detailed resource. You may ask yourself, “Where to begin?” The answer is there is no one right place. Two common choices are to start with relatively simple and inexpensive changes (“quick wins”), or by addressing gaps where you see urgent need for improvement. Or, you may want to begin with an assessment of your current state of practice across all dimensions. In all cases, you will choose where to begin based on your priorities, resources, and current state of practice.

Whether you are interested in one dimension, or a few, or all of them, strengthening social and environmental performance has four basic stages:

The Four Stages of Social and Environmental Performance Management



This is an ongoing process. You will find yourself repeating this journey as your own resources and priorities evolve, as we collectively improve our understanding of best practice, and as the world around us changes.

Please visit our [website](#) for resources that will help you at every stage of your journey.

We love to hear from you, so please do not hesitate to [email us](#) to ask questions or to share your experiences.

Wishing you well,
 Laura and Cecile



Dimension

1

Social Strategy

1A. The provider has a strategy to achieve its social goals.

1B. The provider collects, analyzes, and reports data that are specific to its social goals.



Dimension

2

Committed Leadership

2A. Members of the board of directors hold management accountable for achieving the provider's social goals.

2B. Senior management is responsible for implementing the provider's strategy for achieving its social goals.



Dimension

3

Client-Centered Products and Services

3A. The provider collects and analyzes data to understand clients' needs.

3B. The provider's products, services, and channels benefit clients.



Dimension

4

Client Protection

4A. The provider does not overindebt clients.

4B. The provider gives clients clear and timely information to support client decision making.

4C. The provider enforces fair and respectful treatment of clients.

4D. The provider secures client data and informs clients about their data rights.

4E. The provider receives and resolves client complaints.



Dimension

5 Responsible Human Resource Development

- 5A. The provider creates a safe and equitable work environment.
- 5B. The provider’s Human Resource Development system is designed to attract and maintain a qualified and motivated workforce.
- 5C. The provider’s Human Resource Development system supports its social strategy.



Dimension

6 Responsible Growth and Returns

- 6A. The provider manages growth in a way that promotes its social goals and mitigates risks to clients.
- 6B. The provider sets prices responsibly.
- 6C. The provider uses profits responsibly.



Dimension

7 Environmental Performance Management

- 7A. The provider has an environmental strategy and systems in place to implement it.
- 7B. The provider identifies and manages environmental risks and opportunities.
- 7C. The provider offers financial and non-financial products and services to achieve its environmental goals.





Dimension 1

Social Strategy

- 1A.** The provider has a strategy to achieve its social goals.
- 1B.** The provider collects, analyzes, and reports data that are specific to its social goals.



1A. THE PROVIDER HAS A STRATEGY TO ACHIEVE ITS SOCIAL GOALS.

<i>Essential Practice</i>	<i>Indicators / Details</i>
<p>1.A.1 THE STRATEGY SPECIFIES THE PROVIDER’S TARGET CLIENTS, SOCIAL GOALS, AND HOW THE PROVIDER WILL ACHIEVE THOSE GOALS.</p>	<p>1.A.1.1 The strategy defines the demographic and socioeconomic characteristics of target clients.</p> <p>1.A.1.2 The strategy identifies the benefits that the provider seeks to create for clients, such as:</p> <ul style="list-style-type: none"> - providing access to the previously excluded - reducing vulnerability to shocks - building assets / Investing in economic opportunities - creating jobs <p>1.A.1.3 The strategy describes how the provider’s products and services create positive change for clients.</p> <p>1.A.1.4 The provider defines a “do no harm” strategy that articulates how it will mitigate the social risks connected to the use of its products and services:</p> <ul style="list-style-type: none"> 1.A.1.4.1 Negative effects on clients and their households 1.A.1.4.2 Human rights violations 1.A.1.4.3 Corruption and bribery

<i>Essential Practice</i>	<i>Indicators / Details</i>
<p>1.A.2 THE STRATEGY DEFINES INDICATORS AND TARGETS TO MEASURE THE PROVIDER’S PROGRESS TOWARD SOCIAL GOALS.</p>	<p>1.A.2.1 The provider has at least one measurable indicator for each social goal.</p> <p>1.A.2.2 The provider has at least one measurable output and/or outcome target for each social goal.</p>



1B. THE PROVIDER COLLECTS, ANALYZES, AND REPORTS DATA THAT ARE SPECIFIC TO ITS SOCIAL GOALS.

Essential Practice

1.B.1 THE PROVIDER COLLECTS DATA ON OUTCOMES FOR CLIENTS AND THEIR HOUSEHOLDS.

Indicators / Details

1.B.1.1 The provider has protocols for social performance data collection that identify who collects the data, how, and when.

1.B.1.2 The provider ensures the accuracy of the social performance data that it collects.

1.B.1.2.1 Employees in relevant positions receive specific training on social performance data collection and entry.

1.B.1.2.2 The provider validates client data by periodic internal audit or management review, including some field-level checks.

1.B.1.3 The provider collects data on an ongoing basis to measure whether it is achieving its social goals.

1.B.1.3.1 The provider collects quantitative data that measure both positive and negative changes for clients and their households.
Minimum frequency: annually

1.B.1.3.2 The provider collects qualitative data that measures both positive and negative changes for clients and their households.
Minimum frequency: annually

Essential Practice

Indicators / Details

1.B.2 THE PROVIDER ANALYZES OUTCOMES DATA BY CLIENT SEGMENT.

1.B.2.1 The provider stores data on social performance in its management information system (MIS) in a way that allows for combined analysis of a client’s financial and social data.

1.B.2.2 The provider analyzes outcomes for different segments of clients according to their profile and financial behavior. Minimum frequency: annually

- 1.B.2.2.1 By client profile: gender; age; location (urban/rural); poverty/ income level
- 1.B.2.2.2 By financial behavior: types of products or services used; tenure with the provider
- 1.B.2.2.3 Other segments that are relevant to the provider’s social goals (please specify):

Essential Practice

Indicators / Details

1.B.3 THE PROVIDER REPORTS SOCIAL PERFORMANCE DATA INTERNALLY AND EXTERNALLY.

1.B.3.1 The provider conducts a social audit. Minimum frequency: every three years

1.B.3.2 The provider publishes a report that includes social performance data. Minimum frequency: annually

1.B.3.3 The provider discusses social performance results with employees. Minimum frequency: annually



Dimension 2

Committed Leadership

2A. Members of the board of directors hold management accountable for achieving the provider’s social goals.

2B. Senior management is responsible for implementing the provider’s strategy for achieving its social goals.



2A. MEMBERS OF THE BOARD OF DIRECTORS HOLD MANAGEMENT ACCOUNTABLE FOR ACHIEVING THE PROVIDER’S SOCIAL GOALS.

CP

Essential Practice

Indicators / Details

2.A.1 BOARD COMPOSITION REFLECTS THE PROVIDER’S SOCIAL STRATEGY AND SOUND GOVERNANCE PRACTICES.

2.A.1.1 The board has an active social performance management (SPM) committee or equivalent body.

2.A.1.2 At least one board member has direct work experience with the provider’s target clients.

2.A.1.3 At least 20% of board members are women.

2.A.1.4 The board includes members whose nationality/ethnicity is representative of the provider’s target clients.

Essential Practice

Indicators / Details

2.A.2 THE PROVIDER TRAINS BOARD MEMBERS ON THEIR SOCIAL PERFORMANCE MANAGEMENT RESPONSIBILITIES.

2.A.2.1 During new member orientation or subsequent training, the provider trains each board member on the following:

2.A.2.1.1 The provider’s social goals.

2.A.2.1.2 The board’s role in managing the provider’s social performance.

2.A.2.1.3 The Universal Standards for Social and Environmental Performance Management.

2.A.2.2 Each board member signs an agreement that details his/her social performance responsibilities.

2.A.2.3 New board members have direct exposure to clients within the first year of joining the board.

Essential Practice

Indicators / Details

2.A.3 THE BOARD MAKES STRATEGIC DECISIONS BASED ON SOCIAL AND FINANCIAL DATA.

2.A.3.1 The board uses the following data, provided by management, to monitor client protection. Minimum frequency: annually CP

2.A.3.1.1 Analysis of the risk of client over-indebtedness. CP

2.A.3.1.2 Analysis of client dissatisfaction: rates of client dormancy and drop-out, results of exit surveys, and client complaints. CP

2.A.3.1.3 Interest rates and whether they are responsible. CP

2.A.3.1.4 Reports on the provider’s systems for data privacy and security, particularly any failures or breaches. CP

2.A.3.1.5 Reports on any fraud or corruption, including extortion and bribery. CP

2.A.3.2 The board uses the following data, provided by management, to monitor the provider’s social strategy (with the listed minimum frequency):

2.A.3.2.1 Outcomes data. Minimum frequency: annually

2.A.3.2.2 The provider’s most recent social audit. Minimum frequency: every three years

2.A.3.2.3 How profits are allocated, and whether profit allocation is aligned with the provider’s social strategy. Minimum frequency: annually

2.A.3.3 The board uses the following data, provided by management, to monitor decent work conditions for employees (with the listed minimum frequency):

2.A.3.3.1 Employee turnover rate, by gender. Minimum frequency: annually

2.A.3.3.2 Analysis of employee satisfaction surveys. Minimum frequency: every two years

2.A.3.4 The board takes corrective action when it identifies risks to clients, risks to employees, or when the provider is not achieving its social goals. CP

Essential Practice
2.A.4 BOARD OVERSIGHT OF SENIOR MANAGEMENT IS ALIGNED WITH THE PROVIDER'S SOCIAL GOALS.
Indicators / Details

2.A.4.1 The board includes social targets in the CEO/Managing Director's performance evaluation.

2.A.4.2 The board formally assesses the CEO/Managing Director on achievement of social performance targets. Minimum frequency: annually

2.A.4.3 The Board oversees executive compensation.

2.A.4.3.1 If executive compensation is in part incentive-based, executives are incentivized on both social and financial performance criteria.

2.A.4.3.2 The board calculates the difference between the average annual compensation of executives and field employees and is able to justify any ratio higher than 25:1. Minimum frequency: annually

2.A.4.3.3 The board reviews the compensation of the CEO/Managing Director and senior executives to ensure that compensation is comparable to providers with similar social commitment. Minimum frequency: annually

Essential Practice
2.A.5 THE BOARD IS RESPONSIBLE FOR PRESERVING THE PROVIDER'S SOCIAL GOALS DURING TIMES OF CRISIS OR INSTITUTIONAL CHANGE.
Indicators / Details

2.A.5.1 During times of crisis, the board monitors how clients and employees are affected and takes action to protect and support them.

2.A.5.2 During periods of institutional change, the board uses client data to check whether strategic decisions are consistent with the provider's social goals and target clients.



2B. SENIOR MANAGEMENT IS RESPONSIBLE FOR IMPLEMENTING THE PROVIDER’S STRATEGY FOR ACHIEVING ITS SOCIAL GOALS.

CP

Essential Practice

2.B.1 THE PROVIDER INCLUDES SOCIAL GOALS IN ITS OPERATIONAL PLAN AND THE CEO/MANAGING DIRECTOR HOLDS SENIOR MANAGERS ACCOUNTABLE FOR ACHIEVING SOCIAL TARGETS.

Indicators / Details

2.B.1.1 The provider includes its social goals and targets in the business plan or operational plan.

2.B.1.2 The CEO/Managing Director formally assesses senior managers on their achievement of social performance targets. Minimum frequency: annually

Essential Practice

Indicators / Details

2.B.2 MANAGEMENT MAKES STRATEGIC AND OPERATIONAL DECISIONS BASED ON SOCIAL AND FINANCIAL DATA.

- CP 2.B.2.1 Senior management analyzes the following data and assesses risks. Minimum frequency: annually CP

 - 2.B.2.1.1 Analysis of client protection risks (over-indebtedness, unfair treatment, lack of transparency, privacy of client data, complaints, fraud, corruption and bribery) CP
 - 2.B.2.1.2 Analysis of outcomes for clients and their households
 - 2.B.2.1.3 Analysis of decent work conditions (health and safety, compensation and benefits, working conditions)

- 2.B.2.2 Internal audit and/or risk management integrates the following criteria into regular monitoring activities: CP

 - 2.B.2.2.1 Client repayment capacity, loan approval analysis, prevention of aggressive sales CP
 - 2.B.2.2.2 Transparency to clients CP
 - 2.B.2.2.3 Compliance with code of conduct; prevention of fraud and corruption CP
 - 2.B.2.2.4 Collateral seizing and appropriate debt collection practices CP
 - 2.B.2.2.5 Client data misuse and fraud CP
 - 2.B.2.2.6 Complaints handling, including review of a sample of cases CP

- 2.B.2.3 Management takes corrective action when it identifies risks to clients, risks to employees, or when the provider is not achieving its social goals CP



Dimension 3

Client-Centered Products and Services

3A. The provider collects and analyzes data to understand clients' needs.

3B. The provider's products, services, and channels benefit clients.



STANDARD

3A. THE PROVIDER COLLECTS AND ANALYZES DATA TO UNDERSTAND CLIENTS' NEEDS.

Essential Practice

3A1. THE PROVIDER CONDUCTS MARKET RESEARCH AND PILOT TESTING.

Indicators / Details

3.A.11 Before introducing new products, services, or delivery channels, the provider conducts market research that includes gathering the following data about its target clients:

3.A.11.1 Analysis of market share, market saturation, and potential market

3.A.11.2 Client profile data, including gender, age, location (urban/rural), and poverty/income level

3.A.11.3 Data on clients' needs, goals, and any obstacles to using financial services

3.A.12 The provider conducts pilot tests before introducing a new product or making significant changes to an existing product.

3.A.12.1 The provider pilot tests products among clients with different socioeconomic and demographic characteristics.

3.A.12.2 The provider collects feedback on pilot products from both employees and clients.

Essential Practice

Indicators / Details

3A2. THE PROVIDER USES DATA TO IDENTIFY PATTERNS OF FINANCIAL BEHAVIOR BY CLIENT SEGMENT.

CP

3.A.2.1 The provider analyzes transactional data (PAR, average loan size, loan repayments, savings deposits and withdrawals) by demographic and socioeconomic segments of its clients.

3.A.2.2 The provider analyzes product use (types and frequency) by demographic and socioeconomic segments of its clients.

CP

Essential Practice

Indicators / Details

3A3. THE PROVIDER COLLECTS CLIENT FEEDBACK ON THEIR EXPERIENCES USING THE PROVIDER'S PRODUCTS AND SERVICES.

CP

3.A.3.1 The provider conducts client satisfaction surveys. Minimum frequency: every other year

CP

3.A.3.2 The provider conducts interviews with dormant and/or exiting clients to look for evidence of product design failures.

CP

3.A.3.3 The provider investigates whether stresses at the household level make it more difficult for clients to use its products and services.

 STANDARD

3B. THE PROVIDER’S PRODUCTS, SERVICES, AND CHANNELS BENEFIT CLIENTS.

Essential Practice	Indicators / Details
<p>3B1. THE PROVIDER USES INSIGHTS FROM CLIENT DATA TO DESIGN PRODUCTS, SERVICES, AND DELIVERY CHANNELS.</p>	<p>3.B.1.1 The provider designs new products, services (financial and non-financial), and delivery channels using insights from market and pilot studies, client feedback, and client outcomes data. (CP)</p> <p>3.B.1.2 The provider modifies its existing products and services in response to clients’ needs, feedback, and outcomes. (CP)</p> <p>3.B.1.3 The provider dedicates resources (funds and employee time) for ongoing development and improvement of products, services, and delivery channels.</p>

Essential Practice	Indicators / Details
<p>3B2. THE PROVIDER REMOVES BARRIERS THAT PREVENT ACCESS TO FINANCIAL PRODUCTS AND SERVICES.</p>	<p>3.B.2.1 The provider offers loan sizes and loan terms that are suited to the client’s economic profile, cash flow, and business type.</p> <p>3.B.2.2 The provider offers delivery channels that reduce barriers to access for clients.</p> <p style="padding-left: 40px;">3.B.2.2.1 The provider offers clients multiple delivery channels.</p> <p style="padding-left: 40px;">3.B.2.2.2 The provider uses technologies that are appropriate to the digital literacy of the target clients.</p> <p>3.B.2.3 If the provider offers savings, it sets minimum requirements and withdrawal conditions that are compatible with the cash flows of the target clients.</p>

Essential Practice

Indicators / Details

3B3. THE PROVIDER'S PRODUCTS, SERVICES, AND CHANNELS PROTECT CLIENTS FROM HARM.

- (CP)

3.B.3.1 The provider tailors repayment schedules to the client's cash flows and type of business. (CP)
- (CP)

3.B.3.2 The provider's collateral and guarantor requirements do not create severe hardship for clients. (CP)

 - (CP)

3.B.3.2.1 The provider has a list of assets that cannot be pledged as collateral, which includes items that would create severe hardship or significant loss of income earning ability for the client. (CP)
 - (CP)

3.B.3.2.2 Collateral valuation is based on a verifiable market price/ resale value. The credit committee or second level approval verifies the collateral valuation. (CP)
 - (CP)

3.B.3.2.3 The minimum requirement for the value of collateral does not exceed two times the loan amount, and cash collateral does not exceed 20% of the loan amount. (CP)
 - (CP)

3.B.3.2.4 If the provider collects title documents, it returns them to the client once the loan is repaid. (CP)
- 3.B.3.3 The provider accepts alternative forms of collateral from clients whose gender or age creates barriers to access in the local context.
- (CP)

3.B.3.4 If the provider lends in hard currency, it informs clients of the foreign exchange risk using cost scenarios. The provider can also justify the decision not to lend in local currency. (CP)
- 3.B.3.5 If the client business is related to sectors known to have high social risks, the provider conducts additional due diligence to mitigate risk.

3.B.3.6 If the provider offers voluntary insurance, it assesses the value of insurance products to clients. CP

3.B.3.6.1 The provider analyzes data on product use: product uptake, claims ratio, renewal rate, and coverage ratio. CP

3.B.3.6.2 The provider analyzes data on how it processes claims: claims rejection ratio, average time for claim's resolution, reasons for rejection of claims, reasons for lapses in coverage. CP

3.B.3.6.3 The provider analyzes data on client experience with insurance: demographics of those covered, complaints, client satisfaction. CP

3.B.3.6.4 If the claims ratio for life insurance is below 60%, the provider asks the insurance provider to justify the reason. CP

3.B.3.7 If the provider uses agents, it monitors agent liquidity and whether agents respect client protection practices, and has mechanisms to address problems as needed. CP

3.B.3.8 If the provider uses digital channels, it monitors whether the following problems occur and has mechanisms to address problems as needed: CP

3.B.3.8.1 Transaction errors such as transactions that are not completed or are incorrectly completed; funds transferred to an incorrect account; funds sent to a receiver who was not able to cash out the funds within a certain period of time CP

3.B.3.8.2 System malfunctions such as extended outage, scheduled downtime, or processing delays CP

Essential Practice

Indicators / Details

3B4. THE PROVIDER’S PRODUCTS AND SERVICES HELP CLIENTS REDUCE THEIR VULNERABILITY TO SHOCK AND SMOOTH CONSUMPTION.

3.B.4.1 The provider offers products and services for basic needs, such as housing, energy, and education.

3.B.4.2 The provider offers products and services that help clients maintain stable levels of expenditure despite income fluctuation or emergencies. Select all that apply:

- 3.B.4.2.1 Emergency loans
- 3.B.4.2.2 Savings with an easy withdrawal process
- 3.B.4.2.3 Voluntary insurance
- 3.B.4.2.4 Non-financial services

Essential Practice

Indicators / Details

3B5. THE PROVIDER’S PRODUCTS AND SERVICES HELP CLIENTS ACHIEVE THEIR GOALS.

3.B.5.1 The provider offers training to clients in areas where they have skill gaps that prevent them from achieving their goals.

3.B.5.2 The provider offers products/services that enable clients to invest in economic opportunities such as business loans for start-up, working capital, and investment.

3.B.5.3 The provider offers products/services for major life events such as weddings, maternity care/child birth, housing, higher education, and funerals.



CP Dimension 4

Client Protection

- 4A.** The provider does not overindebt clients.
- 4B.** The provider gives clients clear and timely information to support client decision making.
- 4C.** The provider enforces fair and respectful treatment of clients.
- 4D.** The provider secures client data and informs clients about their data rights.
- 4E.** The provider receives and resolves client complaints.



4A. THE PROVIDER DOES NOT OVERINDEBT CLIENTS.

Essential Practice

4A1. THE PROVIDER MAKES LOAN DECISIONS BASED ON A CLIENT'S REPAYMENT CAPACITY.

Indicators / Details

4.A.1.1 The provider has a policy and documented process for loan approvals.

4.A.1.1.1 The percentage of a borrower's disposable income that can be applied to debt service may not be higher than 70%, including debt from the provider and other lenders.

4.A.1.1.2 Loan approval decisions are made by at least two people, one of whom does not interact directly with the client.

4.A.1.1.3 If a credit bureau exists, the provider reports client data to credit bureaus and uses credit reports in the approval process for loans.

4.A.1.1.4 If the provider offers group loans, either the provider or fellow group members conduct due diligence for each group member.

4.A.1.2 The provider conducts a cash flow analysis to evaluate repayment capacity.

4.A.1.2.1 The provider conducts a cash flow analysis that considers income, expenses and debt service related to business and family, and any other sources of revenue, including informal sources.

4.A.1.2.2 The provider does not use guarantees, guarantor income, collateral, and/or insurance coverage as proxies for repayment capacity or as the main basis for loan approval.

4.A.1.3 The provider’s policy on loan prepayment specifies the conditions under which it is acceptable for clients to pay a loan early in order to take a new loan.

4.A.1.3.1 When the client applies for prepayment to get another loan, the provider specifies a time period and/or percentage of the active loan’s principle that must be repaid before being eligible for a new loan.

4.A.1.3.2 When the client is taking another loan immediately after prepayment, the provider conducts a new cash flow analysis.

4.A.1.4 If the loan approval analysis is done through an algorithm, the provider reviews how well the algorithm functions. Minimum frequency: annually

4.A.1.4.1 The provider reviews the effectiveness of the algorithm for predicting client repayment.

4.A.1.4.2 The provider checks its algorithms for bias against Protected Categories and corrects as needed.

Essential Practice

Indicators / Details

4A2. THE PROVIDER MONITORS THE MARKET AND RESPONDS TO HEIGHTENED OVER-INDEBTEDNESS RISK.

4.A.2.1 Senior management monitors portfolio quality to identify over-indebtedness risk. Minimum frequency: monthly

4.A.2.1.1 The provider analyzes portfolio quality by branch, product, and client segment.

4.A.2.1.2 The provider tracks restructured, rescheduled, or refinanced loans.

4.A.2.2 The provider defines PAR levels that trigger additional internal monitoring and response.

4.A.2.3 If the provider’s total credit risk has averaged more than 10% during any quarter in the past three years, the provider has taken corrective measures.



4B. THE PROVIDER GIVES CLIENTS CLEAR AND TIMELY INFORMATION TO SUPPORT CLIENT DECISION MAKING.

Essential Practice

4B1. THE PROVIDER IS TRANSPARENT ABOUT PRODUCT TERMS, CONDITIONS, AND PRICING.

Indicators / Details

- 4.B.1.1 The provider gives a Key Facts Summary Document to borrowers before they sign a contract. The document contains the following information:
- Total loan amount
 - Pricing, including all fees
 - Total cost of credit: all principal, interest, and fees plus cash collateral
 - Disbursement date and loan term
 - Repayment schedule with principal and interest amounts, number, and due dates of all repayment installments
 - All deductions from principal disbursement (e.g., first installment, commissions, fees, cash collateral, taxes), if applicable
 - How cash collateral / mandatory savings can be used in case of default, if applicable
 - Moratorium interest rates, terms, and conditions, if applicable
- 4.B.1.2 Loan contracts include the following information, as applicable to the product:
- Grace period
 - Mandatory savings / mobile wallet amount
 - Automatic account debiting mechanisms
 - Linked products
 - Member or guarantor obligations
 - Collateral requirements and seizing procedures
 - Consequences of late payment and default
 - Prepayment conditions: whether it is possible and how it affects the cost
 - Whether terms and conditions can change over time and how that would affect clients
- 4.B.1.3 Loan contracts are available in the major local languages.

4.B.1.4 The provider communicates product information in a way that supports informed decision making by clients.

4.B.1.4.1 The provider publishes basic product information, including pricing, at branch or agent locations, or digitally as applicable.

4.B.1.4.2 The provider communicates APR/EIR (or MPR if the majority of loans are under 3 months) in the Key Facts Summary and/or the loan contract.

4.B.1.4.3 The provider's communications are in simple and local language; oral information is used for less literate clients.

4.B.1.4.4 The provider's marketing materials do not deceive or mislead clients.

4.B.1.5 If the provider uses agents, it verifies that they provide to clients documentation of their fees, terms of service, and cancellation conditions.

4.B.1.6 If the provider offers savings, documentation includes the following:

- Fees, including closure fees
- Interest rate and how amounts will be calculated
- Minimum and maximum balance requirements
- Whether deposits are governmentally insured

4.B.1.7 If the provider offers payments, it gives the following information to clients who are initiating or receiving money transfers, or using other payment services:

- Amount paid by sender, in sender's currency
- Estimated exchange rate
- Amount to be received in the destination currency
- Fees
- Instructions for collecting payment
- Cancellation conditions
- Instructions for resolving errors
- Transaction confirmation
- Taxes
- Linked products (if any)

- 4.B.1.8 If the provider offers insurance, it gives clients the following information at the time of enrollment:
- A certificate of coverage which states, at minimum, the premium, amount and term of coverage, who are the beneficiaries, which events are covered, any major exclusions, and when and how to file a claim
 - An explanation of the documentation required to prove damage, if applicable
 - Terms related to cancellation and prepayment, if applicable

4.B.1.9 If the provider offers insurance, it provides beneficiaries with timely information during the claims process.

4.B.1.9.1 The provider notifies the beneficiary within 30 days of making a decision about the claim.

4.B.1.9.2 When the claim decision results in a settlement, the provider notifies the beneficiary within 30 days of the settlement. If the claim is denied, the provider notifies the beneficiary of the reason and gives an opportunity for appeal.

Essential Practice

Indicators / Details

4B2. THE PROVIDER COMMUNICATES WITH CLIENTS AT APPROPRIATE TIMES AND THROUGH APPROPRIATE CHANNELS.

4.B.2.1 The provider gives clients the opportunity to review the terms and conditions of products.

4.B.2.1.1 The provider offers a channel for clients to ask questions and receive additional information prior to signing contracts.

4.B.2.1.2 The provider gives clients notice and the opportunity to opt out before automatically renewing a voluntary product.

4.B.2.2 The provider gives clients a completed, signed copy of the contract and makes the contract accessible anytime in an online account or in physical form.

4.B.2.3 The provider gives clients clear and accurate account balance information in the following ways:

4.B.2.3.1 Providing access to their up-to-date loan or savings balance upon request.

4.B.2.3.2 Sending automatic messages to clients whenever there is an automatic deduction from the client account.

4.B.2.3.3 Providing receipts, on paper or electronically, for every transaction.

4.B.2.4 If loan repayments are automatically debited from a client account, the provider sends clients a loan repayment reminder at least one day before loan repayments are due.



4C. THE PROVIDER ENFORCES FAIR AND RESPECTFUL TREATMENT OF CLIENTS.

Essential Practice

4C1. THE PROVIDER'S CODE OF CONDUCT REQUIRES FAIR AND RESPECTFUL TREATMENT OF CLIENTS.

Indicators / Details

4.C.1.1 The provider's code of conduct states the organizational values, standards of professional conduct, and treatment of clients that it expects of all employees, and defines the sanctions to apply in case of a breach.

4.C.1.2 The provider's policies prohibit the following:

4.C.1.2.1 Corruption, theft, kickbacks, fraud

4.C.1.2.2 Client intimidation: using abusive language, using physical force, limiting physical freedom, sexual harassment, shouting at the client, entering the client's home uninvited, publicly humiliating the client, using threats

4.C.1.2.3 Discrimination against all internationally recognized Protected Categories. [Note: Protected Categories are as follows: People over 40 years old; Sex; Race/ethnicity/national extraction/social origin / caste; Religion; Health status, including HIV status; Disability; Sexual orientation; Political affiliation/opinion; Civil/marital status; Participation in a trade union.]

4.C.1.3 The provider informs clients, verbally or in writing, about the prohibited behaviors found in the code of conduct.

4.C.1.4 If the provider partners with third parties, it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.

Essential Practice

Indicators / Details

4C2. THE PROVIDER DOES NOT USE AGGRESSIVE SALES TECHNIQUES.

4.C.2.1 The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.

4.C.2.2 The provider’s incentive structure does not promote aggressive sales.

4.C.2.2.1 When front-line employees’ salaries are comprised of a fixed and a variable portion, the fixed portion must represent at least 50% of total salary.

4.C.2.2.2 The provider monitors front-line employees’ productivity ratios and investigates those that are above a predetermined threshold.

Essential Practice

Indicators / Details

4C3. THE PROVIDER PROTECTS CLIENTS’ RIGHTS TO RESPECTFUL TREATMENT DURING THE LOAN COLLECTION PROCESS.

4.C.3.1 The provider’s collections policy includes the following:

4.C.3.1.1 A list of appropriate and inappropriate debt collections practices, including collateral seizing practices.

4.C.3.1.2 A schedule for the collections process that allows time for the debt collector to determine the reasons for a client’s default and for the client to find solutions.

4.C.3.1.3 The provider informs the client prior to seizure of collateral, allowing the client to attempt to remedy the default.

4.C.3.1.4 A prohibition on sales of the clients’ collateral to the provider, the staff of the provider, to their relatives, or to third parties involved in the seizing process.

4.C.3.2 The provider restructures or writes off loans on an exceptional basis, based on a list of cases of specific distress.



4D. THE PROVIDER SECURES CLIENT DATA AND INFORMS CLIENTS ABOUT THEIR DATA RIGHTS.

Essential Practice

4D1. THE PROVIDER MAINTAINS THE SECURITY AND CONFIDENTIALITY OF CLIENT DATA.

Indicators / Details

4.D.1.1 The provider has data security and confidentiality policies that cover the gathering, use, distribution, storage, and retention of client information.

4.D.1.2 The provider maintains physical and electronic files in a secure system.

4.D.1.2.1 System access is restricted to only the data and functions that correspond to an employee's role ("least privilege" principle).

4.D.1.2.2 The provider controls employee use of files outside the office and the provider keeps records of the names of employees who request/are granted access to client files.

4.D.1.2.3 The provider defines a clear process to safeguard client data when employees leave the organization.

4.D.1.3 The provider conducts a risk assessment to identify the data-related risks to clients. Minimum frequency: every year

4.D.1.4 If the provider works with third parties that have access to client data, the provider's agreements specify that third parties will maintain the security and confidentiality of client data.

Essential Practice

Indicators / Details

**4D2. THE PROVIDER
INFORMS CLIENTS
ABOUT DATA PRIVACY
AND DATA RIGHTS.**

4.D.2.1 The provider explains to clients how it will use client data, with whom it will share the data, and how third parties will use the data. The provider receives clients' consent before using or sharing their data.

4.D.2.2 Information about data use and consent is easy for clients to understand.

4.D.2.2.1 When requesting consent from clients to use their data, the provider explains in simple, local language, either in writing or orally, how it will use the data. Internet links to disclosure statements are not sufficient.

4.D.2.2.2 The provider trains clients on the importance of protecting their personal information including Personal Identification Numbers (PINs), savings account balances and information on repayment problems.

4.D.2.2.3 The provider gives clients the right to withdraw their permission to use data and explains any consequences of withdrawal.

4.D.2.3 The provider notifies clients of their right to review and correct their personal and financial data.

 STANDARD

4E. THE PROVIDER RECEIVES AND RESOLVES CLIENT COMPLAINTS.

<i>Essential Practice</i>	<i>Indicators / Details</i>
<p>4E1. THE PROVIDER HAS A COMPLAINTS MECHANISM THAT IS EASILY ACCESSIBLE TO CLIENTS AND ADAPTED TO THEIR NEEDS.</p>	<p>4.E.11 Clients have a way to submit complaints to persons other than their loan officer/product officer and that person’s supervisor.</p> <p>4.E.12 The provider has at least two complaints channels that are free of charge and accessible to clients.</p> <p>4.E.13 The provider informs clients how to submit a complaint.</p> <p>4.E.13.1 The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.</p> <p>4.E.13.2 At the time when clients are applying to use a product, the provider informs clients on how to submit a complaint both to itself and to any third party partner.</p> <p>4.E.14 If the complaint mechanism initially handles complaints through automated means, the provider makes a channel with live, human interaction available to clients.</p>
<p>4E2. THE PROVIDER RESOLVES COMPLAINTS EFFICIENTLY.</p>	<p>4.E.2.1 The provider’s complaints policy identifies levels of severity and requires that severe complaints are escalated immediately to senior management.</p> <p>4.E.2.2 The provider’s complaints mechanism ensures that all formal complaints are registered in a secure system that reaches the complaints handling staff and/or management.</p>

4.E.2.3 The provider resolves client complaints quickly.

4.E.2.3.1 The provider sends to clients a confirmation of receipt of their complaints and a notification when the complaint has been resolved.

4.E.2.3.2 If a provider receives complaints via call centers or chat, it monitors the average wait time.

4.E.2.3.3 The provider resolves at least 90% of complaints within one month. If the resolution takes longer than one month, the provider notifies the client of the reason for the delay.

4.E.2.4 Complaints handling staff have access to relevant client data, including transaction details and notes from previous complaint conversations.

Essential Practice

Indicators / Details

4E3. THE PROVIDER USES INFORMATION FROM COMPLAINTS TO MANAGE OPERATIONS AND IMPROVE PRODUCT AND SERVICE QUALITY.

4.E.3.1 The complaints system creates a report for management and customer care staff. Minimum frequency: monthly

4.E.3.2 Management reviews complaints reports and key performance indicators (e.g., average time to resolve, percent resolved) and takes corrective action to resolve systematic problems leading to complaints. Minimum frequency: annually

4.E.3.3 If the provider partners with third parties, the provider helps its clients to resolve complaints they have with those third parties.



Dimension 5

Responsible Human Resource Development

- 5A.** The provider creates a safe and equitable work environment.
- 5B.** The provider's Human Resource Development system is designed to attract and maintain a qualified and motivated workforce.
- 5C.** The provider's Human Resource Development system supports its social strategy.



5A. THE PROVIDER CREATES A SAFE AND EQUITABLE WORK ENVIRONMENT.

Essential Practice

5A1. A WRITTEN HUMAN RESOURCES POLICY IS AVAILABLE TO ALL EMPLOYEES THAT EXPLAINS AND PROTECTS THEIR RIGHTS.

Indicators / Details

5.A.11 The provider’s Human Resource policy explains employees’ rights and responsibilities related to the following:

- 5.A.11.1 Work rules and disciplinary procedures
- 5.A.11.2 Grievance resolution
- 5.A.11.3 Collective bargaining agreements and freedom of association
- 5.A.11.4 Whistle blower safeguards
- 5.A.11.5 Anti-harassment safeguards
- 5.A.11.6 Conditions for dismissal and exit formalities

5.A.12 The provider meets or exceeds local regulations in the following areas:

- 5.A.12.1 Competitive wages
- 5.A.12.2 Transparent salary scale
- 5.A.12.3 Benefits/social protection
- 5.A.12.4 Limits on working hours and overtime hours
- 5.A.12.5 Overtime pay and paid leave
- 5.A.12.6 Maternity / paternity leave

5.A.13 The provider’s non-discrimination policy towards employees covers all internationally recognized Protected Categories. [Note: Protected Categories are as follows: People over 40 years old; Sex; Race/ethnicity/national extraction/social origin /caste; Religion; Health status, including HIV status; Disability; Sexual orientation; Political affiliation/opinion; Civil/marital status; Participation in a trade union.]

5.A.14 The provider analyzes employee data by gender and job position to check that men and women are equally represented at different levels of the organization.

5.A.15 The provider operates in accordance with national law on forced labor and minimum age for employment, but in no case employs workers under 14 years old. If national law does not address forced labor, the provider complies with international law.

Essential Practice

Indicators / Details

5A2. EMPLOYEE COMPENSATION IS EQUITABLE AND ADEQUATE.

- 5.A.2.1 The provider pays salaries based on market rates, and never below the sectoral minimum wage.
- 5.A.2.2 Front-line employees' base pay (before incentives) is at least a living wage.
- 5.A.2.3 The provider analyzes salary data to check that men and women receive equal pay for equal work and have equal opportunities for pay increase/promotion.

Essential Practice

Indicators / Details

5A3. THE PROVIDER HAS A SAFETY AND HEALTH MANAGEMENT SYSTEM.

- 5.A.3.1 The provider assesses the health and safety risks faced by its employees and audits its existing safety measures. Minimum frequency: annually
- 5.A.3.2 The provider documents and reports to management all occupational accidents, injuries, and illnesses. The results are disaggregated by gender and by position. Minimum frequency: annually
- 5.A.3.3 The provider takes necessary measures to mitigate hazards.
 - 5.A.3.3.1 The provider offers health and safety equipment, training, and adapted physical accommodations.
 - 5.A.3.3.2 The provider has an emergency/disaster response plan and trains management and employees on how to follow the plan. Minimum training frequency: annually
 - 5.A.3.3.3 The provider compensates employees who miss work due to work-related injuries.



5B. THE PROVIDER’S HUMAN RESOURCE DEVELOPMENT SYSTEM IS DESIGNED TO ATTRACT AND MAINTAIN A QUALIFIED AND MOTIVATED WORKFORCE.

Essential Practice	Indicators / Details
<p>5B1. THE PROVIDER GIVES EMPLOYEES COMPLETE EMPLOYMENT DOCUMENTATION AND TRAINING TO UNDERSTAND THEIR JOB REQUIREMENTS.</p>	<p>5.B.1.1 The provider communicates to employees their individual employment terms:</p> <ul style="list-style-type: none"> 5.B.1.1.1 Base salary and opportunities for any other type of compensation (overtime, incentive pay) 5.B.1.1.2 Job description / scope of work 5.B.1.1.3 Performance evaluation process <p>5.B.1.2 All new employees receive an orientation and job-specific training.</p> <p>5.B.1.3 The provider makes professional development opportunities available to employees at every level.</p> <p>5.B.1.4 Men and women receive equal opportunities for training and skill development.</p>

Essential Practice	Indicators / Details
<p>5B2. THE PROVIDER GIVES EMPLOYEES FORMAL OPPORTUNITIES TO COMMUNICATE WITH MANAGEMENT.</p>	<p>5.B.2.1 The provider has a formal mechanism for consulting with employee representatives on HR decisions and policy development. The employee representatives have direct access to executive managers.</p> <p>5.B.2.2 The provider has a formal grievance mechanism that allows employees to raise workplace concerns in a confidential manner.</p> <p>5.B.2.3 The provider surveys employees on satisfaction and concerns with employment conditions. Minimum frequency: annually</p>



5C. THE PROVIDER'S HUMAN RESOURCE DEVELOPMENT SYSTEM SUPPORTS ITS SOCIAL STRATEGY. CP

Essential Practice

Indicators / Details

5C1. DURING THE RECRUITMENT AND HIRING PROCESS, THE PROVIDER ASSESSES EACH CANDIDATE'S COMMITMENT TO ACHIEVING THE PROVIDER'S SOCIAL GOALS AND SERVING ITS TARGET CLIENTS.

- CP 5.C.1.1 The provider assesses each candidate's work and personal experience related to the provider's target clients.
- 5.C.1.2 The provider assesses each candidate's motivation to achieve the provider's social goals.
- 5.C.1.3 The new employee training/probation period for client-facing employees includes an assessment of skills and and commitment to serving the provider's target clients.
- 5.C.1.4 All employees sign a document acknowledging that they will abide by the Code of Conduct. CP

Essential Practice

Indicators / Details

5C2. THE PROVIDER TRAINS ALL EMPLOYEES ON ITS SOCIAL GOALS AND ON CLIENT PROTECTION.

- CP 5.C.2.1 The provider trains all employees on its social goals and how their work contributes to achieving these goals, and reinforces this on an ongoing basis.
- 5.C.2.2 The provider trains employees on client protection, in line with their roles and responsibilities. The training covers at minimum the following topics: CP
 - 5.C.2.2.1 Repayment capacity analysis and the credit approval process CP
 - 5.C.2.2.2 How to avoid aggressive sales techniques, including how to respect clients' right to refuse products CP
 - 5.C.2.2.3 How to explain pricing, terms and conditions to clients and how to verify client understanding CP
 - 5.C.2.2.4 Debt collections practices and loan recovery procedures CP
 - 5.C.2.2.5 Confidentiality and data sharing policies and fraud risks, including common frauds, fraud identification, and fraud reporting CP
 - 5.C.2.2.6 How the complaints mechanism works, how to resolve complaints against third party providers, and how to treat clients respectfully during the process CP

Essential Practice

Indicators / Details

5C3. THE PROVIDER EVALUATES AND INCENTIVIZES EMPLOYEES BASED ON SOCIAL AND FINANCIAL CRITERIA.

- CP 5.C.3.1 Employee performance appraisals and incentives include client protection or social performance criteria. CP
 - 5.C.3.1.1 The performance evaluation includes client protection criteria, such as portfolio quality and customer service, including treating clients respectfully and without discrimination. CP
 - 5.C.3.1.2 The performance evaluation includes social performance criteria, such as ability to recruit target clients, quality of data collection, quality of non-financial services provided, and client retention.

- 5.C.3.2 The provider reviews incentive schemes to check for negative consequences such as fraud, customer mistreatment, aggressive sales, over-indebtedness, or high employee turnover. CP



Dimension 6

Responsible Growth and Returns

- 6A.** The provider manages growth in a way that promotes its social goals and mitigates risks to clients.
- 6B.** The provider sets prices responsibly.
- 6C.** The provider uses profits responsibly.

 STANDARD

6A. THE PROVIDER MANAGES GROWTH IN A WAY THAT PROMOTES ITS SOCIAL GOALS AND MITIGATES RISKS TO CLIENTS.

Essential Practice	Indicators / Details
<p>6A1. THE PROVIDER'S STRATEGIC AND/OR BUSINESS PLAN ESTABLISHES RESPONSIBLE GROWTH TARGETS.</p>	<p>6.A.1.1 The provider adjusts growth targets to market saturation. (CP)</p> <p>6.A.1.2 The provider aligns growth targets to demand, by client segment, as identified in market research.</p> <p>6.A.1.3 The provider allocates funds and human resources to reinforce the following internal capacities to ensure responsible growth:</p> <ul style="list-style-type: none"> 6.A.1.3.1 Internal control mechanisms/internal audit 6.A.1.3.2 Hiring and training employees, and third-party agents as applicable 6.A.1.3.3 Management information system quality and capacity
<p>6A2. DURING TIMES OF HIGH GROWTH, THE PROVIDER MONITORS MORE FREQUENTLY DATA RELATED TO RESPONSIBLE GROWTH.</p>	<p>6.A.2.1 The provider analyzes growth rates by branch/region. Minimum frequency: annually</p> <p>6.A.2.2 The provider monitors the following data during times of growth, Minimum frequency: monthly</p> <ul style="list-style-type: none"> 6.A.2.2.1 Outreach indicators, including average loan size of new clients and share of new clients who are from the provider's target client group 6.A.2.2.2 Quality of service indicators segmented by branch, including portfolio at risk and number of complaints 6.A.2.2.3 Human resource capacity indicators, including clients per field officer, ratio of internal audit staff to total number of staff, hours of training for new employees (by position), and employee turnover (by position) <p>6.A.2.3 When the provider identifies growth that is harmful to clients, it takes mitigating action such as reducing growth targets, applying more conservative loan approval criteria, or limiting the total number of loans an individual can have at one time. (CP)</p>

 STANDARD

6B. THE PROVIDER SETS PRICES RESPONSIBLY. (CP)

<i>Essential Practice</i>	<i>Indicators / Details</i>
6B1. THE PROVIDER CHARGES FAIR PRICES.	<p>(CP) 6.B.1.1 The interest rate takes into account the following costs required to deliver credit: funding costs, operating costs, loan losses, and returns to capital. (CP)</p> <p>6.B.1.2 Annual Percentage Rate (APR) for all of the provider’s major credit products (> 20% portfolio) is within 15% of its peers. If it is outside the range, the provider can provide a valid justification. (CP)</p> <p>6.B.1.3 The provider discloses loan interest on a declining balance and according to the exact date of payment. (CP)</p> <p>6.B.1.4 Loan interest (including arrears interest) does not accrue past 180 days in arrears, at maximum. (CP)</p>

<i>Essential Practice</i>	<i>Indicators / Details</i>
6B2. THE PROVIDER CHARGES REASONABLE FEES.	<p>(CP) 6.B.2.1 The provider does not charge clients for confirmation of transactions and balance inquiries. (CP)</p> <p>6.B.2.2 Prepayment penalties do not include the interest that would have accrued between time of prepayment and the end of the loan term. (CP)</p> <p>6.B.2.3 Arrears interest and penalties do not compound debt; they are calculated based on the principal amount only. (CP)</p> <p>6.B.2.4 If the provider offers savings, it charges reasonable fees on savings accounts. (CP)</p> <p style="padding-left: 40px;">6.B.2.4.1 Fees on deposit accounts are not disproportionately high relative to small deposit balances. (CP)</p> <p style="padding-left: 40px;">6.B.2.4.2 The fee structure for deposit accounts does not allow zeroing out accounts through repeated application of fees. (CP)</p>

Essential Practice

Indicators / Details

6B3. THE PROVIDER DOES NOT TRANSFER UNNECESSARY COSTS TO CLIENTS.

- Ⓢ
 6.B.3.1 Loan Loss Expense Ratio (LLER Ratio) is within the accepted performance range. If it is outside the range, the provider can provide a valid justification. Ⓢ
- Ⓢ
 6.B.3.2 Operating Expense Ratio (OER Ratio) is within the accepted performance range. If outside of the range, the provider can provide a valid justification. Ⓢ
- Ⓢ
 6.B.3.3 Return on Assets (ROA) is within the accepted performance range. If outside of the range, the provider can provide a valid justification. Ⓢ

 STANDARD

6C. THE PROVIDER USES PROFITS RESPONSIBLY.

<i>Essential Practice</i>	<i>Indicators / Details</i>
<p>6C1. THE PROVIDER ENGAGES WITH EQUITY INVESTORS WHOSE INVESTMENT STRATEGY IS ALIGNED WITH THE PROVIDER’S SOCIAL GOALS.</p>	<p>6.C.1.1 The provider discusses its social goals with potential equity investors and asks about their planned timeframe for investment and exit strategies to assess alignment on social strategy.</p> <p>6.C.1.2 The board of directors prioritizes accepting investment offers from investors whose investment strategy is aligned with the provider’s social strategy.</p> <p>6.C.1.3 The shareholder agreement specifies the following:</p> <ul style="list-style-type: none"> 6.C.1.3.1 Commitment to social goals 6.C.1.3.2 Expected level and use of profits 6.C.1.3.3 Expected investment timeline / exit strategy
<p>6C2. THE PROVIDER USES ITS PROFITS FOR EXPENDITURES THAT BENEFIT CLIENTS.</p>	<p>6.C.2.1 The provider’s use of profits in the previous year included at least one of the following investments: strengthening its social or environmental performance management practices, provision of non-financial services, lowering of prices, or local community investment.</p> <p>6.C.2.2 The provider has a policy that specifies when dividends may be paid and in what amount, in alignment with its social goals.</p>
<p>6C3. THE PROVIDER HAS A TRANSPARENT FINANCIAL AND SOCIAL STRUCTURE.</p>	<p>6.C.3.1 The provider publicly discloses its annual audited financial statements.</p> <p>6.C.3.2 The provider discloses the results of its social audits and outcomes measurement to all stakeholders, upon request.</p> <p>6.C.3.3 The provider discloses the compensation of senior management to donors, raters, investors and other stakeholders, upon request.</p>



Dimension 7

Environmental Performance Management

7A. The provider has an environmental strategy and systems in place to implement it.

7B. The provider identifies and manages environmental risks and opportunities.

7C. The provider offers financial and non-financial products and services to achieve its environmental goals.



7A. THE PROVIDER HAS AN ENVIRONMENTAL STRATEGY AND SYSTEMS IN PLACE TO IMPLEMENT IT.

Essential Practice

7A1. THE PROVIDER HAS A STRATEGY TO ACHIEVE ITS ENVIRONMENTAL GOALS.

Indicators / Details

7.A.1.1 The provider has a documented strategy that specifies its intention to achieve at least one of the following environmental goals:

- Reduce the provider’s own adverse impacts on the environment
- Reduce clients’ vulnerability to climate change and environmental degradation
- Reduce clients’ adverse impacts on the environment
- Foster the adoption of green practices and technologies, and meet clients’ demands and needs for them

7.A.1.2 The strategy defines indicators and targets to measure the provider’s progress toward its environmental goals.

7.A.1.3 The provider operates in accordance with national and international laws and regulations on environmental protection.

Essential Practice

7A2. THE PROVIDER COLLECTS, ANALYZES, AND REPORTS DATA THAT ARE SPECIFIC TO ITS ENVIRONMENTAL GOALS.

Indicators / Details

7.A.2.1 The provider collects the following data on an ongoing basis to measure whether it is achieving its environmental goals. Minimum frequency: annually

- 7.A.2.1.1 The provider’s own adverse impacts on the environment
- 7.A.2.1.2 Clients’ vulnerability to climate change and environmental degradation
- 7.A.2.1.3 Clients’ adverse impacts on the environment
- 7.A.2.1.4 Outcomes related to its green products and services, including both positive and negative changes for clients, their households, and the environment

7.A.2.2 The provider reports environmental performance data internally and externally. Minimum frequency: annually.

Essential Practice

Indicators / Details

7A3. THE PROVIDER’S GOVERNANCE AND MANAGEMENT STRUCTURE ENSURES THE IMPLEMENTATION AND OVERSIGHT OF THE ENVIRONMENTAL STRATEGY.

7.A.3.1 The board and management make strategic decisions based on the following environmental performance data. Minimum frequency: annually.

7.A.3.1.1 Analysis of the provider’s own adverse impacts on the environment

7.A.3.1.2 Proportion of the portfolio that is vulnerable to climate change and environmental degradation, and the proportion generating adverse impacts on the environment

7.A.3.1.3 Positive and negative outcomes for clients from implementing green practices and technologies

7.A.3.2 The provider defines roles and responsibilities for implementing the environmental strategy.

7.A.3.2.1 A dedicated senior management person or team is responsible for the execution of the environmental strategy.

7.A.3.2.2 The provider integrates its environmental strategy in job descriptions and objectives for all relevant roles.

7.A.3.3 The provider trains board members, management and employees on their respective roles and responsibilities, and builds capacity as needed, for implementing the environmental strategy.



7B. THE PROVIDER IDENTIFIES AND MANAGES ENVIRONMENTAL RISKS AND OPPORTUNITIES.

Essential Practice	Indicators / Details
<p>7B1. THE PROVIDER IDENTIFIES AND MANAGES ITS OWN ENVIRONMENTAL RISKS AT HEADQUARTERS AND BRANCH LEVEL.</p>	<p>7.B.1.1 The provider assesses the vulnerability of its properties, buildings, and human resources to climate shocks.</p> <p>7.B.1.2 The provider has a contingency plan to mitigate the vulnerability of its properties, buildings, and human resources to climate shocks.</p> <p>7.B.1.3 The provider identifies the adverse impacts of its internal activities on the environment.</p> <p>7.B.1.4 The provider avoids, minimizes and/or offsets the adverse impacts of its internal activities on the environment linked to</p> <ul style="list-style-type: none"> - Energy consumption - Water consumption - Paper consumption - Transportation and fuel consumption - Waste production - Greenhouse gas emissions

Essential Practice	Indicators / Details
<p>7B2. THE PROVIDER IDENTIFIES AND MANAGES CLIENT-LEVEL ENVIRONMENTAL RISKS.</p>	<p>7.B.2.1 The provider identifies clients' vulnerability to climate change and environmental degradation related to the following:</p> <ul style="list-style-type: none"> - climate change - biodiversity loss - pollution and other environmental degradation.

7.B.2.2 The provider identifies clients’ adverse impacts on the environment, related to the following:

- Greenhouse gas emission
- Air, water, or soil pollution, including the use and improper storage of hazardous chemicals
- Deforestation, land degradation, biodiversity loss, protected wildlife/ areas, in particular linked to biodiversity-sensitive areas
- Waste production and management

7.B.2.3 The provider develops risk mitigation policies and processes in response to identified vulnerability and adverse environmental impacts and integrates them into its standard risk management system.

7.B.2.4 The provider categorizes loan applications according to their level of environmental risks and implements at least one of the following actions for loan applications with high environmental risks:

- Conducts additional analysis of environmental risks.
- Excludes or limits financing, taking into account potential trade-offs with the provider’s social and financial performance.
- Includes environmental clauses in the loan contract, conditioning loan renewal or provision of incentives on the adoption of mitigation solutions and/or green practices.

Essential Practice

Indicators / Details

7B3. THE PROVIDER IDENTIFIES OPPORTUNITIES TO FINANCE GREEN PRACTICES AND TECHNOLOGIES.

7.B.3.1 The provider identifies green practices and technologies that create benefits for clients in at least one of the following ways:

- improve access to basic services
- increase productivity, revenue, efficiency, or quality of production
- reduce adverse impacts on the environment and on health
- reduce vulnerability to climate change or environmental degradation

7.B.3.2 The provider ensures that the practices or technologies identified are recognized as “green” by an environmental taxonomy and/or comply with clear environmental criteria.

7.B.3.3 The provider conducts market research for the green practices and technologies identified, with at least one of the following objectives:

- Assess demand for green practices and technologies, and related financial needs of target clients.
- Identify local technology or technical providers of green practices and technologies, and the quality of their practices and technologies.
- Identify local market and regulation incentives or disincentives for green practices and technologies.



7C. THE PROVIDER OFFERS FINANCIAL AND NON-FINANCIAL PRODUCTS AND SERVICES TO ACHIEVE ITS ENVIRONMENTAL GOALS.

Essential Practice

7C1. THE PROVIDER OFFERS FINANCIAL PRODUCTS AND SERVICES TO ACHIEVE ITS ENVIRONMENTAL GOALS.

Indicators / Details

7.C.1.1 The provider offers at least one of the following financial products or services to help clients cope with climate shocks:

7.C.1.1.1 Emergency loans, loan rescheduling, or loan restructuring

7.C.1.1.2 Agricultural or climate insurance products

7.C.1.1.3 Saving products, money transfer, remittances, or guarantees

7.C.1.2 The provider offers loans that allow its clients to implement or maintain green practices and technologies, including:

7.C.1.2.1 Sustainable agriculture, animal breeding, or fishery practices (“nature-based solutions”)

7.C.1.2.2 Clean energy and energy efficiency technologies

7.C.1.2.3 Improved access to clean drinking water and sanitation

7.C.1.2.4 Waste management and recycling (“circular economy”)

7.C.1.3 The provider offers dedicated green loans and promotes their uptake and responsible use by doing the following:

7.C.1.3.1 Defining financial conditions (loan amount, term, repayment schedule) adapted to the green practice or technology financed

7.C.1.3.2 Documenting the costs, return on investment, and benefits of the green practices or technologies financed

7.C.1.3.3 Having dedicated marketing material and channels

7.C.1.3.4 Verifying that clients are using green loans to invest in green technologies and practices

7.C.1.3.5 Entering into partnerships with third parties to increase the provider’s ability to offer high quality green practices and technologies to its clients

Essential Practice

Indicators / Details

7C2. THE PROVIDER OFFERS NON-FINANCIAL SERVICES TO ACHIEVE ITS ENVIRONMENTAL GOALS.

7.C.2.1 The provider raises awareness of its clients on their vulnerability to climate change and environmental degradation, on their adverse impacts on the environment, and/or on green practices and technologies, through at least one of the following channels:

- Leaflets, brochures, posters, videos
- Individual talks
- Awareness-raising events or activities

7.C.2.2 The provider builds the capacity of its clients to reduce their vulnerability to climate change and environmental degradation, to mitigate their adverse impacts on the environment, and/or to adopt green practices and technologies, by offering at least one of the following services:

- Field visits or peer-learning opportunities
- Trainings
- Technical assistance to implement or maintain green practices and technologies, including after-sales services

7.C.2.3 The provider partners with third parties to offer training to clients on environmental risks and opportunities, and/or technical support to clients for the implementation or maintenance of green practices and technologies.

Cerise+SPTF is a joint venture between two of the global leaders in social and environmental performance management. Founded in 2005, the Social Performance Task Force, or SPTF, developed, and regularly updates, the Universal Standards for Social and Environmental Performance Management (the Universal Standards). First issued in 2012, the Universal Standards, like all SPTF's efforts, guide impact-driven financial service providers in making finance safer and more beneficial for low-income customers. A membership organization, SPTF has more than 4,900 participating individuals from every region of the world. Cerise, a French nonprofit created in 1998, pioneered the implementation of social performance management, working with committed financial service providers to launch the Social Performance Indicators initiative in 2001. As a social innovator, Cerise works with actors in inclusive finance, social business and impact investing to co-create social standards and social assessment tools that are free to all. Cerise also offers fee-based consultancy services to all types of impact-driven organizations, equipping them with the skills and tools they need to define and achieve their impact goals.

As the developers and champions of interdependent and complementary tools and products, Cerise and SPTF have worked closely together since the mid-2000s. We formalized our cooperation via a Memorandum of Understanding in 2021, and now operate under a common strategic plan.

