

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY POLICY

1. Introduction

MCE invests flexible and appropriate capital in enterprises committed to generating sustainable livelihoods, with a focus on women and environmental and climate action, these enterprises can scale and better serve their customers, their employees, and their communities, generating sustainable and inclusive economic growth.

MCE strives to be a responsible investor and attempts to do no harm with its investing activities. It makes its investments bearing in mind that its activities should be:

- a. Environmentally safe with limited adverse risks; and
- b. Socially positive, by investing in women and attempting to create economic and other benefits for people in developing countries.

This policy applies to investments made by MCE and MESA.

2. Deal Selection

In line with its desired impact, MCE will invest in companies through two strategic lenses, which complement best practices for environmental and social responsibility:

- **Environmental and Climate Adaptation and Food Security:** MCE invests in companies that increase farmer productivity, enhance resilience to environmental stressors and climate change, manage climate risks, and reduce emissions.
 - MCE's approach to regenerative agriculture is further explained in its [approach to regenerative and climate smart agriculture](#).
- **Investing in Women:** MCE investment activities prioritize a focus in women and the enhancement of gender impact by examining gender balance on two levels:
 - End beneficiary-level: MCE measures and evaluates operational and impact data at the end beneficiary-level to ensure that its portfolio companies are serving and empowering women.
 - Investee-level: MCE measures and evaluates the gender balance of its portfolio companies' employees and leadership teams, in addition to

assessing if and how their products and services are designed with women in mind.

In addition, MCE also seeks investments in companies that will:

- Create local employment opportunities;
- Aim to improve standards of living and facilitate higher incomes;
- Strengthen the local value chain (local to local vs. export); and
- Focus activity in rural areas

3. Deal exclusion

Business activities that fall within the following categories shall be excluded from MCE’s potential investments:

- a. As per the International Finance Corporation’s (IFC) Environmental and Social Categorization:
 - i. Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
 - ii. Category FI–1: when a financial institution’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
- b. Categorically Prohibited Projects under the Development Finance Corporation’s (DFC) Environmental and Social Policy and Procedures.

In addition, MCE also complies with the exclusion lists of its funders, including prohibited activities published by the US Development Finance Corporation (see **Annex A**).

4. Due Diligence

MCE ensures that the following categories are considered in evaluating the environmental and social responsibility aspects of a potential investment:

- a. Financial Service Providers (FSPs):

Environmental Impact	<ul style="list-style-type: none">● Environmental protection policy formalized in mission or values.
----------------------	--

	<ul style="list-style-type: none"> ● Environmental protection policy with specific goals, targets and indicators. ● Person or Committee appointed to manage environmental issues. ● Reporting on environmental performance through internal reports. ● Reporting on environmental performance through external reports. ● Offers specific financial products for clean energy, climate smart agriculture, recycling, waste management, clean water OR agricultural or climatic micro-insurance products. ● What percent of the institution's portfolio are green financial products? ● Offers training or technical assistance to clients on environmentally-friendly practices or businesses. ● What percent of clients receive technical assistance on environmentally friendly practices?
Focus on Women	<ul style="list-style-type: none"> ● % Total clients reached who are women ● % of new clients in the past year who are women ● % of clients who renewed a loan in the past year who are women ● % Total gross loan portfolio value in women clients ● % Total number of employees who are women ● % Women in leadership positions

<p>Focus on Rural</p>	<ul style="list-style-type: none"> ● % Total clients reached who are rural ● % of new clients in the past year who are rural ● % of clients who renewed a loan in the past year who are rural ● % Total gross loan portfolio value in rural clients
<p>Improved Livelihoods</p>	<ul style="list-style-type: none"> ● Does the FSP have an established social mission or policy with specific, measurable performance indicators? If so, what indicators are measured to ensure social targets are met? ● Does the FSP measure for improvements in socioeconomic status improvement over time among its clients? ● Has the organization completed a Poverty Probability Index study? If so, what percent of FSP clients are living below the national poverty line? ● Has the organization completed any surveys of micro borrowers? ● Does the FSP offer technical assistance or financial education services to its clients?
<p>Adherence to Client Protection Principles</p>	<ul style="list-style-type: none"> ● Appropriate product design and delivery ● Prevention of over-indebtedness ● Transparency ● Responsible pricing ● Fair and respectful treatment of clients ● Privacy of client data

	<ul style="list-style-type: none"> ● Mechanisms for complaints resolution
--	--

b. Small and Growing Businesses (SGB)

Check	Action
Regulations	<ul style="list-style-type: none"> ● Are the activities and/or products of the SGB subject to regulation? ● Proof of regulatory compliance ● How often is the regulator performing audits / on-site compliance visits? Documentation from past audits. ● Is the borrower in compliance with local labor regulations? ● Does the borrower have policies that address the core elements of IFC PS 2 and ILO; such as minimum age, minimum wage, checks against child labor and forced labor and working hours?
Staff health and hazardous activity policy	<ul style="list-style-type: none"> ● Are the activities and/or products of the SGB creating health issues for the staff? ● Existence of policy ● Is the policy in line with regulations? ● Is the policy applied? Knowledge of staff, training frequency, etc.
Non-staff health and hazardous activity policy	<ul style="list-style-type: none"> ● Are the activities and/or products of the SGB creating health issues for the outgrowers (agriculture value chain) and other 3rd parties that partake directly in the “production” process? ● Existence of policy ● Is the policy in line with regulations? ● Is the policy applied? Knowledge of non-staff, training frequency, etc.
Community involvement	<ul style="list-style-type: none"> ● Does the SGB involve the community in the business model? ● Are community lands used by the SGB? ● What legal and contractual agreements exist between the SGB and the community? ● Feedback from community leaders ● Do the activities of the borrower include potential economic or physical displacement or resettlement? ● Do the activities include impact upon any indigenous people or known indigenous communities?

Agriculture: soil depletion	<ul style="list-style-type: none"> ● Is soil quality measured? Processes and frequency. ● Are there processes in place to prevent soil depletion (training of farmers on best practices, etc.) ● Are there processes in place to foster soil enrichment (multi-cropping, mulching, etc.)?
Agriculture: use of chemicals	<ul style="list-style-type: none"> ● Do the activities of the SGB involve the use of fertilizers, herbicides and pesticides? ● What is the economic impact: cost vs. yield? ● Are alternatives being used or considered?
Agriculture: Organic certification	<ul style="list-style-type: none"> ● Existence of organic practices (no chemicals) ● Existence of organic certification ● Is the SGB facilitating and/or paying for the certification process?
Agriculture: water management	<ul style="list-style-type: none"> ● Is water quality measured? Processes and frequency. ● Do the activities of the SGB involve the use of water for transformation? Processes on water management and recycling of waste water. ● Does the activity of the farmer rely on irrigation or rainwater? Sources of irrigation: water management.
Agriculture: relationship with farmers	<ul style="list-style-type: none"> ● Existence of formal agreement with farmers ● Does the SGB require exclusivity? How long. ● How are minimum purchasing prices established by the SGB? How do prices compare to benchmarks? ● Does the SGB share profit with farmers? ● Is the SGB providing farmers with in-kind services?
Water & Sanitation: water quality	<ul style="list-style-type: none"> ● Is water quality measured? Processes and frequency. ● If so, does it abide by Government and Regulatory standards? ● Proof of regulatory compliance / documentation on inspection visits
Water & Sanitation: use of chemicals	<ul style="list-style-type: none"> ● Do the activities of the SGB involve the use of chemicals? ● Safety threshold ● Proof of regulatory compliance
Water & Sanitation: water contamination	<ul style="list-style-type: none"> ● Wastewater management ● Safety threshold ● Proof of regulatory compliance

Air contamination	<ul style="list-style-type: none"> ● Do the activities of the SGB create any air contamination? ● Safety threshold ● Proof of regulatory compliance
SGB Growth	<ul style="list-style-type: none"> ● Evaluate impact of growth on environmental and social impact ● Does the SGB exhibit a clear strategy to improve its environmental and social impact?
Improved Livelihoods	<ul style="list-style-type: none"> ● Does the SGB offer agricultural technical assistance or education services to its smallholder farmer suppliers? ● Does the SGB offer a price premium (compared to market average) on goods purchased from its smallholder farmer suppliers? ● Does the SGB have an established social mission or policy with specific, measurable performance indicators? If so, what indicators are measured to ensure social targets are met? ● Does the FSP measure for improvements in socioeconomic status improvement over time among its smallholder farmer suppliers? ● Has the organization completed a Poverty Probability Index study? If so, what percent of SGB suppliers are living below the national poverty line?
Grievance mechanism	<ul style="list-style-type: none"> ● Does the SGB have a formal policy to manage grievances from its partners (especially outgrowers or beneficiaries)? ● How can outgrowers or beneficiaries raise their grievances? ● How many cases occurred during the past 12 months and how were they addressed? ● Is there a formal review and what functions are involved?
Use of Third Party Impact Measurement Frameworks	Compliance with the Global Impact Investing Network’s (GIIN) Impact Reporting and Investing Standards (IRIS), the UN Global Indicator Framework for Sustainable Development Goals (SDG Indicators) and the ESG Principles of the Council on Smallholder Agricultural Finance (CSAF)

5. Contracting

MCE incorporates any required action items identified during environmental and social due diligence into its loan documentation with the borrower, as well as any remedial action items to ensure compliance.

6. Monitoring and Reporting

MCE includes a review of environmental and social performance as part of its ongoing monitoring of its borrowers. Environmental and social performance data and impact data is regularly presented to Senior Management and the MCE Board of Directors; the

data is discussed and helps the Board and Senior Management to adjust and improve MCE's strategy and operational processes.

Relevant data from monitoring reports and surveys are included in the MCE Annual Impact Report, which is posted on MCE website and shared with all MCE Stakeholders.

MCE investments commit to reporting quarterly on core MCE metrics. Reporting includes submission of financial statements, organizational data, and impact metrics.

For all FSP and SGB investments, MCE monitors key financial ratios, number of permanent and temporary staff, the percentage of women staff members, the percentage of women impacted by enterprise activities, and the percentage of people in rural areas impacted from enterprise activities.

Additionally, for SGB investments MCE collects sector specific impact data including: number of outgrowers supported, number of people with access to water and sanitation, hygiene or clean water facilities, and number of people with improved energy access.

In addition to the quarterly reporting, MCE performs an Annual partner survey of its FSP and SGB Borrowers (see Annex B).

6. MCE Staff training on Environmental and Social Policy

MCE trains its staff regularly on this Environmental and Social Policy. Staff will receive ongoing education as social and environmental and social responsibility measurement practices are continually improved.

7. MCE Grievance Mechanism

MCE is committed to responding to grievances brought forth by its constituents (employees, clients, guarantors, lenders, etc.). These constituents are encouraged to raise their concerns to MCE's Management and Board. The MCE website features a link and phone number for any party to share grievances anonymously.

When a grievance is reported, MCE's General Counsel will review the grievance and determine whether a report to law enforcement or other regulatory authorities is appropriate. The review will be completed within ten (10) business days, and if a report to law enforcement or other regulatory authorities is appropriate, it shall be made promptly. The General Counsel shall report to the CEO on all reviews conducted by her, and on the disposition of all such reviews, at least monthly.

MCE requires its FSP Borrowers to have a grievance mechanism in place. Please see Annex C for the FSP grievance mechanism.

MCE encourages SGB Borrowers, on a best effort basis and taking into account each SGB's capacity (financial, technical, human resources, etc.), to implement grievance mechanisms throughout its value chain, whether with suppliers, clients or other beneficiaries. MCE will extend its own grievance mechanism to its SGB Borrowers and its beneficiaries through our anonymous reporting channels. The data is important for SGBs in order to strengthen their value chains in regards to retention rate, quality, reputation, etc. Such mechanisms would include:

- hotline or email address for complaint reporting, conflict resolution or corruption reporting
- internal audit or equivalent function visiting partners and reporting on findings (staff behavior, occurrences of corruption, quality of technical assistance provided, etc.)
- regular surveys collecting feedback on quality of services and products, staff behavior, suggestions from partners, willingness to recommend SGB to other people, willingness to remain a partner with the SGB, partner exit interviews, etc.

MCE's due diligence assesses how grievances are collected, analyzed and addressed by SGB Borrowers, and analyzed in parallel with retention and quality rates.

9. Commitment

MCE is committed to measuring the social and environmental responsibility indicators and impact indicators of its clients prior to offering financing and throughout the client relationship to ensure that MCE's capital is having the intended impact without doing harm.

10. Approval

This Policy is approved by the MCE Board of Directors as of June 9, 2022. Any amendments to the Environmental and Social Responsibility Policy may be made upon approval by MCE Senior Management.

Annex A

Prohibited Activities

No portion of the DFC facility shall be used to support any of the following:

1. Conversion or degradation of critical forest areas¹ or forest-related critical natural habitats.²
2. Leasing or financing of logging equipment, unless an environmental and social impact assessment indicates that; (i) all timber harvesting operations involved will be conducted in an environmentally sound manner which minimizes forest destruction; and (ii) the timber harvesting operations will produce positive economic benefits and sustainable forest management systems.
3. Construction of dams that significantly and irreversibly: (a) disrupt natural ecosystems upstream or downstream of the dam; or (b) alter natural hydrology; or (c) inundate large land areas; or (d) impact biodiversity; or (e) displace large numbers of inhabitants (5,000 persons or more); or (f) impact local inhabitants' ability to earn a livelihood.
4. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans such as pharmaceuticals,³ pesticides/herbicides,⁴ ozone depleting substances,⁵ polychlorinated biphenyls⁶ and other hazardous substances,⁷ wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora,⁸ and trans-boundary trade in waste or waste products.⁹

¹ A type of natural forest that qualifies as critical natural habitat. Critical forest areas include primary forests and old growth forests that may serve as critical carbon sinks.

² (1) Existing internationally recognized protected areas, areas initially recognized as protected by traditional local communities (e.g., sacred groves), and sites that maintain conditions vital to the viability of protected areas (as determined by the environmental assessment procedure); and (2) Sites identified on supplementary lists by authoritative sources identified by OPIC. Such sites may include areas recognized by traditional local communities (e.g., sacred groves), areas with known high suitability for biodiversity conservation and sites that are critical for vulnerable, migratory or endangered species. Listings are based on systematic evaluations of such factors as species richness, the degree of endemism, rarity, and vulnerability of component species, representativeness and the integrity of ecosystem processes.

³ A list of pharmaceutical products subject to phase-outs or bans is available at <http://www.who.int>

⁴ A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int>

⁵ A list of the chemical compounds that react with and deplete stratospheric ozone together with target reduction and phase-out dates is available at <http://www.unep.org/ozone/montreal/>

⁶ Polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁷ A list of hazardous chemicals is available at <http://www.pic.int>

⁸ A list is of CITES species is available at <http://www.cites.org>

⁹ As defined by the Basel Convention; see <http://www.basel.int>

5. Resettlement of 5,000 or more persons.
6. Any impact on natural World Heritage Sites http://www.unep-wcmc.org/protected_areas/world_heritage/index.htm unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
7. Any impact on areas on the United Nations List of National Parks and Protected Areas http://www.unep-wcmc.org/protected_areas/UN_list/index.htm unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
8. Extraction or infrastructure in or impacting: protected area Categories I, II, III, and IV (Strict Nature Reserve/Wilderness Areas and National Parks, Natural Monuments and Habitat/ Species Management Areas), as defined by the International Union for the Conservation of Nature (IUCN). Projects in IUCN Categories V (Protected Landscape/Seascape) and VI (Managed Resource Protected Area) must be consistent with IUCN management objectives http://www.unep-wcmc.org/protected_areas/categories/eng/index.htm unless it can be demonstrated through an environmental assessment (i) there is no degradation of the protected area and (ii) there are positive environmental and social benefits.
9. Production of or trade in radioactive materials,¹⁰ including nuclear reactors and components thereof.
10. Production of, trade in or use of un-bonded asbestos fibers.¹¹
11. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to biodiversity and habitats.
12. Use of forced labor¹² or child labor.¹³
13. Projects or companies known to be in violation of local applicable law related to environment, health, safety, labor, and public disclosure.

¹⁰ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which OPIC considers the radioactive source to be trivial and adequately shielded.

¹¹ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

¹² Forced labor means all work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty, such as indentured labor, bonded labor, or similar labor-contracting arrangements.

¹³ Child labor means the employment of children (persons below the age of 18) that is economically exploitative, or is likely to be hazardous to or interfere with the child's education, or be harmful to the child's health or physical, mental, spiritual, moral, or social development.

14. Projects or companies where the primary business activities are in the following prohibited sectors: gambling; media communications of an adult or political nature; military production or sales; alcoholic beverages (if contrary to local religious or cultural norms); or tobacco and related products.
15. Projects or companies that replace U.S. production or are likely to cause a significant reduction in the number of employees in the U.S. including “runaway plants” and outsourcing the provision of goods and services (e.g., Business Process Outsourcing) from the U.S.
16. Projects or companies subject to performance requirements that are likely to reduce substantially the positive trade benefits to the U.S.
17. Projects or companies in which host country governments have majority ownership or effective management control (except for investments in privatizing companies made in accordance with the Finance Agreement).
18. Companies found by a court or administrative body of competent jurisdiction engaging in unlawful monopolistic practices.
19. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized human rights, as determined by the U.S. Department of State.
20. Projects or companies that perform abortions as a method of family planning; motivate or coerce any person to practice abortions; perform involuntary sterilizations as a method of family planning; coerce or provide any financial incentive to any person to undergo sterilizations; or perform any biomedical research which relates in whole or in part, to methods of, or in the performance of, abortions or involuntary sterilization as a means of family planning.
21. Companies which are treated as inverted corporations under 6 U.S.C. 395(b).

Annex B:

Annual Partner Survey (extract)

Annex B-1: FSP Annual Partner Survey



Inclusive Finance Partner Survey - 2021

Company Name:

Survey Period:

January - December 2021

This survey is part of an effort by MCE to gain a better understanding of the products and services currently offered by its Inclusive Finance partners in order to enhance MCE's ability to accurately communicate this information to its stakeholders, identify trends within its portfolio, and ultimately improve the impact of its lending activity. The information requested in this survey is intended to be easily attainable, and should not require much time to complete.

Please provide the following information to MCE Social Capital by March 15, 2022.

All yellow cells indicate an information request.

All white cells will fill automatically as information is added.

All information should be accurate as of December 31, 2021, unless otherwise stated.

All financial information should be provided in local currency, unless otherwise stated.

Please leave any comments in the corresponding yellow cells in column I.

Key Contact Information

If you have any questions pertaining to this survey, please contact:

Andrew Woodward, MCE Impact Analyst

awoodward@mcesocap.org

1. Portfolio Composition

		2021			Comments
		Outstanding Value	Number of Active Borrowers	Number of Loans	
Portfolio Composition	Loan Sector	Agriculture / Livestock			Please comment if borrowers may be double-counted in more than one category. Please comment what qualifies as a Green Loan. (for example: Clean/Renewable Energy, Energy efficiency, Regenerative/Organic Agriculture, Waste Management, Recycling, Climate Change Adaptation/Mitigation, Ecotourism, etc.)
		Consumer			
		Education			
		Green Loans			
		Housing			
		Manufacturing / Production			
	Trade / Services				
	Water & Sanitation				
	Other (Please comment in column I)				
	TOTAL	0	0	0	
Gender	Women				
	Men				
	Other (Please comment)				
TOTAL	0	0	0		
Geography	Rural				
	Urban				
	Peri-urban				
TOTAL	0	0	0		

Socioeconomics	Target Client Groups	Very poor	<input type="checkbox"/>	
	Poor	<input type="checkbox"/>		
	Low income	<input type="checkbox"/>		
	Middle income	<input type="checkbox"/>		
	Other (Please comment)	<input type="checkbox"/>		
	Does your organization collect household-level income data from your clients?			Clients provide a certificate of livestock
	Does your organization use the Poverty Probability Index (PPI) to measure the poverty levels of your clients?			If yes, please provide further details. If no, why not?
	If yes, what percent of clients are below the national poverty line?			
Does your organization collect any other form of socioeconomic data on clients?			If yes, please provide further details.	
If yes, do you track changes in client socioeconomic data over time?			If yes, please provide further details.	
Does your organization have any impact ratings or certifications from 3rd parties?			If yes, please provide further details.	

2. Additional Financial Products and Services (Additional information in column J "Definitions")

				Comments
Savings	Does your organization offer savings accounts?			
	Number of voluntary depositors			
	Number of female voluntary depositors			
	Total value of voluntary savings accounts			
Insurance	Does your organization offer insurance products?			Please specify the type(s) of insurance offered.
	Voluntary Insurance (if offered)	Number of insured borrowers (voluntary)		
		Number of insured non-borrower clients (voluntary)		
	Compulsory Insurance (if offered)	Number of borrowers with compulsory insurance		
	Cost of compulsory insurance (% of loan)			
Other (Financial)	Does your organization offer any other financial products?			Please specify "Other"
	Remittances	Number of users (remittances)		
	Other (please comment)	Number of users (other)		

3. Additional Non-Financial Products and Services (Additional information in column J "Definitions")

		Borrowers	Non-Borrowers	Comments
Additional Products & Services	Total number of users	Agriculture Technical Assistance		Please briefly describe the product or service.
		Business Education / Financial Literacy		
		Clean Energy / Energy Efficiency		
		Health Education / Services		
		Social Services		
		Other (Please comment)		

4. MCE Strategic Lenses

Environment & Climate Action	Did you offer any new environmental or climate-related products, services or trainings in 2021?	▼	
	If yes, please describe:		
	If no, do you have any plans to introduce new environmental or climate-related products, services or trainings in 2022?	▼	If yes, please describe
Investing in Women	Does your organization specifically target women in its marketing/advertising/promotional efforts?	▼	If yes, please describe
	Did you offer any financial products that specifically targeted women in 2021?	▼	If yes, please describe
	If yes, how many women used this product in 2021?		
	Did you offer any non-financial products or services that specifically targeted women in 2021?	▼	If yes, please describe
	If yes, how many women used this product or service in 2021?		
Do you have any plans to introduce new products or services (financial or non-financial) for women in 2022?	▼	If yes, please describe	

5. Digital Technology

Digital Technology	Does your organization incorporate any of the following digital technologies / strategies into your operations? Please check any box that applies and comment.		▼	
	Client experience	Digital marketing	<input type="checkbox"/>	e.g. Facebook, LinkedIn, Instagram, Email e.g. SMS messaging, mobile or web-based chatbot, interactive voice e.g. educational videos, e-learning platforms
		Digital communication channels	<input type="checkbox"/>	
		Digital education / training	<input type="checkbox"/>	
	Products and services	Digital loan application	<input type="checkbox"/>	e.g. web application, mobile application e.g. biometrics, fingerprinting e.g. photos or scans of key documents, such as ID, business registr e.g. automated credit scoring e.g. digital signature e.g. online loan orientation e.g. bank transfer, mobile money e.g. mobile app, self-service kiosk e.g. mobile app, self-service kiosk
		Digital client identification / verification	<input type="checkbox"/>	
		Digital client documentation	<input type="checkbox"/>	
		Digital loan approval	<input type="checkbox"/>	
		Digital contract	<input type="checkbox"/>	
		Digital on-boarding of client	<input type="checkbox"/>	
Digital loan disbursement		<input type="checkbox"/>		
Digital loan management by client		<input type="checkbox"/>		
Digital repayment by client	<input type="checkbox"/>			
Operational processes and systems	Digital core banking / IT systems	<input type="checkbox"/>	e.g. cloud-based computing, data visualization software e.g. tablets, customer relationship management (CRM) tools, GPS	
	Digital analytics	<input type="checkbox"/>		
	Digital devices / applications for loan officers	<input type="checkbox"/>		
Other (please comment) Other digital technology or strategy not listed above		<input type="checkbox"/>		
Does your organization partner with any of the following types of entities? Please comment.		▼	Please specify your partner organizations below, if applicable.	
Partners	Mobile money service provider	<input type="checkbox"/>		
	Financial technology (fintech) company	<input type="checkbox"/>		
	Agent network	<input type="checkbox"/>		
Did your organization's use of digital technology increase during 2021? If yes, please explain. Did you implement new digital products or services as a result of COVID-19?				
In general, what percentage of your clients take advantage of the digital products and services listed above? (select range)		▼	Have you noticed any trends over the past year in terms of your clients' usage of digital technology?	

6. Organizational Information (Additional information in column J "Definitions")

		2021	Comments
Employees	Total Number of Employees		
	Number of <u>Female</u> Employees		
	Total Number of Senior Management Positions		
	Number of <u>Women</u> in Senior Management Positions		
	Number of Senior Management Positions held by <u>local / non-foreign</u> individuals		
	Total number of members on the organization's Board of Directors or other governing body		
	Number of <u>female</u> members of the organization's Board of Directors or other governing body		
	Female founder, co-founder or CEO (yes/no)		
Local/non-foreign founder, co-founder, or CEO (yes/no)			
Employee Turnover Ratio % (number of departures / average # of employees during year)			
Client Retention	Client Retention Ratio (%)		
	Average client tenor (months)		
	How many existing clients renewed a loan in 2021?		
	How many clients who renewed a loan in 2021 were women?		
New Clients	How many new clients did your organization have in 2021?		
	How many new clients in 2021 were women?		
	How many new clients in 2021 were rural?		
Client Protection	Is your organization formally committed to the Client Protection Principles (formerly managed by the Smart Campaign)?		<p>MCE encourages all clients to commit to implement and improve existing client protection practices. More information can be found here: https://setf.info/client-protection/the-client-protection-pathway</p>
	If no, does your organization endorse the Client Protection Principles?		
	If no, does your organization plan on pursuing a Client Protection Principles certification?		

		2020	2021
Locations	How many branch locations do you have?		

END OF SURVEY

Feedback	Approximately how long did this survey take to complete?	
	How might we improve this survey? Additional comments are welcome.	

Annex B- 2: SGB Annual Partner Survey



Small and Growing Business (SGB) Partner Survey - 2021

This survey is part of an effort by MCE Social Capital to gain a better understanding of the social and environmental impact of its SGB portfolio in order to enhance MCE's ability to accurately communicate this information to its stakeholders, identify trends across its portfolio, and ultimately improve the impact of its lending activity. The information requested in this survey is intended to be easily attainable and should not require much time to complete.

Please provide the following information to MCE Social Capital by March 15, 2022.

MCE Social Capital is a member of the **Council on Smallholder Agricultural Finance (CSAF)**, a global network of lending practitioners working to promote an inclusive finance market for agricultural SGBs. The metrics requested in this survey represent the core set of impact metrics established by CSAF. If your organization is a client of any other CSAF members, we encourage you to share this completed template with them as well.

Instructions: Please fill in all fields in blue. You can add any relevant comments in columns E-H.

Client (Investee) Profile	Unit	Data (2021)	Comments			
Client name	Organization name					
Client type (by value chain activity)	Drop-down list					
Client type (by ownership)	Drop-down list					
Year founded	Year					
Crop Type(s)	Crop (please list all crops your organization sources from farmers, in order of volumes sourced in 2021)					
Primary country of operation	Country					
Additional country(s) of operation	Country					
Farmers/Suppliers	Unit	Data (2021)	Comments			
As-of date of impact data	Date					
Number of farmers registered at year end	Absolute number					
Number of female farmers registered at year end	Absolute number					
Number of farmers who sold to the organization during year	Absolute number					
Number of female farmers who sold to the organization during year	Absolute number					
Number of farmers who sold to the organization during quarter	Absolute number	Please provide data as of the end of each quarter. n.a	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Number of female farmers who sold to the organization during quarter	Absolute number	Please provide data as of the end of each quarter. n.a				
Are all of the farmers you work with considered smallholders?	Yes/No; please explain					
Product or service that specifically or disproportionately benefits women	Yes/No; please specify					
Number of hectares under cultivation (indirect)	Absolute number					
Number of hectares under cultivation - organic certified (indirect)	Absolute number					
Do you collect any kind of socioeconomic data on farmers? And/or data about how livelihoods change over time?	Yes/No, please explain					

Employees		Unit	Data (2021)	Comments			
As-of date of impact data		Date					
				Q1 2021	Q2 2021	Q3 2021	Q4 2021
Permanent employees		Absolute number	Please provide data as of the end of each quarter.				
Permanent employees: Female		Absolute number	Please provide data as of the end of each quarter.				
Temporary Employees		Absolute number	Please provide data as of the end of each quarter.				
Temporary Employees: Female		Absolute number	Please provide data as of the end of each quarter.				
Number of people in senior management (total)		Absolute number					
Number of women in senior management		Absolute number					
Number of total members on the organisation's Board of Directors or other governing body		Absolute number					
Number of female members of the organization's Board of Directors or other governing body		Absolute number					
Female founder, co-founder or CEO		Yes/No					
Local/non-foreign founder, co-founder or CEO		Yes/No					
Share of women ownership		Percentage					
Financial metrics		Unit	Data (2021)	Comments			
As-of date of financial data		Date					
Sales		Absolute number (USD)					
				2020	2021	Comments	
Payments to farmers		Absolute number (USD)	Please provide data as of the end of each year.n.a				
Payments to fulltime employees		Absolute number (USD)					
Payments to fulltime female employees		Absolute number (USD)					
Payments to temporary or seasonal employees		Absolute number (USD)					
Payments to female temporary or seasonal employees		Absolute number (USD)					
Cost of goods sold		Absolute number (USD)					
Environmental metrics		Unit	Data (2021)	Comments			
As-of date of environmental metrics		Date					
Environmental management systems	1. Does the SME have any of the following environmental certifications? (select all that apply)		Yes/No				
	Rainforest Alliance / UTZ		Yes/No				
	Organic (USDA / EU / Regional)		Yes/No				
	Fairtrade (USA / FLO)		Yes/No				
	Smithsonian Migratory Bird Center (Bird Friendly)		Yes/No				
	Other (please specify)		Yes/No				
	2. Does the enterprise have a written environmental policy or a set of procedures with the goal of ensuring good environmental performance by enterprise staff and/or suppliers? If yes, does the policy or set of procedures include any of the following? (select all the apply)		Yes/No				
	Written environmental policy / mission statement		Yes/No				
	Identification of environmental risks and possible impacts associated with enterprise activities		Yes/No				
	Continuous improvement plan		Yes/No				
	Identification / implementation of mitigation strategies		Yes/No				
	Management policy or processes that ensure employee or producer compliance to local laws or the enterprise's environmental policies (such as mandatory training)		Yes/No				
	3. Does the SME monitor and/or measure the environmental performance of its farmer suppliers?		Yes/No				
Through direct internal inspection		Yes/No					
Through partnerships with third-party actors		Yes/No					

Sustainable Practices (Farmer-level)	4. Does the SME facilitate the adoption of or do the majority of suppliers engage in the following practices?	Yes/No		
	Re/afforestation efforts or crop renovation	Yes/No		
	Circular agriculture	Yes/No		
	Sustainable water use & water conservation	Yes/No		
	Soil health improvement practices	Yes/No		
	Conservation local ecosystems and biodiversity	Yes/No		
	Other (please specify)	Yes/No		

Sustainable Practices (Enterprise-level)	5. Does the SME engage in any of the following activities?	Yes/No		
	Does the enterprise provide agronomic assistance to support a majority of suppliers in adopting sustainable agricultural practices?	Yes/No		
	Does the enterprise provide environment-friendly inputs / productive assets to a majority of suppliers?	Yes/No		
	Does the enterprise practice or promote sustainable energy usage?	Yes/No		
	Does the enterprise participate in an externally verified GHG Emissions reduction plan/project?	Yes/No		
	Other (please specify)	Yes/No		

Additional impact studies	Unit	Data (2021)	Comments
Does the borrower have any additional impact information in the form of research or case studies that have been done?	Yes or no + attach materials		

Additional Metrics (if available)	Unit	Data (2021)	Comments
Individuals Trained: Technical Assistance (Total)	Absolute number		
Individuals Trained: Technical Assistance (Women)	Absolute number		
Individuals who received agricultural inputs (Total)	Absolute number		
Individuals who received agricultural inputs (Women)	Absolute number		
Individuals who received financing or credit (Total)	Absolute number		
Individuals who received financing or credit (Women)	Absolute number		
Number of hectares directly cultivated by the organization	Absolute number		
Average Supplier Agriculture Yield	Absolute number (please specify units - kg, quintales, etc.)		
Sales - Volume	Absolute number		
Total Volume Purchased from Suppliers	Absolute number		
Producer Price Premium	Percentage		
Employees Trained	Absolute number		
Metric tons of CO2 sequestered	Absolute number		

Feedback	If you would like to provide any feedback on this survey, please share your thoughts here.	
-----------------	--	--

Annex C

FSP Grievance Mechanism

MCE requires FSP Borrowers to have grievance mechanisms in place, either by being certified by the SMART campaign, or by endorsing these same principles, or by offering adequate grievance mechanisms to end beneficiaries. Such mechanisms would include:

- complaint boxes or books in branches
- hotline or email for complaint reporting, conflict resolution or corruption reporting
- internal audit visiting clients and reporting on findings (behavior of loan officers and branch staff, occurrences of corruption, etc.)
- regular client surveys collecting feedback on quality of services and products, staff behavior (including past due recovery personnel), suggestions from clients, willingness to recommend FSP to other people, willingness to remain a client with the FSP, client exit interviews, etc.

MCE assesses how grievances are collected, analyzed and addressed by FSP Borrowers, and analyzed in parallel with client retention rates.

Timing and frequency:

- MCE performs a full analysis during each due diligence, including interviews with clients;
- MCE collects client surveys on a yearly basis, when available;
- MCE collects Social Ratings, when available.