

Oikocredit has developed two environmental, social and governance (ESG) scorecards to strengthen its operational due diligence; one for financial intermediaries and one for social enterprises. Financial intermediaries are microfinance institutions, credit unions, financial institutions and other providers of credit. Social enterprises on the other hand, are companies that directly address the particular social needs of a social sector or community through their products and services or the number of disadvantaged people they employ. For social enterprises, the social/environmental mission is central to what they do and their profits are reinvested to sustain these goals.

This is the scorecard for social enterprises. The objectives are to:

- highlight the importance of social performance management through dialogue with partners
- identify a partner's strong points and areas for improvement
- ensure Oikocredit selects the right partners which share its social goals and objectives and consider them central to their mission
- compare the performance of partners and recognize those who lead in social performance management

A. Outreach and Responsibility to the community 15%

A1. Focus on disadvantaged groups

Score 0, 1 or 2	<p>The organization provides services to disadvantaged groups</p> <ul style="list-style-type: none"> ● The organization cannot show evidence that it reaches disadvantaged groups. (0) ● The organization aims to target disadvantaged groups. (1) ● The organization can show evidence through monitoring systems that it reaches disadvantaged groups. (2)
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A2. Contribution to the local economy and community

Score 0, 1 or 2	<p>The organization contributes to the local economy and community</p> <ul style="list-style-type: none"> ● The organization does not contribute to the local economy and community through its core business. (0) ● The organization contributes to the local economy and community. (1) ● The organization contributes to the local economy and community through its core business and the due diligence process verifies it. (2)
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B. Ownership and governance 25%

B1. Monitoring of social goals and objectives

Score 0, 1 or 2	<p>The organization has clear social objectives and tracks these</p> <ul style="list-style-type: none"> ● The organization does not have explicit social goals and objectives. (0) ● The organization has clear social goals and objectives. (1) ● The organization monitors at least one indicator for each of its defined social goals and objectives. (2)
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B2. Diversified ownership and capital structure

Score 0 or 2	<p>The organization has a diversified ownership base</p> <ul style="list-style-type: none"> ● There are single interests (individuals or family groups) with a stake of >20%. (0) ● Legal charter does not allow single interest stake of >20% and facilitates entry for ownership by key stakeholders. (2)
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B3. Gender equality and women's empowerment in the workplace

Score 0, 1 or 2

The organization addresses gender equality and women's empowerment

- The organization does not provide access to programmes or services aimed at addressing gender equality and women's empowerment. (0)
- The organization does not provide access to special gender equality and women's empowerment programmes or services but has put in place women-friendly measures in the workplace. (1)
- The organization provides or facilitates access to specific programmes or services aimed at addressing gender equality and women's empowerment. (2)

B4. Decent work aspects

Score 0 or 2

The organization is compliant with local labour laws and regulation with regard to decent work aspects

- A written human resources policy is not available or compliant with existing national law on minimum wages, social benefits, working conditions, safety at work, non-discrimination, freedom of association. (0)
- A written human resources policy is available to all employees; is compliant with any existing national law and explains employees' rights related to all of the following: wages, social benefits, working conditions, safety at work, non-discrimination, freedom of association. (2)

B5. Staff grievance procedures

Score 0 or 2

The organization has a system in place to solicit and address staff grievances

- The organization does not have a system in place to solicit and address staff grievances. (0)
- The organization accepts and responds to employee grievances through a formal and confidential grievance system that protects employees from retaliation for submitting their complaints. (2)

B6. Provision of skills training for the staff

Score 0 or 2

The organization promotes staff development by providing regular skills development opportunities and/or other support services to its employees

- The organization does not provide knowledge/skills acquisition or any other support service to its employees. (0)
- The organization provides knowledge/skills acquisition and/or other support services to its employees. (2)

C. Concern for the environment 25%

C1. Environmental compliance

Score 0 or 2

The organization is compliant with national industry environmental regulations

- The organization does not comply with national industry environmental regulations. (0)
- The organization has an environmental policy that at a minimum complies with all national and industry environmental regulations. (2)

C2. Certifications

Score 0, 1 or 2

Environmental certifications are in place

- The organization has no environmental certification. (0)
- The organization has an internal environmental certification on organic farming, sustainable fishery and/or sustainable forestry. (1)
- The organization has an external (and internationally acknowledged) certification on organic farming sustainable fishery and/or sustainable forestry or fair trade. (2)

C3. Environmental education and promotion

Score 0, 1 or 2	The organization promotes environmental awareness and environmentally-friendly practices
	<ul style="list-style-type: none"> The organization does not implement any environmental awareness programme. (0) The organization has a special programme in environmental awareness and education among staff or beneficiaries or other relevant partners. (2)

C4. Expected scope of negative environmental impact

Score 0, 1 or 2	Expected scope of negative environmental impact of project financed by Oikocredit
	<ul style="list-style-type: none"> The negative impact of business activities on the environment is expected to be large, defined as one of the following activities: energy or industrial plants, large scale forestry and processing of wood products, intensive agriculture and processing of (food) products, large scale and intensive fishery and processing of (food) products, large scale water usage, dump sites, large scale infrastructure and construction, trade in environmentally sensitive resources and rare species. (0) The impact of business activities on the environment is expected to be moderate, defined as one of the following activities: small to medium manufacturing, small enterprise water supply and waste water treatment, small-scale energy plants, production of building materials, agriculture (crops, livestock), freshwater fisheries, agricultural processing and food production, transport services, recreation, tourism development, housing and real estate. (1) The impact of business activities on the environment is expected to be low, defined as one of the following activities: trade, education, health care, fair trade certified production and processes. (2)

C5. Expected degree of vulnerability to the environment

Score 0 or 2	Expected degree of vulnerability to the ecosystem
	<ul style="list-style-type: none"> The organization works in a highly vulnerable ecosystem and can potentially do damage to it. (0) The organization does not work in a highly vulnerable ecosystem and/or it is unlikely to do damage to highly vulnerable ecosystems. (2)

D1. Primary benefits to target groups 35%
Option 1 - Cooperatives

D1.1. Adherence to cooperative principles of democratic control

Score 0 or 2	The cooperative adheres to the following cooperative principles of equity (voluntary and open membership), democratic control (such as one-member-one-vote), equality among members.
	<ul style="list-style-type: none"> The cooperative does not have policies relating to the cooperative principles of equity, democratic control and equality. (0) The cooperative has policies in place that refer to the cooperative principles of equity, democratic control and equality among members (e.g. one-member-one-vote). (2)

D1.2. Capacity building support

Score 0 or 2	The cooperative builds the capacities of its members.
	<ul style="list-style-type: none"> The cooperative does not provide capacity building support to its members. (0) The cooperative provides or facilitates capacity building support to its members. (2)

D1.3. Benefit to disadvantaged non-members in the community

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| Score 0 or 2 | The cooperative provides relevant services to disadvantaged non-members in the community |
| | <ul style="list-style-type: none"> ● The cooperative does not provide services to disadvantaged non-members in the community. (0) ● The cooperative provides services to disadvantaged non-members in the community. (2) |

D1.4. Member feedback

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| Score 0 or 2 | The cooperative employs an appropriate mechanism to solicit and address feedback and grievances from the members |
| | <ul style="list-style-type: none"> ● The cooperative does not collect feedback from members on a regular basis to improve their products, services and relationship. (0) ● The cooperative collects feedback from members on a regular basis to improve their products, services and relationship. (2) |

D2. Primary benefit to target groups 35%
Option 2. Other development projects

D2.1. Job creation for beneficiaries

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| Score 0 or 2 | The organization contributes to job creation and/or improved quality of work for its beneficiaries |
| | <ul style="list-style-type: none"> ● The organization does not contribute to job creation and/or improved quality of work for its beneficiaries. (0) ● The organization can show evidence that it contributes to job creation and/or improved quality of work for its beneficiaries. (2) |

D2.2. Auxiliary services

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| Score 0 or 2 | The organization provides auxiliary services for capacity building to its beneficiaries |
| | <ul style="list-style-type: none"> ● The organization provides only business/livelihood opportunities. (0) ● Aside from business opportunities, the organization provides auxiliary services such as capacity building, emergency/calamity assistance, rebates, etc. to its beneficiaries. (2) |

D2.3. Stakeholder feedback

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| Score 0 or 2 | The organization employs an appropriate mechanism to solicit and address feedback from key stakeholders. |
| | <ul style="list-style-type: none"> ● The organization does not collect feedback from key stakeholders on a regular basis to improve their products and services. (0) ● The organization collects feedback from key stakeholders on a regular basis to improve their products and services. (2) |