

Environmental Due Diligence

Note: Some rating criteria have been removed from this public file in order to avoid disclosing the trigger criteria that would prevent loan approval.

Name of Organization:
Country:
Product:

% of Environmental Scoring Complete:

1.0 Client Conversation

1.1 How would you describe your local landscape and its most important characteristics? (e.g. tropical forest, desert, watershed, savannah, wetland)

Insert text notes here.

1.2 Are producers located in a environmentally-sensitive area? (e.g. National Park, Buffer Zone, Biodiversity Hotspot, Indigenous & Community Conserved Area)

Insert text notes here.

1.3 What are the primary environmental issues that producers confront, and how are they dealing with them? (e.g. drought, soil erosion, biodiversity preservation, climate change)

Insert text notes here.

1.4 Does your enterprise provide agronomic training to producers? If so, what kind, and is there a monitoring component? (e.g. centralized workshops, extension services, inputs)

Insert text notes here.

1.5 What are the environmental strengths of your enterprise and the positive impacts it is generating (e.g. reforestation, collaborations with environmental organizations, other projects?)

Insert text notes here.

1.6 What are the environmental weaknesses of your enterprise do you have a plan to improve? (e.g. what would you need to do to improve practices, what are the challenges?)

Insert text notes here.

1.7 Do all producers own the land they are cultivating? If not, what is the current situation for them? (e.g. half of producers have recently emigrated to the region and are afraid of being evicted)

Insert text notes here.

2.0 Environmental Scoring

OVERVIEW

Please enter the total quantity of hectares under cultivation

Please select certifications that pertain to the area under cultivation

	Yes/No?	Total Certified Hectares	Date of First Issuance	Most Recent Date of Renewal	In Conversion?	Hectares in Conversion
Demeter						
FLO						
GLOBALG.A.P						
Organic						
Rainforest Alliance						
SMBC						
Utz						

Please enter the total area under cultivation that does not have a certification listed above.

% of Total Certified
% of Total Not Certified

In the sections below, please select the option that best describes the enterprise.

2.1 Environmental Management Systems

Environmental Management Systems

- The enterprise possesses superior environmental management systems
- The enterprise possesses good environmental management systems
- The enterprise is committed to environmental management, but has limited systems in place
- The enterprise shows no interest in developing environmental management systems

Baseline
Rating:

DEFINITIONS

Environmental Management: A set of policies and procedures for planning and executing operations in an environmentally sustainable way.

BEST PRACTICES

- Enterprise has a written environmental policy
- Enterprise has clearly-defined short and long term objectives and goals
- Enterprise has a system for measuring environmental performance
- Enterprise keeps records of environmental performance
- Enterprise regularly inspects producer farms to ensure preservation of biodiversity, soil, water bodies, etc.

SAMPLE QUESTIONS

- How does the enterprise plan and set goals for environmental performance?
- What sorts of workshops or trainings does the enterprise provide to producers?
- Who in the enterprise is responsible for developing and implementing the environmental management systems?
- How does the enterprise ensure that producers are employing sustainable agricultural practices?

2.2 Land Use, Ecosystem and Biodiversity Conservation

Land Use & Ecosystems

- Enterprise's production improves a degraded ecosystem OR occurs within a "wild" or "rustic" agroforestry system
- Enterprise's production occurs within a "commercial multicropping" or "single species multicropping" agroforestry system
- Enterprise's production does not occur within an agroforestry system, but the enterprise is not converting non-agricultural land
- Enterprise's production is converting non-agricultural land to production, but the land is not of High Conservation Value
- Enterprise's production converts an ecosystem with High Conservation Value (e.g., primary tropical forest)

Baseline
Rating:

DEFINITIONS

- Ecosystem:** A biological environment consisting of all the organisms living in a particular area, as well as all the nonliving, physical components of the environment such as air, soil, water and sunlight
- Area of High Conservation Value:** Natural habitats of outstanding significance or critical importance due to their high environmental, socioeconomic, biodiversity, or landscape values
- Agroforestry:** The combination of agriculture and forestry to create diverse, productive, profitable, and sustainable land-use systems
- Wild Agroforestry:** A crop growing with minimal management in the understory of a forest with a closed canopy
- Rustic Agroforestry:** Semi-natural forest, with the crop replacing some of the native understory plants
- Commercial Multicropping:** Most/all native trees are replaced with diverse "garden" of wild and managed trees, shrubs, and crops
- Single Species Multicropping:** Native trees are entirely replaced with one species of shade tree for a crop monoculture

SAMPLE QUESTIONS

- Does the enterprise or producers convert land to increase production?
- If so, will the conversion enhance or degrade the ecosystem?
- How does the enterprise monitor its producers and any conversion activities?

Does production occur within an agroforestry system?

Biodiversity Conservation

Enterprise identifies and enhances biodiversity by engaging in reforestation / afforestation, maintaining wildlife refuges, establishing buffer strips, etc.
Enterprise has a clear and well-enforced policy against biodiversity degradation in the form of deforestation, slash-and-burn agriculture, poaching, etc
Enterprise does not have a well-enforced policy to protect biodiversity but is not degrading it
Enterprise is engaged in deforestation, slash-and-burn agriculture or other activities that damage biodiversity

Baseline
Rating:

DEFINITIONS

Biodiversity: The variety of life and its processes, which in agriculture includes the plants, animals, soil organisms and the community in which they interact.
Reforestation: Planting trees in deforested areas. **Afforestation:** Planting trees where there were none before.
Slash and Burn Agriculture: Cutting or burning forests to plant crops.

BEST PRACTICES

Enterprise creates space ("buffer zones") between agricultural (e.g., crops, roads, processing equipment) and natural areas (e.g., streams, lakes, forest)
Enterprise ensures that producers do not overharvest wild products (e.g., timber, plants, animals)
Enterprise researches and identifies endangered or threatened species found on producer farms
Enterprise educates producers about endangered or threatened species and ensures that producers protect them

SAMPLE QUESTIONS

What kind of biodiversity is found in the production region?
Does the enterprise have a program to protect local biodiversity?
Does the enterprise do any forestation/afforestation?
Does the enterprise educate producers about using buffer zones?
How does the enterprise monitor the impact of producers on the local biodiversity?

2.3 Agrochemicals

Agrochemicals

Enterprise bans the use of any and all agrochemicals in production
Enterprise bans the use of hazardous agrochemicals and employs best practices, including producer training, to ensure responsible agrochemical use
Enterprise bans the use of hazardous agrochemicals and employs limited best practices
Enterprise does not ensure that producers use agrochemicals responsibly, or does not know if they are using them
Enterprise is using or distributing hazardous agrochemicals, applying agrochemicals in an unsafe manner, or otherwise placing producer or employee health at risk

Baseline
Rating:

DEFINITIONS

Integrated Pest Management ("IPM"): A strategy to combat pests combining biological (e.g., use of beneficial insects), cultural (e.g., crop rotation), and chemical control methods
Run-Off: Water that flows across the land and may pick up pesticides or fertilizers and pollute streams, rivers, etc.
Hazardous Agrochemical: Any agrochemical that appears on the list of Prohibited Materials, which includes WHO Class 1a & 1b, PAN Dirty Dozen, and others

BEST PRACTICES

Enterprise provides training in Integrated Pest Management strategies and ongoing assistance to producers
Enterprise has a formal agrochemical policy that describes which chemicals can be used in which quantities and under what conditions
Enterprise closely monitors agrochemical use by producers and takes disciplinary action if producers violate the policy
Enterprise maintains records of which agrochemicals are used in what quantities by producers
Enterprise enforces centralized storage and safe handling of agrochemicals
Enterprise ensures that agrochemicals do not end up in streams, rivers, or other water bodies by creating "buffer zones" along production areas

SAMPLE QUESTIONS

Do any producers use agrochemicals? If so, what kinds?
If so, does the enterprise provide any training to producers on the use of agrochemicals?
If so, what policies (bans, processes, record-keeping) does the enterprise have surrounding agrochemical use?
How does the enterprise monitor agrochemical use?
What actions does the enterprise take if producers are found to break the policies?

2.4 Soil Management

Soil Erosion Control

Enterprise or producers employ excellent soil erosion control practices (i.e. "Conservation Agriculture")
Enterprise or producers employ good soil erosion control practices
Enterprise or producers have limited knowledge, but are willing to adopt soil control practices
Enterprise or producers show no interest in soil erosion control OR they actively cause soil erosion

Baseline
Rating:

DEFINITIONS

Soil Erosion: The loss of soil caused by the movement of water or wind
Conservation Agriculture: Approach that uses minimal soil disturbance, permanent soil cover, and crop rotations to preserve and build soil health
Live Barriers: The use of plants and trees to protect the soil from erosion
Cover Crops: Crops planted to reduce soil erosion, manage weeds and pests, and boost soil fertility
Contour Planting: Plowing along a slope's elevation contour lines to reduce prevent water erosion
Tillage: Mechanical modification (e.g., ploughing) of the soil structure - too much modification may result in compaction of the soil

BEST PRACTICES

Enterprise provides training in soil erosion control measures conducted by agronomic extension officers or a third-party
Producers use live barriers such as trees or grasses and vegetative ground cover to prevent erosion
Producers use contour planting if they are farming on hills
Producers do not plant on steep slopes or heavily irrigate their crops

SAMPLE QUESTIONS

Is soil erosion a problem for producers?
If so, what are the primary causes of soil erosion (e.g., steep slopes, wind, irrigation)?
What programs or activities does the enterprise have to reduce soil erosion?
What strategies do producers use to prevent soil erosion?

Soil Fertility Techniques

Enterprise and producers employ excellent soil fertility techniques
Enterprise and producers employ good soil fertility techniques (i.e. "Conservation Agriculture")
Enterprise or producers have limited knowledge, but are willing to adopt soil fertility techniques
Enterprise and producers show no interest in soil fertility techniques OR they are actively degrading the soil (through excessive agrochemical and /or irrigation use)

Baseline
Rating:

DEFINITIONS

Soil Fertility: Soil's ability to sustain productivity, based on its organic matter and mineral content
Conservation Agriculture: Approach that uses minimal soil disturbance, permanent soil cover, and crop rotations to preserve and build soil health
Soil Nutrients: The nutrients naturally found in the soil (e.g., nitrogen, phosphorous, potassium) that support plant growth
Cover Crops: Crops planted to reduce soil erosion, manage weeds and pests, and boost soil fertility
Organic Fertilizer: Fertilizer derived from animal or vegetable matter, such as compost
Crop Rotation: Growing different kinds of crops in sequential seasons on the same land in order to break pest patterns and avoid soil exhaustion
Intercropping: Growing two or more crops together
Soil Degradation: A change or disturbance to the soil that reduces soil fertility and/or breaks down soil structure (e.g., applying too many chemical fertilizers, not rotating crops)

BEST PRACTICES

Enterprise provides training in soil fertility techniques conducted by agronomic extension officers or a third-party
Producers use a combination of techniques including cover crops, intercropping, crop rotation, and organic fertilizers such as compost
Producers use minimal agrochemicals to avoid diminishing the naturally-occurring nutrients and microbes in the soil
If producers grow a monocrop, they replenish soil nutrients with cover crops, fertilizers or through crop rotation/fallowing

SAMPLE QUESTIONS

What is the soil fertility in the region?
What are the primary reasons for high or low levels of soil fertility?
What programs or activities does the enterprise have to improve soil fertility?
What strategies do producers use to improve soil fertility?

2.5 Water Use and Wastewater Management

Water Use

Enterprise or producers use rain water for irrigation or processing AND employ water-efficient technologies that minimize water use (e.g., drip irrigation)
Enterprise or producers use rain water for irrigation or processing
Enterprise or producers use ground or surface water for irrigation or processing AND employ water-efficient technologies that minimize water use (e.g., drip irrigation)
Enterprise or producers use ground or surface water for irrigation or processing and avoid causing environmental damage (e.g., dried up streams)
Enterprise or producers use ground or surface water for irrigation or processing without concern for environmental damage

Baseline
Rating:

DEFINITIONS

Drip Irrigation: A water-saving method of irrigating through pipes that delivers water drop by drop to plants through tiny holes, increasing irrigation efficiency and preventing waterlogging of soils
Spray Irrigation: Irrigation whereby water is shot from high-pressure sprayers onto crops; because water is shot into the air, some water is lost to evaporation
Flood / Surface Irrigation: Water application and distribution over the soil surface by gravity; this form of irrigation can be highly inefficient and damaging if not carefully managed

BEST PRACTICES

Enterprise provides training in efficient irrigation and processing conducted by agronomic extension officers or a third-party
Enterprise and producers reuse and recycle water when possible
If ground or surface water is used, the enterprise pays attention to stream levels, wells, and other indicators to make sure water source is not being depleted
If ground or surface water is used, the enterprise works with local government or environmental organizations to ensure sustainable use

SAMPLE QUESTIONS

Does the enterprise or its producers use water for irrigation or processing?
If so, where does this water come from?
How does the enterprise make sure that ground or surface water is not being over-used?
Does the enterprise collaborate with any third-parties in managing water resources?

Wastewater Management

Enterprise or producers treat all processing wastewater and have a formal program to monitor and analyze its quality OR no wastewater is produced
Enterprise or producers treat all processing wastewater but do not have a formal program to monitor and analyze its quality
Enterprise or producers do not treat all processing wastewater, but are committed to improving practices
Enterprise or producers do not treat processing wastewater and it is discharged into waterbodies
Enterprise is disposing of wastewater in a way that materially threatens human or environmental health

Baseline
Rating:

DEFINITIONS

Waterbody: Any significant accumulation of water, including streams, rivers, canals, and wetlands

BEST PRACTICES

Enterprise provides training in treating wastewater from processing activities, such as wet milling at the farm level
Enterprise is aware of all waterbodies in production area and ensures that no untreated wastewater is discharged into them
Enterprise has a formal program to monitor and analyze water-quality that takes into account potential contaminants and local laws

SAMPLE QUESTIONS

Does the enterprise or its producers do any processing that generates wastewater?
How is wastewater disposed of by the enterprise and/or producers?
Are there any water bodies in the area where processing occurs?
Does processing occur centrally, at the farm level, or both?
If processing occurs at the farm level, how does the enterprise ensure that wastewater is properly treated and disposed?

2.6 Solid Waste Management

Organic Waste

Enterprise or its producers compost organic waste and use it to improve the soil
Enterprise or its producers do not compost organic waste but they manage it without damaging the environment
Enterprise or its producers do not responsibly manage organic waste (e.g., they burn it, dump it, put it in waterbodies)
Enterprise is disposing of organic waste in a way that materially threatens human or environmental health

Baseline
Rating:

DEFINITIONS

Organic Waste: Waste from plants, animals, or other living things that can be broken down by other living organisms

BEST PRACTICES

Enterprise provides training to producers in how to compost and reuse organic waste in a safe and clean way
Enterprise or individual farms have a designated place to collect organic waste for composting or disposal

SAMPLE QUESTIONS

What kinds of organic waste result from production?
What does the enterprise and producers do with this organic waste?
Does the enterprise provide training to producers in how to compost or dispose of organic waste?

Inorganic Waste

Enterprise and producers carefully dispose of inorganic waste and do not generate any hazardous waste
Enterprise and producers carefully dispose of inorganic waste, and producers are trained in how to dispose of hazardous waste waste such as chemical pesticides or fertilizers
Enterprise and producers are unaware of appropriate waste disposal techniques
Enterprise or producers are disposing of inorganic waste, especially hazardous waste, in a way that materially threatens human or environmental health

Baseline
Rating:

DEFINITIONS

Inorganic Waste: Waste not from living things; examples include plastic and other synthetic compounds
Hazardous Waste: A type of inorganic waste that can cause contamination, sickness, and death; examples include chemical fertilizers and pesticides

BEST PRACTICES

Enterprise provides training to producers in how to safely dispose of inorganic waste, especially hazardous waste if it is used
Enterprise bans the use of open waste dumps and open-air burning of inorganic waste
Enterprise collects hazardous waste from producers and deposits the waste in areas that will not contaminate the land or water, or sicken people

SAMPLE QUESTIONS

What kinds of inorganic waste results from production?
Does the enterprise or producers generate any hazardous wastes?
What does the enterprise and the producers do with inorganic waste?
Does the enterprise provide training to producers in how to dispose of inorganic waste?

2.7 Energy Source & Efficiency

Energy Source
Enterprise uses 100% renewable energy
Enterprise uses a minimum of 20% renewable energy
Enterprise uses grid energy, a diesel generator or firewood from sustainable and legally harvested sources
Enterprise uses firewood from unsustainable sources and/or is illegally harvested

Baseline
Rating:

DEFINITIONS

Renewable Energy: Energy from natural resources such as sunlight, wind, rain, tides, and geothermal heat, which are naturally replenished

BEST PRACTICES

Enterprise uses energy from solar panels or solar dryers
Enterprise uses wind energy
Enterprise uses hydro energy, but in a way that does not harm the ecosystem
Enterprise can describe exactly where it gets its wood and how it is sustainably managed

SAMPLE QUESTIONS

Where does the enterprise's electricity come from?
Where does the enterprise's heat for drying coffee or other products come from?
Where does the enterprise's wood come from, if it uses wood?

Energy Efficiency
Enterprise measures its energy and employs energy-efficient technologies in production
Enterprise has an energy conservation program
Enterprise does not measure its energy use
Enterprise is wasteful in its energy use

Baseline
Rating:

DEFINITIONS

Energy Efficiency: Efforts to reduce energy use

BEST PRACTICES

Enterprise has an energy conservation plan
Enterprise measures its energy consumption on a regular basis
Enterprise uses energy-efficient equipment

SAMPLE QUESTIONS

Does the enterprise know how much energy it consumes?
Does the enterprise have any plans to try to reduce its energy use?
Does the enterprise use any energy efficient equipment?

3.0 Loan Officer Assessment

Type of Impact

ENVIRONMENTAL MANAGEMENT SYSTEMS
LAND USE, ECOSYSTEM AND BIODIVERSITY CONSERVATION
AGROCHEMICALS
SOIL MANAGEMENT
WATER USE AND WASTE WATER MANAGEMENT
SOLID WASTE MANAGEMENT
ENERGY SOURCE & EFFICIENCY

Overall Environmental Rating

3.1 Which environmental risks are most important given the enterprise's industry, context and practices? (e.g., agrochemical use, soil conservation, wastewater treatment)

Insert text notes here.

3.2 How is the enterprise managing these environmental risks? (e.g., the coop provides farm-level training on wastewater disposal, or the private business provides agrochemicals and training to farmers on application)

Insert text notes here.

3.3 Based on Section 3.1 - 3.2, please identify the two or three most important environmental risks and practices that you will review with the enterprise next year.

Insert text notes here.

3.4 If the enterprise received a "C" in any category but you wish to recommend loan approval, please explain why and discuss how you will ensure future compliance? (e.g., a loan covenant, client-written plan, six-month check-in?)

Insert text notes here.

3.5 Overall, what is your perception of the enterprise's environmental risks and practices? If you believe the auto-generated Environmental Rating is too high or too low, please explain.

Insert text notes here.

4.0 Loan Officer Assessment, Renewal (Year 2)

4.1 Have there been any major changes in the enterprise's environmental risks or practices over the last year? (e.g., gained or lost a certification, expanded agronomic training)

Insert text notes here.

4.2 How has the enterprise performed in the areas you identified last year for follow-up? (e.g., enterprise improved soil management training for producers, enterprise is now using more agrochemicals)

Insert text notes here.

4.3 If the enterprise received a "C" but was received a loan, has it complied with all terms and conditions associated with approval?

Insert text notes here.

5.0 Loan Officer Assessment, Renewal (Year 3)

5.1 Have there been any major changes in the enterprise's environmental risks or practices over the last year? (e.g., gained or lost a certification, expanded agronomic training)

Insert text notes here.

5.2 How has the enterprise performed in the areas you identified last year for follow-up? (e.g., enterprise improved soil management training for producers, enterprise is now using more agrochemicals)

Insert text notes here.

5.3 If the enterprise received a "C" but was received a loan, has it complied with all terms and conditions associated with approval?

Insert text notes here.

This scorecard draws from a number of sources, including but not limited to: the standards of environmental certification organizations, such as Fairtrade International, GlobalGAP, the International Foundation for Organic Agriculture, the Rainforest Alliance, and Utz; the sustainable performance standards of the International Finance Corporation and the World Bank; and literature on sustainable agriculture from CGIAR, Ecoagriculture Partners, and the Food and Agriculture Organization.