



Social and Environmental Scorecards

Root Capital conducts social and environmental due diligence on all prospective borrowers to determine how they align with our mission to build sustainable livelihoods for rural communities in Africa and Latin America.

During due diligence, Root Capital loan officers use our social and environmental scorecards workbook, an interactive Excel file with questions customized to the agricultural business under review. We provide PDF-versions of key workbook components, including:

- **Client Profile tab**, where loan officers enter information about the business' activities and markets to enable auto-customization of the scorecards
- **Social and environmental scorecards**, used by loan officers to record and evaluate business' social and environmental performance
- **Summary tab**, with a "traffic light" (green, red, yellow) dashboard of the business' social and environmental performance
- **Environmental definitions tab**, with explanations and examples of environmental practices referenced in the environmental scorecard

Please note that the full functionality of the Excel workbook is not captured in this PDF version. If you would like to receive free access to the Excel version or learn more about Root Capital's social and environmental due diligence process, please contact Elizabeth Teague at eteague@rootcapital.org or Faina Rozental at frozental@rootcapital.org.

Client Profile

INSTRUCTIONS: Please fill in the outlined cells to determine which sections of the Social and Environmental Scorecards you should complete for this business.

Name of Business:	
Country:	
Portfolio:	
Type of Business:	Cooperative/Association or For-Profit Business

Compliance with IFC and Root Capital Exclusions Lists	Yes/No
I confirm that the enterprise does NOT exhibit any of the practices in the IFC Exclusion List:	

Industry:
Select all that apply

Enterprise products are consumed in the following markets:	Yes/No
Select all that apply	
National markets	
Regional markets (within Africa or Latin America)	
International/global markets (beyond Africa or Latin America)	

Enterprise is engaged in the following activities:	Yes/No
Select all that apply	
a. <u>Direct production</u> of agricultural products, including animal products	
b. <u>Direct collection</u> of natural, wild-harvested products, such as shea nuts	
c. <u>Aggregation of agricultural products, including animal products, cultivated by non-employees</u> , such as by cooperative members, outgrowers, or independent farmers	
d. <u>Aggregation of natural, wild-harvested products collected by non-employees</u> , such as by cooperative members or independent artisans	
e. <u>Processing</u> of any kind	
i. What is the daily processing capacity of the business?	

metric tons/day

Certifications held by the enterprise and/or its suppliers in the last year								
Certification	Status	Certification ID	Certified Crop or Product	Certified Unit (Farm, Group, Chain of Custody)	Hectares Certified	Hectares in Conversion	Date of First Issuance	Date of Expiration

How many of the hectares cultivated by suppliers are not certified nor in transition to certification?		# Uncertified Hectares
How many of the hectares managed by the enterprise are not certified nor in transition to certification?		# Uncertified Hectares

Social Due Diligence: Scorecard

1.0 Scale (Number of People Reached)

Social & Environmental Metrics (SEMs) All Loans/Portfolios		Year Minus 3	Year Minus 2	Year Minus 1	Definitions
Member Suppliers to Enterprise					Women Producers are a subset of Producers in the row above.
Producers (Men & Women)					
Women Producers					
Artisans (Men & Women)					
Women Artisans					
Non-Member Suppliers to Enterprise					Women Producers are a subset of Producers in the row above.
Producers (Men & Women)					
Women Producers					
Artisans (Men & Women)					
Women Artisans					
Buyers of Enterprise Goods					These are producers whose only touch point is buying inputs from the enterprise; these are not suppliers to the enterprise
Non-supplier producers buying inputs from enterprise e.g. seed					
Regional consumers of food sold by the enterprise					
Enterprise Management and Employees					Applicable to for-profit businesses only Applicable to for-profit businesses only
Woman-led (Yes/No) i.e. is the main decision-maker a woman?					
# Owners (Men & Women)					
# Women Owners					
# Board Members (Men & Women)					
# Women Board Members					
# Managers (Men & Women)					
# Women Managers					
# Administrators and Accountants (Men & Women)					
# Administrators and Accountants (Women)					
# Agronomists & Technicians (Men & Women)					
# Agronomists & Technicians (Women)					
# Processing Employees (Men & Women)					
# Women Processing Employees					
Average # Months Worked by Processing Employees					
# Farm Employees (Men & Women)					
# Women Farm Employees					
Average # Months Worked by Farm Employees					
Total # Employees	-	-	-	-	
Wages and Salaries Paid to Employees (USD)					
					Units
Enterprise Revenue (USD)					
Volume Purchased from Producers					
Payments to Producers (USD)					
Average Payments to Producers					
Payments as % of Revenue					Agricultural or industrial/processing land directly managed by the enterprise; examples include land controlled and managed by private farms, nucleus farms, and more extensive processing/storage facilities
Hectares Cultivated by Producer Suppliers	Hectares N/A? Click Here				
Hectares Managed by Enterprise (minimum of 1 hectare)					
Average Hectares per Producer					

Above \$10 per day: Producer households lived above \$10 middle-income level of \$4,000/hh member/year (PPP) i.e. total cash income for a household of five was more than \$20,000

DEFINITIONS

USD per household member per day includes all income sources of all household members, plus staple crop production for household consumption, divided by the number of household members.

Purchasing Power Parity: Technique used to determine the relative value of currencies, estimating the amount of adjustment needed on the exchange rate between countries in order for the exchange to be equivalent to each currency's purchasing power. How much money would be needed to purchase the same goods and services in the United States?

Price (dollars) = Price (pesos) / Exchange Rate (pesos/dollars)

3.2 Production & Sales

3.2.1 In the last production year, what was the **average land area of a producer supplier**?

3.2.2 Of that area, what was the **average land area dedicated to the main cash crop**?

3.2.3 In the last production year, what was the **average production per land area for the main crop** of a producer supplier?

3.2.4 In the last production year, what percent of total production did the average producer supplier sell of the main crop to the enterprise (**delivery rate**)? %

3.2.5 In the last production year, what delivery rate for the main crop did the enterprise aspire for? %

3.3 Food Security (Applicable to ALL Portfolios)

3.3.1 In the last production year, to what degree was food insecurity an issue?

- Over 50% of producer households experience acute food insecurity or lean months
Over 25% of producer households experience acute food insecurity or lean months
Food insecurity is not a prevalent issue
Not Known

DEFINITION

A household is experiencing food insecurity when any household member has to eat less or skip meals at some point in the year

Applicable to enterprises whose products are consumed in domestic or regional markets

3.3.2 Is the product being sold by the enterprise nutrient fortified?

3.3.3 Are products similar to the one being sold by the enterprise available in the local market?

3.3.4 How does the price compare to the local market price for a similar product?

4.0 Services to Producers & Employees

4.1 Payments to Producers

4.1.1 Does the enterprise know the average cost of agricultural production?

4.1.2 In the last production year, what was the **average cost of production**?

4.1.3 In the last production year, what was the **average total price paid by enterprise per unit**?

4.1.4 In the last production year, did any producers receive **full payment** at time of product delivery (vs at the end of the season)?

4.1.5 In the last production year, did any producers receive **partial payment** at time of product delivery (vs at the end of the season)?

4.1.6 If so, what **percent of total payment was paid to producers**?

4.1.7 What was the average total **local price paid by other buyers in the local market**?

4.1.8 Was the **enterprise price higher, same, or lower** than the market price?

4.1.9 Does the enterprise generally **set (raise) prices in the local market**?

4.2 Wages & Benefits to Employees

4.2.1 In the last production year, how did wages and benefits compare to industry and region standard wages and benefits? (Higher/Same/Lower)

Value	Units Land

Value	Units Production /	Units Land

Percent

Choose degree of food insecurity	
	Notes

Yes/No

Yes/No

Value	Currency /	Unit	Other Unit

Yes/No

Percent

Value	Currency /	Unit	Other Unit

		<i>Suggested Answer</i>

If lower, please explain:

	Amount /	Currency	Unit	If other Unit, please indicate
4.2.2 What was the wage rate for agro-processing employees?				
4.2.3 What was the wage rate for farm employees?				

	Amount /	Unit	If other Unit, please indicate
4.2.5 If available, what is the wage rate of the next best employment option?			

4.3 Occupational Health & Safety

	Yes/No
4.3.1 In the last production year, did the enterprise avoid harmful labor practices and comply with minimum country regulations?	

4.4 Technical Assistance for Producers for Main Crop

Type of technical assistance	Yes/No	Was any third party involved as a funder or implementer? (Yes/No)	Primary third party involved	If "Other" third party involved, please specify the name	% of producers who participated (range)
On-farm internal inspections/visits					
Centralized training (farmer field school, model farm, classroom)					
Access to inputs (distribution, partially subsidized, or donated)					
Access to processing equipment (at cost, partially subsidized, or donated)					

4.5 Employee Benefits (for enterprises with at least 10 employees)

Employee Benefit	Yes/No	% of employees receiving benefit (range)
Health insurance		
Transportation		
Provision of meals		
Provision of housing		
Other		

If "Other", specify above

4.6 New Income-Generating Activity

	Yes/No	Which?	# producers /employees participating	Price paid for the second activity (price/unit)	Support: Training	Support: Inputs	Support: Processing Equipment	Support: Loans
4.6.1 In the last production year, did the enterprise support producers/employees in establishing a second income-generating activity for sale?								
4.6.2 In the last production year, did the enterprise support producers/employees in growing a second crop or raising livestock for own consumption or food security?								

4.7 Internal Credit (Formal or Informal)

	Yes/No
4.7.1 In the last production year, did the enterprise lend or facilitate lending (from a separate lender) to producers or employees either in money or goods?	
# of Men and Women Producers/employees participating	
# of Women Producers/employees participating	
% Women Producers participating	
4.7.2 In the last production year, what types of loan products were offered?	
Short-term (under 1 year)	
Long-term (over 1 year)	
4.7.3 Did the loans come from the client or a third party lending institution?	
	Specify

4.8 Community Programs

In the last production year, did the enterprise provide or facilitate the following?	Yes/No	Was any third party involved? (Yes/No)	Primary third party involved	% of producers & employees accessing program	Additional community members accessing program? (Yes/No)
Health/pharmacy					
Education					
Improved water source					
Improved roads or transportation infrastructure					
Youth livelihood					
Women's program					
Other (please describe below)					

4.9 Gender Inclusive Practices

Business Woman-led?

% Women Owners

% Women Managers

% Women Board Members

% Women Non-managerial Employees (Including Administrators and Accountants)

% Women Agronomists & Technicians

% Women Producers & Artisans

% Women Agroprocessing Employees

% Women Farm Employees

% Women Producers, Artisans, Agroprocessing Employees and Farm Employees

Ancillary Services

% Women participating in internal credit fund

Values calculated automatically from Section 1

Gender Inclusive (Yes/No)?

Please write notes explaining your changes to the auto-generated rating here.

DEFINITION

A business is considered gender inclusive if there is:
30% or more participation of women producers, artisans, agroprocessing employees and farm employees
OR
20% or more participation of women producers, artisans, agroprocessing employees and farm employees AND women's leadership (majority women managers or board members or non-managerial employees or woman-led)

5.0 Qualitative Summary of Social Impact

5.1 Producer and Employee-Level Impact

In what way(s) does this client have a positive social impact on farmers, employees, and the community? Please be specific.

Time Check

How long did it take you to gather the information that went into filling this scorecard (to nearest 15 minutes)?

How long did it take to fill out the scorecard (to the nearest 15 minutes)?

Existing Impact Studies

Does the enterprise have any existing social or environmental studies? If yes, please email them to the Impact Team (emails at top of this sheet).

Yes/No

END

Environmental Due Diligence: Scorecard

Note: Some rating information has been removed from this public file to avoid disclosing our "trigger" criteria that bar a business from receiving Root Capital financing.

1. Enterprise Context

1.1 Context	
1.1.1 Enterprise sources product from the following areas:	Please be as specific as you can, listing suppliers' states, provinces, and/or communities.
1.1.2 Is the enterprise or its suppliers located in an important conservation area, such as a buffer zone to a national park or a World Heritage Site, or an Indigenous & Community Conserved Area? (Refer to www.protectedplanet.net for guidance.)	yes/no Name the area and provide details.
1.1.3 According to the enterprise, what are the primary environmental challenges facing the enterprise and/or its suppliers? (Select all that apply.)	Yes/No
a. Climate change	
b. Deforestation	
c. Extreme weather, such as droughts or floods	
d. Pests and diseases	
e. Soil degradation	
f. Water quality concerns	
g. Other	please specify

2. Environmental Management Systems

2.1 Environmental Management Systems: Documentation & Monitoring	
2.1.1 Does the enterprise have a written environmental management system (EMS), a set of policies and procedures designed to ensure good environmental performance by enterprise staff and/or suppliers?	Yes/No
2.1.2 The EMS includes the following components (select all that apply):	
a. Environmental policy / mission statement	
b. Identification of environmental risks and impacts associated with activities, particularly new ones, and outlining of mitigation efforts	
c. A continuous improvement plan	
d. Description of management processes to ensure employee and/or supplier compliance, such as training	
e. Identification of organizational capacity to implement systems	
f. Other	please specify
2.1.3 Does the enterprise regularly (at least on an annual basis) inspect farms and/or processing facilities covered by its EMS to ensure compliance?	
2.2 Environmental Management Systems: Key Content	
2.2.1 Does the EMS prohibit the degradation of the following areas? (Select all that are explicitly named in the EMS.)	Yes/No
a. High Conservation Value Areas (this includes all of the options below)	
b. Primary (i.e., undisturbed) ecosystems, such as native tropical rainforest	
c. Protected areas, such as national parks or biosphere reserves	
d. Areas with significant concentrations of rare, threatened, or endangered species	
e. Wetlands of international importance, as defined by the RAMSAR network	
f. Areas of critical cultural, economic, or religious/sacred importance for local communities and indigenous peoples, such as UNESCO (United Nations Educational, Scientific, and Cultural Organization) World Heritage or national historic sites	
g. Other	please specify
2.2.2 Does the EMS prohibit the use of agrochemicals appearing on the following lists? (Select all that are explicitly named in the EMS.)	Yes/No
a. POP: Stockholm Convention on Persistent Organic Pollutants	
b. PIC: Rotterdam Convention on the Prior Information Consent Procedure for	
c. PAN 12: Pesticide Action Network's "directly dozen" list (currently 18 pesticides)	
d. WHO Ia and Ib: World Health Organization Acute toxicity classification Ia and Ib	
e. EU: Banned or severely restricted in the European Union according to PAN List of Lists	
f. US: Banned or severely restricted in the United States according to the Environmental Protection Agency	
g. EMS prohibits the use of all agrochemicals (i.e., requires organic production)	
h. Other	please specify
2.2.3 Does the EMS require disposal of the following solid waste products in compliance with local regulations, to ensure the protection of human and environmental health?	Yes/No
a. Organic waste	
b. Inorganic waste	

3. Client Environmental Performance

Fill out **only** the sections that apply to the activities of the business under consideration.

3a. Crop & Livestock Production: Direct (i.e., Private Farms)

1 Land Use & History

1.1 Under what system(s) does the enterprise manage its farm land? (Select all that apply. Refer to the Types of Agroforestry Production figure in the Definitions & Examples tab.)

a. A rustic or traditional polyculture agroforestry system	Yes/No
b. A shaded commercial polyculture system	
c. A shaded monoculture system	
d. A non-shaded (i.e., non-agroforestry) polyculture system	
e. A non-shaded (i.e., non-agroforestry) monoculture system	
1.2 How many years has the enterprise been farming on this land?	Years

1.2 What was the status of the land before the enterprise began farming it? (Select all that apply.)

a. Agricultural land	
b. Industrial land	
c. Residential land	
d. Natural area	
i. Did this natural area include areas of High Conservation Value, according to any of the definitions in 2.3.1?	

2 Ecosystem & Biodiversity Conservation

2.1 Enterprise works to conserve local ecosystems and biodiversity by (select all that apply):

a. Creating buffer zones (vegetative strips or hedges; fallow land) between agricultural and non-agricultural areas within the farm, as well as along farm borders	Yes/No	
b. Creating or restoring natural set-asides for wildlife on the farm		
c. Managing a biodiversity protection plan to support conservation of (at a minimum) endangered on-farm wildlife		
d. Engaging in re/afforestation efforts		
e. Restricting hunting, wild-harvesting, and fishing on the farm		
f. Restricting the use of fire as a land management tool		
g. Other		please specify

3 Agrochemical Use

N/A: Enterprise uses organic production practices

3.1 List agrochemicals used by the enterprise during production:

Please list active chemical ingredients (e.g., glyphosate) if available, or brand names (e.g., Round-Up).	Yes/No	
3.2 Do any of these agrochemicals appear on the FLO Prohibited Materials List?		
3.3 Enterprise uses the following agrochemical management practices (select all that apply):		
a. Keeping of records of the type, quantities, and frequencies of agrochemical use		
b. Use of an integrated pest management plan including biological and physical pest/weed control methods to limit agrochemical use		
c. Requirement that employees wear protective safety equipment when handling agrochemicals		
d. Storage of chemicals in a designated, secure location in order to reduce the risk of contamination and accidents		
e. Avoidance of application of agrochemicals in or near irrigation canals or other on-farm waterways to reduce contamination of local waterways		
f. Use of vegetative buffer zones along on-farm waterways and farm boundaries to limit contamination of adjacent ecosystems		
g. Monitoring of the physical and chemical characteristics of waterways leaving the farm, treating as necessary to ensure compliance with local watery quality standards		
h. Other		please specify

4 Soil Conservation

4.1 Enterprise uses the following soil management practices (select all that apply):

a. Use of live barriers, such as rows of trees or grasses, to prevent erosion and limit run-off	Yes/No
b. No farming on steep slopes OR if farming on sloped land, use of contour planting and/or live barriers to minimize erosion	
c. Use of low- or no-till cultivation methods to conserve soil structure and reduce erosion	

d. Use of vegetative cover along on-farm waterways to reduce run-off of sediments		
e. Use of vegetative ground cover, such as cover crops or leaf litter (in an agroforestry system), to prevent erosion and build soil fertility		
f. Application of chemical fertilizers or organic fertilizers (such as crop residues, compost, or manure) to the soil to increase soil fertility		
g. Rotatation of crops and/or regular resting of land to allow recovery of soil fertility		
h. Other		please specify

5 Water Use & Conservation

5.1 Enterprise uses the following for irrigation or animals (select all that apply):

a. Rain water

b. Ground or surface water

c. Grid water

Yes/No

5.2 Enterprise engages in the following water conservation practices during production (select all that apply):

a. Monitoring of water usage

b. Use of water-capturing or water-efficient technologies, such as rain barrels or drip irrigation equipment, to increase irrigation efficiency

c. Recycling of wastewater from production

d. Other

please specify

6 Solid Waste Management

6.1 Enterprise recycles or repurposes all or most of the following waste products from production (select all that apply):

a. Organic waste (e.g., via compost, fuel for biodigestors)

b. Inorganic waste (e.g., via the recycling of plastics)

Yes/No

3b. Wild-Harvested Products: Direct

1 Land Use

1.1 Does the enterprise have a clear and recognized right to manage the collection area and harvest its natural resources? Please include considerations of

Please provide details.

2 Ecosystem & Biodiversity Conservation

2.1 What is the conservation status of the product being collected?

Refer to this list: <http://www.iucnredlist.org/>

a. Least Concern

b. Near Threatened

c. Vulnerable

d. Endangered

e. Critically Endangered

f. Extinct in the Wild

g. Data Deficient or Not Evaluated

Yes/No

2.2 Does the enterprise have policies or procedures in place to ensure collection of natural resources occurs at a scale and rate that maintains the target population over time?

Please provide details.

2.3 Does the enterprise have policy or procedures in place to ensure that collection activities do not negatively impact the local ecosystem?

Please provide details.

3c. Crop & Livestock Production: Outsourced (i.e., Cooperatives or Private Businesses with Members or Outgrowers)

1. Land Use & History

1.1 According to enterprise management, under which system(s) do most suppliers manage their farm land? (Select all that apply. Refer to the Types of Agroforestry Production figure in the Definitions & Examples tab.)

a. A rustic or traditional polyculture agroforestry system

b. A shaded commercial polyculture system

c. A shaded monoculture system

d. A non-shaded (i.e., non-agroforestry) polyculture system

e. A non-shaded (i.e., non-agroforestry) monoculture system

Yes/No

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2. Ecosystem & Biodiversity Conservation

2.1 Enterprise policy requires suppliers work to conserve local ecosystems and biodiversity by:

- a. Creating buffer zones (vegetative strips or hedges) between agricultural and non-agricultural areas within the farm, as well as along farm borders
- b. Creating or restoring natural set-asides for wildlife on the farm
- c. Managing a biodiversity protection plan to support conservation of (at a minimum) endangered on-farm wildlife
- d. Engaging in re/afforestation efforts
 - i. Are these efforts facilitated via inputs, credit, or other support from the enterprise?
- e. Restricting hunting, wild-harvesting, and fishing on the farm
- f. Restricting the use of fire as a land management tool
- g. Other

Yes/No

please specify

3. Agrochemical Use

N/A: According to enterprise management, the majority of suppliers practice organic agriculture.

3.1 List agrochemicals sold by the enterprise, recommended by the enterprise during training, or otherwise promoted by the enterprise for use among its suppliers:

Please list active chemical ingredients (e.g., glyphosate) if available, or brand names (e.g., Round-Up).

3.2 Do any of these agrochemicals appear on the FLO Prohibited Materials List?

3.3 Enterprise provides or facilitates training to suppliers on the following agrochemical management practices:

- a. Keeping of records of the type, quantities, and frequencies of agrochemical use
- b. Use of an integrated pest management plan including biological and physical pest/weed control methods, to limit agrochemical use
- c. Use of protective safety equipment when handling agrochemicals
- d. Storage of chemicals in a designated, secure location in order to reduce the risk of contamination and accidents
- e. Avoidance of agrochemical application in or near irrigation canals or other on-farm waterways to reduce contamination of local waterways
- f. Use of vegetative buffer zones along on-farm waterways and farm boundaries to limit contamination of adjacent ecosystems
- g. Monitoring of physical and chemical quality of waterways leaving the farm, and treatment as necessary to ensure compliance with local watery quality standards
- h. Other

Yes/No

please specify

4. Soil Conservation

4.1 Enterprise provides or facilitates training to suppliers on the following soil management practices:

- a. Use of live barriers, such as rows of trees or grasses, to prevent erosion and limit run-off
- b. Avoidance of farming on steep slopes OR if farming on sloped land, use of contour planting and/or live barriers to minimize erosion
- c. Use of low- or no-till cultivation methods to conserve soil structure and reduce erosion
- d. Use of vegetative cover along on-farm waterways to reduce run-off of sediments
- e. Use of vegetative ground cover, such as cover crops or leaf litter (in an agroforestry system), to prevent erosion and build soil fertility
- f. Application of chemical fertilizers or organic fertilizers (such as crop residues, compost, or manure) to the soil to increase soil fertility
- g. Rotation of crops and/or regular fallowing of land to allow recovery of soil fertility
- h. Other

Yes/No

please specify

4.2 Does the enterprise provide or facilitate individualized soil analysis services to suppliers?

--

5. Water Use

5.1 According to enterprise management, most suppliers uses the following for irrigation or animals (select all that apply):

- a. Rain water
- b. Ground or surface water
- c. Grid water

Yes/No

5.2 Enterprise provides or facilitates training to suppliers on the following water conservation practices:

- a. Monitoring of water usage
- b. Use of water-capturing or water-efficient technologies, such as rain barrels or drip irrigation equipment, to increase irrigation efficiency
- c. Recycling of wastewater from production
- d. Other

please specify

6. Solid Waste Management

6.1 According to enterprise management, most suppliers recycle or repurpose all or most of the following waste from production:

- a. Organic waste (e.g., via compost, fuel for biodigestors)
- b. Inorganic waste (e.g., via the recycling of plastics)

Yes/No

3d. Wild Harvested Products: Outsourced

1. Land Use

1.1 Do suppliers have a clear and recognized right to manage the collection area and harvest its natural resources? Please include considerations of traditional use of this area, including the customary rights of indigenous communities.

Please provide details.

2. Ecosystem & Biodiversity Conservation

2.1 What is the conservation status of the natural product being collected?

- a. Least Concern
- b. Near Threatened
- c. Vulnerable
- d. Endangered
- e. Critically Endangered
- f. Extinct in the Wild
- g. Data Deficient or Not Evaluated

Yes/No

2.2 Does the enterprise have policies or procedures in place to ensure that suppliers collect natural resources at a scale and rate that maintains the target population over time?

Please provide details.

2.3 Does the enterprise have policy or procedures in place to ensure that suppliers do not negatively impact the collection area ecosystem?

Please provide details.

3e. Processing

1. Land Use & History

1.1 How many years has the enterprise been engaged in processing activities on this land?

Years

1.2 What was the status of the land before the enterprise began using it for processing activities? (Select all that apply.)

- a. Agricultural land
- b. Industrial land
- c. Degraded land
- d. Residential land
- e. Natural area

Yes/No

i. Did this natural area include areas of High Conservation Value, according to any of the definitions in 2.3.1?

2. Ecosystem & Biodiversity Conservation

2.1 Enterprise works to conserve local ecosystems and biodiversity by (select all that apply):

- a. Creating buffer zones (vegetative strips or hedges) between agricultural and non-agricultural areas within the farm, as well as along farm borders
- b. Creating or restoring natural set-asides for wildlife on the farm
- c. Managing a biodiversity protection plan to support conservation of (at a minimum) endangered on-farm wildlife
- d. Engaging in re/afforestation efforts
- e. Restricting hunting, wild-harvesting, and fishing on the farm
- f. Restricting the use of fire as a land management tool
- g. Other

Yes/No

please specify

3. Chemical Use

Yes/No

N/A: Enterprise does not use synthetic chemicals during processing.

3.1 List chemical used by the enterprise during processing

Please list active chemical ingredients (e.g., glyphosate) if available, or brand names (e.g., Round-Up).

3.2 Do any of these chemicals appear on the FLO Prohibited Materials List? (Refer to the Hazardous Agrochemicals tab.)		
3.3 Enterprise uses the following chemical management practices (select all that apply):		
a. Enterprise maintains records of the type, quantities, and frequencies of chemical use		
b. Enterprise requires employees to use protective safety equipment when handling chemicals		
c. Enterprise stores chemicals in a designated, secure location in order to reduce the risk of contamination and accidents		
d. Other		please specify

4. Water Use & Wastewater Management	Yes/No	
N/A: Enterprise does not use water for processing.		
4.1 Enterprise uses the following for processing (select all that apply):		
a. Rain water		
b. Ground or surface water		
c. Grid water		
4.2 Enterprise engages in the following water conservation practices during processing (select all that apply):		
a. Monitoring of water usage		
b. Use of water-capturing or water-efficient technologies, such as rain barrels or low-water equipment, to increase efficiency		
c. Recycling of wastewater from production or processing		
d. Other		please specify
4.3 Enterprise disposes of its wastewater by (select all that apply):		
a. Discharging it using public infrastructure		
b. Discharging it into filtration pits or effluent ponds		
c. Discharging it directly into local water bodies		
d. Discharging it on land		
e. Reusing it as a production or processing input		
f. Other		please specify
4.4 Does the enterprise monitor the quality of its wastewater prior to disposal?		
4.5 Does the enterprise treat its wastewater prior to disposal?		

5. Solid Waste Management	Yes/No	
5.1 Enterprise recycles or repurposes all or most of the following waste from processing (select all that apply):		
a. Organic waste (e.g., via compost, fuel for biodigestors)		
b. Inorganic waste (e.g., via the recycling of plastics)		

6. Energy Use	Yes/No	
6.1 Enterprise relies on energy from the following sources for processing (select all that apply):		
a. The grid		
b. A generator		
c. Burning of firewood		
d. Burning of agricultural byproducts or waste, such as cashew nut shells		
e. Renewable sources, such as solar, wind, or hydroelectric		
i. Do renewable sources provide the enterprise with more than 25% of the energy it uses for processing?		please specify
f. Other		
6.2 Enterprise engages in the following energy conservation activities (select all that apply):		
a. Monitoring of energy usage		
b. Use of energy-efficient technologies to reduce energy use during processing		
c. Other		please specify

4. Loan Officer Assessment	
4.1 Enterprise Strengths & Weaknesses	
4.1.1 In your opinion, what are the environmental strengths of the enterprise? Refer only to the enterprise's own activities , not to its engagement with its suppliers or other value chain actors. (Select all that apply.)	Yes/No
a. Certification by audited standard, government regulatory body, or other third-party organization (i.e., buyer)	
b. Environmental Management Systems	
c. Ecosystem and biodiversity conservation	
d. Organic production	
e. Responsible agrochemical use	
f. Soil conservation	
g. Water conservation	

h. Responsible waste management		
i. Energy conservation		
j. Other		please specify

4.1.2 What are the environmental weaknesses of the enterprise? Refer only to the enterprise's own activities, not to its engagement with its suppliers or other value chain actors. (Select all that apply.)

	Yes/No
a. Certification (lack of certification/partial certification)	
b. Environmental Management Systems	
c. Ecosystem and biodiversity conservation	
d. Agrochemical use	
e. Soil conservation	
f. Water conservation	
g. Waste management	
h. Energy conservation	
i. Other	

please specify

4.2 Enterprise Impact on the Environment

Do you believe the enterprise is positively impacting its local environment? Why or why not? Please be specific.

4.3 Enterprise Impact on Suppliers' Environmental Performance

Do you believe the enterprise is improving the environmental performance of its suppliers? Why or why not? Please be specific.

4.4 Environmental Risks

Based on your answers to 4.1, please identify the most important environmental risks for review with the enterprise upon renewal or, for long-term loans, during annual check-ins. If the business received a message regarding a possible trigger practice violation, describe the results of the investigation; if the trigger practice was confirmed, describe how Root Capital will ensure future compliance of the business (for example, through a loan covenant).

5a. Check-In (Year 2)

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

Insert notes here

2. How has the enterprise performed in the areas you identified last year for follow-up?

Insert notes here

3. If the enterprise was in violation of a trigger practice but received a loan, has it complied with the terms and conditions associated with approval?

Insert notes here

5b. Check-In (Year 3)

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

Insert notes here

2. How has the enterprise performed in the areas you identified last year for follow-up?

Insert notes here

3. If the enterprise was in violation of a trigger practice but received a loan, has it complied with the terms and conditions associated with approval?

Insert notes here

A note on sources: This scorecard draws from a number of sources, including but not limited to: the standards of environmental certification organizations, such as Fairtrade International, the Fairwild Foundation, 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.

Social and Environmental Scorecard Summary

Root Capital's Performance

Expanding Enterprise Access to Finance

GREEN indicates the rating.

B-	B	A	AA	AAA
Enterprise can access similar loan on similar terms from commercial finance institution. Root Capital loan preferebale for lower interest rates & fees	Enterprise can access similar loan on similar terms from social lender, buyer or development bank . Root Capital loan preferebale for lower interest rates & fees	Enterprise can access similar loan on similar terms from any source. Root Capital loan preferable for reasons other than interest rates & fees.	Enterprise can't access similar loan on similar terms from any other source	Enterprise can't access similar loan on similar terms from any other source. Root Capital first and only lender

Social Performance

Client Performance (Services Offered to Producers and/or Employees)

GREEN indicates service offered.

Higher Prices Paid to Producers	Employee Benefits	Internal Credit	Higher Wages Paid to Employees
Technical Assistance	New Income-Generating Activity	Community Programs	Gender Inclusive

Qualitative Description of Social Impact:

In what way(s) does this client have a positive social impact on farmers, employees, and the community? Please be specific.

Environmental Performance

GREEN indicates good performance. The business is appropriately mitigating risks in this area, and may be positively impacting local environmental health.

GREY indicates fair performance. The business is likely neither benefiting nor harming local environmental health in this area.

YELLOW indicates weak performance. Loan Officers should devote more attention to these areas, particularly during subsequent due diligence cycles.

RED indicates a possible or confirmed trigger violation. Loan Officers should contact Lizzie Teague (eteague@rootcapital.org) immediately for assistance.

Environmental Management Systems

Documentation & Monitoring	Content
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Environmental Performance: Production

Land Use	Ecosystem & Biodiversity Conservation
Agrochemical Management	Soil Conservation
Water Conservation	Waste Management

Environmental Performance: Processing

Land Use	Ecosystem & Biodiversity Conservation
Chemical Management	Water Conservation
	Wastewater Management
Solid Waste Management	Energy Conservation

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Environmental Due Diligence: Definitions & Examples

GUIDANCE: Definitions and examples are organized by the section of the Environmental Scorecard in which they first appear.

Land Use & History

DEFINITIONS

Agroforestry: The combination of agriculture and forestry to create diverse, productive, profitable, and sustainable land-use systems. Suited to crops originally cultivated under tropical forests, such as coffee and cocoa.

Polyculture: Simultaneous cultivation of several crops within one area. **Monoculture:** Cultivation of one crop per area.

Rustic agroforestry: System with crop(s) growing wild in a relatively unmanaged, multi-strata (multi-level) forest with high plant diversity and a closed canopy. Rare, due to very low crop productivity.

Traditional polyculture agroforestry: System with crop(s) growing under selectively thinned, multi-strata forest with a closed canopy. Crop generally grown alongside other wild or domesticated plants, such as fruit trees or spice plants, creating diverse "garden."

Commercial polyculture: System in which all/most native trees have been replaced with multiple species of shade trees and crops. More actively managed than rustic or traditional polyculture agroforestry. Applies to suppliers of most of our coffee clients.

Shade monoculture: System in which native trees are entirely replaced with one species of shade tree for a crop monoculture.

Areas of High Conservation Value: Natural habitats of outstanding significance or critical importance due to their high environmental, socioeconomic, biodiversity, or landscape values

Ecosystems & Biodiversity Conservation

DEFINITIONS

Ecosystem: All living and nonliving, physical components of a particular area, including flora, fauna, air, soil, and water.

Biodiversity: 'Biological diversity' refers to the variety of life on Earth, including variety within and between all species of plants, animals and micro-organisms, and the ecosystems within which they live and interact.

Buffer or protection zones: Areas of vegetation bordering the farm or natural water bodies on the farm that impede the flow of run-off or drift of agrochemicals coming from production areas.

Natural set-aside: On-farm habitat set aside for wildlife living or passing through the farm, rather than used for production or processing activities.

Reforestation: Planting trees in deforested areas. **Afforestation:** Planting trees where there were none before.

EXAMPLES

Buffer or protection zones: The farm maintains vegetation barriers between the crop and areas of human activity, as well as between production areas and on the edges of public or frequently traveled roads passing through or around the farm. These barriers consist of permanent native vegetation with trees, bushes or other types of plants, in order to promote biodiversity and reduce the drift of agrochemicals and other substances coming from agricultural or processing activities. *(Rainforest Alliance standard)*

Agrochemical Use

DEFINITIONS

Organic production: Crop production without the use of synthetic chemicals inputs, such as chemical herbicides or fertilizers.

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, as well as monitoring of farm conditions to ensure pesticides used only when needed.

Physical characteristics of water: Characteristics determined by sense of touch, sight, smell or taste, including temperature and turbidity (cloudiness).

Chemical characteristics of water: Characteristics measuring substances, including nutrients or pesticides, dissolved or suspended in the water.

EXAMPLES

Secure agrochemical storage: Agrochemicals must not be stored on the floor, nor come within contact with absorbent materials. All containers must maintain their original labels. Fuels and other flammable substances must not be stored with agrochemicals. *(Rainforest Alliance standard)*

Ensuring compliance with water quality standards: Farm does not discharge or deposit industrial or domestic wastewater into natural water bodies without demonstrating that the discharged water complies with the respective legal requirements, and that the wastewater's physical and biochemical characteristics do not degrade the receiving water body. This includes monitoring of wastewater's biological oxygen demand and pH, as well as its suspended solid, grease and oil, and fecal coliform content. *(Rainforest Alliance standard)*

Figure 1: Types of Agroforestry Production

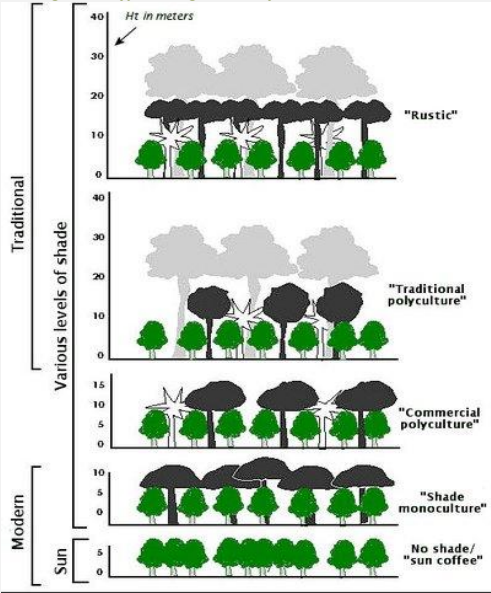


Figure 2: Personal Protective Equipment in Kenya



Soil Conservation

DEFINITIONS

Soil Erosion: Loss of soil caused by the movement of water or wind.

Live barriers: Use of plants and trees, often planted in rows perpendicular to slopes or along farm boundaries, to reduce erosion.

Runoff: Draining away of water from the surface of an area of land. On farms, runoff can pick up pesticides or fertilizers applied to the land and transport them to local rivers or streams.

Contour planting: Planting along a slope's elevation contour lines to reduce water erosion.

Low- or no-till cultivation: Production systems that minimize or avoid disturbance of the soil during planting, in order to conserve the structure of the productive topsoil and reduce erosion. (Tilling refers to the mechanical turning of topsoil, usually using a plough, to prepare for planting.)

Crop rotation: Growing different kinds of crops in sequential seasons on the same land in order to break pest patterns and avoid soil exhaustion.

Fallowing: Allowing agricultural land to periodically rest (i.e., remain unseeded) in order to avoid soil exhaustion.

Water Use & Wastewater Management

DEFINITIONS

Drip irrigation: A water-saving irrigation method that delivers water drop by drop to plants through pipes with tiny holes, increasing irrigation efficiency and preventing waterlogging of soils.

Rain barrel: Container used to harvest rain water for use during irrigation

Filtration pit: Small earthen pit used to manage limited volumes of wastewater, allowing slow infiltration into groundwater aquifers. Often used by coffee farmers to manage their wet-milling wastewater.

Effluent pond: A larger holding and/or treatment area for wastewater. Ponds are generally lined with concrete or another material to prevent infiltration of wastewater into the ground. Often used in industries such as palm oil to manage nutrient-dense wastewater.

EXAMPLES

Recycling of processing wastewater: To reduce overall water usage, coffee farmers can reuse water used to wash their coffee beans during the de-pulping stage. Farmers must take care, however, to preserve coffee quality if recycling processing wastewater.

Waste Management

DEFINITIONS

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

Inorganic waste: Waste not from living things. Examples include plastic and other synthetic compounds.

Biodigester: An airtight, anaerobic (zero-oxygen) chamber that breaks down manure, crop residues, food waste, or organic waste, producing biogas that can be used as fuel, plus a nutrient-rich 'digestate' which can be used a fertilizer.

Energy Use

DEFINITIONS

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

Figure 3: Contour Planting in Nicaragua



Figure 4: Drip Irrigation System in Guatemala



Figure 5: Biodigester for Coffee Pulp in Nicaragua

