



AL MAJMOUA
المجموعة

THE LEBANESE ASSOCIATION FOR DEVELOPMENT

**ENVIRONMENTAL AND SOCIAL
MANAGEMENT SYSTEM (ESMS) POLICY**

APRIL 2024

Version	Date	Description or Reason for Change
1	11-2015	Development and Implementation of Al Majmoua ESMS policy.
2	08-11-2023	Update the Exclusion list as per B5 project and the world bank.
3	19-04-2024	Apply the E&S screening on NFS grants as well as the loans & update the whole policy.

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Introduction

Viewing development from a holistic perspective, The Lebanese Association for Development – Al Majmoua recognizes the importance and relevance of Environmental and Social risk management in micro finance institutions. In this regard, Al Majmoua is committed to identifying and addressing short, medium and long-term Environmental and Social risks associated with its activities by implementing a comprehensive Environmental and Social risk management at the client/beneficiary level.

Al Majmoua has developed an Environmental and Social Management System (ESMS) which screens investments against an exclusion list the organization has developed ([Annex 1](#)) and is in line with the applicable Lebanese environmental legislative requirements and relevant International Best Practices, where applicable.

To be able to undertake these initiatives in a structured and systematic manner on a continual basis, Al Majmoua has adopted this Environmental and Social Management System (ESMS).

1.1 Objective of the ESMS

This ESMS will help Al Majmoua to avoid or better manage potential environmental and social risks by carrying out environmental and social due diligence prior to the disbursement of loans and by ensuring adequate supervision of borrower's activities during the financing period.

The ESMS includes:

1. Environmental and Social policy
2. Environmental and Social procedures for borrower selection, categorization of E&S risks and their due diligence assessment
3. Management roles and responsibilities
4. Monitoring and reporting mechanisms
5. Grievance mechanism

Al Majmoua is required to take on the overall responsibility of implementing the ESMS with qualified staff (E&S officer and focal person/s) in order to manage the environmental and social risks and its impacts, as well as emphasize the importance of the ESMS to clients/beneficiary by including it in the loan/grant application agreement.

1.2 Relevant Environmental and Social Standards

Through the ESMS, Al Majmoua ensures that its activities comply with the World Bank Environmental and Social Framework (ESF)¹ and the UN Global Compact SDGs², to the greatest extent possible. The following Environmental and Social Standards (ESS) in Table 1 and the Sustainable Development Goals in Table 2 are relevant to Al Majmoua's mission and core values.

Table 1: Relevant ESSs from the World Bank ESF

ESS	Objectives
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	Sets out the Borrower's responsibilities for assessing, managing and monitoring E&S risks and impacts associated with each stage of a project supported by the WB through Investing Project Funding (IPF), in order to achieve E&S outcomes consistent with the ESS.
ESS2 Labor and Working Conditions	Recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the Project fairly and providing safe and healthy working conditions. The preparation of the LMP falls under this ESS the provisions for which are included in the Environmental and Social Commitment Plan (ESCP).
ESS3 Resource Efficiency and Pollution Prevention and Management	Recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. This ESS sets out the requirements to address resource efficiency and pollution prevention and management throughout the project life cycle.

¹ Available at <https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf>

² Available at <https://unglobalcompact.org/sdgs/17-global-goals>

ESS4 Community Health and Safety	Addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.
ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood), or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.
ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	Recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the nonliving environment. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance.
ESS8 Cultural Heritage	Recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. This ESS sets out general provisions on risks and impacts to cultural heritage from project activities
ESS10 Stakeholder Engagement and Information Disclosure	Recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the E&S sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. Stakeholder Engagement is conducted throughout the project cycle and further details are included in the SEP.

Table 2: Relevant SDGs from the UN Global Compact

SDGs	Objectives
SDG 1 No Poverty	One of Al Majmoua's mission is to alleviate poverty by improving the economic conditions and livelihoods of our beneficiaries. Access to financial services can reduce poverty and its effects in multiple concrete ways, including the increasing and diversification of income and the building of economic assets. Financial inclusion also helps the poor access schooling and health care; can provide immediate income transfers or relief to survive; and allows for greater control over financial resources.
SDG 5 Gender Equality	Al Majmoua's aim is to support women particularly in developing sustainable businesses all over Lebanon. It is committed to gender diversity and women leadership.
SDG 8 Decent Work and Economic Growth	Financial inclusion helps to increase economic growth and also—crucially—to ensure that the growth is pro-poor. Offering a wide range of training sessions, Al Majmoua makes sure to improve the skills of its beneficiaries as well as its own employees and facilitates the employment of qualified people.
SDG 10 Reduce Inequalities	Al Majmoua has its own exclusion list to make sure there is no child labor and that children are safe on all scales (mental, physical, educational...). It also offers equal access to its financial and non-financial services to all nationalities and vulnerable population groups.
SDG 12 Sustainable Production and Consumption	Al Majmoua is committed to environmental sustainability by recycling paper, plastic and metals and partnering with an association for collection.
SDG 13 Combat Climate Change	

Environmental & Social Policy

2.1 Al Majmoua's Commitment

Al Majmoua is committed to meeting the priority objectives of sustainable development and the UN's Sustainable Development Goals (SDGs) in its economic, social, environmental, and cultural dimensions to achieve a better and more sustainable future for all. Al Majmoua also undertakes to implement its commitments related to environmental and social issues within its structure and integrates social and environmental responsibility in its governance system and activities.

Accordingly, Al Majmoua aims to:

- Minimize its environmental footprint by reducing energy and water consumption, managing waste efficiently, and prioritizing renewable energy sources through green purchasing initiatives whenever feasible.
- Provide a collaborative work environment that fosters staff engagement and commitment
- Promote gender equality and ban all forms of discrimination
- Support borrowers making a positive social and professional impact

- Support programs that facilitate the integration of vulnerable populations into the community
- Evaluate and assess environmental and social aspects associated with its financing activities and mitigate any negative impacts
- Encourage its staff and those of financial partners to implement good environmental and social practices
- Be a strategic partner in investments promoting energy efficiency, renewable energy development and climate change adaptation
- Refrain from financing borrowers/beneficiaries that do not adhere to these principles
- Define environmental and social responsibilities for financed borrowers/beneficiaries, including compliance with national regulations and international standards
- Clearly communicate environmental and social expectations to all staff and financed clients
- Enhance the environmental and social performance of its portfolio through improved risk management, monitoring, and reporting
- Continuously develop staff capacity, including managers and loan analysts, to recognize and address environmental and social risks effectively

2.2 Objectives

This environmental and social policy outlines the steps and procedures to be adhered to within Al Majmoua's operational processes, overseen by designated personnel responsible for environmental and social risks. Al Majmoua's E&S policy will be updated by the E&S Officer and approved by the Executive Director; it describes the commitments and objectives of environmental and social risk management relevant to Al Majmoua's activities.

This ESMS distinctly sets out the provisions relevant to Al Majmoua's operations, including the following:

- Al Majmoua's activities will be developed and implemented in accordance with environmental and social laws and regulations applicable to financing activities
- Al Majmoua's activities will be selected considering the exclusion sections in its Exclusion List ([Annex 1](#))
- Al Majmoua's activities will be reviewed to determine whether they present environmental and social risks and/or effects
- Al Majmoua's activities will apply the relevant provisions of the World Bank's Environmental and Social Framework: ESS 1, 2, 3, 4, 5, 6, 8 and 10
- Al Majmoua's activities will apply the relevant provisions of the UN Global Compact: SDG1, 5, 8, 10, 12 and 13

This Policy describes Al Majmoua's approach to the environmental and social impacts of its activities and:

- Includes a commitment to ongoing enhancement
- Includes a commitment to comply with legal requirements relating to its environmental and social aspects
- Is documented, implemented, and regularly updated
- Is communicated to the concerned persons working for or on behalf of Al Majmoua
- Is available to the Board of Directors, funders and partners

2.3 Principles

This Policy outlines the principles and procedures to be adhered to during the preparation and implementation of measures undertaken by Al Majmoua to assess the environmental and social impacts.

In this regard, the Policy aims to achieve the following objectives:

- Ensure that by pursuing its mission, the activities and programs supported by Al Majmoua prevent or minimize environmental and social harm, to the greatest extent possible
- Establish a global framework to integrate all environmental and social standards in the planning, evaluation, implementation and monitoring of activities financed by Al Majmoua
- Promote transparency, consistency and accountability in environmental and social impact classification and assessment decision-making processes

- Align Al Majmoua's practices with those of international organizations ensuring the implementation of sustainable development activities
- Encourage Al Majmoua's clients/beneficiaries to appropriately consider the environmental and social risks and impacts

2.4 Scope of the Policy

Al Majmoua commits to ensure and enhance effective Environmental and Social management practices in its activities with a special focus on the following:

- Al Majmoua's exclusion list for all clients' activities and beneficiaries' grants ([Annex 1](#))
- Ensure Environmental and Social safeguards as defined by the applicable Lebanese Environmental and Social legislation, as well as International Best Practices, are adequately integrated by the client/beneficiary prior to its financing/grant and in its implementation
- Integrate Environmental and Social risk management into internal risk management analysis
- Influence clients to be more socially and environmentally responsible
- Ensure transparency in Environmental and Social Management System & Procedures (ESMS)
- The World Bank's Environmental and Social Framework, to the extent reasonably possible
- The SDGs of the UN Global Compact

Environmental & Social Management System

3.1 Role and Responsibilities

- The responsibilities of Al Majmoua are in line with its role as an MFI, which is to provide financing for borrowers
- Al Majmoua may refuse to finance a borrower/beneficiary for environmental or social reasons
- Al Majmoua opposes the financing of several types of activities, in accordance with its Exclusion List for environmental and social reasons set out in Annex 1 of this ESMS
- The ESMS must be appropriate with the potential scope and severity of the environmental and social risks inherent in the activities
- If the proposed client's activities present environmental and social risks, Al Majmoua should ensure that the E&S impacts of their activities are thoroughly evaluated
- Al Majmoua will have to identify corrective measures to avoid, reduce or mitigate the environmental and social risks and impacts identified
- Al Majmoua will monitor and report on the status of these measures throughout the activities

3.2 Execution

Evaluation of Clients/Beneficiaries

Every potential borrower (potential beneficiary for grants) undergoes an environmental and social evaluation to help Al Majmoua in deciding whether their activity should receive financing/grants and, if approved, how best to address environmental and social considerations throughout its planning, implementation, and execution phases. The assessment is tailored to the nature and scale of the project, proportionate to the level of environmental and social risks and impacts involved, and considers a hierarchy of mitigation measures.

Al Majmoua's role consists of:

- Examining the clients/beneficiaries' information
- Advising clients/beneficiaries of the appropriate measures to address environmental and social impacts
- Helping identify opportunities for additional environmental or social benefits

Classification of Projects

Relying on Lebanese laws and international conventions and treaties, the areas and activities that should be audited in any business for Al Majmoua's services (loans/grants) have been identified to classify its environmental and social risks; and to decide on eligibility or exclusion of the business to benefit from the desired service.

The nature and scope of the environmental and social study and the classification of its risks are compatible with:

1. The nature, location, sensitivity, and size of the business
2. The nature and extent of potential environmental and social risks and impacts
3. The business owner(s) ability and commitment to manage environmental and social risks and impacts

Clients/beneficiaries' activities are categorized as either non-existent in which activities are qualified for a loan/grant without conditions or existent in which the impact must be assessed to decide if the activity is eligible or should be prohibited from a loan/grant. the below table gives a clear and detailed explanation of Al Majmoua's Environmental and Social Eligibility Verification.

Environmental and Social Eligibility Verification

Risk category	Risk Classification	Project Eligibility
I. Prohibited Risks	<input type="checkbox"/> Non-existent: The risks and negative impact on people and/or the environment are non-existent. These projects do not require additional assessment after the initial screening (qualified, no follow-up).	Qualified without conditions
	<input type="checkbox"/> Existent: The risks and negative impact on people and/or the environment are high, long-term and/or irreversible and impossible to avoid. These projects do not require additional assessment after the initial screening (excluded, no follow-up).	Prohibited and must be excluded
II. Manageable Risks	<input type="checkbox"/> Non-existent: The risks and negative impact on people and/or the environment are non-existent. These projects do not require additional assessment after the initial screening (qualified, no follow-up).	Qualified without conditions
	<input type="checkbox"/> Low: The risks and negative impact on people and/or the environment are minimal. These projects require one follow-up after the initial screening and proposed corrective measures (qualified, one follow-up).	Eligible with the condition of not financing the risky activity
	<input type="checkbox"/> Medium: The risks and negative impact on people and/or the environment are medium and small in size, (the project is not complex or large). These projects require two or more follow-ups after the initial screening and proposed corrective measures (qualified, two or more follow-ups).	Eligible with the condition of not financing the risky activity
	<input type="checkbox"/> High: The risks and negative impact on people and/or the environment are high and medium in size, (the project is complex and large). These projects do not require additional assessment after the initial screening (excluded, no follow-up).	Prohibited and must be excluded

3.3 Stakeholder Participation

Al Majmoua acknowledges the significance of initiating and maintaining early and continuous involvement of stakeholders. This includes engaging with individuals impacted by proposed activities, as well as other relevant parties and vulnerable demographics such as people with disabilities, youth, women, and the elderly.

3.4 Grievance Mechanism (GM)

Al Majmoua is committed to receiving concerns and complaints from clients and/or affected parties in relation to activities, particularly regarding environmental and social performance, and to facilitate dispute resolution. As part of fulfilling its commitments, Al Majmoua has created, adopted and implemented a Customer Care Unit that deals with such concerns and complaints.

The specific objectives of the grievance procedures adopted by Al Majmoua are as follows:

- To provide a process by which grievances from clients and non-clients can be processed efficiently and effectively. The goal is to resolve grievances amicably and minimize the use of the legal system.
- To offer clients and non-clients with a way to express their grievances and problems in a rational and transparent manner and demonstrate the importance of their opinions in product designs and implementations.
- To institutionalize a reporting system to take corrective action.
- To establish a transparent relationship based on mutual respect.

- To establish responsibility regarding grievances and establish a course of action to manage the grievances in a timely manner.
- To establish referral pathways in the event of complaints associated with sexual exploitation and abuse and sexual harassment (SEAH) where reporting will be handled with a survivor centered approach and following the best international practices and principles as mentioned in Al Majmoua's PSEA policy.

An effective grievance mechanism is in place at Al Majmoua. It plays an important role in enhancing client's trust and can be valued to strengthen the performance and to improve Al Majmoua's reputation, administrative and systemic issues related to its implemented programs.

Process of Customer Care Unit Grievance Mechanism:

1. Every complaint/inquiry is registered under a reference number and saved in Al Majmoua's Hotline system.
2. Every complainant is acknowledged through either a WhatsApp or SMS message receiving the complaint providing its number and maximum number of days to be solved.
3. A list of all possible inquiries and complaints is set with Violation degree (Degree of Danger), and maximum days set to solve each type; a reporting workflow list is set according to each type.
4. A follow-up is conducted for pending complaints or inquiries with feedback and shared with Management.
5. Once finalized, a closing WhatsApp or SMS message is sent to the complainant to assure solving it.

Enquiries or complaints can be raised through different channels:

- By Main office landline: +961 1 369269, +961 1 360914/5/6
- By Call and/or WhatsApp on the Hotline number: +961 3 009004
- By email on: contact@almajmoua.org
- By using our mobile application under "your opinion matters: رأيك يهمنا"
- By using the tablet in the branches
- By social media accounts on Facebook, Instagram, Twitter, LinkedIn and Google
- By visiting branches

Environmental & Social Procedure

4.1 Screening for Eligibility

Al Majmoua will take into consideration the Exclusion List upon selecting the clients (Loans and Grants), as well as categorization according to the environmental risk category taking into consideration the Lebanese decree No. 8633/2012 or EIA decree, and relevant decisions 260/1-2015 and 261/1-2015. Decree 8633/2012 requires activities mentioned in its annexes to either undergo an Environmental Impact Assessment (EIA) or an Initial Environmental Examination (IEE) and legal Documents relevant to E&S.

Lebanese Regulatory Requirements:

Al Majmoua makes sure to abide by all the Lebanese laws and regulation regarding Environmental and Social protection. The list of applicable Lebanese regulations is provided below:

- Lebanese Labor law of 23 September 1946 and its relevant decrees and amendments. Including but not limited to:
 - Law 536 – 24 July 1996
 - Law 91 – 14 June 1999
 - Law 207 – 26 May 2000
- Lebanese Environmental Protection law 444 of 29 July 2002, and its relevant decrees and amendments.

4.2 Integration of Exclusion List in Current Operating Procedures

Al Majmoua has integrated the Exclusion List in the existing loan cycle and standard operating procedures. The table below describes how this is done followed by a description of each process:

Loan Cycle	Existing formats/documents	S&E aspects
Application	Loan Application	Exclusion list. National and international laws and standards applicable to social, environmental, health and safety issues.
Contract	Loan contract	Undertaking by borrower to comply with Exclusion List and applicable national and international laws and requirements.
Monitoring	Reports by Field Controllers	Monitoring specifics.
Reporting	Reports	Reporting formats.

Application:

- On the loan/grant application, an Environmental and Social eligibility checklist (Exclusion list) is added to assess the business by the Loan /NFS officer during the field visit.
- At the time of application, the type of business, related activities and the purpose of loan/grant are asked and recorded in the application. The loan/grant officer (and all operations and NFS staff) is trained on the exclusion list and can identify if a client's primary source of income is on the exclusion list. If a field visit to client premises or the investigation on client shows that he/she is involved in excluded activities, the application will also be rejected.
- On the loan/grant application, a field is added to the reason of rejection "The project is on the exclusion list (business prohibited from funding)"
- The Loan /NFS officer will ensure that applicable national laws and requirements related to Environmental and Social issues are complied with. This will be confirmed during the field visit through visual inspection.
- The area/project supervisor is also required to make sure that no applications pass through the credit committee if the activity is on the exclusion list. Checking against the exclusion list will be included on the check list of documents needed for the credit committee.

Contract:

- In the contract, the borrower signs that he/she will only utilize Al Majmoua's funding as per his stated purpose of the loan.
- The borrower also attests that he/she will not use the proceeds of Al Majmoua's loan in any way that is illegal, harmful to people or environment and will act with transparency, integrity and fair trade practices.

Monitoring:

Monitoring is done on two levels:

- The Area Supervisor will be trained to ask during the credit committee to check if the loan applicant is primarily working in one of the activities on the Exclusion List. He/she also visits a sample of borrowers as part of their regular activities.
- Field Controllers will check to see if the activity of the sampled borrowers is in the exclusion list and whether there is non-compliance with the applicable E&S requirement
- The environmental and social performance of financed activities will be monitored, re-evaluated, and documented and recommendations made accordingly and periodically by the E&S Officer with the support of Al Majmoua's loan/NFS officers to guarantee the permanent compliance with the applicable requirements.

Data reporting:

The information that will be tracked and reported on is as follows:

- Total loans disbursed for the year
- Number of applications
- Number of rejections related to the Exclusion List

Al Majmoua will prepare an annual environmental and social performance report according to the format provided in Annex 2.

Roles and Responsibilities

Roles and Responsibility of the E&S Officer

Al Majmoua has assigned the responsibility of the execution of the ESMS to Miss Nadine Mahdi.

The focus is to:

- To execute the Environmental and Social Management System (ESMS) which screens financing against Al Majmoua's microfinance exclusion list, and is in line with the applicable Lebanese legislative requirements and relevant International Best Practices, where applicable
- To assist its staff in identifying, mitigating and managing Environmental and Social risks
- To monitor, supervise and assist in the effective implementation of the ESMS

Besides the E&S Officer at Al Majmoua, there are two focal points who will be responsible for the day-to-day implementation of the policy: Abed Moukadem (Operations Manager) and Rula Jabbour (NFS Supervisor).

The ESMS is to be reviewed periodically or when needed to ensure that it remains relevant and effective over time. This involves identifying the potential difficulties related to the operational aspects of the implementation of the ESMS and making the necessary modifications; examining the scope of the ESMS procedures to ensure that the environmental and social risks and impacts are detected and identified during the due diligence process; and updating the ESMS to reflect revisions to applicable social, environmental, health and safety laws.

Reporting

Internal Reporting

- The Loan/grant Officer fills out all the necessary details in the Exclusion list section in the loan/grant application form, and the data will be entered in the system. The new exclusion list will be implemented starting 2024.
- On an annual basis, the Senior PRD Officer sends the Operations and NFS management teams a report which includes a summary of the rejected loans, the reasons for rejection, including the exclusion list, if any.
- As part of the internal audit- field control routine, the field controller investigates and checks a sample of clients' activities as per the Exclusion list, in case of E&S suspected issue, the field controller will directly report the case to the area supervisor/ project supervisor to reject the loan/grant (in case the loan/grant is not yet disbursed) or reject the renewal of the loan/grant (in case the loan/grant is active).

External Reporting

E&S Officer and Finance Department prepare Al Majmoua E&S report and share it with partners on annual basis.

Annexes

Annex 1: Exclusion List

Exclusion List		
Category	Risk Screening - Verification of Environmental and Social Eligibility	Impact on People and the Environment
Illegal Acts	<input type="checkbox"/> Is there any activity in illegal production or trade under Lebanese law or international conventions and agreements? Drugs, smuggling, prostitution and/or pornographic products, murder, theft, fraud, forgery, money laundering, terrorist financing... etc.	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
	<input type="checkbox"/> Is there any activity in human trafficking or forced labor ?	
	<input type="checkbox"/> Is there any activity in the production or trade of military and explosive weapons and their tools ?	
	<input type="checkbox"/> Is there any activity in the unlicensed production or trade of weapons, ammunition and hunting tools ?	
Human and Health Harm	Is there any form of gender-based violence (GBV) and sexual exploitation and abuse (SEA)?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
	<input type="checkbox"/> Is there any activity that is harmful to health and safety in the workplace? (Hazardous material, tools, dangerous places without taking the necessary precautions)	<input type="checkbox"/> No <input type="checkbox"/> Yes: Evaluate Impact
	<input type="checkbox"/> Is there any activity in the production or trade of alcoholic beverages ?	
	<input type="checkbox"/> Is there any activity in the production or trade of tobacco, molasses or hookah (shisha)? <input type="checkbox"/> Is there any activity in gambling and similar establishments (casino, horse racing...etc.)?	
Child & Women Labor	<input type="checkbox"/> Does the business of any kind use juveniles under the age of 13 ? <input type="checkbox"/> Does the business use minors under the age of 15 or women to engage in prohibited activities for these groups? <input type="checkbox"/> Does the business use minors under the age of 16 to engage in prohibited activities for these groups?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
Owned Land	<input type="checkbox"/> Is there any activity involved in land acquisition, forced settlement or economic displacement ?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
Cultural Heritage	<input type="checkbox"/> Is there any activity that has significant negative impacts on critical cultural heritage ? (Includes buildings or sites that have a religious, cultural or historical significance)	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
Livestock	<input type="checkbox"/> Is there any activity in trade in wildlife or its products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
Fisheries	<input type="checkbox"/> Is there any activity in illegal or unsustainable fishing practices (fishing gear other than fisheries, some species protected under Lebanese Law and CITES, unlicensed, type of nets and where and when to place them, etc.)?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
Natural Wealth	<input type="checkbox"/> Is there any activity in the unlicensed production (cutting) or trade of forest timber, woodland or natural reserves ? <input type="checkbox"/> Is there any activity harmful to the natural environment such as water, air or soil pollution?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Evaluate Impact <input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> Severe
Dangerous & Toxic Material	<input type="checkbox"/> Is there any activity in the production, trade or use of mercury ? Or unlimited asbestos fibers ?	<input type="checkbox"/> No <input type="checkbox"/> Yes: Refuse Application
	<input type="checkbox"/> Is there any activity in the production, trade, treatment or disposal of hazardous, toxic or nuclear waste in ways inconsistent with the Basel Convention and the basic regulations?	
	<input type="checkbox"/> Is there any activity in the production or trade of pharmaceuticals, pesticides, ozone depleting substances, radioactive or chemical substances that are subject to phase-out or international bans? <input type="checkbox"/> Is there any activity in the production, trade or use of non-biodegradable packaging materials such as polythene and Styrofoam bags ? (commercial use is permitted)	<input type="checkbox"/> No <input type="checkbox"/> Yes: Evaluate Impact <input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> Severe

After field inspection and auditing of the business activities and/or the beneficiary in terms of compliance with Lebanese laws, regulations and international conventions and treaties, especially those related to environmental protection and all regulations related to social and humanitarian affairs and the preservation of public safety organized in the checklist above, the classification of the general impact of risks on people and the environment was as follows:

☐ **Non-Existent** (qualified, no follow-up) ☐ **Low** (qualified, 1 follow-up) ☐ **Moderate** (qualified, 2 or more follow-ups) ☐ **Severe** (unqualified, no follow-up)

Low or moderate impact with follow-up: If the activity in question is secondary to the business operations, it can be financed on the condition that no investment in any risky activity is made, with follow-up and identification of the necessary corrective actions (if any).

Follow-up plan: Follow-up is carried out either by phone or through field visits, depending on the level of risk and the requirements for collecting the required data on the corrective measures taken (if any).

1. **Suggested corrective actions (low/moderate impact):**

First Follow-Up

2. **Have corrective actions been partially implemented?** ☐ Yes ☐ Partially ☐ No **Suggested corrective actions (low/moderate impact):**

The classification of the general impact of risk on people and the environment updated after the follow-up: ☐ **Non-Existent** (qualified, no follow-up) ☐ **Low** (qualified, 1 follow-up) ☐ **Moderate** (qualified, 2 or more follow-ups) ☐ **Severe** (unqualified, no follow-up)

Second Follow-Up

3. **Have corrective actions been partially implemented?** ☐ Yes ☐ Partially ☐ No **Suggested corrective actions (low/moderate impact):**

The classification of the general impact of risk on people and the environment updated after the follow-up: ☐ **Non-Existent** (qualified, no follow-up) ☐ **Low** (qualified, 1 follow-up) ☐ **Moderate** (qualified, 2 or more follow-ups) ☐ **Severe** (unqualified, no follow-up)

قائمة المشاريع محظورة التمويل (Exclusion List)		
المجال	فحص المخاطر- التحقق من الأهلية البيئية والاجتماعية	الأثر على الأشخاص والبيئة
أعمال غير قانونية	<input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة غير شرعية بموجب القانون اللبناني، المعاهدات والاتفاقيات الدولية؟ مخدرات، تهريب، دعارة أو منتجات إباحية، قتل، سرقة، احتيال، تزوير، اختلاس، تبييض أموال، تمويل اراهاب ... <input type="checkbox"/> هل يوجد أي نشاط في الإتجار بالبشر أو العمل الجبري؟ <input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة الأسلحة الحربية والمتفجرة وأدواتها؟ <input type="checkbox"/> هل يوجد أي نشاط غير مرخص في إنتاج أو تجارة أسلحة، ذخائر وأدوات الصيد؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: رفض الطلب
	<input type="checkbox"/> هل يوجد أي شكل من أشكال العنف القائم على النوع الاجتماعي (GBV) الاستغلال والانتهاك الجنسي (SEA)؟ <input type="checkbox"/> هل يوجد أي نشاط يشكل ضرراً على الصحة والسلامة في مكان العمل؟ (مواد، أدوات، أماكن خطرة دون اتخاذ احتياطات الوقاية اللازمة؟) <input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة المشروبات الكحولية؟ <input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة التبغ، المعسل أو الأركيلة (النشيشة)؟ <input type="checkbox"/> هل يوجد أي نشاط في مجال القمار والمؤسسات الشبيهة (كازينو، سبق الخيل ... الخ)؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: رفض الطلب
	<input type="checkbox"/> هل يستخدم المشروع مهماً كان نوعه الأحداث دون سن 13؟ <input type="checkbox"/> هل يستخدم المشروع الأحداث دون سن 15 أو النساء لمزاولة الأعمال المحظورة لهذه الفئة؟ <input type="checkbox"/> هل يستخدم المشروع الأحداث دون سن 16 لمزاولة الأعمال المحظورة لهذه الفئة؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: رفض الطلب
	<input type="checkbox"/> هل يوجد أي نشاط ينطوي على حيازة الأراضي أو إعادة التوطين القسري أو التشريد الاقتصادي؟ <input type="checkbox"/> هل يوجد أي نشاط يؤثر سلباً على التراث الثقافي (مباني أو مواقع ذات مكانة دينية أو ثقافية أو تاريخية)؟	
الثروة الحيوانية	<input type="checkbox"/> هل يوجد أي نشاط في تجارة الحياة البرية أو منتجاتها المنظمة تحت CITES (اتفاقية التجارة الدولية للأنواع المهددة بالانقراض من الحيوانات والنباتات البرية)؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: رفض الطلب
	<input type="checkbox"/> هل يوجد أي نشاط في ممارسات الصيد غير المشروعة أو المستدامة (أدوات صيد غير المصايد، بعض الأنواع المحمية بموجب القانون اللبناني و CITES، غير مرخص، نوع الشباك وأماكن ومواقف وضعها ... الخ)؟	
الثروة السمكية	<input type="checkbox"/> هل يوجد أي نشاط في إنتاج (قطع) أو تجارة غير مرخصة لأخشاب الغابات، الأحراج أو المحميات الطبيعية؟ <input type="checkbox"/> هل يوجد أي نشاط مضر في البيئة الطبيعية كتلوث المياه أو الهواء أو التربة؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: تقييم الأثر <input type="checkbox"/> قليل <input type="checkbox"/> متوسط <input type="checkbox"/> شديد
	<input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة أو استخدام الزئبق؟ أو ألياف الأسبستوس غير المحدودة؟ <input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة النفايات الخطرة أو السامة أو النووية أو معالجتها أو التخلص منها بطرق غير متوافقة مع اتفاقية بازل واللائحة الأساسية؟	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: رفض الطلب
المواد الخطرة والسامة والمشتعلة	<input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة المستحضرات الصيدلانية، والمبيدات والمواد المستنفدة للأوزون، أو مواد مشعة أو كيميائية محظورة دولياً أو الموضوع على لائحة التخلص التدريجي الدولية؟ <input type="checkbox"/> هل يوجد أي نشاط في إنتاج أو تجارة مواد التعبئة والتغليف غير القابلة للتحلل الحيوي مثل أكياس البوليثين والستايروفوم؟ (الاستخدام في الأنشطة التجارية مسموح)	<input type="checkbox"/> كلا <input type="checkbox"/> نعم: تقييم الأثر <input type="checkbox"/> قليل <input type="checkbox"/> متوسط <input type="checkbox"/> شديد

بعد الكشف الميداني والتدقيق على أنشطة المشروع و/أو المستفيد/ة لجهة الالتزام بالقوانين والأنظمة اللبنانية والاتفاقيات والمعاهدات الدولية لا سيما تلك المتعلقة بحماية البيئة وبأنظمة الشؤون الاجتماعية والإنسانية والمحافظة على السلامة العامة المنظمة في قائمة التحقق أعلاه، جاء تصنيف أثر المخاطر العام على الأشخاص والبيئة كالتالي:

☐ معدوم (مؤهل/ة- دون متابعة) ☐ قليل (مؤهل/ة - متابعة واحدة) ☐ متوسط (مؤهل/ة - 2 متابعة أو أكثر) ☐ شديد (غير مؤهل/ة- دون متابعة)

⚠️ أثر قليل أو متوسط برسم المتابعة: إذا كان النشاط المعني ثانوي لعمليات المشروع، يمكن تمويله بشرط عدم الاستثمار في النشاط الخطر مع المتابعة وتحديد الإجراءات التصحيحية اللازمة (إذا وجدت).

⚠️ مخطط المتابعة: يتم إجراء المتابعة إما هاتفياً أو عبر الزيارات الميدانية بحسب مستوى المخاطر ومتطلبات جمع البيانات المطلوبة عن الإجراءات التصحيحية المتخذة (إذا وجدت).

1. الإجراءات التصحيحية المقترحة (أثر قليل/متوسط):

المتابعة الأولى:

2. هل تم تنفيذ الإجراءات التصحيحية؟ ☐ نعم ☐ جزئياً ☐ كلا

تصنيف أثر المخاطر العام على الأشخاص والبيئة المحدث بعد المتابعة:

☐ معدوم (مؤهل/ة- دون متابعة) ☐ قليل (مؤهل/ة - متابعة واحدة) ☐ متوسط (مؤهل/ة - 2 متابعة أو أكثر) ☐ شديد (غير مؤهل/ة- دون متابعة)

المتابعة الثانية:

3. هل تم تنفيذ الإجراءات التصحيحية؟ ☐ نعم ☐ جزئياً ☐ كلا

تصنيف أثر المخاطر العام على الأشخاص والبيئة المحدث بعد المتابعة:

☐ معدوم (مؤهل/ة- دون متابعة) ☐ قليل (مؤهل/ة - متابعة واحدة) ☐ متوسط (مؤهل/ة - 2 متابعة أو أكثر) ☐ شديد (غير مؤهل/ة- دون متابعة)

Annex 2: Annual Environmental Performance Report

Please provide responses to the questions below. Please include additional sheets or attachments as required to provide details as needed.

Completed by :			
Position in organisation:		Date:	

Report Covering Period:	
From:	To:

1. Portfolio Information

FI Business Lines

Microfinance Products

Product line	Description <i>Please provide your description/terms of the product</i>	Total exposure outstanding for most recent year end (in US\$)	Average loan or transaction size (in US\$)	Average tenor (months)
Group Lending				
Trade Lending				
Individual Lending				
Collateral Lending				
Others (please add rows as appropriate)				
Total				

Number of loans disbursed in reporting period	
Number of Applications received in reporting period	

Exposure by Industry Sectors

An indicative % of portfolio that these sectors represent of the total portfolio.

S. No	Industrial Sector	% of portfolio
	Animal Production	
	Apparel	
	Chemicals	
	Collective Investment Vehicles	
	Common Carriers	
	Construction and Real Estate	
	Consumer Goods	
	Crop Production	
	Electrical Equipment, Appliances and Components	
	Finishing (Dyeing, Printing, Finishing, etc.)	
	Fishing	
	Food & Beverages	
	Forestry	
	Furniture and Related Products	
	Integrated Textile Operation (Spinning, Weaving/Knitting, but no Garment)	
	Internet Projects	
	Leather and Allied Products	

	Machinery and Other Industrial	
	Plastics & Rubber	
	Primary Metals	
	Printing & Publishing	
	Pulp & Paper	
	Spinning (Yarn, Including Integrated with Fiber Production)	
	Telecommunications	
	Textiles - Others	
	Transport Service	
	Transportation Equipment	
	Warehousing & Storage	
	Wholesale and Retail Trade covering any of the following. Gasoline stations, dry cleaners, printing, large auto and truck fleets, photographic film processing and any operations involving the use of any chemical of biological wastes or materials	
	Wood Products	

Exposure to Exclusion List

Al Majmoua's involvement in providing finance to any of the below sectors/activities, with an indicative % of portfolio that these sectors represent of the total portfolio

Activity (Update)	Yes/No	Outstanding Exposure	Percentage of Portfolio	Tenor (months)
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 bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.				
Production or trade in weapons and munitions ³ .				
Production or trade in alcoholic beverages (excluding beer and wine) ¹				
Production or trade in tobacco ¹ .				
Production or trade in Palm Oil ¹ .				
Gambling, casinos and equivalent enterprises ¹				
Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.				
Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.				
Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.				
Production or activities involving harmful or exploitative forms of forced labor ⁴ /harmful child labor ⁵ .				
Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.				
Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.				

³This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

⁴Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

2. Community Development

All interactions that Al Majmoua has with the community including, but not limited to, a community relations program, meetings and activities with interested stakeholders, a charitable foundation, and staff dedicated to community issues. Including the following points:

Activity	Description	Schedule	Attendees	Budget

3. Management System

Please provide responses to the questions below. Please include additional sheets or attachments as required to provide details on questions that have been answered Yes.

Processes	Yes/No	
Have there been any updates to the ESMS or procedure?		<i>If yes, please provide a copy of the updated procedure and reasons for the same.</i>
Has Senior management signed off on the changes?		<i>If yes, please provide a copy of the same.</i>
Details of the implementation budget and reasons for changes from the previous year if any.		
Were any transactions rejected on account of the exclusion list?		<i>If yes, please provide details.</i>
Were there any difficulties and/or constraints related to the implementation of the environmental procedures?		<i>If yes, please provide details.</i>
Were there any material environmental and social issues associated with borrowers during the reporting period in particular?		<i>If yes, please provide details.</i>
Supervision and monitoring	Yes/No	
Do your projects report to you? If yes, please provide details.		
Do you supervise the performance of your projects? If yes, please provide details.		
Do you conduct client site visits? If yes, please describe the process including any environmental and social issues considered.		
Capacity	Yes/No	
Name and contact information of the ESMS Officer or Coordinator who has the overall responsibility for the implementation of ESMS.		
Did the ESMS officer(s) receive attend/complete any training during this reporting period? Please describe the training or learning activities.		
Please provide details on the internal E&S training event(s) held including number of attendees and functions.		

Sustainable finance	Yes/No	
Have you made any investments in projects that have environmental and social benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, pollution management, supply chain greening, corporate social responsibility, community development etc?		<i>If yes, please provide details.</i>

4. Human Resources and Working Conditions

Please update the below based on this reporting period statistics

Overall Labor Statistics				
		Men	Women	Total or Average
Number of Employees	Management			
	Non-management			
	Contractors			
	Handicapped			
	Total			
Turnover rate				
Average Salary	Management			
	Non-management			
Age Breakdown	18 – 25			
	26 – 35			
	36 – 45			
	46 – 55			
	> 56			

	Yes/No	If yes, please provide details
Has there been any change to the human resources policy?		
Has there been any change to the entitlement to and payment of salaries?		
Was there any disciplinary and/or termination during the reporting period?		
Has there been any change to the relationship with the union and or collective bargaining agreement?		
Has there been any grievance filed this reporting period?		
Were there any harassment or discrimination cases this reporting period?		
Was there any retrenchment of a substantial number of employees?		
Were there any fraud cases this reporting period?		
Are there any labor related cases involving the company in the national/international legal system?		