



19th Annual GLOBAL MICROFINANCE FORUM

Amsterdam, March 14th, 2024

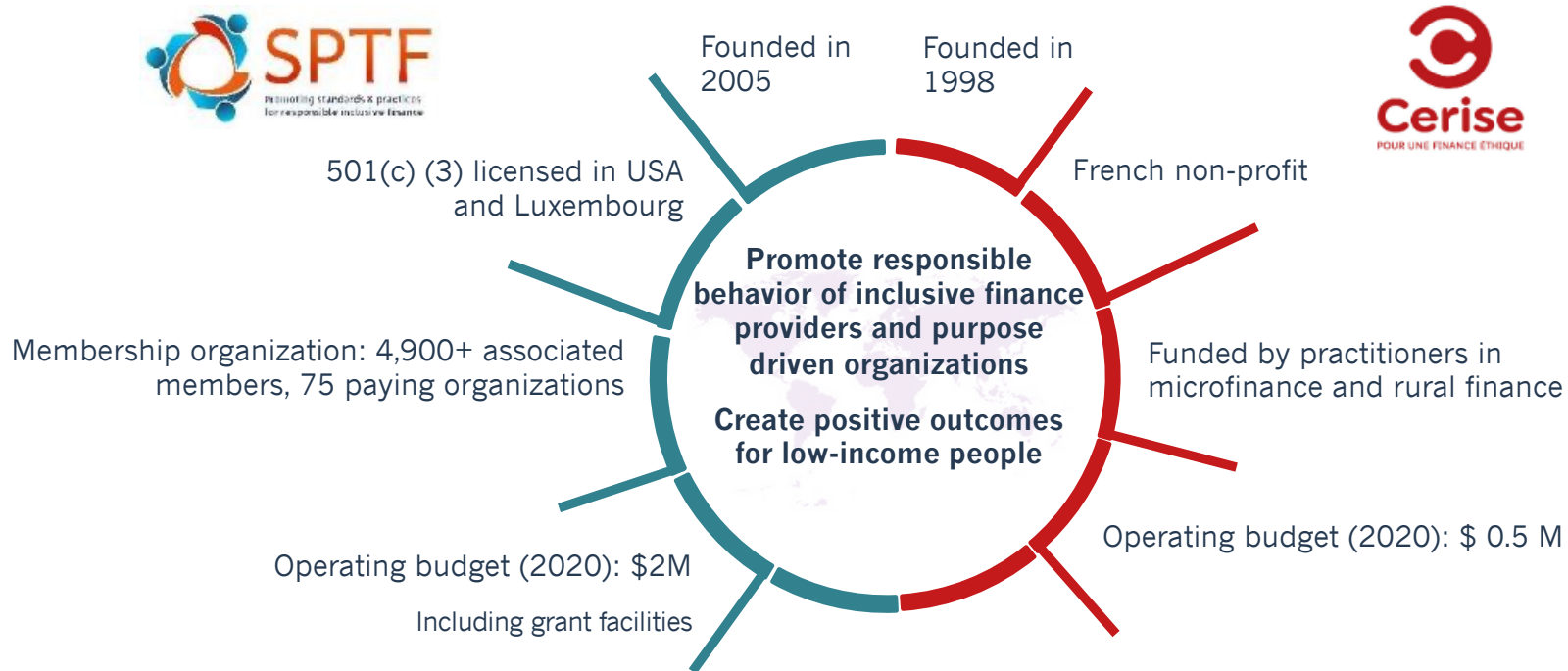
Increasing global regulation on ESG and impacts

- Clear transparent evaluation and reporting by MF actors
- Positive and negative impacts of MFIs on people and planet
- Where does this position MF in the future?

Jurgen Hammer, Managing Director SPTF Europe



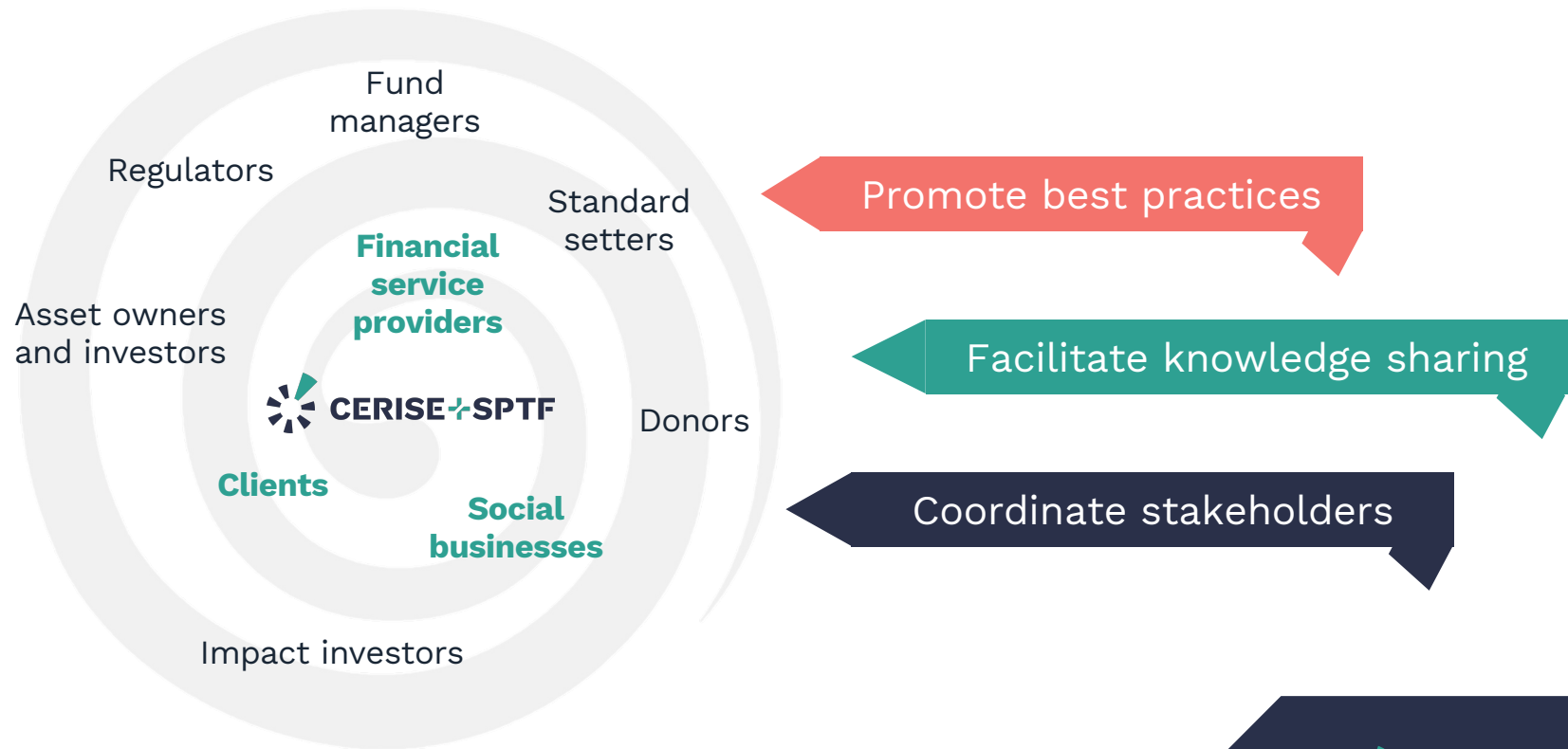
SPTF and CERISE: two entities with a joint purpose



Key activities: develop and maintain standards, manage grant facilities for standards implementation, convene diverse international stakeholders

Key activities: develop social audit tools, research and benchmarks on best practices, build local capacity around the world

Keeping it all together: shaping consensus and driving improvement in social and environmental performance



WHAT DO WE DO ?

Integrated Service Offer



¹ **Working Groups** currently active: Social Investor, Outcomes, Green Finance, Customer Empowerment, Digital Financial Services Standards, Sustainable Finance Disclosure Regulation (SFDR)

² **Responsible Inclusive Finance Facilities** offer co-funding opportunities in three regions: Africa, Southeast Asia, and the Caribbean/Central America.

The Universal Standards



They include 8 Client Protection Standards

1. Appropriate product design and delivery
2. Prevention of over-indebtedness
3. Transparency
4. Responsible pricing
5. Fair and respectful treatment of clients
6. Privacy of client data
7. Mechanisms for complaints resolution
8. **Governance & HR systems committed to CP**

Joint Statement Signatories



Convening a community of responsible investors

- In 2021, CERISE + SPTF launched a call for action amongst investors and DFIs to raise awareness and engage these key stakeholders on client protection risks.
- ▶ The aim is to create **global uptake** in the industry on the existing work – to create transparency, comparability and share examples of successful implementation
- Signatories of the Joint Statement now includes over 40 MIVs, DFIs and networks

“The Pathway helps us ensure that client protection remains an important concern of our investees so that our indirect beneficiaries are protected enough.”

Edouard Sers, Grameen Crédit Agricole Foundation

The European Sustainable Finance Disclosure Regulation – SFDR

Improve clarity and comparability of sustainability disclosures in financial market participant's investment policies and products

- Part of European Commission's Action Plan on Sustainable Finance
- Effective March 10th, 2021
- Concerned: financial market participants (FMP), asset managers and financial advisors
- Transparency on integration of sustainability risks in decision making
- Disclosing potential adverse sustainability impacts on environment and society in investments
- Provision of sustainability related information with respect to financial products

SFDR is completed by the EC taxonomy regulation, effective since Jan 2022:

criteria for determining if an activity is environmentally sustainable, including whether the activity contributes to, or does not significantly harm one or more specific environmental objective(s).

14 Mandatory PAI Indicators (+31 voluntary)

Climate and other environment-related indicators:	Social and employee matters, respect for human rights, anti-corruption and anti-bribery matters:
GHG emissions (Scope 1, 2, and 3, and total GHG emissions)	Violations of UN Global Compact Principles and Organizations for Economic Cooperation and Development (OECD) guidelines for multinational enterprises
GHG intensity of investee companies	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises
Share of investment in companies active in the fossil fuel sector	Unadjusted general pay gap
Share on non-renewable energy consumption and production	Board gender diversity
Energy consumption intensity per high-impact climate sector	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)
Activities negatively affecting biodiversity - sensitive areas	
Emissions to water	
Hazardous waste ratio	

Cerise+SPTF SIWG

SFDR–related subgroups and workstreams(1)

SFDR Implementation

- Priority areas for joint approaches :
 - ✓ A harmonized **economic sector classification** for investment portfolios,
 - ✓ An alignment on **Standard Disclosure Statements**, and
 - ✓ **Minimum Safeguards**: International Bill of Human Rights (UN) / Principles concerning fundamental rights at work International Labor Organization (ILO) / Guiding Principles on Business and Human Rights (UN) + when applicable, the OECD Guidelines for Multinational Enterprises

See: <https://cerise-sptf.org/social-investors/>

- Current ongoing projects:
 - ✓ Biodiversity sensitive areas
 - ✓ ESG Risk – Outside-In

Cerise+SPTF SIWG

SFDR–related subgroups and workstreams(2)

European Commission Consultation on SFDR Implementation

- Support by a specialist on European Commission Affairs
- Webinar on basics of European Policy and **institutional set up**
- Focused webinar on **Consultation** and sector strategy for response
- Development of a **global sector position** :
 - ✓ Definition of **8 Key Messages**
 - ✓ **Template for proposal** for input to the Consultation
- How do we continue to raise awareness?

See: <https://cerise-sptf.org/ec-consultation/>

Thank You!

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<https://cerise-sptf.org>





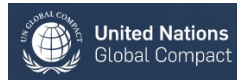
SPI Online

A platform of resources and tools for impact-driven organizations to assess and improve their social and environmental performance against the **Universal Standards** (3rd Edition, Feb. 2022)

By



Measure compliance with a range of leading international standards





7 tools for 3 pathways, aligned with the 7 dimensions of the Universal Standards

- Dimension 1:** Social Strategy
- Dimension 2:** Committed Leadership
- Dimension 3:** Client-Centered Products and services
- Dimension 4:** Client Protection
- Dimension 5:** Responsible Human Resource Development
- Dimension 6:** Responsible Growth and Returns
- Dimension 7:** Environmental Performance Management

Universal Standards Pathway			
ESG Risk 30 indicators	ALINUS 68 indicators	SPI5 Entry 110 indicators	SPI5 Full 183 indicators
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Client Protection Pathway	
CP Commit 32 indicators	CP Full 78 indicators
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Green Pathway
Focus Green 25 indicators
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● * * * = Number of indicators in the tool, as per the Universal Standards manual.