



DEDZA COMMUNITY SACCO LIMITED

ENVIRONMENTAL AND SOCIAL POLICY

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Introduction

This Policy has been designed so that it guide Dedza Community SACCO management and BOD on matters of environmental and social issues while the SACCO is trying to achieve its mission and vision.

Objective

This objective is derived from the mandate of the Dedza Community SACCO that is “to contribute to the transition towards prosperity of the people”. Dedza community SACCO believes its mandate can be effectively achieved by applying sustainable development principles to its business management. In this context, the purpose of the present document is to define the main policy statements of Dedza Community SACCO with regard to environmental and social aspects associated with its finance activities; the SACCO’s approach towards integrating these aspects into the financing decision making; and the principles. Dedza Community SACCO follows the commitments it makes in promoting through its financing of the environmental and social sustainability in the Members

Commitments

Dedza Community SACCO recognizes that its financing activities may generate temporary and longer-term impacts on the state of environment and well-being of the people in its Members States, which can be both positive and negative. Therefore, the SACCO commits to undertake the necessary measures to prevent and mitigate these risks and negative impacts to the extent feasible on one hand, and maximize on the other the positive effects. Dedza Community SACCO understands that in order to manage environmental and social risks and impacts associated with its operations efficiently, these need to be thoroughly identified, assessed, mitigated and monitored. In this respect the SACCO commits to undertake environmental and social assessment and monitoring of all its operations commensurate to their potential risks and impacts, and to ensure that these are structured and implemented in accordance with the requirements of this Policy. Dedza SACCO considers that environmental pollution should be rectified at source rather than mitigated at the “end of pipe” and that measures to prevent pollution should be regarded by its members as a priority, and as early in the planning process of any new development as possible. Any historic or existing environmental pollution that has occurred or is unavoidable should be identified, made as minimal as possible, handled in an appropriate way and in accordance with SACCO requirements, and if necessary compensated to any affected parties. In this respect the SACCO commits to ask its members to prevent pollution at source where possible, and apply the principles of pollution prevention and polluter pays to all its financing operations. Existing contamination should be assessed for health and environmental risks and responsibility for managing and addressing these issues should be allocated and any necessary mitigation and monitoring should be agreed. Dedza SACCO regards the respect for fundamental human rights in a working environment as a crucial element of sustainable development. The right for decent work, observance of minimum age of employment, fair and equal treatment and opportunity, respect for health Environmental and Social Policy, freedom of association and recognition of the right to collective bargaining are all good practices as defined by the International Labour Organization (ILO). In all operations it finances, the SACCO will seek to ensure, as a minimum requirement, that these rights are required to be upheld and respected by its members in the agreements governing the SACCO’s financing. Furthermore, Dedza SACCO is committed to the ILO conventions against forced labour and child labour and supports the fundamental human rights for decent work and social justice, as well as the rights of children to develop physically and mentally to their full potential. The SACCO commits to be mindful of these issues throughout its operations, and to not knowingly engage in financing any activities that may be suspected of involving forced labour and/or child labour, including in the supply chain to

the extent feasible. Dedza Community Sacco regards climate change as a serious challenge that is not bound by political or geographical borders, and affects globally the state of the environment and well-being of people. The SACCO commits therefore to contribute to addressing this issue by including as part of its lending portfolio the financing of appropriate operations in its Members that reduce environmental pollution, apply energy efficiency measures, cleaner production, use of renewable energy sources, and meet carbon emissions targets set by the Governments or proactively by members. Dedza Community Sacco recognizes the importance of biodiversity conservation and the vital services the ecosystems provide to humans and businesses, such as food, fresh water, clean air, raw materials, water purification, carbon storage and sequestration, protection from natural hazards, climate regulation, natural areas for recreation and aesthetic enjoyment, soil formation, nutrient recycling, primary production, etc. Therefore, the SACCO commits to promote through its operations sustainable use of living natural resources and protection and conservation of biodiversity. Dedza SACCO considers transparency and accountability as key elements of a sustainable business development. The SACCO commits to disclose to the general public information on environmental and social performance of its operations, as per the provisions of this Policy, and require its members to engage in dialogue with their stakeholders, identify and interact with potentially affected communities, disclose relevant information about their business activities, consult them as appropriate, and ensure their informed participation. Furthermore, Dedza SACCO provides a grievance mechanism to manage concerns raised by the stakeholders potentially affected by its operations.

Environmental and Social Assessment

All operations financed by Dedza Community SACCO are subject to environmental and social assessment as an integral part of its due diligence and appraisal process, along with risk management, financial and economic analysis, monitoring, evaluation, and other functions, which form the operation cycle of the SACCO. Thus, the Sacco can take an informed decision on whether to provide financing to the assessed prospective operation, and if so, what are the environmental and social issues that need to be addressed during planning, financing and implementation of the operation. The depth of environmental and social assessment will be appropriate to the nature and scale of the operation and commensurate with the level of environmental and social risks and impacts such operation generates including its area of influence.

Operations financed directly

The environmental and social assessment of operations financed directly by Dedza Sacco, focuses on the following issues depending on their relevance to each particular case:

- The environmental and social management arrangements of the client employed to identify the environmental and social risks, impacts and opportunities associated with its business activities and the financed operation in particular, and how these risks and impacts are managed;
- Labour and working conditions and how people are treated in the working environment based on their rights for voluntary labour, decent and fair treatment, non-discrimination, equal opportunities, minimum age of employment, free association and the right to collective bargaining, occupational health and safety at the work place;
- The applied pollution prevention and abatement measures and how efficient the resources are being used;

- Potential issues associated with the Client and its business activities and operation in particular that affect the local communities, their health, safety and security;
- Issues related to land acquisition, involuntary resettlement and economic displacement;
- Impacts on biodiversity, ecosystem services and sustainable use of living natural resources and measures to manage and mitigate these impacts;
- Protection of any cultural heritage that may be affected by the Client's activity and/or operation financed by the Sacco;
- Potential risks and impacts on Indigenous Peoples.

Operations financed through Financial Intermediaries

The environmental and social assessment of operations financed by Dedza Community Sacco through Financial Intermediaries (FIs) focuses on the capability of such FIs to manage environmental and social risks and impacts associated with their business activity in a manner that is compliant with the requirements of both this Policy and the national legislation in effect in the country of operation, including the country's commitments under international law. This includes assessment of the FIs environmental and social risk management policies and procedures; the level of integration of such policies and procedures into the overall portfolio management; portfolio analysis by environmental and social risk category; as well as the existing internal capacity to manage the associated environmental and social risks and impacts. If these are found to be satisfactory the Sacco would normally delegate the function and responsibility for environmental and social assessment to its Client FIs. These are required to ensure that the Environmental and Social Policy sub-borrowers financed from the Dedza Sacco proceeds comply with the requirements of this Policy, national regulations and standards in effect, including environmental, labour, health and safety, relevant International Conventions. The SACCO will determine the extent to which the function and responsibilities for environmental and social assessment is delegated to the Client FI, and what attributes may retain for itself.

Environmental and Social Categorization

Dedza SACCO categorizes its operations based on

- i) the associated potential environmental and social risks and impacts, and
- ii) the scope of environmental and social assessment necessary to identify, assess and mitigate these impacts and risks. These categories are A, B+, C and FI and are defined as following:
 - Category A; are high risk operations that have the potential to generate significant adverse environmental and social impacts which are diverse, irreversible, or unprecedented;
 - Category B+ ; are medium-high risk operations that have the potential to generate adverse environmental and social impacts that are generally beyond the site boundaries, largely reversible and can be addressed through relevant mitigation measures;
 - Category; C are low risk operations with minimal or no adverse environmental and social risks and impacts;
 - Category FI are operations that involve financing through Financial Intermediaries.

Category A operations are subject to Environmental and Social Impact Assessment (ESIA) process and require meaningful consultation with the public that may be affected by such operations. This includes setting of procedures for public notification, disclosure of related information about the operation and its potential environmental and social risks and impacts, public review and comment. In co-financed operations the SACCO accepts for reasons of consistency and to avoid duplication, the environmental and social requirements of its partners if these are equivalent or superior, more developed or more stringent than its own requirements in this respect.

Environmental and Social Compliance Requirements

All operations financed by Dedza SACCO need to comply with the following minimum environmental and social requirements:

- National labour, health and safety, and public information laws and regulations, including national commitments under international law;
- Availability of permits, approvals, licenses and certificates required under relevant laws and regulations.
- Do not involve production, use, distribution, trade, or businesses stipulated in the Dedza Sacco Environmental and Social Exclusion List. The Sacco commits that its operations are covenanted by its clients to be compliant with the requirements stated above. In addition to that, the Sacco translates into covenants the findings of the environmental and social assessment carried out for its operations. These may include implementation of Environmental and Social Monitoring Plans, Consultation and Resettlement Plans, etc. These terms and conditions are tailored to reflect the nature and scope of each particular operation financed by Dedza SACCO. The Sacco normally seeks compliance with its environmental and social requirements at the time of financing approval. However, in cases when compliance cannot be met at the time of approval Dedza Sacco jointly with the Client will agree upon a plan to achieve within reasonable timeframe such compliance. The Sacco will publicly disclose this information (see the Public Information and Disclosure) and provide relevant explanations on how the non-compliance will be resolved and in what timeframe. If the operation does not make satisfactory progress towards compliance the Bank may cancel it and/or stop further financing.

Monitoring

All the operations financed by the SACCO are monitored against the agreed environmental and social compliance requirements in order to ensure that relevant environmental and social terms and conditions stipulated in the legal agreement are met.

In addition to that, monitoring determines whether the prevention and mitigation measures employed to manage environmental and social risks and impact

Evaluation

Evaluation of environmental and social performance of the operations financed by the Bank is undertaken after operation completion and focuses on assessment of the operation's outputs, outcomes and impact against expected results and the overall mission of the SACCO. This process is performed by the SACCO's independent Evaluation Unit and the results are reported directly to the SACCOs President and Boards of Directors .

Complaints and Grievances

Any party that is directly and/or significantly affected by the SACCO's operations and the environmental and social impacts generated by these operations may submit complaints and grievances to the SACCO through Member Services Officer. Dedza Sacco provides the necessary means for these complaints and grievances to be communicated, processed and dealt upon in a timely, transparent and responsible manner.

Decision-making

All operations submitted for approval to the Bank's Board of Directors will have a summary of the associated environmental and social risks and impacts. The Board of Directors, in the decision-making process, will take full account of the environmental and social implications of the operations considered for approval.


Cooperation

In order to ensure good implementation of this Policy the SACCO cooperates with governmental bodies, businesses, civil society, and general public, as appropriate and to the extent feasible.

Institutional and Implementation issues

The policy will be implemented by the management and Dedza Community Sacco and BOD will make sure to approve the necessary resources allocated in order to ensure that this Policy is effectively implemented, fully integrated into its operation cycle and is applied in a systematic manner to all the operations financed by the SACCO.

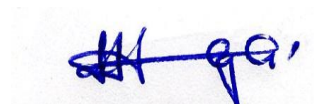
Dedza Community SACCO will revise the Policy as necessary, or at least every three years from the effective date, and will develop and maintain the appropriate environmental and social procedures and guidance notes in order to support its implementation.



Approved By: Silvester Zalimba

President

Date 02/01/2023



Wells Bonga

Treasure

02/01/2023