

Sierra Leone voluntary sustainable finance principles

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Overview of the principles



1.

Sustainable economic growth



Pledge: “We will promote projects and other activities that contribute to a greener, cleaner and more equitable economy in Sierra Leone.”

Action: Integrate sustainability into core business strategy and channel finance towards environmentally and socially responsible economic activities.

2.

Ethical conduct and exclusions



Pledge: “We will not finance activities that are unethical, unlawful or contribute to significant social or environmental harm.”

Action: Develop and enforce an exclusion policy to prohibit financing of illegal, unethical or harmful activities, and screen all clients and transactions accordingly.

3.

Human rights



Pledge: “We will respect human rights, gender equality and social equity through our business strategy, operations and client engagements.”

Action: Adopt and implement a human rights policy; integrate due diligence into credit and risk management; and promote gender equality and social equity in all operations.

4.

Financial inclusion



Pledge: “We will prioritise access to financial services for all segments of the population, particularly those traditionally underserved or excluded.”

Action: Design and deliver inclusive financial products and services; expand access channels; and embed inclusion goals into institutional strategy and operations.

5.

Operational sustainability



Pledge: “We will avoid, minimise or offset the negative impacts of our business operations on the environment and local communities in which we operate and, where possible, promote positive impacts.”

Action: Implement internal environmental management and community investment programmes to reduce the institution’s environmental and social footprint.

6.

Environmental and social risk management



Pledge: “We will incorporate environmental and social factors into our business decision-making to prevent, reduce or mitigate adverse impacts.”

Action: Establish and apply environmental and social (E&S) risk management policies and procedures to screen, assess and monitor such risks in all business activities.

7.

Environmental and social governance



Pledge: “We will establish strong and transparent environmental and social governance within our own institutions and evaluate our clients based on this same principle.”

Action: Embed environmental and social principles into governance structures and leadership responsibilities at all levels; assess client governance in high-risk transactions.

8.

Capacity building



Pledge: “We will develop the capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our business activities and operations.”

Action: Deliver regular environmental and social training, develop practical tools and participate in sector-wide capacity-building to ensure effective implementation of sustainability principles.

9.

Transparency and accountability



Pledge: “We will promote transparency and accountability and regularly review and report on our progress in meeting all the Principles at the individual institution and sector level.”

Action: Establish and use standardised reporting templates, set measurable targets and regularly disclose progress on sustainability commitments to stakeholders.

Foreword

Sierra Leone faces an urgent need to mobilise finance that supports sustainable and inclusive growth. Climate change, environmental degradation and persistent social challenges present risks not only to communities and ecosystems, but also to the long-term resilience of our financial sector. At the same time, these challenges create opportunities for innovation, responsible investment and partnerships that can drive economic transformation.

As the custodians of financial intermediation in Sierra Leone, the banking and microfinance sectors have a critical role to play in directing capital towards activities that are ethical, socially responsible and environmentally sustainable. Recognising this responsibility, the Sierra Leone Association of Commercial Banks (SLACB) and the Sierra Leone Association of Microfinance Institutions (SLAMFI) have worked together through a joint Sustainable Finance Working Committee (“the Committee”) with support from national and international partners to develop these voluntary sustainable finance principles (“the Principles”) for Sierra Leone.

The Principles provide a shared industry commitment to align lending and investment practices with sustainability objectives. They set out clear expectations for financial institutions to:

- Integrate environmental, social and governance (ESG) considerations into decision-making
- Respect human rights, promote gender equity and financial inclusion
- Actively contribute to the country’s national development goals, climate commitments and the UN sustainable development goals (SDGs).

We see the Principles as:

- A guide to help financial institutions assess their practices, identify gaps and strengthen alignment with global and local standards of sustainability
- A platform for industry-wide collaboration, transparency and continuous learning, enabling our members to benchmark progress and demonstrate leadership.

We acknowledge that the journey towards sustainable finance is long term and will require commitment, capacity building and innovation. But by taking this collective step, Sierra Leone’s financial institutions affirm their readiness to contribute to a resilient, inclusive and sustainable financial system.

The Principles are designed to apply across all financial institutions in Sierra Leone, including commercial banks, community banks and microfinance institutions. It is recognised, however, that the capacity, size and business models of institutions differ, and therefore the pace and depth of implementation will vary. Each institution is expected to apply the Principles in a proportionate manner, consistent with its scale, risk exposure and available resources – while upholding the same underlying commitments to environmental sustainability, social responsibility and sound governance. The Principles are thus both universal in expectation and flexible in application, providing a shared framework for responsible finance across the sector.

The Committee recognises the growing global concern about greenwashing, involving the practice of making unsubstantiated or misleading claims about the environmental or social benefits of financial products or activities. Therefore, to maintain integrity and public trust, the Committee is committed to ensuring that the implementation of the Principles is evidence-based, transparent and verifiable. Guidance materials, capacity-building programmes and sector reporting mechanisms will help financial institutions apply consistent definitions, document results and communicate impacts honestly. By promoting clear standards, accountability and disclosure, the Committee aims to ensure that sustainable finance in Sierra Leone delivers real outcomes supporting projects and clients that genuinely contribute to environmental protection, social inclusion and long-term economic resilience.

On behalf of our members, we are proud to endorse the Principles and invite all stakeholders, including the government of Sierra Leone, the Bank of Sierra Leone, our international development partners, civil society and the private sector, to support their implementation and to work with us in advancing sustainable finance in Sierra Leone.



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Acknowledgements

The development of the Principles has been a collaborative effort. We wish to extend our sincere appreciation to all institutions and individuals who contributed their time, expertise and insights.

In particular, we acknowledge:

- **The Sustainable Finance Working Group (reporting to the Committee)**, comprising representatives from commercial banks, microfinance institutions, Bank of Sierra Leone and development partners, whose constructive dialogue and technical input shaped the Principles
- **Invest Salone**, for their technical support and facilitation of consultations.

This work reflects a collective determination to strengthen Sierra Leone’s financial system and its alignment with sustainable development objectives.

Endorsement

The Principles have been formally endorsed by the following institutions, demonstrating a unified commitment to embedding sustainability into financial sector practice:





Principle 1: Sustainable economic growth

“We will promote projects and other activities that contribute to a greener, cleaner and more equitable economy in Sierra Leone.”

Purpose and rationale of principle

This principle encourages financial institutions to make a commitment and pledge for Sierra Leone’s sustainable development by financing economic activities that are environmentally responsible and socially inclusive. In the context of Sierra Leone’s climate vulnerability and high poverty rates, promoting sustainable economic growth via the financial sector is both a necessity and an opportunity. Financial institutions in Sierra Leone are well positioned to influence the direction of economic activity by channelling capital toward projects and clients that contribute to a greener, cleaner and more equitable economy.



Risks

Reputational risk: Financing activities that contribute to pollution, deforestation or land degradation may damage the institution’s public image and trust with clients, regulators and investors. The same risk also applies to unsubstantiated or misleading claims about the environmental or social benefits of financial products (greenwashing).

Regulatory risk: As sustainable finance regulation evolves, the Bank of Sierra Leone and other national authorities may introduce guidelines or requirements encouraging financial institutions to integrate sustainability into their operations and lending activities. Institutions that fail to align with these evolving standards risk future compliance gaps; limited access to incentives or concessional funding; and potential supervisory pressure.

Loss of market share: Institutions that fail to adapt may lose market share to more innovative competitors offering credible green products or climate-aligned financing.



Opportunities

Reputation and brand value: Leadership in sustainability builds credibility, increases client loyalty and sets an institution apart from competitors. This reputation attracts clients who value ethical practices and strengthens relationships with regulators, investors and the community – thereby supporting long-term brand equity in a climate-conscious market.

New market segments: Financing in areas such as renewable energy, sustainable agriculture, eco-tourism and waste management can attract new clients and diversify the loan portfolio.

Access to concessional or blended finance: Institutions that align with sustainability goals are more likely to access climate finance or donor-backed credit lines.

Resilience and long-term profitability: Well-managed sustainable lending enhances the resilience of financial institutions by reducing exposure to future shocks (climate-related, regulatory or market-driven) and can support both institutional profitability and the long-term stability of the financial sector in the face of climate change.



Core actions for financial institutions

To address this principle, financial institutions should take practical and achievable steps for opportunity creation. This begins with actions in institutional strategy, change management and client/stakeholder engagement. Some examples of actions under this principle include:

Identify and prioritise sustainable finance opportunities

Identify sectors and projects that qualify as environmentally and socially sustainable (such as renewable energy, sustainable farming, efficient transport and waste reduction). Map these opportunities against the institution's risk appetite and portfolio strategy, prioritising those sectors where sustainability objectives align with acceptable risk levels and long-term growth potential. This ensures that sustainable financing is pursued in a way that is commercially viable; consistent with prudent risk management; and adaptable to evolving market and regulatory conditions.

Explore potential sustainable financial products

Financial institutions should develop and pilot innovative financial products that promote environmental sustainability and financial inclusion. Examples include green loans, clean energy credit lines, sustainable agriculture financing, and climate-resilient lending to micro, small and medium-sized enterprises (MSMEs). Product development should be guided by market needs assessments and aligned with national sustainability priorities. Institutions are encouraged to collaborate with concessional capital providers, donor programmes and technical partners to co-design, de-risk and scale such products. Where relevant, partnerships with non-governmental organisations (NGOs), sector associations and development initiatives can provide technical assistance to ensure that product features are responsive to the needs of MSMEs, women-led enterprises and other underserved segments.

Identify blended/concessional finance opportunities

Financial institutions should actively engage with development finance institutions (DFIs), climate funds and concessional capital providers to mobilise resources that lower the cost of capital for sustainable projects. Opportunities may include credit lines, co-financing arrangements, de-risking instruments such as credit guarantees and first-loss facilities. In addition, risk-sharing mechanisms that enable lending to priority sectors – such as renewable energy, climate-smart agriculture, sustainable infrastructure and MSMEs – could also present opportunities.

Develop a sustainable finance strategy

Financial institutions should formulate a clear institutional strategy that embeds sustainability into core business objectives and decision-making processes. The strategy should articulate how the institution will promote environmentally and socially responsible economic activities, aligned with Sierra Leone's National Development Plan, climate commitments and national priority sectors such as renewable energy, climate-smart agriculture, sustainable infrastructure and inclusive MSME financing. It should also establish measurable sustainability targets, clear governance and accountability arrangements – as well as mechanisms for integrating ESG considerations into lending, investment and risk management practices. Embedding sustainability at the strategic level



ensures that it becomes a central driver of long-term institutional resilience, competitiveness and value creation – rather than a peripheral or compliance-oriented activity.

Implementing this principle

Financial institutions can implement the above actions by leveraging existing structures and gradually integrating sustainability considerations into their operations. The following are suggested entry points:

Assign internal roles and responsibilities

Designate a sustainability focal point or working group within the institution to coordinate efforts, even on a part-time basis. This can help track progress and ensure follow-through on sustainability actions.

Develop an institutional sustainability baseline

Conduct a basic self-assessment or survey to identify current sustainable lending efforts, capacity gaps and new opportunities. Use simple tools like screening sheets or checklists to spot green and inclusive financing options during credit reviews. Set baseline indicators (such as share of green loans or financed sectors) to track progress over time.¹

Leverage and evolve existing corporate social responsibility initiatives

Many financial institutions support community or environmental projects through corporate social responsibility (CSR) programmes, which can be aligned with Sierra Leone’s development and climate goals – such as renewable energy, sustainable agriculture, women’s empowerment and financial literacy. Over time, CSR can move from one-off donations to strategic initiatives that complement lending and investment activities, such as funding pilots for green MSME financing, sustainable farming training or financial literacy for women entrepreneurs. These strategic initiatives therefore link social responsibility with business sustainability (see also Principle 5: Operational sustainability).

Leverage industry and development partner support

Engage with the Sierra Leone banking and microfinance associations, which may provide shared templates, tools, training or guidance. Seek partnerships with donors or DFIs offering concessional capital or technical assistance for green lending.²

¹ A forthcoming “Self-Assessment Tool” for financial institutions was developed by the Sustainable Finance Working Group to help identify and prioritise sustainability opportunities in financial institution operating models.

² Examples include SLACB and SLAMFI, which are coordinating industry-level training and guidance on sustainable finance. Development partners such as Invest Salone, UNDP, IFC, AfDB and the Green Climate Fund (GCF) have supported similar initiatives in West Africa by providing concessional credit lines, risk-sharing instruments and technical assistance to develop green lending pipelines.



Pilot and learn, then scale

Start with small-scale pilots, such as a green loan product or client sustainability awareness programmes and document lessons learned. Use the results to refine product design, credit assessment processes and client engagement strategies before scaling up. Publicly communicate early successes to strengthen brand reputation, attract concessional funding and inspire peer institutions.

Demonstrating progress

Financial institutions are encouraged to demonstrate early and ongoing progress in supporting sustainable economic growth. Progress should be practical, measurable and linked to the institution's strategy, product development, partnerships and client engagement.

Examples of progress in practice:

- A bank adopts and publishes a sustainable finance strategy with clear targets for portfolio allocation to priority green sectors
- An institution sets a goal to allocate at least 5% of its MSME portfolio to renewable energy or climate-smart agriculture within two years and begins tracking disbursements
- A microfinance institution pilots a green product (e.g. improved cookstoves, solar home systems, clean water solutions) and reports on uptake, repayment and client benefits
- A financial institution undertakes a self-assessment and develops a baseline for sustainable operations
- A bank engages with a DFI to understand the requirements for accessing a concessional credit line for climate-resilient agriculture.

Indicators of progress may include:

- Existence of a published institutional sustainable finance strategy and targets
- Allocation of a proportion of a loan portfolio to green or inclusive sectors (as a baseline for progress)
- Development of a concept note for an appropriate sustainable finance product
- Potential sources of concessional finance mapped.

Links to other principles

Principle 1 serves as the foundation upon which the remaining eight principles are built, establishing an overarching framework for responsible decision-making. Its focus on risk assessment, sustainable product innovation and internal capacity-building directly supports the ESG and transparency standards set out in the subsequent principles. Indeed, the following principles expand on the elements set forth in the aspirational statements made under Principle 1 and provide guidance for implementation.



Principle 2: Ethical conduct and exclusions

“We will not finance activities that are unethical, unlawful or contribute to significant social or environmental harm.”

Purpose and rationale of principle

This principle establishes the minimum standard for responsible finance by defining activities that financial institutions must not finance under any circumstances. Adopting and enforcing ethical conduct policies and exclusion lists helps prevent complicity in human rights violations, environmental degradation or corrupt practices – ensuring that financing supports sustainable and equitable development. In the context of Sierra Leone, where financial institutions play a pivotal role in national development and public trust is essential, maintaining clear ethical boundaries enhances institutional credibility, strengthens governance and builds long-term confidence in the financial system.



Risks

Reputational damage: Association with harmful activities (e.g. illegal logging, forced labour) can damage the institution’s image.

Legal liability: Financing activities that violate national or international laws can result in sanctions, fines or litigation.

Credit risk: Businesses engaged in unethical or illicit activities are often less financially stable and more likely to default.

Investor exclusion: Many development partners and ESG investors require adherence to minimum ethical standards and exclusion lists.



Opportunities

Brand integrity and trust: A clear stance on ethics builds stronger relationships with clients, regulators and partners.

Improved portfolio quality: Screening out high-risk, unethical activities reduces the likelihood of financial and reputational losses.

Access to sustainable finance: Alignment with global good practice enhances eligibility for ESG-aligned funding and partnerships.

Internal culture: Promoting ethical behaviour reinforces staff morale, pride and consistency across operations.



Core actions for financial institutions

Develop and implement an exclusion policy

Create a policy that clearly defines prohibited activities and sectors. This should include both legal and ethical exclusions and be aligned with international good practice.

Screen clients and transactions against the exclusion list

Incorporate exclusion criteria into the client onboarding, credit approval and transaction review processes, with appropriate controls and documentation.

Define prohibited activities

Ensure the exclusion list covers, at a minimum:

- Trade or production of illegal products
- Weapons and munitions
- Forced or child labour
- Commercial logging in primary tropical forests
- Projects that violate Indigenous Peoples' rights (including land rights without free, prior and informed consent).

Promote a culture of integrity and zero tolerance

Train staff on ethical standards, enforce codes of conduct and encourage staff to report unethical behaviour without fear of retaliation.

Review and update the policy periodically

Monitor emerging risks and update exclusion criteria to reflect changes in global norms, national law and stakeholder expectations.

Implementing this principle

Start by embedding ethics into existing client due diligence processes, by:

- **Using standard checklists:** Include exclusion criteria in “know your customer” and credit review checklists to screen applicants at the early stages
- **Leveraging existing policies:** Link exclusion screening to existing anti-money laundering/countering the financing of terrorism compliance or reputational risk frameworks
- **Training staff:** Ensure frontline staff understand the exclusion list and are empowered to raise concerns or red flags
- **Aligning with industry practice:** Coordinate with the SLACB or SLAMFI to develop a shared exclusion list or reference template
- **Documenting decisions:** Maintain a clear record of transactions reviewed and declined based on ethical or exclusion criteria



- **Engaging with clients and stakeholders:** Share exclusion policy summaries to build transparency and credibility. Inform clients of sustainable alternatives when financing is denied, aiding their transition to compliant business models.

Demonstrating progress

Examples of progress in practice:

- Institution introduces a formal exclusion policy approved by senior management and shared with all departments
- A commercial bank declines financing for an unlicensed gold mine and instead provides loans to a formalised mining cooperative that is compliant with the relevant environmental protection agency
- A microfinance institution screens out clients engaged in bushmeat trade but redirects them to finance poultry or aquaculture businesses
- A bank adds mandatory environmental and ethical screening questions to its credit appraisal forms, reducing exposure to risky sectors
- A financial institution trains 80% of its credit officers on exclusions and ESG risk screening within one year
- An institution partners with the Environmental Protection Agency, Sierra Leone (EPA-SL) to verify environmental compliance of high-risk projects before loan approval
- A microfinance institution documents and publicly communicates their ethical commitments where appropriate, to build confidence among clients and investors.

Indicators of progress may include:

- The proportion of transactions screened against the exclusion list
- Number of staff trained on ethical conduct and exclusions
- Number of financing applications declined based on exclusion criteria
- Existence of a board-approved exclusion policy and public summary
- Frequency of policy updates and reviews.



Principle 3: Human rights

“We will respect human rights, gender equality and social equity through our business strategy, operations and client engagements.”

Purpose and rationale of principle

Respecting human rights is a cornerstone of sustainable finance. This is particularly true in Sierra Leone’s context of post-conflict recovery, fragile institutions and the need for inclusive development. Respecting human rights within finance ensures that economic growth does not come at the expense of exploitation, displacement or marginalisation. Furthermore, global investors and DFIs increasingly expect robust human rights due diligence as part of ESG and impact investing frameworks. This positions the sector as a catalyst for peacebuilding, resilience and inclusive prosperity.



Risks

Reputational risk: Financing projects linked to human rights violations, such as child labour in agriculture and unsafe practices in artisanal mining, can cause public backlash, erode trust and damage brand value both domestically and internationally.

Regulatory and legal risk: Non-compliance with Sierra Leone’s labour laws, international conventions or global ESG frameworks can lead to sanctions, lawsuits or regulatory penalties. Financial institutions may also be held liable for complicity if they knowingly finance projects that violate human rights.

Credit and operational risk: Projects embroiled in land disputes, strikes or community protests may face costly operational delays or shutdowns. These disruptions can undermine repayment capacity, increasing non-performing loans and reducing portfolio stability.



Opportunities

Access to international capital: Demonstrating alignment with international standards and gender equality frameworks can open doors to concessional loans, blended finance facilities and technical assistance.

Market differentiation and brand value: Institutions that embed human rights into their operations stand out in a competitive market. By financing businesses that treat workers fairly, respect land rights and empower women, institutions can build strong reputations as ethical leaders, attracting socially conscious clients and investors.

Strengthened client performance: Clients who adopt human rights-aligned practices tend to have higher productivity, lower turnover and more resilient operations. This reduces default risks and strengthens portfolio quality.



Risks

Social unrest and conflict risk: Perceptions of exclusion or exploitation, particularly around land acquisition or natural resource extraction, can exacerbate tensions in already fragile communities. This can lead to unrest, reputational fallout for lenders and systemic risks across the financial sector.

Investor and funding risk: Development partners, DFIs and impact investors are increasingly requiring demonstration of human rights due diligence. Institutions unable to show compliance may lose access to concessional capital, blended finance opportunities or international partnerships.

Staff and internal culture risk: Ignoring human rights within internal operations – such as failing to provide safe working conditions, equal pay or protection against harassment – can weaken morale, reduce productivity and expose the institution to legal claims from employees.



Opportunities

Contribution to social stability and peacebuilding: Financing inclusive businesses helps reduce inequality and marginalisation, thereby lowering the risk of social unrest. This contributes to a more stable operating environment for financial institutions and their clients.

Innovation in social impact finance: There is growing demand for social bonds, gender bonds and ESG-linked loans that explicitly integrate human rights outcomes. Sierra Leonean institutions can pioneer such products, positioning themselves at the forefront of financial innovation in West Africa.

Policy and development alignment: Supporting human rights aligns financial institutions with Sierra Leone's national strategies, including the SDGs, the African Union's Agenda 2063 and commitments under the African Continental Free Trade Area (AfCFTA). This alignment enhances credibility with regulators and international partners.

Core actions for financial institutions

To operationalise this principle, financial institutions should adopt a structured, step-by-step approach that embeds human rights all levels of their business model. Key actions include:

Adopt a human rights policy

Financial institutions should commit to a clear human rights policy aligned with the UN Guiding Principles on Business and Human Rights, International Labour Organization Core Labour Standards and Sierra Leone's laws. This policy should prohibit child and forced labour, human trafficking and gender-based violence in all operations and financing. Oversight by the board and senior management is crucial to ensure accountability for these commitments.

Integrate human rights into credit and risk management

Incorporate human rights due diligence into credit appraisal processes, including land rights, community engagement, gender equity and occupational health and safety. Develop sector-specific checklists for high-risk industries such as mining, agriculture and construction. Require clients to demonstrate compliance with labour standards, land tenure rights and gender equity policies as a condition of financing (see also Principle 6: Environmental and social risk management).



Promote gender equality and social equity

Launch gender-lens financial products (e.g. women's MSME loans, microcredit for market traders or flexible collateral options for women and youth). Provide financial literacy and capacity-building programmes for women, rural farmers and informal workers. Establish quotas or targets for inclusive financing.

Strengthen stakeholder engagement and grievance mechanisms

Require financed projects to engage affected communities through inclusive consultation processes, ensuring free, prior and informed consent where relevant. Set up accessible grievance mechanisms for communities to report human rights violations related to financed projects. Collaborate with NGOs, community-based organisations and local leaders to strengthen trust and accountability.

Build internal capacity and accountability

Train staff (including loan officers, risk managers and compliance teams) on human rights, gender equality and social risk management. Integrate human rights metrics into staff performance and institutional reporting systems. Establish an internal monitoring team or designate a human rights focal point.

Innovate socially responsible financial products

Explore ESG-linked loans, social impact bonds and gender bonds tied to measurable human rights outcomes. Partner with DFIs and donor programmes to pilot concessional finance products that directly address human rights priorities (e.g. safe working conditions in agriculture and women's empowerment initiatives).

Implementing this principle

Implementation requires gradual, practical steps tailored to each institution's capacity. Suggested measures include:

- **Start with policy alignment:** Review existing credit, risk and ESG policies to integrate human rights standards. Use international guidance (e.g. International Finance Corporation Performance Standards, UN Guiding Principles on Business and Human Rights) to adapt to local realities
- **Phased integration:** Begin with high-risk sectors such as agriculture, mining and construction, where risks of labour exploitation and land disputes are highest. Gradually expand to other sectors
- **Leverage partnerships:** Collaborate with industry associations (SLAMFI, SLACB), regulators and DFIs for technical support, harmonised standards and shared tools such as human rights checklists
- **Pilot programmes:** Test small-scale pilots like a women's MSME loan fund or grievance redress system, monitor results and refine before scaling up
- **Capacity development:** Invest in training programmes for staff, clients and community stakeholders. Partner with NGOs and government bodies for workshops on gender equality, child labour prevention and fair labour practices



- **Continuous monitoring and learning:** Establish monitoring systems to track compliance with human rights requirements, adapt processes based on lessons learned and disclose progress transparently
- **Board-level oversight:** Ensure board committees regularly review human rights integration and progress, tying accountability to institutional performance targets.

Demonstrating progress

Examples of progress in practice:

- Human rights and gender equality policy adopted by the board and communicated across the institution
- Introduction of a financial product designed specifically for women-owned MSMEs
- Staff training delivered on gender sensitivity and social risk due diligence
- Addition of human rights screening questions to high-risk project assessments
- Workplace grievance mechanism launched and accessible to all employees.

Illustrative examples of progress:

- A bank introduces a women's MSME financing product and publicly reports that 20% of its MSME portfolio now supports women-led businesses within two years
- A microfinance institution pilots a grievance mechanism for rural borrowers, resolving 90% of cases within three months of receipt
- A commercial bank integrates human rights questions into its credit appraisal forms and reports that 70% of its new loans in agriculture include evidence of fair labour practices and community engagement.

Indicators of progress may include:

- Existence of a published human rights policy; number of board-level reviews of human rights issues per year
- Percentage of loans screened for human rights and social risks; number of high-risk clients subject to enhanced due diligence
- Establishment of grievance mechanisms; number of complaints received and resolved; average time taken to resolve grievances
- Number of staff trained on human rights, gender sensitivity and social risk issues; percentage of trained staff in client-facing roles
- Publication of annual human rights performance reports; disclosure of challenges, lessons learned and remediation steps.

Case study approach:

Case studies provide practical evidence of implementation and impact. For example:

- Financing a women-led agribusiness that improved wages and safe working conditions for seasonal workers, tracked through loan monitoring reports and client surveys
- Supporting a construction project with high land acquisition risks, where the institution required free, prior and informed consent from affected communities and published a resettlement plan with monitoring updates.



Principle 4: Financial inclusion

“We will prioritise access to financial services for all segments of the population, particularly those traditionally underserved or excluded.”

Purpose and rationale of principle

Financial inclusion is both a developmental imperative and a strategic opportunity for Sierra Leone’s financial sector. A significant portion of the population remains excluded from the formal financial system, particularly women, youth, smallholder farmers, persons with disabilities, informal sector workers and rural communities. When people have access to savings, credit and insurance, they are better able to withstand shocks, invest in livelihoods and contribute to national development goals.³

From a business perspective, financial inclusion opens vast new markets. Mobile banking, fintech solutions, agent networks and other innovations allow institutions to serve low-income and rural clients at lower cost, while diversifying portfolios and reducing concentration risk. For Sierra Leone, with its young population, high rates of informal employment and strong reliance on agriculture, financial inclusion is not just a matter of fairness but a driver of economic transformation.



Risks

Concentration risk: Over-reliance on a narrow, urban, corporate client base limits diversification.

Missed growth opportunities: Excluding rural farmers, MSMEs and women entrepreneurs prevents tapping into growing markets.

Reputational risks: Public perception of elitism and exclusion can harm trust. Loss of investor confidence from DFIs and donors who prioritise inclusion.

Regulatory and compliance risks: Non-alignment with Bank of Sierra Leone’s policy priorities. Gaps in ESG/SDG reporting may reduce access to concessional finance.



Opportunities

Market expansion and portfolio diversification: Serving unbanked populations creates new revenue streams. MSME and agriculture finance expands resilience and supports transformation.

Innovation and digital finance: Mobile banking, agent networks and fintech partnerships extend reach at lower cost. Tailored products like micro-insurance or youth savings accounts meet specific needs.

Partnerships and access to capital: DFIs and donors provide concessional finance and guarantees for inclusion. Collaborations with NGOs and fintechs accelerate outreach.

³ See “*Spotlight 1.1 Financial inclusion and financial resilience*” World Development Report, World Bank, 2022, available online at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/93992da9-526f-50f8-81fa-0ff015b83565/content>



Risks

Social and systemic risks: Deepening poverty and inequality. Potential instability from economic marginalisation.



Opportunities

Resilience and risk reduction: Mobilising savings strengthens liquidity. Broader client base reduces systemic risks.

Reputation and social licence to operate: Demonstrates leadership, builds trust and enhances Sierra Leone's global standing.

Core actions for financial institutions

Embed financial inclusion in institutional strategy and governance

Financial institutions should treat financial inclusion as a strategic business priority, not a CSR add-on. This begins with embedding inclusion objectives in institutional strategy, governance structures and performance systems. Boards and senior management should adopt clear inclusion goals such as expanding outreach to women, youth, rural clients and MSMEs. These priorities should be reflected in annual business plans, key performance indicators and product development roadmaps. Defining inclusion as part of the institution's long-term value proposition helps align profitability with national development goals and ensures sustained management commitment (see also Principle 7. Environmental and social governance).

Align product development with the needs of underserved clients

A strategic approach to inclusive product development requires aligning financial offerings with the realities of underserved populations. Institutions should conduct market research to understand barriers faced by excluded groups such as collateral constraints, irregular cash flows or digital access gaps and use these insights to design affordable, appropriate and client-centric products. By integrating inclusion criteria into product approval and pricing processes, financial institutions can balance commercial viability with social impact, ensuring that new products contribute to both portfolio growth and equitable access.

Build enabling delivery channels and strategic partnerships

Expanding inclusion also depends on building enabling delivery channels and partnerships. Institutions should adopt a channel diversification strategy combining branch networks, agent banking and digital platforms to extend reach sustainably. Collaboration with fintech organisations, mobile network operators, cooperatives and NGOs can help reduce distribution costs and support outreach to last-mile clients. DFIs and donors can provide concessional funding, technical assistance or guarantees that reduce risk and incentivise lending to new segments. Strategic partnerships thus become a core lever for scaling inclusion without overextending institutional resources.



Promote responsible finance and client protection

To maintain trust and protect vulnerable clients, financial institutions must embed responsible finance and consumer protection principles into inclusion strategies. This involves transparent disclosure of terms and conditions, fair treatment of clients and accessible grievance mechanisms. Integrating financial literacy into client engagement through targeted awareness campaigns or training enhances clients' ability to use financial services effectively and responsibly. Ensuring that inclusion efforts are grounded in fairness and transparency strengthens long-term client relationships and institutional reputation.

Monitor, report and communicate inclusion performance

Finally, institutions should monitor and report inclusion performance as part of their broader sustainability agenda. This includes setting measurable inclusion targets, tracking disaggregated data (by gender, geography and income group), and publicly communicating progress through sustainability reports or association-led industry updates. Regular measurement and disclosure not only demonstrate accountability but also help identify successful approaches, inform policy dialogue, and attract support from investors and development partners seeking demonstrable impact in Sierra Leone's inclusive finance landscape (see also Principle 9: Transparency and accountability).

Implementing this principle

Institutional commitment and governance: Assign board-level oversight and designate focal persons.

Integrating inclusion into core operations: Adapt credit appraisal for non-traditional collateral and link staff incentives to inclusion key performance indicators.

Technology and digital innovation: Invest in digital banking, mobile channels and fintech partnerships.

Capacity building: Train staff in inclusive finance models and build data systems to track client profiles.

Monitoring, reporting and consumer protection: Develop inclusion KPIs and disclose results, while ensuring consumer protection safeguards.

Phased rollout

- Short term: Pilot products and literacy campaigns
- Medium term: Scale digital finance and MSME outreach
- Long term: Fully integrate inclusion into ESG and SDG reporting.

Demonstrating progress

Financial institutions should measure and disclose progress using quantitative and qualitative indicators.



Quantitative key performance indicators:

- Number/value of accounts opened by women, youth and rural clients
- Volume of MSME and agriculture loans
- Number of agent outlets and digital transactions
- Financial literacy beneficiaries.

Qualitative indicators:

- Case studies, testimonials and partnerships
- Evidence of innovation in product design.

Milestones:

- Year 1–2: Pilot inclusive products and agent banking
- Year 3–4: 10% of accounts held by women/youth; financial literacy in five districts
- Year 5+: 15–20% of MSME portfolio inclusive; national digital finance coverage.

Reporting:

- Publish in ESG/sustainability reports
- Share with Bank of Sierra Leone, SLACB and SLMFI
- Link to DFI eligibility and internal staff evaluations.

National and international alignment

This principle aligns with global and regional frameworks, ensuring Sierra Leone’s financial sector advances in step with international good practice:

Sierra Leone’s 2022–2026 National Financial Inclusion Strategy: The Bank of Sierra Leone launched its National Financial Inclusion Strategy (NFIS) 2022–2026. The four-year NFIS aims to specially target women, youth, rural populations and MSMEs.

UN SDGs: Directly supports SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

International Finance Corporation Performance Standards and World Bank Group Guidance:

Reinforces expectations on access to finance, social equity and inclusive development in financial sector operations.

United Nations Environment Programme Finance Initiative and Principles for Responsible Banking:

Consistent with global commitments to embed financial inclusion as a foundation for sustainable banking.

Regional precedents: Mirrors Nigeria’s Sustainable Banking Principles (Principle 5: Financial Inclusion) and Ghana’s Sustainable Banking Principles (Principle 5: Financial Inclusion).

AfCFTA and the Economic Community of West African States Agenda: Expanding inclusive finance strengthens cross-border trade participation, SME competitiveness and regional integration.



Principle 5: Operational sustainability

“We will avoid, minimise or offset the negative impacts of our business operations on the environment and local communities in which we operate and, where possible, promote positive impacts.”

Purpose and rationale of principle

This principle highlights the responsibility of financial institutions to manage their own environmental footprint and social impact (not just that of their clients). While financial institutions may not have large physical operations, their offices, branches and procurement activities still consume resources, generate waste and influence local communities. By improving the sustainability of internal operations, financial institutions can reduce costs, model responsible behaviour for clients, strengthen their social licence to operate and contribute directly to national development goals. This principle also aligns with international good practice, which increasingly expects financial institutions to “walk the talk” on sustainability.



Risks

Environmental inefficiency: High consumption of electricity, water and paper leads to unnecessary operational costs and greenhouse gas emissions.

Social disconnect: Poor labour practices or lack of community engagement may weaken staff morale and damage local relationships.

Reputational risk: A mismatch between external ESG messaging and internal practices can reduce stakeholder trust.

Non-compliance: Failure to align with social and labour standards may affect access to concessional capital sources and/or opportunities with development partners.



Opportunities

Cost savings: Improved resource efficiency leads to lower operational expenses.

Staff engagement: Employees are more motivated in workplaces that reflect shared values and invest in community well-being.

Positive community impact: Strategic community investments can strengthen local relationships and contribute to development outcomes.

Credibility and alignment: Internal sustainability strengthens external ESG positioning and aligns with donor expectations.



Core actions for financial institutions

Develop an environmental management programme

Establish and implement an internal programme to reduce environmental impact, covering water efficiency, waste and wastewater management, energy consumption and environmentally responsible construction or renovation of facilities.

Implement community investment programmes

Design and support CSR initiatives that contribute to education, health, environment or livelihoods in communities where branches or offices are located.

Encourage responsible procurement

Prioritise procurement from suppliers that meet environmental and social criteria, including local businesses, women- or youth-owned enterprises and those offering sustainable products or services.

Raise staff awareness and participation

Engage staff in reducing the institution's footprint through awareness campaigns, sustainability challenges and "green team" initiatives.

Implementing this principle

Start with practical, low-cost measures and build gradually:

- **Assign responsibility:** Appoint an operations or administration officer to coordinate environmental and social (E&S) improvements
- **Track and monitor:** Begin measuring energy, water and paper use, even manually and set annual targets for reduction
- **Build on existing policies:** Review human resources, procurement and facilities management policies to align with environmental goals
- **Use checklists:** Introduce checklists for office renovations, supplier selection or utility monitoring
- **Leverage partnerships:** Collaborate with NGOs, industry associations or local governments on CSR initiatives or staff volunteering.

Demonstrating progress

Examples of progress in practice:

- Office retrofits to improve energy efficiency (e.g. solar panels, LED lighting and natural ventilation)
- Reduced water consumption through low-flow fixtures or maintenance of leakages
- CSR projects supporting youth skills development or environmental clean-up campaigns in local communities
- Inclusion of sustainability criteria in vendor selection and procurement decisions
- Annual sustainability reports covering internal operational impact.



Indicators of progress may include:

- Reduction in electricity, water or paper use compared to previous year
- Number of community development initiatives implemented and people reached
- Share of procurement from responsible or local suppliers
- Staff participation in sustainability or CSR initiatives.



Principle 6: Environmental and social risk management

“We will incorporate environmental and social factors into our business decision-making to prevent, reduce or mitigate adverse impacts.”

Purpose and rationale of principle

The effective management of E&S risks within business activities is essential to protect financial stability, safeguard communities and support sustainable development. Poorly managing these risks – which include climate change, biodiversity loss, land-use change, pollution, labour issues and community conflict – can lead to financial losses, operational disruption, reputational damage and reduced resilience of clients and sectors.

By embedding E&S considerations into lending, investment and advisory activities, financial institutions strengthen their portfolios, support clients in transitioning to more sustainable practices and contribute to national development priorities. This principle ensures that financial institutions not only mitigate potential harms but also identify opportunities for green and inclusive growth.



Risks

Credit risk: Borrowers may face disruption from extreme weather, resource scarcity, community opposition or stricter regulations – impairing their repayment capacity and collateral values.

Liquidity risk: Natural disasters or regulatory shocks can trigger sudden withdrawals or reduce funding sources for institutions associated with unsustainable financing.

Operational risk: Severe weather events can disrupt bank operations or expose banks to liability for financing harmful projects.



Opportunities

Risk reduction: Proactive E&S risk screening improves the quality of the loan book and reduces non-performing loans.

Client engagement: E&S due diligence deepens understanding of client operations and can lead to stronger relationships and tailored solutions.

Access to finance: Many development partners and concessional finance facilities require strong E&S risk management systems.



Risks

Reputational risk: Financing harmful activities (e.g. child labour, toxic waste, displacement) can damage public trust and stakeholder confidence.

Legal and compliance risk: Increasing scrutiny by regulators, investors and partners may lead to penalties for failing to manage E&S risks.

Portfolio concentration: Overexposure to high-risk sectors (e.g. extractives, unsustainable agriculture) increases systemic vulnerability.



Opportunities

Leadership and differentiation: Institutions that apply E&S standards can position themselves as responsible market leaders.

Core actions for financial institutions

Develop an environmental and social risk management (ESRM) framework

Establish a comprehensive institutional framework for identifying, assessing and managing E&S risks across all business lines. The ESRM framework should be anchored in a formal policy that is approved by the board or senior management and out the institution's commitment, objectives, guiding principles and governance arrangements for ESRM.

Design and implement environmental and social management procedures

Operationalise ESRM through structured procedures that are integrated into the institution's client engagement, credit approval and portfolio management processes. These should enable staff to identify, assess and mitigate E&S risks in proportion to the potential impact and exposure level.

Integrate E&S risks into the enterprise risk management (ERM) framework

Treat E&S risks as an integral component of the institution's overall risk management architecture. This ensures that E&S factors are captured in the organisation's risk appetite statement, governance structures and internal control systems, rather than treated as a parallel or standalone process (further details are elaborated under Principle 7: Environmental and social governance, and Principle 9: Transparency and accountability).

Implementing this principle

Institutions can adopt a phased approach, starting with simple tools and gradually enhancing sophistication.



The ESRM framework should:

- **Define roles and responsibilities:** Clearly allocate E&S oversight responsibilities to the board, senior management, credit risk committees and E&S officers or focal points
- **Embed E&S processes across the credit cycle:** Ensure E&S considerations are systematically applied at origination, appraisal, approval, monitoring and exit stages
- **Include sectoral and geographic guidance:** Identify high-risk sectors (e.g. mining, logging, agriculture, infrastructure) and sensitive locations (e.g. protected areas, Indigenous lands) that require enhanced due diligence
- **Ensure policy coherence:** Align the ESRM system with existing risk management frameworks, compliance functions and the bank's sustainability or climate strategies
- **Document procedures:** Prepare operational manuals or checklists that provide clear, step-by-step instructions for applying E&S procedures consistently.

Core E&S procedural elements include:

- **Initial screening:** Apply exclusion lists and sustainability criteria early in client engagement to filter out prohibited or high-risk activities
- **Risk categorisation:** Classify each client or transaction as high, medium, or low risk based on potential E&S impacts, sector, scale and location
- **E&S due diligence:** Conduct due diligence commensurate with the risk category, ranging from a basic questionnaire for low-risk clients to a full environmental and social impact assessment review or site visit for high-risk projects
- **Corrective actions and covenants:** Where E&S risks are identified, agree on mitigation or action plans with clients and integrate them into loan covenants or conditions precedent
- **Decision-making integration:** Require E&S findings and recommendations to be explicitly considered in credit committee deliberations and recorded in approval documentation
- **Ongoing monitoring:** Establish periodic monitoring protocols through client reports, site visits or third-party audit to ensure continued compliance and progress on agreed action plans.

These procedures should be supported by practical tools such as risk categorisation matrices, sector-specific guidelines and E&S due diligence templates.

Key risk management integration actions include:

- **Board oversight:** Include E&S risk within the mandate of the Board Risk Committee or equivalent body, ensuring regular reporting on E&S exposure and mitigation performance (see also Principle 7: Environmental and social governance)
- **Risk appetite and limits:** Reflect E&S considerations in sectoral exposure limits, concentration thresholds and overall risk appetite statements
- **Stress testing and scenario analysis:** Incorporate climate and environmental stress factors (e.g. flood, drought, carbon price shocks) into portfolio stress tests and scenario planning exercises



- **Internal audit and control:** Include E&S risk management practices within internal audit scope to ensure compliance and continuous improvement (see also Principle 7: Environmental and social governance)
- **Disclosure and reporting:** Integrate E&S risk reporting into regular management information systems and sustainability disclosures to regulators, investors and stakeholders (see also Principle 9: Transparency and accountability).

Demonstrating progress

Examples of progress in practice:

- Adoption of a formal E&S risk policy approved by the Board or senior management
- Use of an E&S screening form for all new loan applications above a specified threshold
- Categorisation of clients by E&S risk level and tracking of follow-up actions for higher-risk clients
- Integration of E&S risk in quarterly portfolio reviews or internal audit plans
- Adjusted loan terms or technical assistance offered to clients to mitigate specific E&S risks.

Indicators of progress may include:

- The proportion of new transactions screened for E&S risks
- Number of staff trained in E&S risk management
- The proportion of portfolio by E&S risk category (e.g. share of high-risk exposures)
- Number of high-risk clients with active E&S action plans under implementation
- Inclusion of E&S risks in credit committee documentation.



Principle 7: Environmental and social governance

“We will establish strong and transparent environmental and social governance within our own institutions and evaluate our clients based on this same principle.”

Purpose and rationale of principle

Strong E&S governance ensures that sustainability commitments are not merely aspirational but embedded in the institution’s core structures and practices. This principle calls on financial institutions to move beyond compliance by integrating E&S responsibilities into board oversight, senior management mandates and decision-making processes. It is through such governance that E&S risk management transitions from policy statements to consistent, enterprise-wide practice reinforcing both institutional integrity and market confidence. Financial institutions should also assess the E&S governance capacity of their clients, particularly in high-impact or high-risk sectors. Integrating E&S governance assessment into client evaluation helps financial institutions make informed credit decisions, encourage continuous improvement and align their portfolios with responsible and sustainable business practices.



Risks

- Weak accountability:** Without clear roles and structures, E&S commitments may not be implemented effectively.
- Compliance and regulatory risk:** Failure to demonstrate institutional E&S governance may lead to exclusion from development finance opportunities.
- Reputational risk:** Lack of transparency or poor oversight of client activities in sensitive sectors can damage stakeholder trust.
- Operational risk:** Inadequate governance can result in inconsistent or ineffective implementation of E&S policies and procedures.



Opportunities

- Improved oversight:** Clear governance structures ensure E&S risks and opportunities are systematically addressed.
- Leadership credibility:** Strong internal governance enhances stakeholder confidence and strengthens institutional reputation.
- Alignment with global standards:** Aligning governance with international expectations facilitates access to international finance and partnerships.
- Employee performance and motivation:** Integrating E&S into performance metrics and incentives helps build a values-driven institutional culture.



Core actions for financial institutions

Establish E&S governance responsibilities

Assign clear responsibility for E&S issues across leadership levels – board, senior management and technical staff. This includes appointing E&S focal points or committees.

Define internal E&S governance structures

Develop internal structures (e.g. E&S working groups, risk committees) and governance frameworks with defined authority levels, reporting lines and oversight mechanisms for implementing the E&S policy.

Adopt codes, standards and policies

Ensure institutional codes of conduct, operational standards and delegated authorities reflect E&S values and support the institution's E&S objectives.

Evaluate client governance in high-risk transactions

For clients operating in high-impact or sensitive sectors, assess their E&S governance (e.g. policies, leadership commitment, stakeholder engagement) as part of the due diligence process.

Link performance incentives to E&S outcomes

Integrate E&S considerations into staff performance appraisals, targets or incentive schemes – especially for departments with responsibility for E&S delivery.

Conduct E&S audits

Undertake periodic internal reviews or audits of E&S implementation and governance systems. Commission external audits where appropriate for accountability and benchmarking.

Implementing this principle

E&S governance should grow as institutional capacity evolves:

Start with role clarity

Define who is responsible for E&S at board, management and operational levels – even if roles are part-time or shared.

Build simple oversight mechanisms

Set up an E&S subcommittee or assign E&S review responsibilities to existing committees (e.g. credit, risk).

Leverage existing policies

Integrate E&S into existing governance documents such as staff manuals, decision-making protocols and audit frameworks.



Incorporate E&S into human resources systems

Include sustainability in job descriptions, onboarding and performance review templates.

Engage in industry initiatives

Participate in national or regional forums to share good practice and promote stronger client governance.

Demonstrating progress

Examples of progress in practice:

- Board-level review of E&S performance indicators as part of quarterly risk reports
- Inclusion of E&S metrics in annual performance reviews or bonus structures for senior management
- Completion of an internal E&S governance self-assessment and adoption of action plan
- Client E&S governance checklist used for high-risk sectors such as mining, agriculture or construction
- Public reporting on institutional governance arrangements and sustainability outcomes.

Indicators of progress may include:

- Existence of an E&S governance structure with clear reporting lines
- Proportion of high-risk transactions with client governance assessments completed
- Number of staff or departments with E&S responsibilities defined in job descriptions
- Number of internal or external E&S audits conducted annually
- Frequency and depth of public disclosure on E&S governance.



Principle 8: Capacity building

“We will develop the individual institutional and sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities associated with our business activities and operations.”

Purpose and rationale of principle

Effective implementation of E&S principles depends on the knowledge, skills and awareness of individuals within financial institutions. Without adequate capacity, even well-designed policies and procedures may not be applied consistently or meaningfully.

This principle recognises that sustainable finance is still an emerging area in Sierra Leone, and that institutional capacity-building both internally and across the financial sector is essential for long-term success. Staff across business lines need to understand how environmental and social factors affect credit risk, client relationships, operational costs and institutional reputation.

By investing in training, tools and shared learning, financial institutions can increase the quality of E&S decision-making, improve risk management and support the credibility of the industry’s sustainability efforts.



Risks

Inconsistent implementation: Without proper training, policies may be applied unevenly or not at all.

Staff resistance or confusion: Lack of clarity about roles or benefits can lead to weak ownership or misunderstanding of sustainability goals.

Reputational risk: Poorly implemented E&S commitments may damage stakeholder trust and credibility.

Missed opportunities: Lack of capacity may prevent institutions from accessing concessional finance or developing innovative green products.



Opportunities

Improved performance: Well-trained staff can make better lending decisions and engage clients more effectively on sustainability.

Market leadership: Institutions with strong E&S capacity can differentiate themselves and lead in sustainable product innovation.

Stronger risk management: Enhanced knowledge of E&S issues strengthens credit assessments and risk mitigation.

Access to finance: Donors and investors increasingly favour institutions with demonstrated E&S capacity.



Core actions for financial institutions

Deliver regular sustainable finance training sessions

Organise targeted training for board members, senior management, credit teams, risk officers, relationship managers and operations staff. Training should be adapted to each function's responsibilities and delivered regularly.

Develop and distribute practical E&S training tools

Create and share checklists, screening guides, sector briefs and case studies to help staff integrate E&S factors into daily operations.

Encourage peer learning and internal champions

Identify and empower staff with strong interest or experience in sustainability to serve as internal resource persons or peer trainers.

Engage in sector-wide capacity building

Participate in joint trainings, workshops and technical assistance initiatives coordinated by industry associations, donors or development partners.

Engage and educate clients on sustainable practices

Provide information, training or advisory services to help clients understand the commercial benefits of sustainability, including cost savings, improved resilience and market access. Partnerships with NGOs and technical service providers can be used to strengthen client readiness. These efforts can be integrated into regular client outreach and relationship management, ensuring that clients are ready to adopt sustainable business models.

Monitor and evaluate training impact

Track participation in training and assess changes in staff performance, awareness or confidence in handling E&S issues.

Implementing this principle

Institutions can begin by targeting the most relevant staff and expanding over time:

- **Start with credit and risk teams:** Focus initial training on credit officers, risk managers and relationship managers who make financing decisions
- **Use available materials:** Leverage existing toolkits and training modules from regulators, associations or development partners
- **Integrate into onboarding and appraisals:** Include sustainability awareness in staff induction and annual performance reviews
- **Encourage practical application:** Link training to real cases or portfolios to ensure relevance and uptake
- **Collaborate for scale:** Partner with the Sierra Leone Bankers Association or development partners to co-host sector-wide sessions.



Demonstrating progress

Examples of progress in practice:

- Delivery of quarterly internal training on E&S risk management for credit teams
- Use of an internal sustainability manual with practical screening and due diligence guidance
- Establishment of a roster of trained staff serving as in-house E&S resource persons
- Collaboration with donor programmes to train loan officers on green finance opportunities
- An institution delivers client awareness sessions on sustainable practices, reaching women-led MSMEs and rural enterprises in priority sectors.

Indicators of progress may include:

- Number or percentage of staff trained on E&S topics by function or level
- Number of internal tools or resources developed for E&S implementation
- Number of joint training sessions or peer learning events attended
- Staff feedback or assessment results showing improved E&S understanding
- Increase in E&S factors being considered in credit documentation or client engagement.



Principle 9: Transparency and accountability

“We will promote transparency and accountability and regularly review and report on our progress in meeting all the Principles at the individual institution and sector level.”

Purpose and rationale of principle

Transparency and accountability are fundamental to credible and effective sustainable finance. This principle encourages financial institutions to track and report on their sustainability commitments, enabling them to demonstrate progress, identify areas for improvement and build trust with stakeholders including clients, regulators, investors and the public. Without regular reporting, it is difficult to assess whether principles are being implemented or to evaluate the collective impact of the sector. Moreover, public reporting sends a strong signal that sustainability is not just an internal matter, but a core part of how the financial system serves society. This principle also supports alignment with global trends toward greater ESG disclosure and data-driven decision-making.



Risks

Lack of credibility: Without transparent reporting, institutions may be perceived as “greenwashing” or failing to follow through on commitments.

Missed learning: Without reviewing performance data, institutions may miss opportunities to improve or replicate success.

Investor scepticism: Donors and investors increasingly require clear sustainability reporting for eligibility or partnership.

Inconsistent sector progress: Without collective tracking, national or sector-level progress becomes difficult to measure or coordinate.



Opportunities

Strengthened accountability: Setting clear goals and reporting against them helps drive institutional performance.

Stakeholder trust: Transparent reporting builds confidence with regulators, clients and the public.

Benchmarking and learning: Sector-level reporting enables institutions to learn from peers and identify leadership opportunities.

Access to green and blended finance: Transparent institutions are more attractive to international partners, donors and ESG-focused investors.



Core actions for financial institutions

Establish a sustainable finance reporting template

Design a standardised internal and external reporting format that covers progress on the principles, including targets, actions taken and outcomes achieved. Reporting should ideally align with broader institutional sustainability disclosures.

Agree on reporting frequency and scope

Determine how often reporting will occur (e.g. annually) and what information will be reported to management, regulators, clients and the public.

Set targets and performance indicators

Define measurable goals related to the institution's sustainable finance commitments (e.g. green lending volumes, E&S risk assessments completed) and track progress using KPIs.

Ensure data collection systems are in place

Strengthen internal systems to collect reliable, consistent and comparable data. This may require updating forms, tools or IT systems.

Contribute to sector-level reporting

Participate in collective reporting initiatives coordinated by the banking or microfinance associations, helping to build a shared picture of the sector's progress.

Implementing this principle

Begin with simple, manageable steps:

- **Leverage existing reports:** If a sustainability, CSR or annual report exists, integrate sustainable finance progress into it
- **Pilot reporting internally:** Begin with internal reporting to management and gradually expand to public disclosures
- **Define a core set of indicators:** Focus on a few key metrics that are relevant and measurable (e.g. percentage of loans screened for E&S risk, number of staff trained)
- **Use association templates:** Adopt reporting templates provided by industry associations to align with sector standards
- **Engage data teams early:** Involve IT, monitoring and audit functions in designing data collection processes.

Demonstrating progress

Examples of progress in practice:

- Annual publication of a short "Sustainable finance progress report" including actions and metrics
- Board review of institutional targets and progress against ESG indicators



- Participation in a joint sector-level sustainability report coordinated by the banking association
- Adjustment of policies or products based on findings from internal sustainability reviews.

Indicators of progress may include:

- Proportion of sustainable finance targets with defined performance indicators
- Frequency of internal and public reporting on sustainability issues
- Proportion of portfolio covered by E&S risk screening and monitoring systems
- Contribution to at least one joint sector-level reporting initiative.

Sector-level guidance

For more information about how to implement the Principles, please see the sector-level guidance document, which provides practical tools and examples for the key sectors:



Agriculture, fisheries and forestry



Construction



Energy and energy efficiency



Value chains (e.g. manufacturing and wholesale/retail trade)



Scan the QR code to view the sector guidance

investsalone.com