



**Environmental and Social Management System (ESMS)
of the Global Subnational Climate Fund**

23 February 2021

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LIST OF ACRONYMS

AMR	Annual Monitoring Report
BCS	Broad Community Support
BTOR	Back to Office Report
CDP	Community Development Plan
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DD	Due Diligence
DFI	Development Finance Institution
E&S	Environment and Social
EHS	Environment, Health and Safety
EHS Guidelines	WBG General and Industry EHS Guidelines
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EP	Equator Principles
EPFI	Equator Principles Financing Institution
EPC	Engineering, Procurement, Construction
ESAP	Environmental and Social Action Plan (to identify gaps and ensure compliance with PSs)
ESG	Environment, Social and Governance
ESIA	Environmental and Social Impact Assessment
ESMMP	Environmental and Social Management and Monitoring Plan (arising from an EIA or ESIA)
ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary
FI	Financial Intermediary
FPIC	Free, Prior, Informed Consultation
FSC	Forest Stewardship Council
GS4GG	Gold Standard for the Global Goals
HR	Human Resources
IC	Investment Committee
IFC	International Finance Corporation
IFI	International Financial Institution
ILO	International Labor Organization
IP	Indigenous Peoples
IPDP	Indigenous Peoples Development Plan
ISO	International Organization for Standardization
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)
L&FS	Life and Fire Safety
LRP	Livelihood Restoration Plan
LTI	Lost Time Incidents
MRV	Monitoring, Reporting and Verification
NGO	Non-Governmental Organization
O&M	Operations and Maintenance
OHS	Occupational Health and Safety

PCALP	Pegasus Capital Advisors
PPE	Personal Protective Equipment
PRI	UN Principles for Responsible Investment
PS	IFC Performance Standards
R20	R20 – Regions of Climate Action
RAP	Resettlement Action Plan
SDGs	Sustainable Development Goals
TOR	Terms of Reference
UN	United Nations
UNGC	United Nations Global Compact
WB	World Bank
WBG	World Bank Group

1 INTRODUCTION

The Global Subnational Climate fund (Global SnCF) is an umbrella fund for the deployment of the R20 Value Chain approach. The Fund will scale-up implementation of mid-size, low carbon and climate resilient infrastructure projects with a focus on developing and least developed countries. The Global SnCF will invest in waste optimization, renewable energy, energy efficient lighting projects and water and sanitation projects in order to scale local contributions to national climate plans and Nationally Determined Contributions, under the Paris Climate Agreement. To identify projects, not-for-profit R20 – Regions of Climate Action (R20) will bring together public and private, local and international players to identify, structure and develop to bankability a pipeline of projects for consideration by the Fund. Grant-funded Technical Assistance (TA) coordinated by R20 will be used to finance feasibility studies.

As part of its commitment to sound E&S risk management, responsible operations and sustainable development, the Fund will operate an Environmental and Social Management System (ESMS) in conformity with the requirements and standards of Development Finance Institutions (DFIs) and in particular those of the Green Climate Fund and IFC Performance Standards. The Global SnCF will aim to be certified compatible with the SDGs, developing projects in-line with Gold Standard for the Global Goals (GS4GG), and reporting performance against project-specific impact criteria. The Fund will thus contribute to several Sustainable Development Goals (“SDGs”), in particular SDG 13, (Climate Action), SDG 7 (access to clean energy), SDG 8 (job creation), SDG 11 (sustainable communities) and SDG 3 (good health and well-being).

2 GLOBAL SNCF – ENVIRONMENTAL AND SOCIAL POLICY

Introduction

The Global Subnational Climate Fund (or “Fund”) is committed to tackling climate change and to building a global green economy through action at the sub-national level (regions, provinces, cities). Global SnCF recognizes that sub-national governments around the world are demonstrating the value of fast-tracking the transition to inclusive, resilient low-carbon societies that can help us achieve the objectives of the 2030 Agenda for Sustainable Development, the Sustainable Development Goals (SDGs), and the Paris Climate Agreement.

The ambitions of the Global SnCF are to invest in waste optimization, renewable energy, energy efficient lighting, and water and sanitation projects at sub-national level that meaningfully contribute to the SDGs and allow for credible and verifiable reporting throughout the lifetime of the infrastructure projects.

The global SnCF is managed by Pegasus Capital Advisors, a US based private, alternative asset management firm, in partnership with R20 – Regions of Climate Action, a Swiss-based NGO, who provides the project “deal-flow” in the form of investment-ready infrastructure projects, monitors and reports on Environmental & Social (E&S) performance and SDG impacts. The Fund will work as much as possible with local developers and other project sponsors to promote local capacity.

Pegasus Capital Advisors, L.P. (PCALP) is a private equity firm founded and led by Craig Cogut. Since inception in 1996, PCALP has invested across five private equity funds and currently manages approximately \$1.5 billion in assets.¹ The Firm invests in companies within the sustainability and wellness sectors that are seeking strategic growth capital.

¹ As of December 31, 2018, the date of PCALP’s most recent regulatory assets under management filing with the U.S. Securities Exchange Commission.

R20 – Regions of Climate Action is a not-for-profit international organization founded in 2011 by the former Governor of California, Arnold Schwarzenegger, in cooperation with the United Nations and a number of leading Regions, Development Banks, Clean-Tech companies, Academia and NGOs, to support sub-national governments around the world to develop and finance green infrastructure projects. Through its unique value chain approach, R20 mobilizes, connects and collaborates with a wide range of actors to fast-track the transition to inclusive, resilient and low-carbon societies. R20 is headquartered in Geneva and has, since its founding, worked on projects in North Africa, Sub-Saharan Africa, East Asia and Latin America.

Principles and values

The Global SnCF is fully aligned with, and contributes to, both R20 and PCALP's respective missions and objectives, which are to accelerate sub-national infrastructure investments in the green economy (*R20*) and to create fundamental value and lasting impact for companies addressing sustainability through creative investment structures (PCALP).

The Global SnCF is committed to responsible investment and expects this same commitment from its partner institutions².

The Global SnCF prioritizes effective management of Environmental and Social (E&S) risks and impacts related to its investments. The Global SnCF is particularly concerned with reduction of Greenhouse Gases (GHGs); protection of biodiversity and natural resources; respect for cultural heritage and indigenous peoples; gender mainstreaming; labor standards and working conditions as well as workers' health and safety; community health & safety; pollution prevention; and avoiding involuntary resettlement or loss of livelihood. As such, the Global SnCF will not invest in high-risk projects (so-called Category A projects), and will limit itself to projects with medium to low risks (Category B and C).

The Global SnCF also prioritizes projects that meaningfully and measurably contribute to the SDGs, particularly SDG 13 (Climate Action), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), and SDG 11 (Sustainable Cities and Communities).

The Global SnCF is committed to maintaining, implementing and continuously improving a documented Environmental and Social Management System (ESMS) to ensure implementation of this policy. The ESMS includes an E&S categorization system that is consistent with the equivalent practices of German Development Bank (KfW), International Finance Corporation (IFC), European Investment Bank (EIB) and other Development Finance Institutions (DFIs).

Scope and applicability

The Global SnCF is focused on water and sanitation, waste optimization, renewable energy and energy efficient lighting projects that are developed and implemented at the sub-national level, and that fall into either Category B (medium risk) or Category C (low risk).

This E&S Policy applies to the Global SnCF, as well as to its portfolio companies/projects.

Exclusion List

² Includes sponsors/developers, contractors/sub-contractors, supply chain, financial institutions, renewable energy companies, local government authorities, renewable energy, energy efficiency and waste management service providers, foundations and NGOs.

The Global SnCF has adopted an exclusion list that complies with the Development Finance Institutions' exclusion lists, including IFC, KfW, EIB, European Bank of Reconstruction and Development (EBRD), etc. The Global SnCF Exclusion List clearly prohibits investment in high-risk (Category A) projects. Global SnCF requires its partners to carry out their activities in compliance with national law, and in a manner consistent with the IFC Performance Standards (PSs) and good international industry practice, including relevant World Bank Group Environmental Health & Safety (EHS) Guidelines and the principles and standards contained in the European Union (EU) environmental legislation, where applicable. The Fund is also committed to the eight core conventions of the International Labor Organization (ILO) and the International Bill of Human Rights, the key provisions of which are reflected in the relevant IFC Performance Standards. (See ESMS Annex 1 for the full Global SnCF Exclusion List).

The Global SnCF plans to apply the IFC Performance Standards to meet the requirements of EIB, KfW, and Green Climate Fund (GCF), while also respecting host-country regulations, and fully expects its portfolio companies/projects to do the same. The Global SnCF has committed itself also to the Equator Principles (EP) to facilitate private investments of Equator Principles Financing Institutions (EPFIs), the United Nations (UN) Global Compact as well as the UN Principles for Responsible Investment (UNPRI). The Global SnCF is committed to work realistically and pragmatically towards the application of these standards over time.

Policy Implementation

In order to implement the policy, the Global SnCF has developed an Environmental and Social Management System (ESMS) to ensure that the policy is fully implemented throughout the value chain (project identification, development, investment, monitoring and reporting).

The framework of the ESMS includes the following elements:

- E&S Policy
- Procedures, which are fully integrated with the fund's overall investment cycle
 - Transaction screening (incl. exclusion list)
 - Risk categorization
 - E&S due diligence
- Tools
- Guidance materials and reporting protocols

The Global SnCF's unique Monitoring Reporting and Verification (MRV) and certification approach

Global SnCF is committed to delivering meaningful progress towards the SDGs and the Paris (climate change) Agreement, and is therefore working towards a fund-level certification from *Gold Standard for the Global Goals* (GS4GG), a holistic development standard created to ensure that climate action (mitigation and adaptation) also contributes to the SDGs in a measurable, verifiable and certifiable way³. By applying GS4GG MRV requirements, the fund will distinguish itself as a leader in the field.

E&S responsibilities

³ *Gold Standard for the Global Goals* is a next-generation standard that enables initiatives to quantify and certify their impacts toward climate security and the SDGs, while enhanced safeguards, management of trade-offs and local stakeholder engagement ensure Gold Standard continues to deliver the highest levels of environmental and social integrity. <https://www.goldstandard.org/>

The Global SnCF's Board of Directors has overall responsibility for setting this policy and overseeing its implementation. The Board has identified a qualified E&S Manager (ESM) to manage the implementation of the E&S Policy and ESMS and report to the board about the ESMS performance (see further responsibilities of the ESM in chapter 4 of the ESMS).

The Board of Directors is responsible for ensuring that there is an appropriate budget and resources to implement this policy.

Reporting and accountability

The Global SnCF's Board of Directors and shareholders (or partners) will receive periodic reports on the implementation and effectiveness of the Fund's ESMS and its compliance with this E&S Policy.

The Global SnCF intends to make relevant E&S information available to the public via its dedicated webpage on the PCALP website, and in its publications. This includes publishing the E&S policy on the Global SnCF webpage and inserting summary information in its annual report. In addition, ESS reports of individual projects will be disclosed to the public by publishing them on the PCALP website (www.pcalp.com).

The Global SnCF has a Grievance Mechanism that enables third parties to raise concerns about the Fund's compliance with this policy and/or the E&S impacts of its financed projects. The Grievance Mechanism will be accessible through the Global SnCF webpage. Further the Global SnCF will require all projects to implement a grievance mechanism, in particular about the environmental and social performance, which will be proportionate to the risks and impacts of the project.

Approval

This E&S Policy and ESMS have been provisionally approved by the Global SnCF Board of Directors.

3 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) - PURPOSE AND APPLICABILITY

The Global SnCF is committed to environmental and social risk management and performance, starting with its own operations. The employees of the Global SnCF are therefore guided by the fund's internal E&S and Human Resource policies, which have been adopted from PCALP and are in line with IFC PS2. These internal policies ensure that the Global SnCF staff are treated fairly, provided with safe working conditions, and practice environmental protection according to host-country laws. Copies of these internal policies are available upon request.

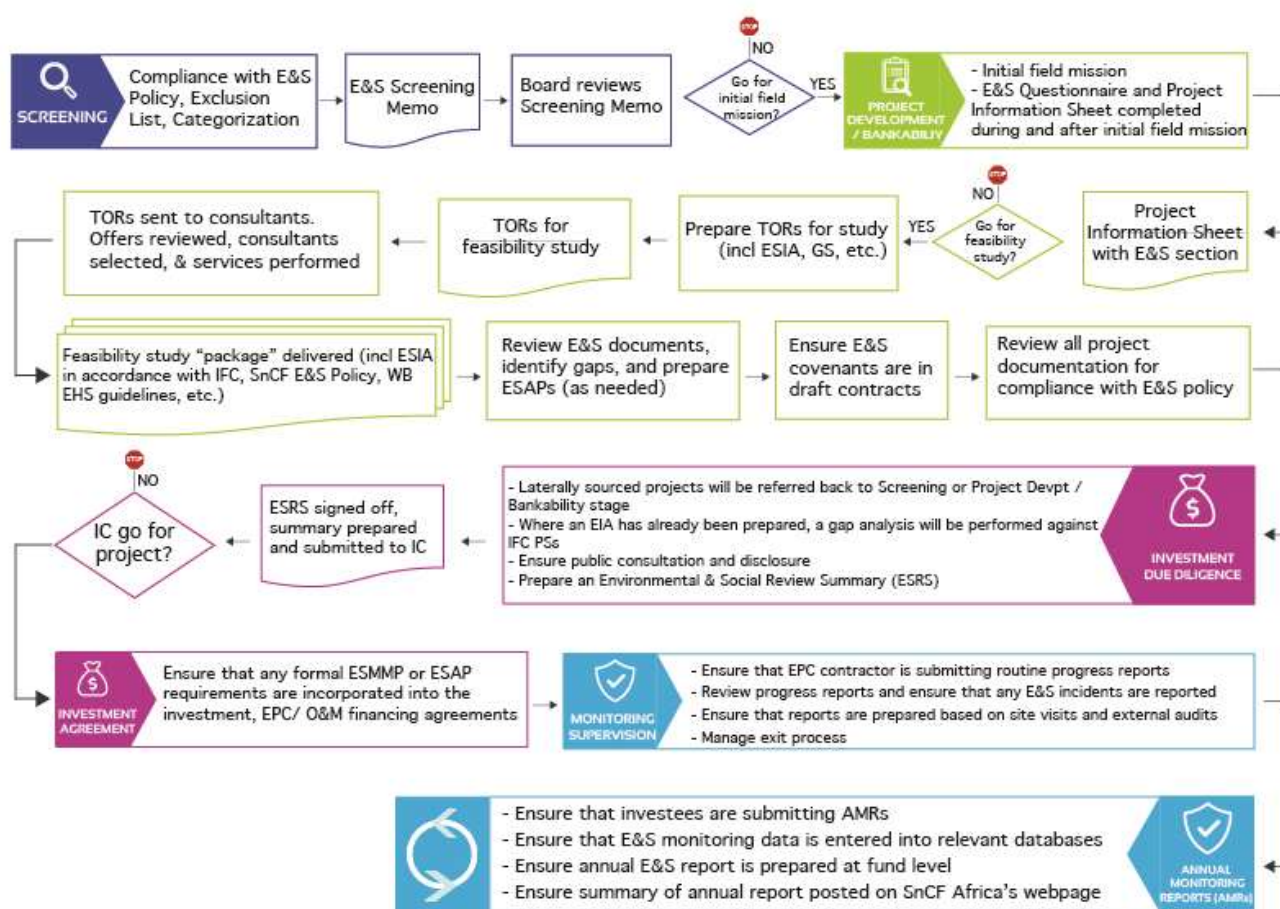
This ESMS comprises a set of procedures that will be followed to ensure that Global SnCF investments meet the Global SnCF's Environmental and Social (E&S) Policy. This includes a process for screening of potential investments against the Exclusion List prior to a Go/No Go decision, to ensure that no investment is made in projects or companies that are operating with excluded activities. The screening process permits the provisional categorization of proposed projects into higher, medium and lower risk (Category A, B or C respectively) projects and that then determines the exclusion of high-risk (Category A) projects. The Global SnCF will exclude Category A projects by avoiding activities with significant adverse environmental and social risks that are irreversible or unprecedented, and in general, the Global SnCF will avoid projects that trigger IFC PS 5 – 8 (i.e. land acquisition and involuntary resettlement, major biodiversity loss, and projects involving indigenous communities or cultural heritage sites). The Global SnCF will focus on projects that fall into medium or low risk categories (B or C) only; these projects will adhere to the level of E&S due diligence required

and undergo the necessary actions to minimize potential impacts. All projects financed by the Global SnCF shall comply with host country regulatory requirements, the relevant IFC Performance Standards and good industry practice, respectively the EHS Guidelines of the World Bank Group.

The ESMS covers initial project assessment, project development, construction and operations, through to project exit (from the fund) and covers the following:

- Initial assessment and screening
- Categorization of potential E&S risks
- Detailed project appraisal/due diligence and determination of E&S standards
- Identification of mitigation, monitoring and management measures required to ensure compliance with appropriate standards
- Informed stakeholder consultation and engagement
- Grievance mechanism
- Inclusion of E&S requirements in project legal documentation
- Monitoring of project performance to ensure compliance with standards through to project exit
- Internal reporting on the E&S performance of financed projects to Global SnCF
- External reporting to stakeholders

Summary of process (see flowchart diagram below):



4 ORGANIZATION AND RESPONSIBILITIES

The Global SnCF has a designated E&S Manager (ESM) who has oversight for implementation of the ESMS. The ESM has access to PCALP and R20 corporate environment and sustainability resources, as well as any required additional local/international external specialists and consultants, to ensure that investments are undertaken in accordance with the E&S policy.

Responsibilities of the ESM include:

- Oversee implementation of the ESMS and its periodic reviews, improvements and amendments;
- Regular reporting to the Global SnCF board about ESMS performance
- Ensure that each project has been screened against the Global SnCF E&S Policy, Exclusion List, and that the proposed project has been categorized for potential E&S risk;
- Ensure that the terms of reference of the ESIA comply with Global SnCF E&S Policy;
- During project due diligence, ensure that the Global SnCF E&S review procedures, guidance and checklists have been followed and that the project's environmental performance/compliance against applicable requirements has been assessed;
- Ensure that projects in the portfolio are supervised and monitored against on-going compliance with the applicable requirements;
- Review all submitted project E&S monitoring reports
- Prepare an annual environment and social performance report, based on the periodic monitoring reports prepared by the investee companies, and other E&S reports that may be required;
- Provide training to the investment team on E&S policy and procedures;
- Work with Global SnCF and PCALP and R20 senior management to ensure that adequate resources are available for effective implementation of E&S policies and procedures;
- Maintain a file of qualified environmental consultants and specialists who can be called upon to assist in conducting environmental reviews, audits and ESIA's; (see Annex 10)
- Ensure that a Grievance Mechanism is in place and that comments are managed in compliance with Global SnCF E&S Policy; (see Annexes 11 and 12)
- Ensuring that project E&S documents are properly managed and filed in the R20 file management system

5 SCREENING AND CATEGORIZATION OF POTENTIAL RISK

This section applies to early E&S review of projects and approval to proceed with the project as an outcome of the early Go/No Go decision meeting. This includes exclusion list screening, initial risk identification, potential E&S issues, assignment of applicable PSs, assignment of provisional E&S categorization and communication of findings to the project manager.

As noted in sections 2 and 3 above, the Global SnCF will only invest in medium and low-risk (Category B or C) projects. These project types have limited adverse impacts, which the Global SnCF expects to be site-specific, few in number and easily mitigated. Examples of B and C project types in the Global SnCF portfolio include improved waste sorting, recycling plants, waste water treatment plants, small-scale solar and wind farms, regenerative agriculture and energy-efficient lighting projects (see full list in risk categorization table below). The Global SnCF will always aim to avoid projects that trigger IFC PSs 5 – 8 (i.e. land acquisition and involuntary resettlement, major biodiversity loss, and projects involving indigenous communities or cultural heritage sites). Some of the typical medium risks potentially associated with Global SnCF project types include economic displacement (eg. for informal waste pickers), unsafe working conditions, or damage to natural resources (eg. during construction of solar and wind farms, or other infrastructure projects), and community skepticism of new technologies perceived to be unsafe (eg. during introduction of novel wastewater treatment technologies). In order to avoid these risks from the very beginning, and to ensure that the impacts are site-specific, reversible, or easily mitigated, the Global SnCF will ensure active community engagement and stakeholder consultations (see Annex 16 on Gold Standard stakeholder

guidelines), a proper ESMS for each investee, as well as an ESIA for all Category B projects (see Annex 2 for terms of reference for ESIA for Category B projects). Annex 16 describes the stakeholder engagement framework relevant to environmental and social risks, and the continuing stakeholder engagement strategy that projects will follow, including once the projects are implemented. The Global SnCF includes a Grievance Redress Mechanism (GRM) at both the fund and project level to allow stakeholders and communities the ability to provide feedback, and to receive responses to that feedback. Annexes 11 and 12 describe the GRM in detail.

Specific to labour and working conditions, PS 2 requirements will be met by ensuring that all investees have an ESMS in place that reflects the Global SnCF ESMS, and that World Bank EHS guidelines are followed. Early detection of risks to workers will be flagged during due diligence via the use of Annex 2 questions and the Annex 3 screening checklist, which will in turn help to mitigate any risks prior to project implementation.

As stated earlier, the Global SnCF Exclusion List clearly prohibits investment in high-risk (Category A) projects and will avoid activities with significant adverse environmental and social risks that are irreversible or unprecedented, including projects that likely trigger IFC PS 5 – 8. In the unlikely event that any Global SnCF activity triggers involuntary resettlement, land acquisition, physical or economic displacement, a resettlement policy framework will be enacted. Please refer to Annex 17 for the terms of reference for land acquisition plan, resettlement action plan, and livelihood restoration plan.

As stated earlier, the Global SnCF Exclusion List clearly prohibits projects affecting indigenous people or involving indigenous communities. However, in the unlikely event that any Global SnCF activity triggers risks related to indigenous peoples, an indigenous peoples planning framework will be enacted. Please refer to Annex 17 for the terms of reference for an indigenous peoples plan. Similarly, in line with the exclusion list, projects damaging biodiversity or protected natural areas will be avoided. In the unlikely event that any Global SnCF activity triggers loss of biodiversity or protected areas, a biodiversity or protected area management plan will be prepared. Please refer to Annex 18 for the terms of reference for a biodiversity / protected area management plan.

The following steps describe the screening and categorization process of the Global SnCF.

Step 1: Proposed projects are screened against the Global SnCF E&S Policy and exclusion list (see Annex 1) at the earliest point of engagement to determine if the project is acceptable. If this involves an excluded activity (including an obvious Category A project), or the project is not in compliance with the E&S Policy, then the project will not be considered any further.

Step 2: For projects not on the exclusion list, the ESM will ensure that an initial assessment of potential E&S risks is made based on the project information provided by the project manager at that stage, and a site visit where applicable. Using the sample checklist provided in Annex 5, the ESM will ensure that a provisional category (either B or C) is assigned to the project and list the anticipated significant E&S risks. The purpose of this is to determine the level of effort in assessing E&S risk during preparation of projects, and the extent of detailed E&S due diligence required to inform Go/No Go decision meetings. The category of overall project risk is according to the table below:

E&S Risk Categorization

Category		Typical classification for infrastructure
A	Business activities with potential significant adverse environmental	<u>Waste:</u> - Areas with large vulnerable scavenger communities

	or social risks and/or impacts that are diverse, irreversible, or unprecedented.	<ul style="list-style-type: none"> - Large Waste to Energy - Incineration (with oxygen) - Landfills - Hazardous waste management - Hospital waste management <p><u>Renewable energy:</u></p> <ul style="list-style-type: none"> - Hydro projects with a dam - Run of river hydro projects - Large Solar farm - Large Wind farm - Projects involving long transmission lines <p><u>Efficient Lighting:</u></p> <ul style="list-style-type: none"> - Area with protected biodiversity that may be affected by light
B	Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.	<p><u>Waste:</u></p> <ul style="list-style-type: none"> - Improving waste sorting - MSW sorting line - Composting plant - Anaerobic Digestion - Recycling plant - Pyrolysis and Gasification (in absence of oxygen) <p>Regenerative agriculture:</p> <p>Water and sanitation:</p> <ul style="list-style-type: none"> - Waste water treatment plant <p><u>Renewable energy:</u></p> <ul style="list-style-type: none"> - Solar farm (<10MW) - Wind farm (<10MW) - Rural mini grid systems <p><u>Efficient Lighting:</u></p> <ul style="list-style-type: none"> - New street lighting projects
C	Business activities with minimal or no adverse environmental or social risks and/or impacts.	<p><u>Renewable energy:</u></p> <ul style="list-style-type: none"> - Rooftop solar installation (<1MW) <p><u>Efficient Lighting:</u></p> <ul style="list-style-type: none"> - Retrofitting of lighting

The screening and categorization process of proposed investments results in classification of potential risk. This determines the level of E&S requirements to be performed as follows:

- All **Category A** transactions (i.e. those likely to trigger PSs 5-8, or in violation of the Exclusion List) will not be supported, and as such will be rejected for consideration by the fund.
- All **Category B** transactions are required to have a formal Environmental and Social Impact Assessment (ESIA) prepared in compliance with the provisions of IFC PS1 and host country regulatory requirements. The ESIA will be performed by a qualified consultant and shall contain an Environmental and Social Management & Monitoring Plan (ESMMP). Annex 2 contains a description of the PSs and requirements, as well as ESIA terms of reference. Annex 6 contains a checklist for checking compliance against the PSs.

- All proposed transactions with a **Category C** classification would be required to comply with host country legislative and regulatory requirements and wherever practical GS Requirements. The projects would be monitored throughout their life to determine whether the risks remain low or whether some additional assessment is required.

Step 3: For projects approved during the initial Go/No Go decision meeting, those designated as Category C will be expected to comply with host country legislative and regulatory requirements. For those approved projects designated as Category B projects, the project ESM will ensure that detailed due diligence is performed, including: Commissioning of ESIA, any additional E&S studies, E&S review of ESIA against the PSs and undertake necessary site visits and stakeholder consultation. This will include the use of external consultants as necessary.

Roles / Responsibilities of ESM

- Ensure that each project has been screened against the Global SnCF E&S Policy, Exclusion List, and then categorized for potential E&S risk;
- Prepare an E&S Screening Memo (ref to screening memo in Annex 5);
- Review TORs for ESIA
- On-going review of the risk categorization, and adjustment as needed;

Records and documentation will include the following:

- E&S considerations wording recorded in the Go/No Go checklist (Annex 5);
- TORS for the ESIA
- When and if a pre-diligence mission is conducted, Scoping Mission BTOR

6 PROJECT DEVELOPMENT / BANKABILITY

This section describes the E&S due diligence procedures from the Go/No Go decision meeting prior to the IC decision meeting. The purpose of the E&S due diligence is to:

- Identify and assess potential E&S risks and/or impacts, both adverse and beneficial, associated with a proposed project;
- Visit the project site, area of influence, associated facilities and project affected persons;
- Ensure that the project proponent / investee has prepared an ESIA and ESMMP in relation to the requirements of the PSs and EHS Guidelines;
- Provide capacity building services, as needed, to enable local implementers (sub-national institutions or project developers) to implement an ESMS and monitor site-specific risks
- Determine areas of non-compliance with the requirements of the IFC PSs and the provisions of the EHS Guidelines;
- Identify actions/information required to address E&S compliance during the due diligence phase;
- Identify actions/information to be addressed in contract legal documentation;
- Prepare, as needed, an ESAP that contains specific tasks designed to close observed gaps in the ESIA;
- Confirm with the Project Lawyer, that the legal and contractual documentation includes appropriate definitions, covenants, clauses and associated elements to ensure that the

project will comply with the PSs, EHS Guidelines, host country law, and the ESAP (if needed);

- Prepare an ESRS before the IC meeting

Step 1: During and after the initial field mission an E&S Questionnaire (see Annex 5) is prepared to describe project risks under the IFC PSs and to identify opportunities to improve performance against these standards;

Step 2: A Project Information Sheet is then prepared to describe project fundamentals, including E&S risks, potential measures to mitigate risks and maximize positive impacts, in support of a Go/No Go decision to pursue the project; (see Annex 13)

Step 3: The Terms of Reference for project feasibility studies are prepared in support of a Go/No Go decision for pursuit of project development; the TORs also include the ESIA in accordance with IFC PS1

Step 4: Feasibility Study TORs are sent to E&S consultants, offers are reviewed and E&S consultants selected and engaged and services performed;

Step 5: Where any gaps are identified against the PSs, an E&S Action Plan (ESAP) is prepared to define actions required to bring the project up to speed vis-à-vis the PSs.

Step 6: On receipt of feasibility study packages, project authorizations are obtained, key contracts with EPC and O&M contractors are drafted, any off-take contracts are drafted, preliminary financial structuring is conducted (including discussions with potential investors) and key covenants⁴ are included in contracts to ensure that projects are implemented in compliance with Global SnCF E&S Policy.

Step 7: All project documentation is prepared and reviewed for compliance with Global SnCF E&S policy prior to the start of formal investment due diligence;

Roles / Responsibilities of ESM

- Ensure that the E&S Questionnaire has been properly completed;
- Ensure that the E&S section of the Project Information Sheet reflects the conclusions of the E&S Questionnaire;
- Ensure that the feasibility study TORs include the relevant E&S requirements of Global SnCF E&S Policy;
- Review offers of service from E&S consultants for the completion of project feasibility studies (E&S content);
- Ensure ESMS capacity building services, where necessary
- Ensure that an E&S Action Plan (ESAP) has been prepared, where necessary
- Ensure that key covenants are included in contracts
- Perform final review of project documentation for compliance with Global SnCF E&S Policy.

Records and Documentation

The following information is stored in the Global SnCF documentation filing system including:

- TORs and proposals for ESIA

⁴ Positive covenants, negative covenants, conditions precedent, event of default and ESAP

- ESIAs
- All available E&S assessment information and documents;
- Meeting minutes including actions taken to address recommendations;
- Material project assessment information and ESAPs, including any supplemental actions agreed upon to ensure that the assessment documents are complete;
- Approval of the TORs used for any external expert;
- E&S due diligence mission (Back to Office Report) BTOR.

7 INVESTMENT DUE DILIGENCE

This section describes the process from completion of project feasibility study/bankability through to the investment approval decision. For laterally sourced projects where no ESIA has been prepared, the project will be referred back to section 5 and 6 of this document. For a project where an ESIA has already been prepared, this will be checked for compliance with PS1 requirements and again referred back to section 5 and 6.

Step 1: Category B projects will be assessed against the requirements of the IFC Performance Standards (and appropriate World Bank EHS Guidelines and Good Practice Notes⁵), to determine if there are any performance gaps and the need to impose any additional E&S requirements, as well as the host country regulations, for the proposed project/investment. For projects where an ESIA has been prepared already and approved by the relevant authorities this will be assessed against the requirements of PS1 to ensure that all of the project area of influence has been covered including all associated facilities and project affected persons.

Step 2: Following completion of due diligence, and any additional ESIA work, the ESM will prepare (or will ensure that a project E&S specialist has prepared) an Environmental and Social Review Summary (ESRS), an example of which is provided in Annex 7. This document summarizes the key project E&S risks and any measures required to be implemented during construction and operation to ensure compliance with the PSs, EHS Guidelines, host country requirements and any E&S Monitoring & Management Plan (ESMMP) measures identified in the ESIA. This summary forms the basis of any Environmental and Social Action Plan (ESAP) that would be incorporated into project legal documentation and/or the construction/operational ESMS. Further the ESRS can be used to inform other investors/lenders about the E&S risks and impacts of the project.

Step 3: The ESM will ensure that requirements relating to public consultation and disclosure, as part of the formal ESIA process, as well as stakeholder engagement requirements, are fully met prior to financial close.

Step 4: The ESRS is signed-off and submitted by the ESM to the Investment Committee (IC) meeting which decides whether or not to proceed with the project. The ESRS is attached to the Investment paper with a summary paragraph. The ESM must confirm to the IC meeting that the project either currently meets (or is expected to be able to meet) Global SnCF's E&S Policy once any specified corrective actions to achieve compliance have been completed. The investment paper submitted to the IC will include a brief summary of the due diligence, project categorization, with justification,

⁵ For example, for Solar PV projects: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_utility-scale+solar+photovoltaic+power+plants

together with any ESMP/ESAP requirements. Any questions that arise prior to the IC meeting will be directed to the ESM.

Roles / Responsibilities of ESM

- Ensure that processes are happening as described in Section 5 and 6 of this document
- Prepare list of additional assessment activities where required, including the scope of any additional activities referenced in the ESRS;
- Ensure that public consultation and disclosure requirements are followed as part of the ESIA process
- Ensure that an ESRS is prepared, signed off and submitted to the IC
- Ensure availability to IC for any questions prior to and during IC meeting, and complete any follow-up actions resulting from the meeting

Records and Documentation

- ESRS filed in the documentation system
- Any IC questions received
- Responses given prior to, during or after the IC meeting

8 INVESTMENT AGREEMENT AND CORRECTIVE ACTIONS TO ACHIEVE COMPLIANCE

Step 1: Once the final decision to invest in a project has been made by Global SnCF's IC, the ESM will liaise with the Project/Investment Manager and Project Lawyer, to ensure that any formal ESMMP or ESAP requirements (an example is provided in Annex 8) are incorporated into the investment, Engineering Procurement Construction (EPC) / Operation & Maintenance (O&M) financing agreements / contracts / sub-contracts.

Step 2: Global SnCF will then negotiate and agree with the various project partners the EHS provisions and investment conditions in the financing agreements. These typically consist of standard E&S terms applicable to all investments, and project-specific and reporting conditions identified during the E&S due diligence. They are to be represented in legal documents for example as general E&S definitions, representations and warranties, disbursement conditions, contract documents for the EPC/O&M contractors and/or covenants regarding compliance with the requirements as defined by Global SnCF's E&S Policy. Critical mitigating actions that address gaps with Global SnCF's E&S Policy will be included in any investment agreement as conditions of investment. For category B projects, these are to be included as an ESAP.

Roles / Responsibilities of ESM

- Ensure that E&S terms are incorporated into the legal agreement
- Ensure that the investment agreement with project partners includes relevant E&S terms, according to Global SnCF's E&S Policy, and that mitigation actions are summarized and included as an ESAP

Records and Documentation

- Investment decision meeting conclusion and any follow-up steps
- ESAP and investment agreement/contractual E&S covenants

9 MONITORING, SUPERVISION, REPORTING

The E&S performance of projects and project contractors will be supervised and monitored to ensure compliance with the investment agreement and any ESIA, ESMMP and ESAP requirements based on the following activities:

- Periodic site visits by Global SnCF ESM (or third-party consultant) during construction, according to the level of EHS risk and to check on ESMP and ESAP implementation;
- Submission of routine progress reports by the EPC contractor on any actions and monitoring requirements documented in the agreed ESAP to rectify outstanding EHS issues;
- Reporting of any EHS incidents (environmental, social, fatalities) to Global SnCF within 3 days of occurrence
- Commissioning of external environmental audit reports by the ESM as may be deemed necessary;
- A back to office supervision report (BTOR) will be prepared based on site visits, external audits and actions agreed to rectify outstanding E&S matters;

Step 1: During the construction phase, periodic supervisory visits will be decided by the ESM in accordance with the construction schedule.

Step 2: Post construction, category B projects will be visited at least once every two years, or more frequently, depending on the type of project, country, specific location, the nature of any outstanding EHS issues – and also whether annual monitoring reports are providing sufficient monitoring data to judge whether it is in compliance with local regulatory as well as investment agreements conditions.

Roles / Responsibilities of ESM

- Ensure that periodic site visits are taking place in accordance with the construction schedule and ESAP item completion dates
- Ensure that EPC contractor is submitting routine progress reports
- Review progress reports and ensure that any E&S incidents are reported
- Ensure that reports are prepared based on site visits and external audits
- Ensure Grievance Mechanism is in place, being implemented effectively and that grievances are being addressed
- Ensure that a formatted report structure is submitted by the EPC contractor during construction and the O&M contractor during operations. The report will contain evidence of project E&S performance and compliance with the ESAP, contract and regulatory conditions
- Ensure E&S exit reports are prepared, restorative actions have been done, etc. (Ensure exit checklist has been completed)

Records and Documentation

- Project reports, BTORs, ESAP status reports filed in the Global SnCF documentation system

10 RECORDS, DOCUMENTATION AND QUALITY CONTROL

The ESM is the focal person to ensure quality control for E&S related tasks, outputs and documents. Document control is essential. All E&S studies, ESIA documentation, project mission objectives, BTORs, ESRs, ESAPs, E&S clearances and associated information are stored in the Global SnCF document recording system managed by PCALP.

The ESM, with support from the Global SnCF administrative support staff, ensures that due diligence, monitoring records, and collected documents are maintained and kept up-to-date.

The ESM will ensure that the ESMS procedures are periodically reviewed (see Review template in Annex 14). The ESMS is subject to continuous review and improvement; it will be subject to external review after three years of operation.

Roles / Responsibilities of ESM

- Ensure that all E&S studies, ESIAs, BTORs, ESRs, ESAPs and other types of E&S documentation are stored in the Global SnCF document recording system
- Ensure that monitoring records and other documents are maintained and kept up-to-date
- Ensure that ESMS procedures undergo periodic internal audits
- Ensure that ESMS procedures undergo an external review after three years of operation

Records and Documentation

- E&S studies, ESIAs, BTORs, ESRs, ESAPs, E&S clearances, internal ESMS audits and external ESMS reviews filed in the Global SnCF documentation system

11 ANNUAL MONITORING REPORTS (AMRs)

Step 1: In addition to periodic supervision and monitoring reports prepared by the contractors/operators, category B projects will be required to submit an annual monitoring report (AMR) detailing progress against any ESMMP and ESAP items, and to report on compliance with contractual conditions, including the following content:

- Post-construction completion report indicating compliance with local regulations and receipt of operating permits/operating licenses;
- Any required environmental monitoring data (e.g., air/water quality, waste water, solid waste, noise);
- OHS and Lost Time Incidents (LTI) data (accidents, fatalities, life and fire safety).

Step 2: Annual E&S Report of the Global SnCF. An annual performance report will be prepared detailing how the fund has implemented the ESMS throughout the year, any changes, improvements and details of the E&S performance of the investee companies/projects, in accordance with DFI reporting requirements.

Step 3: A summary of the Annual E&S Report will be posted on the Global SnCF webpage, located on the PCALP website. (webpage address to be inserted).

Roles / Responsibilities of ESM

- Ensure that projects are submitting AMRs to Global SnCF
- Ensure post-construction completion reports, and other reports, are submitted

- Ensure that E&S monitoring data is entered into relevant databases / monitoring software
- Ensure that an annual E&S report is prepared at fund level
- Ensure a summary of this annual report is prepared and posted on Global SnCF's webpage

Records and Documentation

- AMRs filed in the Global SnCF documentation system

12 ROLES AND RESPONSIBILITIES OF PROJECT STAFF AND OTHER STAKEHOLDERS IN REGARDS TO ENVIRONMENTAL AND SOCIAL SAFEGUARDS

This section describes the roles and responsibilities of project staff and other stakeholders regarding environmental and social safeguards, including the implementation and application of environmental and social reviews, monitoring, supervision and reporting.

In general, the project proponent or subnational implementing agency is responsible for implementing an ESMS that mimics the Global SnCF ESMS. In this case, the project proponent bears the cost of implementation, monitoring and reporting relative to his/her project.

Project proponents and/or subnational implementing agencies: are expected to manage project E&S risks and impacts during construction and operation, and to maintain and update an Environmental and Social Management System (ESMS) that mimics the Global SnCF ESMS. An important component of management of its E&S performance is the engagement with the project affected

communities through the disclosure of relevant project information, effective stakeholder engagement and informed consultation and participation (ICP). In particular, the project proponent and/or subnational implementing agency is expected to:

- Assist the contractor/operator in developing measures to avoid, minimize, mitigate, or compensate for E&S impacts consistent with the PSs;
- Review potential impacts and/or risks and proposed mitigation measures;
- Where possible, identify opportunities to improve E&S outcomes;
- Ensure compliance with the ESMS requirements;
- Ensure that any identified potentially significant E&S risks are disclosed to stakeholders and that the ESIA has been made publicly available following a comprehensive consultation process
- Include E&S requirements in the relevant legal and contractual documentation;
- Monitor and document project E&S performance throughout the project lifetime;
- Ensure that monitoring and reporting will be undertaken against agreed ESMPs, and other frameworks if applicable (eg. RAPs, LRPs, Land Acquisition Plans, Biodiversity Action Plans, Indigenous Peoples Plans, etc.)
- Appoint an internal E&S Coordinator at local level to assist with all of the above

Local project E&S coordinator: is expected to work on behalf of the project proponent and/or subnational implementing agency to ensure that the project's ESMS is properly implemented, including all of the points listed above. In particular, the local project E&S coordinator is expected to:

- Coordinate with the E&S Manager of the Fund
- Ensure all project documents are filed in accordance with ESMS filing protocol;
- Assist with planning the E&S due diligence mission to assess on-site key E&S issues, and develop an agenda for the mission;
- Determine the type and significance of risks and impacts that the proposed project is likely to generate on Affected Communities;
- Determine the need for ICP and BCS, including justification for the approach;
- Undertake a Broad Community Support (BCS) assessment to determine if BCS exists in Affected Communities for the proposed project, by conducting interviews with the Affected Communities;
- Determine the need for FPIC;
- Request peer review and ensure key issues that emerge are resolved;
- Record decisions on PS applicability, degree of compliance with the PS, EHS Guidelines and Industry Sector Guidelines requirements in the ESRS;
- Provide E&S inputs for the contractual documentation;
- Assist with drafting the ESAP or contract conditions to close gaps described in the ESRS including task description, and completion date for review and approval;
- Assist with the provisional and final E&S Category to the project;
- Implement specific project reporting needs;
- Identify if external expertise is needed and develop terms of reference accordingly;
- Monitor the functioning and effectiveness of the community engagement processes;
- Site monitoring visit planning;
- Coordinate monitoring activities and ensure that projects are being monitored; and
- Ensure that all relevant E&S documents, project reports and Annual Monitoring Reports (AMRs) are filed in the documentation system.

Civil society and others. The project proponent or subnational implementing agency is strongly encouraged to utilize the expertise and community knowledge of local civil society, and other local

experts, especially in regards to stakeholder consultation and ongoing monitoring of project impacts. An example of tasks that could be carried out by local civil society or local experts includes:

- Undertaking of monitoring site visits;
- Assist the local E&S coordinator with collecting information or status updates for annual monitoring reports, such as EHS accidents and incidents reporting, material community grievances, material labor force grievances, any non-compliances/violations with host country requirements, and any additional E&S information.
- Undertaking a Broad Community Support (BCS) assessment to determine if BCS exists in Affected Communities for the proposed project, by conducting interviews with the Affected Communities;
- Determining the need for FPIC (when applicable);
- Community engagement and information disclosure;
- Assisting with stakeholder consultation and participation process, and identification of vulnerable groups (consultation and mitigation);
- Other tasks deemed relevant to local stakeholder consultation and community support

13 INDICATIVE COSTING OF ESMS IMPLEMENTATION

ESMS activities will be mostly concentrated on the first 5 years of project portfolio implementation. After that, the E&S Manager will mainly focus on annual reporting and grievances that may arise.

Activity	Annual cost in USD\$	Total cost for the 5 first years in USD\$
Piloting and fine-tuning of ESMS ("learning by doing") for the first six months	15,000	NA
Training of Global SnCF employees at operational level (initial & recurring trainings)	10,000	50,000
Capacity-building services with local project proponents (ESMS workshops and hands-on E&S training during project site visits)	20,000	100,000
Fund's E&S team	300,000	1,500,000
External experts (eg. to review ESIAs, ESAPs and other docs)	100,000	500,000
Logistics, travel, etc.	40,000	200,000
Annual report (monitoring, design, publishing)	40,000	200,000
TOTAL PER YEAR	525,000	
TOTAL OVER 5 YEARS		2,550,000

ANNEX 1: GLOBAL SNCF EXCLUSION LIST

Global SnCF does not finance, directly or indirectly, category A (high-risk) projects, including projects involving the following:

- Activities with significant adverse environmental and social risks that are diverse, irreversible or unprecedented
- Non-legal and non-sustainable waste projects, including:
 - Transboundary movements of waste prohibited under international law, unless compliant with the Basel Convention and underlying regulations
 - Large unsorted municipal waste incineration projects
- Large Hydro projects including dam construction and run-of-river hydro
- Projects involving physical or involuntary resettlement
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
- Destruction of High Conservation Value areas or areas with major biodiversity
- Projects that may cause significant adverse impacts (equivalent to category A), or projects equivalent to category B, that do not acquire prior informed consent from indigenous peoples, in line with the GCF Indigenous Peoples Policy
- Projects adversely affecting cultural heritage or involving cultural heritage sites
- Projects which result in depriving people's individual rights and freedom, or violation of human rights
- The production of, or trade in, any product or activity deemed illegal under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase out or bans, such as:
 - Production of or trade in products containing PCBs⁶
 - Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans
 - Production of or trade in ozone depleting substances subject to international phase out
 - Trade in wildlife, production of or trade in wildlife products regulated under CITES⁷
 - Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit
- Production or trade in weapons and munitions
- Production or activities involving harmful or exploitative forms of forced labour or child labour as defined in the ILO⁸ core labour standards
- Production of cosmetics etc. involving testing on animals
- Commercial logging operations for use in primary tropical moist forests
- Production of wood or wood products other than from sustainably managed forests (enterprises with less than 50% FSC⁹-certified production are excluded)
- Any business activity involving pornography
- Production or distribution of racist, anti-democratic and/or neo-Nazi media
- Production or trade in alcoholic beverages (excluding beer and wine)

⁶ Polychloride Biphenyls

⁷ the Convention on International Trade in Endangered Species of Wild Fauna and Flora

⁸ International Labour Organization

⁹ Forest Stewardship Council

- Production or trade in tobacco
- Gambling, casinos and equivalent enterprises
- Production or trade in radioactive materials
- Production or use of or trade in unbonded asbestos fibres or asbestos-containing products
- Drift net fishing in the marine environment
- Shipment of oil or other hazardous substances in tankers which do not comply with IMO¹⁰ requirements

¹⁰ International Maritime Organization

ANNEX 2: IFC PERFORMANCE STANDARDS AND ESIA TERMS OF REFERENCE

Introduction

In 2012 the IFC updated the Environment and Social Sustainability Performance Standards (PSs) and associated documents as:

1. Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
2. Performance Standard 2: Labor and Working Conditions
3. Performance Standard 3: Resource Efficiency and Pollution Prevention
4. Performance Standard 4: Community Health, Safety and Security
5. Performance Standard 5: Land Acquisition and Involuntary Resettlement
6. Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
7. Performance Standard 7: Indigenous Peoples
8. Performance Standard 8: Cultural Heritage

These eight PSs define clients' responsibilities for managing their environmental and social risks. The most significant change is the role expected of 'the client'.

Summary:

The following sections summarize the Performance Standards. These should be read in conjunction with the PS Guidance Notes as well as the various IFC Good Practice Notes that have been developed by IFC.

Action: Each question should be answered as yes or no, justification provided, and supporting documents attached as necessary

PS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

Environmental and Social Assessment and Management Program

- Does the investee company/EPC Contractor/M&E/Civils/O&M have a management system in place to identify and manage the environmental and social impacts and risks of project construction and operations? Does the system identify mitigation and performance measures that address the impacts and risks of operations? (For example, Quality Assurance; Environmental, Health, Safety & Social)
- How often does the investee review and update the system?
- Does the company have resources earmarked to support this?
- Do they have any best practice certification (ISO)?

Organization

- Are there persons responsible for implementation of the management system?
- Include an outline of the persons responsible including S&E management.

Training

- Does the company have training programs in place for the persons responsible?

Community Engagement

- Does the company have a community engagement process for affected communities?
- If applicable, does this process ensure free, prior and informed consultation of the affected community?
- Does the company have a grievance mechanism in place for affected communities?

Monitoring

- Does the company have procedures in place to monitor management program performance?

Reporting

- Is appropriate environmental and social performance information periodically reported internally to senior management, investors and stakeholders as relevant?

PS 2: LABOUR AND WORKING CONDITIONS

Human Resources Policy and Management

- Does the investee company have an HR policy? Is it clearly understandable and easily accessible to all employees? Does it provide information on rights under national labor and employment law?
- Has the company documented and communicated working conditions and terms of employment to all workers directly contracted? Does this include guidelines on working hours, overtime procedures, wages paid, types of contracts, frequency of payments and sick and maternity leave?
- What is the language of communication with workers and employees?
- Are the terms and conditions in accordance with any collective agreement with workers?
- Has the company implemented a grievance mechanism to review and address employee complaints?
- Is there a person responsible to review complaints and follow up on them in a timely and transparent manner?

Worker's Organization

- Does the company comply with national law in allowing workers to form and join workers organizations and bargain collectively? Does it have a workers' organization or trade union? If yes, when was this formed? What percentage of the workforce are members? Are members entitled to special benefits?

Non-Discrimination and Equal Opportunity

- Does the company have documented transparent procedures with respect to discipline, performance and grievance procedures to ensure that employment decisions are not made on the basis of personal characteristics unrelated to job requirements? Does the company have any preferential employment policies in place?

Retrenchment

- Does the company anticipate retrenchment of a significant number of employees? If yes, is there a retrenchment procedure in place? Have workers been consulted appropriately. IFC has produced a Good Practice Note for managing retrenchment.¹¹
- If the investment entails an expansion will this create additional jobs?

Protecting the Work Force

- Does the company ensure child or forced labor is not used directly, or through contractors or in the supply chain? Does the company check the ages of all employees? Does the company ensure that young workers (15-18 years) are not employed in dangerous work? Does the company commit contractors and suppliers to not use child or forced labor?

Occupational Health and Safety

Does the company:

- provide its workers with a safe and healthy work environment? Does this include providing workers with and mandating that workers use personal protective equipment (PPE)? Has the company taken steps to prevent accidents, injury, and disease by minimizing the causes of hazards?
- conduct appropriate monitoring and inspections to ensure worker safety? Does this include monitoring ambient and workplace exposure to noise, and workplace illumination, air quality and temperature as applicable?
- track and report on rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities? Does the company track staff turnover?
- have training programs in place for workers in occupational health and safety?
- have a fire, life and safety plan?

PS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION

Pollution Prevention, Resource Conservation and Energy Efficiency

- Provide details about the company's resource use including sources and estimates of daily use for energy and water. Has the company ever conducted a cleaner production audit? Do the company's operations incorporate energy efficiency and water conservation measures? (See also. guidance under PS 6, Management and Use of Renewable Natural Resources.)
- Does the company monitor air and water emissions? Is ambient air quality monitored on site?
- Does the company apply project-specific pollution prevention and control techniques?

Waste management

- Does the company have procedures for storage, handling, and disposal of solid wastes? Does this include waste management techniques?
- Does the company treat effluents prior to disposal?

Hazardous Materials

¹¹ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_gpn_retrenchment

- Does the company have procedures for storage, handling and disposal of hazardous materials?

Emergency Preparedness and Response

- Does the company have an emergency prevention, preparedness and response plan?

PS 4: COMMUNITY HEALTH, SAFETY AND SECURITY

Community Health and Safety

- Are there any communities in close proximity to the investee company's facilities? What is the relationship of the company with the local community? Does the company take community, health and safety considerations into account in the context of its operations? Do its requirements take into account company infrastructure and equipment safety, hazardous material release, transport and disposal considerations, natural resource use and community exposure to disease?
- Has the company designated contact persons within the organization responsible for receiving and responding to questions, concerns or complaints raised by nearby communities or other stakeholders? If yes, are the contact details for these persons will be displayed prominently on the company facility signage?

Emergency Preparedness and Response

- Does the company's emergency preparedness and response plan take into account risks and impacts from project activities to local communities? Does this include the requirement to inform affected communities of significant potential hazards in a culturally appropriate manner?

Security Personnel Requirements

- Does the company engage security personnel to provide security services at their facilities? If yes, do the contract provisions include guidelines on how security personnel shall interact with communities in close proximity to the facility?
- Are security personnel armed? If yes, has the company provided training on the appropriate conduct towards workers and the nearby communities? Have there been any allegations of unlawful and/or abusive acts by security personnel towards workers or nearby communities? If yes, how were these dealt with by the company?

Action for PS 5-8:

- 1) **Does or will the project trigger PS 5 through 8 at all?**
- 2) **If no, the following questions are not applicable to the project and shall be ignored**
- 3) **If yes, each individual question below should be answered accordingly, justification provided, and supporting documents attached as necessary**

PS 5: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT

Project design

- Is there any land acquisition for the proposed investment? If yes, what was the previous use of the land and how was the land acquired? Was the land acquisition managed by the government?

Compensation and Benefits for Displaced Persons

- Has there been any physical and/or economic displacement and resettlement as a result of land acquisition for this project? If yes, provide detailed information with regard to the type of displacement and the displaced persons and communities.
- Has the investee company engaged with the displaced persons and communities and/or provided opportunities to derive appropriate development benefits from the project? If yes, provide details.

Consultation and Grievance Mechanism

Has the investee company:

- Disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision making process relating to resettlement?
- Established an effective grievance mechanism?

Resettlement Planning and Implementation

Has the investee company:

- Considered alternative designs to avoid or minimize economic and physical displacement?
- Identified persons to be displaced by the project and those eligible for compensation and assistance through a baseline census with appropriate socio-economic baseline data? Has the census established the status of displaced persons according to their legal rights or claim to land?
- Prepared a Resettlement Action Plan (RAP) or resettlement framework (if physical displacement is involved) that mitigates the negative impacts of displacement, identifies development opportunities and establishes entitlement for all affected persons?
- Developed procedures to offer compensation or other assistance that will establish entitlement for affected persons or communities (if economic but not physical displacement is involved)? Has this included providing replacement property, compensation, targeted assistance and/or transitional support in accordance with PS 5 requirements?
- Has the cut-off date for eligibility been established or disseminated?

Private Sector Responsibilities under Government-Managed Resettlement

- Was resettlement managed by the government? If yes, has the company supplemented government actions and bridged the gaps (if applicable) between the government-assigned entitlements and procedures and the requirements of this PS?

PS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES

Protection and Conservation of Biodiversity

- Has the investee company identified and addressed the impacts on biodiversity as part of their operations?
- Will modified, natural and critical habitat (as defined by PS 6) be impacted by the company's activities?

-In the case of natural habitat, has the company considered alternatives and adequately mitigated any potential degradation?

-In the case of critical habitat, has the company suitably determined that there will be no measurable adverse impact on species or habitat?

- Does the company conduct any operations in legally protected areas? If yes, has the company addressed the requirements for legally protected areas outlined in PS 6?
- Has the company identified any alien species which may be intentionally or unintentionally introduced through its activities? If intentional introduction of alien species is planned, has this received appropriate government regulatory approval?

Management and Use of Renewable Natural Resources

- Has the investee company identified renewable natural resources which it will use, and committed to managing them in a sustainable manner?
- In the case of projects in natural and plantation forests, has the client obtained independent certification to ensure that these natural forests and plantations are being managed sustainably? If no, or pending then has a time-bound phased action plan been developed to achieve such certification?
- In the case of projects in freshwater and marine environments, has the client obtained independent certification of the sustainable management of these aquatic resources, or provided other independent studies to show these resources are sustainably managed?

PS 7: INDIGENOUS PEOPLES

Avoidance of Adverse Impacts

- Is it likely that Indigenous Peoples (IPs) will be adversely impacted as a result of the project's operations? Does the ESIA conducted by the investee company identify the adverse impacts to IPs and identify ways to avoid these where possible?
- Has the investee company compensated in a culturally appropriate manner consistent with the guidance provided in PS 7.

Consultation and Informed Participation

- Has the investee company established a process for Informed Participation through an FPIC process centered on mitigation measures, sharing of developmental benefits and opportunities and implementation issues as outlined in PS 7?

Impacts on Traditional or Customary Lands under Use

Has the investee company:

- informed IPs of their rights according to national laws including those recognizing traditional/customary rights?
- offered at least compensation and due process to those with full legal title to land together with culturally appropriate development opportunities

- provided land-based compensation or compensation-in-kind in lieu of cash compensation where feasible?
- entered in good faith negotiations with affected communities and documented their informed participation and the successful outcome?

Relocation of Indigenous Peoples (IPs) from Traditional or Customary Lands

- Has the investee company conducted a successful good faith negotiation, applied the requirements of the Performance Standards and, where feasible, ensured that IPs can return to their traditional or customary lands should the reason for their relocation cease to exist?

PS 8: CULTURAL HERITAGE

Protection of Cultural heritage in Project Design and Execution

- Is the project located in an area where cultural heritage is expected to be found? If yes, has a Chance Find Procedure been established as outlined in PS 8?
- Is it possible that the project may affect cultural heritage or has critical cultural heritage been identified where significant damage is unavoidable? If yes, has the company complied with the requirements of PS 8?
- Is the project located in a legally protected area or a legally defined buffer zone? If yes, has the company complied with requirements of PS 8?

Project use of Cultural Heritage

- Has the investee company identified proposed project use of cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes? If so, has the client informed these communities of:
 - their rights under national law
 - the scope and nature of the proposed commercial development
 - the potential consequences of such development
- If commercialization has proceeded, has the investee company:
 - entered into good faith negotiation with the affected community embodying traditional lifestyle
 - documented their informed participation and successful outcome of the negotiation
 - provided fair and equitable sharing of benefits from commercialization

Global SnCF will use IUCN's guidance note to prepare the ESIA ToRs (see below).

Environmental and Social Impact Assessment (ESIA)

I. Context

This document provides guidance for conducting an Environmental and Social Impact Assessment (ESIA) and for preparing an ESIA report. It also serves as guidance for drafting the Terms of Reference for an ESIA. An ESIA is applicable for projects that have been identified by the Environmental and Social Management System (ESMS) screening as high or moderate risk projects, requiring full or a partial ESIA respectively¹. The purpose of the ESIA is to assess and predict potential adverse social and environmental impacts and to develop suitable mitigation measures, which are documented in an Environmental and Social Management Plan (ESMP).

The scope and depth of the ESIA depends on the nature, complexity and significance of the identified issues, as established by the ESMS screening. For a full ESIA the scope is defined by a scoping study which involves relevant stakeholders to confirm the risks identified by the ESMS screening, to set priorities for the ESIA and to determine the types of assessments required for the ESIA. The key elements, methodology and outputs of a scoping study are described in the ESMS Guidance Note on Scoping.²

II. Key elements of an ESIA and an ESIA report

The key elements of an ESIA and its report are described in this section. These elements must be thoroughly covered by a full ESIA for a high-risk project. A partial ESIA does not require as much background and baseline data as a full ESIA; the elements usually not covered in a partial ESIA are marked with an asterisk. The order and manner in which the information is presented in an ESIA report should be based on this outline.

1. Non-technical summary

Summarise significant impacts in a way that can be easily understood by a non-technical audience, in particular local stakeholders. The summary includes how the identified impacts should be managed and points out any outstanding issues that require further action.

2. Project description

Concisely describe the main parameters of the proposed project, including:

- The project proponent and other project partners and their respective roles in the project
- The project's geographic location, preferably illustrated with appropriate maps³
- Summary of the project (project objective(s), expected results/outcomes, outputs and main activities)
- Implementation arrangements

3. Analysis of policy, legal and administrative framework*

Describe the policy, legal and administrative framework within which the project takes place and identify any laws and regulations that pertain to environmental and social matters relevant to the project. This includes regulations about environmental and/or social impact assessments to which the

¹ A partial ESIA typically focuses on the low delineated environmental or social impacts issues identified by the ESMS screening.

² Available at www.unep.org/esms

³ When including maps in the ESIA report, make sure that the sites mentioned in the report are clearly identified on the maps.

project must adhere as well as laws implementing host country obligations under international law. Explain the requirements of any co-financing partners, if applicable. Where pertinent, take into account legal frameworks for promoting gender equality. Flag any areas where the project might fall short on compliance.

4. Stakeholder identification and analysis

The purpose of the stakeholder identification and analysis is to understand potential impacts on stakeholders and to clarify who should be involved in the ESIA process and how. This is done by listing all relevant stakeholders – based on any existing stakeholder analysis developed during the project design process and on general knowledge about the project context and its main stakeholders – and elaborating the following:

- stakeholders' interests in and expectations from the project;
- how they might influence the project (positively or negatively);
- a first appraisal or estimation of how their livelihoods could be impacted by the project (positively or negatively); and
- how they should be involved in the ESIA based on the information in the three items above.

Stakeholders should be disaggregated between men and women where relevant and feasible. It is useful to present the key findings of the stakeholder analysis in a matrix. The stakeholder analysis is considered a work in progress that should be adjusted as more information becomes available during the ESIA process and beyond.

5. Environmental and social baseline*

Describe and analyse the environmental and social context in which the project operates. While some broad contextual information is necessary, the analysis should focus on the immediate context of the project site and aspects that relate to the identified impacts in order to be relevant to decisions about project design, operation, or mitigation measures. For general context data, consult – to the extent possible – secondary data and existing analyses, including the situation analysis carried out as a previous project design step. To understand the context at the project site, it is usually necessary to collect primary data at the site.

The main purpose of this section of the ESIA report is to provide an understanding of current environmental and social conditions that form the baseline against which project impacts can be predicted and measured during project implementation. For moderate-risk projects that require only a partial ESIA and no scoping study, this section also provides an opportunity to substantiate the results of the ESMS screening by confirming potential impacts and/or identifying other potential impacts.

The scope of the baseline analysis depends on the nature of the project and the issues identified by the screening. The analysis might cover a range of physical, biological, socio-economic and cultural features potentially affected by the project. The ESMS Guidance Note on Social Impact Assessment (SIA)⁶ provides complementary guidance including a non-exhaustive list of topics relevant for understanding social impacts.

6. Assessment of environmental and social impacts

This step is the heart of the ESIA; it itemizes and describes the identified impacts, makes predictions in terms of their probability and assesses their significance. In accordance with the ESMS Policy Framework, the assessment should give particular attention to impacts related to the ESMS standards such as adverse impacts on people's livelihood through access restrictions or resettlement, on indigenous peoples, on cultural heritage or on biodiversity. However, thematic coverage of the ESMS

⁶ See ESMS Guidance Note on Social Impact Assessment, available at www.sacts.org/esms.

also involves other potential social impacts including impacts on women or vulnerable groups or risks triggered by the project failing to take climate change effects into consideration. While the ESIA's terms of reference already establishes the main impacts to be covered by the assessment – based on the screening (or scoping for high-risk projects) – it is important to understand that an ESIA is an iterative process during which new and more detailed information may be obtained and additional significant issues might come up (e.g., as part of the baseline analysis).

When analysing the risks not only direct impacts should be taken into consideration but also indirect impacts such as inadvertent knock-on effects or cumulative effects that materialise through interaction with other developments, impacts occurring at the project site or within the project's wider area of influence¹ and impacts triggered over time².

Project impacts can be analysed using a range of methods from simple qualitative analysis to detailed quantitative surveys or modelling. The data collection methods and analytical tools used and the depth of analysis should be commensurate with the type and significance of the impacts. It should allow rigorous assessment of the significant impacts using qualitative and to the extent possible also quantitative methods. The report should describe the methods chosen for data collection and analysis and the rationale for the choice of method; it should further describe the quality of available data and, where applicable, explain key data gaps and uncertainties associated with predictions.

Participatory research and assessment tools should be employed wherever sensible to increase stakeholder's understanding of the project, provide opportunity for raising issues and enable participation of affected groups in the identification of mitigation measures, as discussed in section 9.

To assess the significance of an impact, the following criteria should be considered:

- sensitivity of the receptor;³
- magnitude of the anticipated impact taking into account severity of impacts, the expected duration and scale and whether or not the impact is reversible;
- probability of the impact occurring; and
- potential that the impact will present a reputational risk for IUCN.

Understanding the significance of impacts is important for prioritising the need for mitigation measures. To aid in evaluating significance, two methods with templates are suggested in Annex A: a significance ranking tool using the criteria above (Table A1) and a risk assessment framework (Table A2). Other methodologies for significance assessment and prioritization may be equally useful.

7. Analysis of alternatives⁴

The purpose of the analysis of alternatives is to identify other options, including not implementing the project, to achieve the project objectives and compare their impacts with the original proposal. This step is required only for high-risk projects where the identified impacts are very significant.

The analysis systematically compares feasible, less adverse, alternative technologies, designs, operations and sites – including the "no project" option – to the proposed project in terms of:

- their effectiveness of achieving the project objectives as well as potential trade-offs;
- their potential environmental and social impacts;
- the feasibility of mitigating these impacts;
- operational requirements and their suitability under local conditions;
- their institutional, training, and monitoring requirements;

¹ For a definition of the project's wider area of influence, see the glossary in the ESMS Manual at www.iucn.org/esms.

² Although the future cannot be foreseen, the assessment should consider scenarios that are technically or scientifically robust enough to make predictions.

³ A receptor is an aspect of the existing biophysical and social environment (i.e. people, social groups, species populations or ecosystems) affected by or interacting with the project activities.

- their estimated cost-effectiveness; and
- their conformity to existing policies, plans, laws and regulations.

The analysis should recommend the preferred alternative and state why it was chosen.

8. Environmental and social management plan (ESMP)

A main output of the ESIA process is a strategy for managing risks and mitigating impacts. The identification of mitigation measures is done in consultation with affected groups and is guided by the mitigation hierarchy. The mitigation hierarchy implies that all reasonable attempts must first be made to avoid negative social or environmental impacts. If avoidance is not possible without challenging the conservation objective of the project, measures should be taken to minimise the impacts to acceptable levels and address remaining residual impacts with adequate and fair compensation measures.

The risk management strategy is documented in an Environmental and Social Management Plan (ESMP) that describes: the mitigation measures developed during the ESIA, an implementation schedule and required resources and responsibilities. The technical and operational feasibility, cultural adequacy and sustainability of proposed measures must be demonstrated as well as requirements for capacity building and institutional strengthening, where relevant. The ESMP should also indicate how the measures designed to avoid impacts will be monitored for effectiveness. The guidance note for developing the ESMP provides further instructions and includes templates for the ESMP and for monitoring the plan.⁸

9. Results of stakeholder consultations

Stakeholder engagement is a key principle of the ESMS and an important procedural tool for a successful ESIA. It improves understanding of local conditions and stakeholders' concerns and is essential for identifying effective strategies for mitigating negative impacts. Involving affected groups in decision making gives them more confidence and security, improves the legitimacy of the project and helps build constructive relationships among stakeholders.

The ESMS Manual defines requirements for stakeholder engagement by establishing minimum provisions for disclosure and consultation during the steps of the project cycle.⁹ These provisions are particularly relevant for the ESIA process; the provisions for consultation and disclosure are more stringent for high-risk projects (full ESIA) than for moderate-risk projects (partial ESIA). Tables 5 and 6 in the ESMS Manual synthesise these requirements.¹⁰

During the ESIA, consultations should concentrate on potentially affected groups, indigenous peoples and civil society organizations; the stakeholder analysis supports the decision of whom to consult. The consultation process must be culturally appropriate, non-discriminatory and gender sensitive. It should assure that all people whose lives might be affected by the project are properly consulted to verify and assess the significance of impacts and that all affected groups are provided the opportunity to participate in the development of mitigation measures.

The intensity or depth of stakeholder engagement should be appropriate to the complexity of the project and the significance of the identified risks and tailored to individual groups. The general logic of stakeholder engagement that should be followed is described in Figure 3 in the ESMS Manual. It is important to be mindful of the resources and time required of stakeholders. The consultation process is best scheduled in iterative steps, first seeking initial inputs, then feed-back on first assessment results and suggestions for mitigation actions, and concluding with a final stakeholder meeting to gather feed-back on the draft of the ESIA report, the ESMP and other action plans, as relevant.

⁸ See ESMS Guidance Note on Developing and Monitoring an ESMP, available at www.iain.org/esms.

⁹ See sections 4.2.7 and 4.6 of the ESMS Manual, available at www.iain.org/esms.

¹⁰ See ESMS Manual, section 4.6, available at www.iain.org/esms.

If the Standard on Involuntary Resettlement and Access Restrictions or the Standard on Indigenous Peoples are triggered, consultations should fully adhere to the Free, Prior and Informed Consent Principle. Guidance is provided in the ESMS Manual and in a separate guidance note.¹¹

The final ESIA report should document the results of the consultations carried out with stakeholders and project-affected groups and provide a summary of the concerns raised and an explanation of how these results have been addressed in the ESIA and the ESMP. The description should specify how women were included in the consultation, taking into consideration their gender-specific knowledge, roles, responsibilities and potential impacts.

III. Other items to be specified in the terms of reference for an ESIA

The actual terms of reference for an ESIA must be tailored to each project as the scope and depth of the assessment depend on the nature, complexity and importance of the issues emerging from the ESMS screening. For high-risk projects, the scope of the ESIA will be determined in detail by the scoping study preceding the ESIA.

The terms of reference for an ESIA usually include the items listed below. The terms of reference for moderate-risk projects are less comprehensive than those for high-risk projects; hence elements marked with an asterisk are usually not required for a partial ESIA.

- A summary of the main project features
- A list of applicable national and local ESIA requirements, where available and relevant*
- A list of the key issues that emerged from the ESMS screening and scoping to be analysed in the ESIA
- A description of the required elements of the ESIA (see section II, 3-9) and specification of the content of any additional specialist studies (if applicable) to be undertaken as part of the ESIA
- Provision of methodological guidance (if applicable) for the overall ESIA and specialist studies (e.g., gender responsive analysis)
- Specification of the type of environmental and social expertise required by the ESIA expert team
- A preliminary list of feasible project alternatives including a "no project" option and requirements for their assessment*
- Specification of types of required consultations with affected people, communities and other parties including final stakeholder meeting(s) for gathering views on the draft ESIA and ESMP
- The requirement for preparing an ESIA report and other documents or action plans (as needed) and for rigorously indicating accuracy, reliability and sources of the data used
- A budget and schedule for the ESIA providing sufficient time and funds for effective stakeholder consultation.

Carrying out an ESIA requires a technical team with appropriate qualifications and experience in qualitative and quantitative research techniques and familiarity with the thematic and regional or local context; the team should have experience with participatory design and assessment methodologies, with gender analysis and gender-responsive project design and, where relevant, with indigenous peoples' issues.

¹¹ ESMS Guidance on Free, Prior and Informed Consent will be available at www.iust.org/esms

ANNEX 3: INDICATIVE CHECKLISTS DURING DUE DILIGENCE: CONTRACTORS/PROJECT PARTNERS**Checklist 1: Health and Safety Risks**

S = Satisfactory

U= Unsatisfactory

NA= Not Applicable

Issue	Suggested questions to identify relevance of issues to business viability	Rating S/U/NA	Notes/Action required
Consultation with workers	Is occupational health & safety included in work-force consultation?		
Inspections	Are there regular and effective health and safety inspection and compliance checks?		
Pending Prosecution	Is there any previous or pending prosecution relating to breach of health and safety by project sponsors or company?		
H&S Record	What is current health and safety record of sponsors or company?		
Communities	Are there any health and safety risks to local community associated with the investment?		
Training programs	Is general and specific safety training provided?		
Lifting of loads	Are mechanical lifting aids provided where necessary?		
Accident reporting and investigation	Are accidents reported? Are statistics maintained? Are investigations carried out?		
Maintenance schemes	Is there a program of preventative maintenance?		
Machinery safety: guards and electrical	Are machinery guards fitted? Is the workplace tidy? Is lighting adequate?		
Permit to work system	Is a “permit to work” system used to ensure that equipment is safe before maintenance is started?		
Electrical safety, overhead lines, cabinets	Is the electrical installation of a reasonable standard? Are electricians trained? (IEE standards)		

Issue	Suggested questions to identify relevance of issues to business viability	Rating S/U/NA	Notes/Action required
Fire and explosion hazards	Are there fire and explosion hazards such as dusts (flour, sugar), LPG, fuels, solvents? Is there an alarm system? and is fire-fighting equipment provided (adequate water supply, extinguishers)? Where will contaminated fire water drain to?		
Transport of people and materials	Is there a required standard for company drivers? Are there medical and competence tests?		
Toxic dusts, fumes	Are hazardous chemicals/materials (e.g. solvents, dusts, asbestos, pesticides) used and are workers exposed to them?		
Personal protective equipment provision	Is protection/ventilation/extraction installed or is appropriate personal protective equipment provided?		
Noise levels	Does the noise exposure of employees exceed 85 dB(A)? If so, are earmuffs or plugs provided and worn?		
First Aid provision	Is first aid equipment provided? Are there trained First Aiders?		
Health surveillance plans	Are pre-employment and routine medicals (e.g. hearing loss, chemical exposure, lung function) carried out where necessary?		
Emergency plans and drills	Are fire/safety drills carried out? Are there emergency plans for on-site and off-site incidents?		

Checklist 2: Environment Risks

Issue	Examples of questions to be used to identify the relevance of these issues to the business viability (bullets contain potential follow up questions)	Rating S/U/NA	Notes/Action required
Applicable Laws	Local environmental laws, standards and regulations applicable to the investment. Have project sponsors or company obtained relevant up to date environmental permits and certifications? Relevant international environmental standards? Use of WBG EHS Guidelines?		

Issue	Examples of questions to be used to identify the relevance of these issues to the business viability (bullets contain potential follow up questions)	Rating S/U/NA	Notes/Action required
Risk Management	What is the process for identifying, mitigating and managing environmental risks?		
Water quality	Is the consumption of water or disposal of aqueous effluent likely to impact on other users of this supply? Source/s & quantity of water required? Treatment of effluent or discharged to public sewer?		
Environmental Track Record	Have there been any reported environmental incidents with the project sponsors or company in the last 5 years? If yes provide details.		
Biodiversity	Has the transaction identified and addressed all biodiversity impacts of its operations through an environmental impact assessment?		
Resource Conservation	Are records and targets for energy and other resource use?		
Local air quality	Is the air quality at the workplace, on the site and surrounding area satisfactory? Dust, other emissions or fumes from vehicles, plant or equipment? Effective mitigation systems are installed?		
Ozone depletion	Are CFCs used in refrigeration or air-conditioning systems? Alternatives considered?		
Hazardous substances	Are hazardous substances involved in the process? Are they managed effectively? Are PCBs present in transformer oils? Tanks banded?		
Solid waste	Waste minimisation programme: recycling, reuse of packaging material?		
Contaminated land	Are there signs of contamination of land from past activities on site (agricultural & industrial)?		
Amenity impact	Are there noise or other nuisances?		

Checklist 3: Social Risks

Issue	Examples of questions to be used to identify the relevance of these issues to the business viability	Rating S/U/NA	Notes
Low Wages	Are wages at or around the level of the minimum wage? Likely to fall below the level sufficient to meet basic needs?		
Communities Development	Does the investment contribute to any community development programmes through financial donations or in other ways? What impacts may the company's activity have on local communities and other stakeholders?		
Policy	Effective HR policy in place?		
Contracts	Are proper labour contracts in place for staff?		
Consultative Work-Place Structures	Is there an effective grievance mechanism? (Particular care required in countries with legislation restricts trade unions.)		
Child labour	Children under 18 employed? If so, for what kind of work and how old are they?		
Discrimination	Does the company discriminate on the basis of gender, race, colour, disability, political opinion, religion or social origin?		
Forced labour	Is any of the work extracted under threat of force or penalty e.g. does the employer hold workers' identity documents?		
Retrenchment	Are job losses expected to arise from the investment (e.g. privatisation, restructuring)?		
Access to facilities or services	Standard of existing or proposed facilities or services – housing, education, health, food, water?		
Non-Local Work Force	Will the business (or sub-contractors) import a non-local work-force requiring accommodation and access to facilities for a period of more than 3 months?		
Resettlement/economic displacement	Are people being moved from or excluded from the site of the investment, particularly on an involuntary basis?		

Issue	Examples of questions to be used to identify the relevance of these issues to the business viability	Rating S/U/NA	Notes
Cultural property	Does the investment affect a religious or ancestral site, or natural resources ascribed by local people with cultural/sacred significance?		
Indigenous peoples	Does the investment affect indigenous people or involve indigenous communities?		

ANNEX 4: FORM OF CONSULTANTS TOR FOR AN E&S REVIEW

Terms of References for Environmental and Social Due Diligence Assessment for [Project]

01 May 2023

Global SnCF requires the services of an independent environmental and social consultant (“a Consultant”) to perform an environmental and social due diligence (“ESDD”) assessment of a proposed investment in **[describe]** company (“the Company”).

The following Terms of References are applicable to the execution of the requested services.

NOTE - THE POINTS BELOW TO BE ADAPTED AS NECESSARY

1. Description of the Project

[Insert description].

2. Objective

The requested services are to support **Global SnCF's** investment decision and follow-up approach by independently assessing and verifying the Project against the reference framework elaborated in Section [3], identifying compliance gaps, necessary mitigation and follow-up actions.

3. Reference Framework

The reference framework will be (adapt as necessary):

- Applicable local, national and international environmental and social (including occupational health and safety) legislation.
- [Fund's Policy]
- [IFC Performance Standards, 2012].
- [The World Bank Group General Environmental, Health and Safety (EHS) Guidelines,]
- [The relevant World Bank Group Industry Sector EHS Guidelines].
- [Other international standards which may be applicable]

4. Team

The assignment has to be carried out by suitably qualified independent environmental and social experts, with appropriate background and experience in the sector and region.

[Add any specific requirements].

5. Scope of Work and Tasks

The scope of work comprises the independent assessment of all material environmental and social aspects of the Project, within the framework stipulated in Section [3].

Specifically, this work will entail *(examples below)*:

- 1) [Review the Company's environmental and social programs and management systems, and implementation, and **[assess compliance with / benchmark them against]** the Reference Framework];
- 2) Review processes, procedures and the institutional capacity of the Company to manage environmental and social risks and impacts in accordance with Good International Industry Practice (GIIP), as defined by the IFC Performance Standards and the World Bank Group EHS Guidelines (both General and Industry Sector guidelines).
- 3) Assess the capacity of the **[Company/Project]** to **[comply/operate accordance with/develop a Project in accordance with]** GIIP, identifying gaps to compliance and recommending actions as necessary with implementation prioritisation;
- 4) Reviewing and, where necessary, recommending improvements to the **[Environmental and Social Impact Assessments (ESIAs) / Other documents]** and the proposed environmental and social management plans for **[the Project]**; and
- 5) Perform site visits to assess the implementation of the Company's environmental and social management systems and plans and the adequacy of the Company's management practices against the Reference Framework;
- 6) Identify opportunities for value addition through environmental and social improvements and initiatives.
- 7) Prepare an Environmental and Social Action Plan (ESAP) describing the actions to be implemented to achieve compliance with the Reference Framework within a reasonable timeline. Refer to Appendix A.
- 8) Conduct a review to identify from publicly available media sources if there are any potential environmental and/or social issues, including NGO attention/campaigns, or items that may lead to reputational risks to the Company and/or Global SnCF.

The assessment will comprise of **[X]** tasks *(examples below)*:

- A. *[Kick-off Meeting:*
[Describe].
- B. *Assessment of the Company's capacity and track-record:*
[Describe].
- C. *Information Review:*
[Describe].
- D. *Site Reconnaissance:*
[Describe].
- E. *Preparation of the deliverables (see Section [6]):*
[Describe].

6. Reporting and Deliverables

The Consultant will provide (*examples below*):

- i. [*Preliminary Summary of Principal Findings* – shortly after conclusion of the site reconnaissance, the Consultant will provide a concise back-to-office report focusing on principal findings and identified risks, impacts and opportunities. A meeting/conference call will be scheduled between **Global SnCF** and the Consultant to discuss the principal findings and the timeline for preparation of the ESDD report; and
- ii. [*Environmental and Social Due Diligence Report* – the Consultant will provide a detailed report fully reflecting the scope of work. Where compliance gaps with the Reference Framework and/or opportunities for value addition through E&S improvements have been identified these will be presented in Environmental and Social Action Plans (using a tabular format substantially similar to the example presented in Annex A)].

7. Timeframe

[Insert].

8. Proposal

The proposal for the ESDD should contain the sections listed below:

1) Scope of Work:

The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section 5. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as “Optional Tasks”.

2) Project team and qualifications:

This should include the name of the principal staff members and any sub-contractors, and a brief description of their role within the project team. Qualifications of staff should include relevant technical capabilities, specific previous project experience similar to this Project, specific in-country experience and knowledge, specific language skills.

3) Estimated costs:

A total lump sum cost estimate (not to be exceeded), in US Dollars, must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented (i.e. tabular format) and should include Direct Labour Costs (number of hours or days per staff and their associated unit costs) and Indirect Labour Costs (i.e. travel, per diem, sub-contractors, etc.).

4) Conflicts of interest:

As part of the proposal, the Consultant shall also confirm that they do not have a conflict of interest and that they are able in a position to provide an adequate, accurate and objective review.

5) [ADD NEW SECTIONS AS APPROPRIATE]:

Environmental and Social Action Plan (ESAP) indicative template

The report should include a standalone Action Plan to address the gaps identified against the Reference Framework. This Action Plan will diligently aggregate the gaps identified in the report in a tabular format (such as the example presented below), set realistic deadlines for completion of the actions (with the emphasis on achieving compliance as soon as possible), and include the information shown below. The Measure and/or Corrective Action description should be succinct, but suitably detailed, accurate and clear and referenced against the appropriate standard.

Additional notes on the Action Plan:

- Where issues are identified that carry associated high risks or potential for regulatory action, addressing these issues should be prioritised in the Action Plan.
- The Action Plan should take into account any additional staff or skills required by the Company E&S management.
- Where appropriate, larger or longer-term Measures or Corrective Actions should be further broken down to milestone to facilitate monitoring of progress in achieving them.
- In preparing the Action Plan, it should be taken into account whether significant synergies to achieve compliance with both international standards (i.e. IFC Performance Standards) and national requirements exist.

Reference standard / law / regulation	Actions	Priority (Low, Medium, High)	Responsibility	Deadline	Completion indicator	Estimated cost

ANNEX 5: SCREENING CHECKLISTS FOR (I) GO/NO GO MEETING & (II) FINAL INVESTMENT DECISION MEETING

(i) Go/No Go Meeting

Project Name:	Country:	Project ID: #	Exclusion List Screening: Y/N Global SnCF E&S Policy: Y/N Provisional Categorization: A, B or C
E&S Appraiser:	E&S Approval:	Date of Review:	Project Status: Proposed/Construction/Operation
Proposed Investment:			TA to be Provided: Y/N

Brief Project Description:

Summary of potential E&S Issues:

At appraisal the key issues were identified as:

-
-
-
-

Issue	Questions used to assess the potential EHS risks and determine the overall risk category	Risk H/M/L Or NA	Risk Justification
ENVIRONMENTAL ISSUES			
Area of Influence	Does the project have a large area of influence and have all associated facilities including the RoW for any transmission lines been assessed?		
Pollution	Potential for causing significant pollution of air, soil or water.		
Habitat loss and impact on biodiversity	Is the project expected to result in a change in land use e.g. forest to agricultural; agricultural to more intensive agricultural/industrial? Will this involve land clearance and/or the risk of water pollution? Use of or impact on particularly fragile areas such as wetlands?		
Resource use	Is the consumption of water or disposal of aqueous effluent likely to significantly impact on other users of this supply?		
Natural Resources	Is the project expected to cause any of the following:		

	Land Erosion? Fish stocks decline? Deforestation? Land reclamation?		
Supply chain	Are materials from sustainable sources?		
Contaminated land	Are there signs of contamination of land from past activities on site (agricultural & industrial)? Are tanks bunded? What is the standard of storage of drums? Are there obvious leaks? Paper/Plastics general disposal? Industry/Chemical Waste disposal? Organic Waste Contamination? unsafe/contaminated water		
SOCIAL ISSUES			
Substantial job losses	Are substantial job losses or economic displacement expected to arise from the project or restructuring of the investment? Or have they occurred already as a result of the project?		
Project and Associated facilities, area of influence and TLs: Resettlement	Will the project's construction or operations result (or have already resulted) in resettlement or economic displacement of people, involuntary or otherwise? If so, was there/will there be a Resettlement Action Plan (RAP)/Livelihood Restoration Plan (LRP)? Was compensation given? Has this been monitored? Are there any outstanding claims/liabilities?		
Stakeholder concerns	Are stakeholders (including NGOs) currently expressing any concerns about the project or any of the proposed investors/contractors? Are such concerns likely?		
Exploitation of labor	Is there a risk that the project would not be constructed/operated in line with fundamental ILO conventions/PS2 requirements? E.g. child or forced labor, discrimination, refusal to allow freedom of association and collective bargaining		
Indigenous peoples	Will/has the project affected indigenous peoples? Has there been Free, Prior and Informed Consent (FPIC)? Is there Broad Community Support for the project?		
Cultural Heritage	Is the project in allocation that affects or likely to significantly affect cultural heritage		

(ii) Final Investment Decision Meeting

Project Name:	Country:	Project ID: #	Exclusion List Screening: Y/N
			Final Categorization: A, B or C
E&S Appraiser:	E&S Approval: Y/N	Date of ESRS:	Project Status:
Proposed Investment:			Proposed/Construction/Operation TA to be Provided: Y/N

Brief Project Description:

-
-

ESIA Prepared and in compliance with IFC PSs?

ESMMP Prepared and agreed by Global SnCF's ESM, and investees? contractor/operator?

All relevant licenses and permits in place?

Summary of potential E&S Issues (taken from the ESRS – attached to this document):

At appraisal the key issues were identified as:

-
-
-
-

Has an ESAP for the project been prepared (attach)?

If so, has it been agreed and signed-off by the contractor/operator?

E&S Specialist confirms that E&S risks can be managed in accordance with Global SnCF's E&S Policy and relevant standards?

ANNEX 6: PERFORMANCE STANDARDS CHECKLISTS

Project Name:	Country:	Project ID: #	E&S Category: A, B
E&S Appraiser:	E&S Approval:	Date of Review:	Project Status: Proposed/Construction/Operation
Proposed Investment:			TA to be Provided: Y/N

1. ENVIRONMENTAL SOCIAL AND GOVERNANCE ISSUES

Brief Project Description:

Summary of E&S Issues:

At appraisal the key issues were identified as:

-
-
-

Investment:

Exclusion List: Y/N

ESAP: Y/N

Go Recommendation: Y/N

2. E&S ASSESSMENT

Assessing Environmental and Social Issues

- **Satisfactory (S):** the project is in material compliance with the PSs, WBG EHS guidelines, host country regulations and has construction/operating permits.
- **Partly Unsatisfactory (PU):** the project is currently not in compliance with the PSs and WBG EHS guidelines and/or host country laws, but deficiencies will be addressed through an ESAP
- **Unsatisfactory (U):** the project is not in compliance with the PSs and other E&S requirements and significant corrective action is required. Investment may be no go
- **Not Applicable (NA):** not relevant to the project.

Environmental & Social Assessment - Example			S
1. Assessment and Management System of E&S Risks and Impacts			S
1.1. S&E Assessment			S
1.2. Management Program & quality of ESAP			S

1.3. Organizational capacity	S
1.4. Training	S
1.5. Community Engagement	S
1.6. Monitoring	S
1.7. Reporting	S
2. Labor and Working Conditions	S
2.1. Human Resource Policy and Management	S
2.2. Worker's Organizations	S
2.3. Non-Discrimination and Equal Opportunity	S
2.4. Retrenchment	S
2.5. Protecting the Work Force	S
2.6. Monitoring	S
2.7. Occupational Health and Safety	PU
3. Resource Efficiency and Pollution Prevention	S
3.1. Resource Conservation and Energy Efficiency	S
3.2. Air emissions	S
3.3. Waste waters	S
3.4. Solid wastes	S
3.5. Hazardous Materials	PU
3.6. Emergency Preparedness and Response, fire and life safety	PU
4. Community Health, Safety and Security	S
4.1. Community Health	S
4.2. Safety and Security	PU
4.3. Emergency Preparedness and Response	S
4.4. Security Personnel Requirements	NA
5. Land Acquisition and Involuntary Resettlement	NA
5.1. Compensation and Benefits for Displaced Persons	NA
5.2. Consultation and Grievance Mechanism	NA
5.3. Resettlement Planning and Implementation	NA
5.4. Physical Displacement	NA
5.5. Economic Displacement	NA
5.6. Private Sector Responsibility under Government Managed Resettlement	NA
6. Biodiversity Conservation & Sustainable Management of Living Natural Resources	NA
6.1. Protection and Conservation of Biodiversity	NA
6.2. Management and Use of Renewable Natural Resources	NA
7. Indigenous People	NA
7.1. Avoidance of Adverse Impacts	NA
7.2. Information Disclosure	NA
7.3. Consultation and Informed Participation	NA
7.4. Impacts on Traditional or Customary Lands	NA
7.5. Relocation of IPs from Traditional or Customary Lands	NA
7.6. Cultural Resources	NA
8. Cultural Heritage	NA
8.1. Protection of Cultural Heritage in Project Design and Execution	NA
8.2. Project use of Cultural Heritage	NA
Environmental and Social Action Plan	NA
WBG Environmental, Health and Safety Guidelines	S
Host country Environmental, Health and Safety laws and regulations	S

Project E&S performance during monitoring

1. Assessment and Management of E&S Risks and Impacts

PS1-PROJECT DATA	Y	N	NA
1. Internationally certified EMS in place?		•	
2. Does this project need a full ESIA?			•
3. Has a cumulative impact been identified?			•
4. Has a socio-economic baseline study been identified?			•
5. Has an E&S audit of an existing asset been undertaken?		•	
6. External expert(s) used for ESIA?			•
7. ESIA satisfactory?			
8. ESAP prepared and satisfactory?			
9. Does the client have a documented community development plan in place?			•
10. Has the CDP been disclosed locally?			•
11. Have specific vulnerable groups been identified?			•
12. Does the client report publicly on overall E&S performance (e.g. sustainability report)?		•	
13. Have ecological or low labor costs factors been identified in the supply chain?		•	
14. Has the client established a FPIC?			•
15. Has IFC established BCS?			•
16. Has the client engaged an external expert to verify its monitoring information?		•	
17. Has the client established a community grievance mechanism?		•	
18. Has the client disclosed the E&S project information locally?	•		

S

2. Labor and Working Conditions

PS2-PROJECT DATA	Y	N	NA
1. Is there evidence of a functioning grievance mechanism for workers?	•		
2. Has the project had a collective bargaining agreement with one or more unions?		•	
3. Total number of direct employees:			
4. Number of incident or fatality of direct contract employees?			
5. Has a labor audit been undertaken?		•	
6. Has a supply chain screening been undertaken?			•
7. Has the project received SA 8000 certification or equivalent?			•
8. Has the project received OHSAS or similar certification?		•	
9. Child and forced labor, child labor in supply chain		•	
10. Has there been any retrenchment			
11.			

S

3. Resource Efficiency and Pollution Prevention

PS3-PROJECT DATA	Y	N	NA
1. Are there any air emissions?		•	
2. Is there any effluent?			•
3. Are there recycling and re-use of materials			•
4. Adequate disposal of waste?			•
5. Is the project sited on contaminated land?			•
6. Does the project involve hazardous materials			•
7. Emergency responsibilities stated	•		
8. Rescue Plan	•		
9. Firefighting water and pumps, extinguishers, hydrants	•		

PU

Project E&S performance during monitoring				
4. Community Health, Safety and Security			PU	
PS4-PROJECT DATA	Y	N		NA
1. Number of incidents/fatality involving non-employees (community)?				
2. Do mandatory Emergency Preparedness and Response plans require community participation and readiness?		•		
3. Use of external experts on infrastructure and equipment safety?	•			
4. Does the client formally contract (B) private security forces?		•		
5. Security personnel management plan in place?	•			
6. Has a health impact assessment been conducted?		•		
5. Land Acquisition and Involuntary Resettlement			NA	
PS5-PROJECT DATA	Y	N		NA
1. Land acquisition by (A) Government, (B) Client or (C) Both?				•
2. RAP/Audit/Framework prepared?				
3. Has the RAP/audit/framework been disclosed locally?				
4. Number of physically displaced household?				
5. Number of economically displaced household?				
6. How many displaced squatters have received security of tenure?				
7. Resettlement undertaken by (A) Government (B) Client				
8. or (C) Both?				
9. Has the client supplemented (cash or other benefit) to a government controlled land acquisition or resettlement?				
6. Biodiversity Conservation and Sustainable Management			NA	
PS6-PROJECT DATA	Y	N		NA
1. Presence of critical habitat?				•
2. Independent certification for sustainable resource management?				
3. Introduction of alien species?				
7. Indigenous People			NA	
PS7-PROJECT DATA	Y	N		NA
1. Are Indigenous Peoples affected?				•
2. Has an IPDP been prepared?				
3. IPs relocated?				
4. IPs' land used?				
8. Cultural Heritage			NA	
PS8-PROJECT DATA	Y	N		NA
1. Has Cultural Heritage been identified (either through ESIA or the Chance Finds Procedures)				•
2. Has/will Cultural Heritage been/be removed?				
3. Is the Project commercially viable because of some aspect of Cultural Heritage				
4. Has the investee entered good faith negotiation for either Cultural Heritage and/or commercial use of Cultural Heritage?				
5. Has a plan for sharing benefits been prepared?				
Environmental and Social Action Plan (ESAP)			S	

Project E&S performance during monitoring	
WBG Environmental, Health and Safety Guidelines Applicable EHS Guidelines: <ul style="list-style-type: none"> • Environmental, Health, and Safety General Guidelines • XXX • XXX 	
Host country EHS laws and regulations <ul style="list-style-type: none"> • XX • XX Permits and licenses are current?	S

Performance in meeting EHS guidelines			
APPLICABLE GUIDELINES	RATING	PROJECT'S PERFORMANCE/COMMENTS	
General EHS Guidelines	S		Rating
		1. Environment	S
		1.1 Air Emissions and Ambient Air Quality	S
		1.2 Energy Conservation	S
		1.3 Wastewater and Ambient Water Quality	S
		1.4 Water Conservation	S
		1.5 Hazardous Materials Management	S
		1.6 Waste Management	S
		1.7 Noise	NA
		1.8 Contaminated Land	NN
		2. Occupational Health and Safety	S
		2.1 General Facility Design and Operation	S
		2.2 Communication and Training	S
		2.3 Physical Hazards	S
		2.4 Chemical Hazards	S
		2.5 Biological Hazards	NA
		2.6 Radiological Hazards	NA
		2.7 Personal Protective Equipment (PPE)	NA
		2.8 Special Hazard Environments	NA
		2.9 Monitoring	S
		3. Community Health and Safety	S
		3.1 Water Quality and Availability	NI
		3.2 Structural Safety of Project Infrastructure	S
		3.3 Life and Fire Safety (L&FS)	S
		3.4 Traffic Safety	NA
		3.5 Transport of Hazardous Materials	NA
		3.6 Disease Prevention	S
		3.7 Emergency Preparedness and Response	S
		4. Construction and Decommissioning	S
		4.1 Environment	S
		4.2 Occupational Health and Safety	S
		4.3 Community Health and Safety	S
3. DOCUMENTS REVIEWED			
ESIA ESAP HR Policy OHS Data E&S operating licenses/permits			

ANNEX 7: FORMAT OF ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS)

Environmental and Social Review Summary Project Number: XX

Country:

Project:

Environmental Category: A/B

Date:

A. Project Description

B. Environmental and Social Categorization

C. Applicable Standards

While all Performance Standards are applicable to this investment, based on current information the investment will have impacts that must be managed in a manner consistent with the following Performance Standards:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labor and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety & Security
- PS5 Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7: Indigenous Peoples
- PS8: Cultural Heritage

In addition, the WBG General EHS Guidelines and Industrial Sector Guidelines X, Y, are applicable to this project.

D. Key Documents and Scope of Global SnCF E&S Review

An environmental and social due diligence site visit was conducted by XXXX environmental/social specialist in (date). The site visit included visits to the project facilities and associated facilities and project affected persons. Meetings were conducted with representatives of XX and affected communities.

In addition to the due diligence site visit, the following documents were reviewed by XXXX:

- ESIA
- Feasibility Study Report

These documents adequately assess the environmental risks and impacts of XX Project and provide a sound basis for the proper mitigation of the environmental risks and impacts posed by this Project.

E. Key Issues and Mitigation

PS1: Assessment and Management of Environmental and Social Risks and Impacts

- *Social and Environmental Assessment:*
- *Management Program:*
- *Monitoring and Reporting:*
- *Organizational Capacity:*

PS2: Labor and Working Conditions

- *HR Policy and Procedures:*
- *Occupational health and safety:*
- *Worker training:*

PS3: Resource Efficiency and Pollution Prevention

- *Construction Phase:*
- *During operation:*

PS4: Community Health, Safety & Security

- *Construction and Operation:*
- *Security Arrangements:*

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

- *Environmental Permitting Process and Community Engagement:*

ANNEX 8: EXAMPLE ENVIRONMENTAL & SOCIAL ACTION PLAN (ESAP)

See relevant notes for preparing an ESAP in Annex 4, page 40

Reference standard / law / regulation	Actions	Priority (Low, Medium, High)	Responsibility	Deadline	Completion indicator	Estimated cost

ANNUAL MONITORING REPORT

COMPLETION DATE: [INSERT DATE]

INTRODUCTION

Global SnCF E&S Policy and ESMS

In order to ensure the effective E&S appraisal, management and monitoring of proposed investments, Global SnCF developed an E&S Policy and ESMS in September 2018. These documents and associated procedures have been updated recently and signed off by the Global SnCF Board in XXX.

Contact Information:

Completed by :			
Position in Organisation:	ESM	Tel:	XX
Email:		Fax:	

Reporting Period:

From:	To:
October 1, 20xx	September 30, 20xx

1. OPERATIONS AND PORTFOLIO INFORMATION

Update of Current Operations

[Insert update text]

Portfolio Information

Project Portfolio:

Project name	Type (Biomass SolarPV Wind SHPP)	Sponsor	Equity (USDm)	Equity Partners	Debt (USDm)	Stage (Pipeline DD Financial close Construction Operation)

Project Details:

Project name	Type (Biomass SolarPV Wind SHPP)	Category (A, B, C)	Stage	E&S Issues - Status	Date of Last Site Visit

Repeat table as necessary for each project

Exposure to Exclusion List:

Activities on Global SnCF Exclusion List	
Percentage of investments out of total outstanding exposure involved in excluded activities.	0% of overall Portfolio
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	N/A

2. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Policy and Process

		Yes/ No	Comment
2.1	ESMS development and implementation?		
2.2	ESMS or policy and procedures updates during the reporting period?		
2.3	Transactions rejected on environmental, health, safety or social grounds?		
2.4	Difficulties and/or constraints related to the implementation of the social and environmental procedures?		
2.5	Compliance with the Host Country laws and regulations?		
2.6	Material significant social and environmental issues associated with our invested projects during the reporting period?		

Supervision/ Monitoring

		Yes/ No	Comment
2.7	EHS reporting from projects during the reporting period?		
2.8	Environmental and social performance monitoring of projects during the reporting period?		
2.9	Accidents/Lost Time Incidents, Litigation/Complaints/Regulatory Notices and/or Fines? - Incidents of non-compliance with the E&S requirements - Covenants/conditionalities imposed by as a result of any non-compliance		
2.10	Joint monitoring with any IFI and use of their environmental and social guidelines?		

Capacity

		Yes/ No	Comment
--	--	------------	---------

2.11	E&S Coordinator who has the overall responsibility for the implementation of ESMS.		
2.12	Current staffing of other core ESMS persons in the organization involved with ESMS implementation,		
2.13	Training provided to the E&S Coordinator and/or team on ESMS implementation during the reporting period.		

Reporting

		Yes/ No	Comment
2.14	Internal report on project environmental and social issues submitted to Senior management during the reporting period?		
2.15	GHG reporting		
2.16	Development Impact Indicators		

3. HUMAN RESOURCES AND LABOR PRACTICE

Labour statistics:

		Men	Women	Total or Average over reporting year
Number of Employees	Management			
	Non-management			
	Contractors/sub-contractors			
	Handicapped			
	Total			
	Board Composition			
Age Breakdown	18 – 25			
	26 – 35			
	36 – 45			
	46 - 55			
	> 56			

HR Policy and Terms of Employment

		Yes/No	Comment
--	--	--------	---------

3.1	Human resources policy?		
3.2	Changes to the terms of employment during the year?		

Employee's Organization

		Yes/No	Comment
3.3	Employees' organizations engagement during the reporting period?		
3.4	Any dismissals due to membership in an employee organization or allegations to this effect?		
3.5	Employee representation within the organization, (e.g. staff council, consultative bodies)		
3.6	Collective bargaining agreement, or independent agreements and how are these negotiated?		
3.7	Any employee strikes or form of collective action during the reporting period		

Non-Discrimination and Equal Opportunity

		Yes/No	Comment
3.8	Internal complaints over issues of sexual or other harassment?		
3.9	Equal opportunity policy?		

Retrenchment

		Yes/No	Comment
3.10	Employees terminated/retrenched		
3.11	Anticipated retrenchment? How many employees will be laid off (by skill level and type of contract)?		
3.12	Describe why there is a need for retrenchment from a business point of view?		
3.13	What is the schedule for carrying out the retrenchment process? When will it be complete?		

Grievance Mechanism

		Yes/No	Comment
--	--	--------	---------

3.14	Employee grievance mechanism which enables employees to register and raise concerns?		
3.15	How many times has it been used in this reporting period?		

Labour Fines and Court Cases

		Yes/No	Comment
3.16	Has the labor authority issued fines to the company related to labor issues?		
3.17	Have any labor cases been filed against the company?		

4. LIFE AND FIRE SAFETY

Regulatory

		Yes/No	Comment
4.1	Fire Safety permits for all buildings including those on lease issued by appropriate authorities?		
4.2	Fire safety inspection carried out by the appropriate local authority? Key findings of the inspection and have any outstanding issues been addressed?		

Operational

		Yes/No	Comment
4.3	Life and fire safety responsible person?		
4.4	Life and fire safety facilities and equipment monitoring?		
4.5	Any fire incident in the reporting period?		

Training, Awareness and Competency

		Yes/No	Comment
4.6	Dates of fire drills? Number of staff participating?		
4.7	First aid and firefighting training was provided to staff during the reporting period.		

ANNEX 10: GLOBAL SNCF LIST OF EXTERNAL CONSULTANTS (TO BE COMPLETED)

ANNEX 11: GLOBAL SNCF GRIEVANCE MECHANISM AT FUND LEVEL

PCALP maintains a “Feedback” email address on the “Contact Us” page of its website. Emails received through this address are directed to the Firm’s Chief Compliance Officer. Any grievances regarding ESG matters should be also be shared with the appropriate person(s) overseeing ESG matters. If requested, emails submitted to the email address will be kept confidential.

A grievance log is maintained by the Chief Compliance Officer, which includes:

1. date of grievance
2. name of aggrieved party and any affiliation/organization
3. contact details of aggrieved party
4. category of grievance (environmental, social, governance, other)
5. whether the grievance is directed at PCALP or an investee (if investee, its name should be listed)
6. summary of the issue
7. whether the grievance is an appeal to an earlier grievance management outcome
8. relevant parties to engage within PCALP and any applicable investee of PCALP
9. recommended investigation of issue
10. outcome of investigation and actions taken
11. date of closure and information provided to aggrieved party

The Chief Compliance Officer is responsible to:

- a. Work to acknowledge the grievance in writing in a timely manner and let the aggrieved party know the status of PCALP’ investigation into the matter. An estimated timeframe for investigation should be provided. Investigations into grievances can vary depending on the nature of the grievance, but best efforts should be made to ensure that grievances are handled promptly. Most investigations should not last more than 90 days.
- b. Work with relevant parties at PCALP and investees to evaluate the grievance and determine if any action should be taken to remedy it.
- c. Inform the aggrieved party of outcomes of the investigation and any action being taken or reasons for not taking action.
- d. Log the outcome of the investigation in the Excel file, including a summary of actions taken or rationale for not taking action and the date of response to the aggrieved party.

The contents of the grievance log and management of grievances should respect confidentiality of the aggrieved party to the extent practical, and there should be no retaliation against aggrieved parties or whistleblowers.

In some cases, it may be appropriate for PCALP to further engage the aggrieved party during an investigation into the grievance. This could take place through inviting the aggrieved party to a meeting, conference call, or by engaging further in writing. All ongoing engagement with an aggrieved party should be noted in the grievance log.

ANNEX 12: GLOBAL SNCF GRIEVANCE MECHANISM AT PROJECT LEVEL

Project sponsors are responsible for ensuring that a grievance mechanism is in place for the project. Depending on the context (cultural, geographical, etc.), the most appropriate mechanism should be discussed and introduced as part of the initial stakeholder consultation meeting. The purpose of the grievance mechanism is to allow local stakeholders the ability to give continuous input and/or to lodge complaints against the project, and to allow for the resolution of grievances.

During the first physical meeting with local stakeholders / project affected persons, different complaint mechanisms should be explained and discussed to ensure that the stakeholders agree that the selected methods are the most appropriate. The details of this discussion should be recorded and included in the stakeholder meeting summary.

For each project, a “grievance / continuous input book” should be physically available in an appropriate location (eg. town hall; local church, mosque or other place of worship, etc). In addition to the book, at least one additional method should be chosen and should be appropriate for the context. Other methods include:

- Telephone access (useful in the case of widespread illiteracy)
- Internet access
- Nominated independent mediator
- other

More details on project level grievance mechanism can be found in the Stakeholder Consultation and Engagement Framework can be found in Annex 16.

ANNEX 13: GLOBAL SNCF PROJECT INFORMATION SHEET (TO BE COMPLETED)

Because SNCF is a Fund and not a specific project, we will complete this information sheet for each project that the Fund invests in.

ANNEX 14: GLOBAL SNCF ESMS PERIODIC REVIEW TEMPLATE (TO BE COMPLETED)

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[illegible]

ANNEX 16: STAKEHOLDER ENGAGEMENT FRAMEWORK AND CONTINUOUS STAKEHOLDER ENGAGEMENT STRATEGY

The ESMS Stakeholder Consultation and Engagement Framework here proposed is based on the [Gold Standard Stakeholder Consultation and Engagement Requirements](#).

Engagement is critical to understanding the views and interests of different stakeholders on issues related to the project, flagging gaps and opportunities, establishing a constructive relationship or project roles with relevant parties and enabling stakeholders to take ownership of the project; it is also a vital element for promoting transparency and accountability, effective participation and inclusion. In practical terms, stakeholder engagement can be understood as an overarching term that encompasses a range of activities and interactions with stakeholders throughout the project cycle; defining and implementing such activities and interactions reflects an essential aspect of good project management.

The ESMS requires projects to design a dedicated stakeholder engagement process in order to ensure that:

- stakeholders' concerns are captured and potential risks are adequately identified;
- groups and peoples whose lives might be affected by the project are properly consulted to verify and assess the significance of any impacts;
- affected groups and communities participate in the development of mitigation measures, in decision making regarding their operationalisation, and in monitoring their implementation.

Scope and Applicability

The aim of the stakeholder consultation is to engage affected stakeholders and to discuss potential environmental, social and economic impacts (both positive contributions and potential risks) that projects may have during design, planning and implementation and to establish an ongoing mechanism for feedback.

All Gold Standard projects shall "take gender issues into account". This requires local stakeholder consultation processes to reach a wide range of community representatives in ways that ensure equal and effective participation of both women and men, and that gender issues are fully factored into comprehensive social and environmental impact assessments. Project Developers are referred to the [Gold Standard Gender Equality Requirements](#) & [Guidelines and Gender Policy](#).

Timing of Local Stakeholder Consultation

- The Stakeholder Consultation shall be conducted prior to the start date of the Project so that the stakeholders can truly influence the project design, planning and its implementation.
- If the Consultation is conducted after the start date, the stakeholders shall be provided with an opportunity to comment on the project and the Project Developer shall provide further explanation of how comments received during the consultation were taken into account.

Minimum Group of Stakeholders to be consulted

- The Project Developer shall identify and invite all relevant (local, affected and interested) stakeholders as mentioned below for consultations and comments.
 - (a) Local people, communities and or representatives¹² who are directly or indirectly affected by the project
 - (b) Stakeholders with land-tenure rights within or adjacent to the project must be contacted
 - (c) Local policy makers and representatives of local authorities
 - (d) National government officials or National focal bodies responsible for the project in the host country, for example, Designated National Authority¹³ (DNA)
 - (e) Local non-governmental organisations (NGOs), Women Groups working on topics relevant to the project or working with communities who are likely to be affected by the project
 - (f) A Gold Standard representative at help@goldstandard.org
 - (g) Relevant international Gold Standard NGO Supporters¹⁴ with representation in your region and all Gold Standard NGO Supporters located in the host country of the project
- The Project Developer shall provide evidence that invitations were sent to the relevant stakeholders and that their comments were invited. If any of the relevant stakeholders were not invited, the project participants shall provide appropriate justification.

Means for Inviting Stakeholders

- The Project Developer shall invite local stakeholders to participate in the meeting and provide comments on the proposed project in an open and transparent manner, in a way that facilitates comments to be received from local stakeholders.
- The Project Developer shall invite the stakeholders selecting an invitation method that is most appropriate to the context and for the region, taking into account local and national circumstances, including appropriate language and measures and using adequate and effective means.
- Projects shall ensure that the stakeholders are invited in a 'gender-sensitive' manner and efforts must be made to solicit input from women and marginalised groups.
- The Project Developer shall not deny anyone access to the consultation. It shall be open for anyone wishing to participate.

¹² Legitimate stakeholder representatives could be, but are not limited to: elected representatives of regional, local, traditional representatives, such as leaders (chairmen, directors) of local cooperatives, other community-based organisations, local businesses/business groups, local NGOs, and local women's groups, politicians and local government officials, school teachers, and religious leaders.

¹³ List of DNAs is available at <https://cdm.unfccc.int/DNA/bak/index.html>

¹⁴ List of Gold Standard NGO Supporters is available at <https://www.goldstandard.org/about-us/ngo-supporters>

- The invitation for the consultation meeting shall be given at least 30 days before the meeting takes place.

Information to be made available to Stakeholders

- Prior to the consultation, the Project Developer shall provide information in a manner including format, language(s) that allows local stakeholders to understand and engage with the project. The information to be made available to stakeholders shall include, inter alia:
 - (a) A non-technical summary of the project including information on project design, technology, objectives, scale, duration and implementation plan (so far as known)
 - (b) Summary of the economic, social and environmental impacts of the project as per Safeguarding Principles & Requirements
 - (c) Contact details to get further technical detail and project information, should any stakeholder be interested
 - (d) Other relevant information to help stakeholders understand the project
 - (e) Means and method to provide feedback for those who are not able to join the consultation meeting

Consultation

- The Stakeholder Consultation shall comprise of a minimum two rounds of consultation including one mandatory physical meeting and one stakeholder feedback round lasting for at least two months.
- Where necessary, other means and approaches that are appropriate for local and national circumstances can be used to conduct stakeholder consultation meetings. For example, due to the nature of the project, instead of one big physical consultation meeting, several meetings at different locations may be conducted to ensure that relevant stakeholders can participate.
- The project shall encourage equal and effective participation by both men and women in the stakeholder consultation (this also includes the suitability of place and timing of the consultation(s)).
- For retroactive projects, project implementation is started without conducting the first round of stakeholder consultation following the Requirements. In such cases, the physical meeting shall be integrated with the stakeholder feedback round, if this has not taken place as part of previous stakeholder consultations. The physical meeting conducted during the stakeholder feedback round must follow all requirements listed in this document. Special attention must be paid to the fact that the projects must take into account stakeholder feedback and shall modify project design, where reasonable.

Continuous Input and Grievance Mechanism

- All projects shall setup a formal input, feedback and grievance mechanism with the purpose of providing stakeholders with an opportunity to submit any feedback or raise grievances during the entire project life.
- The project shall discuss the potential options with stakeholders and agree on an appropriate method.

- At a minimum, Continuous Input and Grievance Expression Process Book shall be made available at an agreed location.

Consideration of Comments Received

- The Project Developer shall apply a gender lens while assessing the relevance and appropriateness of the stakeholders' comments.
- The project shall consider the comments provided by the Stakeholders and report on how the comments have been accounted for. It may also involve changes in the project design, where appropriate. The Project Developer shall provide justifications when any comments have not been incorporated or addressed.
- The Stakeholders shall be provided with the feedback on how their comments have been taken into account as part of the stakeholder feedback round.

Ongoing Reporting

- The Project Developer shall provide information in the annual and monitoring report, as applicable, for the following:
 - (a) Concerns that have been identified and raised by stakeholders during the stakeholder consultations and the mitigation measures put in place to address those.
 - (b) Any feedback given by stakeholders as part of the project's grievance mechanism.

Stakeholder Consultation Documentation

- The Project Developer shall make use stakeholder consultation report template to document all the steps taken to meet the Stakeholder Consultation and Engagement Requirements and provide evidence to demonstrate the compliance.
- The Stakeholder consultation report shall be submitted to Gold Standard within three months of the event (though this date may be after the Project Start Date).

ANNEX 17: TERMS OF REFERENCE FOR LAND ACQUISITION PLAN, RESETTLEMENT ACTION PLAN, LIVELIHOOD RESTORATION PLAN AND INDIGENOUS PEOPLES PLAN

The ESMS safeguards here proposed are based on the [Gold Standard for the Global Goals Safeguarding Principles & Requirements](#), which are derived from a number of international conventions, including:

- [UNDP’s Social and Environmental Standards \(SES\)](#)
- [UN Environment’s Environmental, Social and Economic Sustainability Framework](#)
- [The World Bank’s International Finance Corporation Performance Standard](#)

Interventions are never one-dimensional. The interconnected nature of climate and development projects calls for appropriate safeguarding mechanisms. The safeguards introduced in the Environmental and Social Management System Policy Framework help projects to identify, prevent and mitigate negative, unintended consequences that may arise from a given intervention. Credible safeguards are important in both ensuring development outcomes are not undermined as well as gaining public support for climate actions.

Here below an outline of the overarching safeguarding principles that a project is required to meet throughout the entire project cycle:

Safeguarding Principles	
Social	Principle 1 – Human Rights
	Principle 2 – Gender Equality and Women’s Rights
	Principle 3 – Community Health, Safety and Working Conditions
	Principle 4 – Cultural Heritage, Indigenous Peoples, Displacement and Resettlement
	Principle 5 – Corruption
Economic	Principle 6 – Economic Impacts
Environmental & Ecological	Principle 7 – Climate and Energy
	Principle 8 - Water
	Principle 9 - Environment, Ecology and Land Use

The requirements outlined in this document shall guide projects

- (a) to identify the potential risks and adverse outcomes of their activities
- (b) to adopt a mitigation strategy to avoid or where avoidance is not possible, minimise identified risks, with the intention to achieve the stated requirements.

Safeguarding Principles Assessment Procedure

The Safeguarding Principles Assessment procedure set out in this document includes the key following elements:

- (a) **Principles:** The overarching principles and rationale for the inclusion of the given assessment.
- (b) **Assessment Questions:** The safeguarding assessment questions to identify potential risks and adverse outcomes of the project and determine how the Requirements shall be met for each Principle.
- (c) **Requirements:** The requirements define what a Project shall achieve through design, management or risk mitigation.

All Safeguarding Principles and corresponding Requirements apply to all Projects seeking Gold Standard certification.

All Projects shall undertake an upfront assessment against the Safeguarding Principles and implement their Project in accordance with the stated Requirements. The assessment shall apply to the Project Scenario, although assessment questions and Requirements involve a comparison to the Baseline Scenario(s) and/or the implementation or decommissioning phases of a Project.

A non-exhaustive list of assessment questions is provided for each Principle. The Project shall provide responses to these questions, including justifications for responses following the below guidance:

- (a) 'Yes' – Meaning that the risk or expected issue identified in the assessment question is relevant to the Project and context. The Requirements apply and adherence shall be demonstrated. All information must be included in the Monitoring & Reporting Plan and future Monitoring Reports.
- (b) 'Potentially' – Meaning that the risk or expected issue may be relevant at some point in the Project's cycle but is not necessarily relevant now and/or may never arise. The Requirements apply but the Project Developer may justify why these Requirements do not need to be demonstrated as being met.
- (c) 'No' – Meaning that the risk or expected issue is not relevant to the Project. Justification shall be provided to support this conclusion, with evidence provided where required.

Note that certain Requirements are mandatory for all Projects and these requirements are not accompanied by an assessment question. The Safeguarding Principles Assessment shall include a description with justifications on how a project met these Requirements.

The Requirements shall be used to guide any re-design/mitigation proposals where a risk is identified, i.e., the response to a given outcome shall be designed with the intention of achieving the stated Requirements.

The scope of each Requirement (for example, its application during implementation or to upstream or downstream issues) is defined within the individual section.

In certain circumstances an exception to a specific Safeguarding Principle or Requirement may be sought. Gold Standard encourages Projects to understand and demonstrate the trade-offs associated with them. In the presence of unavoidable negative impacts that exceed the Requirements and may not be remediated by consultation or mitigation, the Project Developer shall submit a Deviation Request to Gold Standard for review. All such requests shall be reviewed by a panel made up of the Gold Standard Secretariat and at least two relevant third-party Expert Stakeholder(s) and a Gold Standard Technical Advisory Committee (TAC) Member. The panel shall make recommendations to the Project Developer as to any changes to the project to minimise the adverse outcomes. The panel will also recommend to Gold Standard as to whether the exception should be accepted or not. The final

decision shall be taken by Gold Standard. Examples could include where a Project introduces a major innovation, makes a major positive contribution to sustainable development or where a legitimate body of affected stakeholders is empowered to make decisions on such matters.

Certain Safeguarding Principles require opinion and recommendations of Expert Stakeholder(s). These are identified throughout the [Gold Standard Safeguarding Principles Requirements](#) and/or in the [Gold Standard Activity Requirements](#). Where applicable, the Project Developer shall demonstrate that the Expert Stakeholders have conducted a thorough review (and, if needed, an onsite visit) and that their recommendations have been incorporated into the project design.

Any failure, at any time in respect to the completion of the Safeguarding Principles Assessment, including conformity with Requirements and Monitoring & Reporting Requirements shall lead to the invocation of the Non-Conformity section of the [Gold Standard Principles and Requirements](#).

The Project shall provide the following information with regards to the Safeguarding Assessment at different project stages:

Safeguarding Assessment Information

Project Stage	Information
Stakeholder Consultation	Information on draft Safeguarding Principles Assessment including a summary of environmental, social and economic impacts of projects shall be made available to Stakeholders to seek feedback during Consultations.
Preliminary Review	A draft Safeguarding Principles Assessment
Design Review	A completed Safeguarding Principles Assessment fully assessed by the Gold Standard Validation/Verification Body (GS-VVB) Performance
Performance Review	The monitoring report shall include: <ul style="list-style-type: none"> (a) An update on the implementation including information on relative success and failures, or improvements to proposed mitigation measures (b) Monitoring and reporting on any key indicators identified, including against pre-set tolerances (c) Information on any assessment questions answered 'Potentially' or where Requirements call for regular re-assessment

GS Principle 4 – Cultural Heritage, Indigenous Peoples, Displacement and Resettlement

The Principle on Cultural Heritage, Indigenous Peoples, Displacement and Resettlement:

- Promotes and supports the protection and preservation of cultural heritage and the equitable sharing of benefits from the use of cultural heritage.
- Advocates the avoidance of alteration, damage or removal of artifacts and objects of cultural value.

- Recognises and respects the prohibition of forced evictions and the use of violence generally.
- Recognises and fosters full respect for indigenous peoples' human rights as recognised under Applicable Law, including but not limited to their rights to self-determination, their lands, resources and territories, traditional livelihoods and cultures.
- Ensures that Projects that may impact indigenous peoples and local farmers are designed in a spirit of partnership with them, with their full and effective participation, with the objective of securing their free, prior, and informed consent (FPIC)¹⁵ where their rights, lands, resources, territories, traditional livelihoods may be affected.

Assessment Questions

Principle	Sub-Principle	Assessment Questions
Principle 4 – Cultural Heritage, Indigenous Peoples, Displacement and Resettlement	4.1 Sites of Cultural and Historical Heritage	Does the Project Area include sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g., knowledge, innovations, or practices)?
	4.2 Forced Eviction and Displacement	Does the Project require or cause the physical or economic relocation of peoples (temporary or permanent, full or partial)?
	4.3 Land Tenure and Other Rights	Does the Project require any change to land tenure arrangements and/or other rights? For Projects involving land use tenure, are there any uncertainties with regards to land tenure, access rights, usage rights or land ownership? Examples include, but are not limited to water access rights, community-based property rights and customary rights.
	4.4 Indigenous Peoples	Are indigenous peoples present in or within the area of influence of the Project and/or is the Project located on land/territory claimed by indigenous peoples?

¹⁵ Free, Prior and Informed Consent (FPIC) is a specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The normative framework of FPIC consists on a series of legal international instruments including the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour Organization Convention 169 (ILO 169), and the Convention on Biological Diversity (CBD), among many others, as well as national laws. Please refer to the link for further details. <http://www.fao.org/indigenous-peoples/our-pillars/fpic/en/>

Principle 4.1 - Sites of Cultural and Historical Heritage Requirements

- The Project shall not involve or be complicit in the alteration, damage or removal of any sites, objects or structures of significant cultural heritage.
- Where a Project proposes to utilise Cultural Heritage, including the knowledge, innovations, or practices of local communities, affected communities shall be informed of:
 - Their rights under Applicable Law,
 - The scope and nature of the proposed commercial development; and
 - The potential consequences of such development.
- The Project shall provide for equitable sharing of benefits from commercialisation of such knowledge, innovation, or practice, consistent with their customs and traditions.
- The opinions and recommendations of an Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design.

Principle 4.2 - Forced Eviction and Displacement Requirements

- The Project shall not involve and shall not be complicit in the involuntary relocation of people.
- Projects shall avoid physical (i.e., relocation or loss of shelter) and economic displacement (i.e., loss of assets or access to assets that leads to loss of income sources or means of livelihood), and mitigate displacement impacts on displaced persons and host communities when displacement cannot be avoided. In such cases, the Project shall integrate into the Project documentation a Resettlement Action Plan or Livelihood Action Plan as appropriate. Please refer to UNDP Standard 5: Displacement and Resettlement¹⁶ requirements for further details in this regard.
- The opinions and recommendations of an Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design.

Principle 4.3 - Land Tenure and other rights Requirements

- The Project Developer shall identify all such sites/matters potentially affected by the Project. For all such sites/matters identified the Project shall respect and safeguard:

¹⁶ UNDP's Social and Environmental Standards; <https://www.undp.org/content/undp/en/home/librarypage/operations1/undp-social-andenvironmental-standards.html>

- Legal rights, or
 - Customary rights, or
 - Special cultural, ecological, economic, religious or spiritual significance of people shall be demonstrably promoted/protected.
- Changes in legal arrangements must be in line with relevant law and regulation and must be carried out in strict adherence with such laws. All legal disputes must be resolved prior to the Project being carried out in such areas. All such changes must be demonstrated as having been agreed with free, prior and informed consent.
 - The Project Developer must hold uncontested land title for the entire Project Boundary to complete Project Design Certification.
 - The opinions and recommendations of an Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design.

Principle 4.4 - Indigenous people¹⁷ Requirements

- The Project Developer shall identify all communities of Indigenous Peoples within the Project area of influence who may be affected directly or indirectly by the Project.
- The Project Developer shall recognise and respect the indigenous people's collective rights to own, use, and develop and control the lands, resources and territories that they have traditionally owned, occupied or otherwise used or acquired, including lands and territories for which they do not yet possess title.
- The Project Developer shall respect, protect, conserve and shall not take the cultural, intellectual, religious and spiritual property of indigenous peoples without their free, prior and informed consent (FPIC).
- The Project Developer shall ensure that the indigenous people are provided with the equitable sharing of benefits to be derived from utilisation and/or commercial development of natural resources on lands and territories or use of their traditional knowledge and practices by the Project. This shall be done in a manner that is culturally appropriate and inclusive and that does not impede land rights or equal access to basic services including health services, clean water, energy, education, safe and decent working conditions and housing.
- The opinions and recommendations of an Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design.

¹⁷ There is no one universally accepted definition of indigenous peoples. For purposes of this Standard "Indigenous peoples" refers to distinct collectives, regardless of the local, national and regional terms applied to them (for example, "tribal people", "first peoples", "scheduled tribes", "pastoralist", "hill people."), who satisfy any of the more commonly accepted definitions of indigenous peoples. Including but not limited to those provided for in the Convention concerning Indigenous and Tribal Peoples in Independent Countries (ILO Convention No. 169), the Study on the Problem of Discrimination against Indigenous Populations (the "Martinez Cobo Study"), and the Working Paper on the Concept of "Indigenous People" prepared by the Working Group on Indigenous Populations.

ANNEX 18: TERMS OF REFERENCE FOR A BIODIVERSITY / PROTECTED AREA MANAGEMENT PLAN

The ESMS safeguards here proposed are based on the [Gold Standard for the Global Goals Safeguarding Principles & Requirements](#), which are derived from a number of international conventions, including:

- [UNDP's Social and Environmental Standards \(SES\)](#)
- [UN Environment's Environmental, Social and Economic Sustainability Framework](#)
- [The World Bank's International Finance Corporation Performance Standard](#)

Interventions are never one-dimensional. The interconnected nature of climate and development projects calls for appropriate safeguarding mechanisms. The safeguards introduced in the Environmental and Social Management System Policy Framework help projects to identify, prevent and mitigate negative, unintended consequences that may arise from a given intervention. Credible safeguards are important in both ensuring development outcomes are not undermined as well as gaining public support for climate actions.

Here below an outline of the overarching safeguarding principles that a project is required to meet throughout the entire project cycle:

Safeguarding Principles	
Social	Principle 1 – Human Rights
	Principle 2 – Gender Equality and Women's Rights
	Principle 3 – Community Health, Safety and Working Conditions
	Principle 4 – Cultural Heritage, Indigenous Peoples, Displacement and Resettlement
	Principle 5 – Corruption
Economic	Principle 6 – Economic Impacts
Environmental & Ecological	Principle 7 – Climate and Energy
	Principle 8 - Water
	Principle 9 - Environment, Ecology and Land Use

The requirements outlined in this document shall guide projects

- (c) to identify the potential risks and adverse outcomes of their activities
- (d) to adopt a mitigation strategy to avoid or where avoidance is not possible, minimise identified risks, with the intention to achieve the stated requirements.

The Safeguarding Principles Assessment procedure set out in this document includes the key following elements:

- (d) **Principles:** The overarching principles and rationale for the inclusion of the given assessment.
- (e) **Assessment Questions:** The safeguarding assessment questions to identify potential risks and adverse outcomes of the project and determine how the Requirements shall be met for each Principle.
- (f) **Requirements:** The requirements define what a Project shall achieve through design, management or risk mitigation.

All Safeguarding Principles and corresponding Requirements apply to all Projects seeking Gold Standard certification.

All Projects shall undertake an upfront assessment against the Safeguarding Principles and implement their Project in accordance with the stated Requirements. The assessment shall apply to the Project Scenario, although assessment questions and Requirements involve a comparison to the Baseline Scenario(s) and/or the implementation or decommissioning phases of a Project.

A non-exhaustive list of assessment questions is provided for each Principle. The Project shall provide responses to these questions, including justifications for responses following the below guidance:

- (d) 'Yes' – Meaning that the risk or expected issue identified in the assessment question is relevant to the Project and context. The Requirements apply and adherence shall be demonstrated. All information must be included in the Monitoring & Reporting Plan and future Monitoring Reports.
- (e) 'Potentially' – Meaning that the risk or expected issue may be relevant at some point in the Project's cycle but is not necessarily relevant now and/or may never arise. The Requirements apply but the Project Developer may justify why these Requirements do not need to be demonstrated as being met.
- (f) 'No' – Meaning that the risk or expected issue is not relevant to the Project. Justification shall be provided to support this conclusion, with evidence provided where required.

Note that certain Requirements are mandatory for all Projects and these requirements are not accompanied by an assessment question. The Safeguarding Principles Assessment shall include a description with justifications on how a project met these Requirements.

The Requirements shall be used to guide any re-design/mitigation proposals where a risk is identified, i.e., the response to a given outcome shall be designed with the intention of achieving the stated Requirements.

The scope of each Requirement (for example, its application during implementation or to upstream or downstream issues) is defined within the individual section.

In certain circumstances an exception to a specific Safeguarding Principle or Requirement may be sought. Gold Standard encourages Projects to understand and demonstrate the trade-offs associated with them. In the presence of unavoidable negative impacts that exceed the Requirements and may not be remediated by consultation or mitigation, the Project Developer shall submit a Deviation Request to Gold Standard for review. All such requests shall be reviewed by a panel made up of the Gold Standard Secretariat and at least two relevant third-party Expert Stakeholder(s) and a Gold Standard Technical Advisory Committee (TAC) Member. The panel shall make recommendations to the Project Developer as to any changes to the project to minimise the adverse outcomes. The panel will also recommend to Gold Standard as to whether the exception should be accepted or not. The final decision shall be taken by Gold Standard. Examples could include where a Project introduces a major innovation,

makes a major positive contribution to sustainable development or where a legitimate body of affected stakeholders is empowered to make decisions on such matters.

Certain Safeguarding Principles require opinion and recommendations of Expert Stakeholder(s). These are identified throughout the [Gold Standard Safeguarding Principles Requirements](#) and/or in the [Gold Standard Activity Requirements](#). Where applicable, the Project Developer shall demonstrate that the Expert Stakeholders have conducted a thorough review (and, if needed, an onsite visit) and that their recommendations have been incorporated into the project design.

Any failure, at any time in respect to the completion of the Safeguarding Principles Assessment, including conformity with Requirements and Monitoring & Reporting Requirements shall lead to the invocation of the Non-Conformity section of the [Gold Standard Principles and Requirements](#).

The Project shall provide the following information with regards to the Safeguarding Assessment at different project stages:

Safeguarding Assessment Information

Project Stage	Information
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Performance Review	The monitoring report shall include: <ul style="list-style-type: none">(a) An update on the implementation including information on relative success and failures, or improvements to proposed mitigation measures(b) Monitoring and reporting on any key indicators identified, including against pre-set tolerances(c) Information on any assessment questions answered 'Potentially' or where Requirements call for regular re-assessment

Environmental & Ecological Safeguarding Principles

Principle 7 – Climate and Energy

The Principle on Climate and Energy:

- Promotes Climate Security (mitigation and adaptation) and Sustainable Development.

Assessment Questions

Principle	Sub-Principle	Assessment Questions
Principle 7 – Climate and Energy	7.1 Emissions	Will the Project increase greenhouse gas emissions over the Baseline Scenario?
	7.2 Energy Supply	Will the Project use energy from a local grid or power supply (i.e., not connected to a national or regional grid) or fuel resource (such as wood, biomass) that provides for other local users?

Principle 7.1 – Emissions Requirements

- Projects shall not increase greenhouse gas emissions over the Baseline Scenario unless this is specifically allowed within Activity Requirements or Gold Standard Approved Impact Methodologies.

Principle 7.2 - Energy supply Requirements

- The Project shall not affect the availability and reliability of energy supply to other users.

Principle 8 – Water

The Principle on Water:

- Promotes sustainable management, protection, conservation, maintenance and rehabilitation of natural habitats and their associated biodiversity and ecosystem functions.

Assessment Questions

Principle	Sub-Principle	Assessment Questions
Principle 8 – Water	8.1 Impact on Natural Water Patterns/Flows	Will the Project affect the natural or pre-existing pattern of watercourses, groundwater and/or the watershed(s) such as high seasonal flow variability, flooding potential, lack of aquatic connectivity or water scarcity?
	8.2 Erosion and/or Water Body Instability	Could the Project directly or indirectly cause additional erosion and/or water body instability or disrupt the natural pattern of erosion? If 'Yes' or 'Potentially' proceed to next question? Is the Project's area of influence susceptible to excessive erosion and/or water body instability?

Principle 8.1 - Impact on Natural Water Patterns/Flows Requirements

- The Project shall ensure that water resources are conserved. For surface waters this means:
 - (a) Maintaining credible environmental flows, demonstrated by providing a verifiable calculation that shows conservation is maintained at a level as advised by the independent Expert Stakeholder, and
 - (b) Ensuring that any discharged wastewater is of a high enough standard to allow beneficial reuse. For ground water this means limiting abstractions to levels less than, or equal to, rates of recharge. Managed aquifer recharge may be used to conserve groundwater resources. The project can use historical records, ongoing monitoring and reporting through data logging of physical measurements, online sources and/or government data to assess the project risks/impacts.

Recommended methods: Quantitative documentation of all sources and volumes of water abstractions. Use of weirs and gauges, flow meters, pump energy consumption, transpiration rates, government data, remote sensing.

- At each Performance Certification the Project shall assess whether it is in an area of physical water stress or scarcity. The project can conduct an analysis of the water scarcity within the Project's physical area of influence (e.g., basin, watershed) and shall monitor the impact frequently. The project can use [Aqueduct](#), [GWSP Digital water Atlas](#), [Water Risk Filter](#), [WBCSD Global Water Tool](#), [Water Stress Index Maplecroft](#), [Water Scarcity Index Pfister](#) or other recognised tools for water stress and scarcity assessment within the Project's physical area of influence.
- The Project shall provide verifiable evidence of water stress experienced in the basin(s) in which the Project is active, and demonstrate that consumption of water by the Project (over Baseline) is negligible or will bring positive impacts or, at a minimum, not increase the overall annual basin stress.
- The risk(s) of the Project negatively impacting the catchment shall be assessed and addressed to ensure its ongoing, long-term viability and impact on surrounding social-economic and environmental assets. The project can use mapping tools, or other appropriate nationally recognised tools in this regard. Recommended methods include online tools, engineering or physical assessment, historical flow records, land use records, and verbal or written surveys with local agencies and residents. Examination of longitudinal and lateral conductivity to check connectivity of flows, including vertical connectivity (i.e., sufficient flows or dead zones).
- Where the Project is involved in abstraction from water resources required to support biodiversity and other ecosystem services, an eflow assessment consistent with good practice, including a modern method outlined in one of the key references listed below must be undertaken. Alternatively, where local, national or regional regulation exists or where alternative approaches may be more appropriate then these may be put forward to Gold Standard for approval.
- Where environmental flow assessments are impractical, the Project is required to demonstrate that the flow rate and variability is maintained from the abstracted water resource. A verifiable calculation shall be provided for each water source demonstrating total flow rates do not fall below levels that are contextually appropriate, as advised by an independent Expert Stakeholder.
- The opinions and recommendations of Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design and Monitoring Plan.

Principle 8.2 - Erosion and/or Water Body Instability Requirements

- The risk of the Project negatively impacting the catchment and any risks impacting the Project's success shall be assessed and addressed. The project shall ensure its ongoing, long-term viability and impact on surrounding social-economic and environmental assets. The project shall assess the sensitivity of the physical area of influence due to low percentage of impervious cover in a project (e.g., basin, catchment), susceptibility to erosion and water body instability, and lack of terrestrial habitat connectivity. The project can use mapping tools, or other appropriate nationally recognised tools, academic or published studies on the relevant area. The recommended methods include online tools, visual inspection, engineering or physical assessment, historical land use records, aerial photographs, and verbal or written surveys with local agencies and residents on the characterisation of geomorphology of water bodies.
- The Project shall demonstrate that measures to ensure soil protection and minimised erosion are in place prior to the commencement of the Project.
- The Project shall demonstrate that measures will be undertaken to ensure that surface and ground waters are protected from erosion and that these measures are in place prior to the commencement of the Project.
- Measures shall be incorporated to reduce soil erosion on slopes (e.g., hedge and tree rows, natural terracing, infiltration strips, permanent ground cover). For these measures, the concept of the effective slope length shall be taken into account.
- Impact shall be reassessed at a frequency appropriate to the context of the ecosystem affected. The monitoring approach and frequency shall be justified by reference to natural patterns and variations.
- Where the Project takes place in a water scarce or water stressed area, the opinions and recommendations of an Expert Stakeholder shall be sought and demonstrated as being considered and incorporated into the project design.

Principle 9 - Environment, ecology and land use

The Principle on Environment, ecology and land use:

- (a) Ensures a precautionary approach to natural resource conservation and avoids negative environmental impacts.

Assessment Questions

Principle	Sub-Principle	Assessment Questions
Principle 9 - Environment, ecology and land use	9.1 Landscape Modification and Soil	Does the Project involve the use of land and soil for production of crops or other products?
	9.2 Vulnerability to Natural Disaster	Will the Project be susceptible to or lead to increased vulnerability to wind, earthquakes, subsidence, landslides, erosion, flooding, drought or other extreme climatic conditions?
	9.3 Genetic Resources	Could the Project be negatively impacted by the use of genetically modified organisms or GMOs (e.g., contamination, collection and/or harvesting, commercial development)?
	9.4 Release of pollutants	Could the project potentially result in the release of pollutants to the environment?
	9.5 Hazardous and Non-hazardous Waste	Will the Project involve the manufacture, trade, release, and/ or use of hazardous and nonhazardous chemicals and/or materials?
	9.6 Pesticides & Fertilisers	Will the Project involve the application of pesticides and/or fertilisers?
	9.7 Harvesting of Forests	Will the Project involve the harvesting of forests?
	9.8 Food	Does the project modify the quantity or nutritional quality of food available such as through crop regime alteration or export or economic incentives?
	9.9 Animal husbandry	Will the Project involve animal husbandry?
	9.10 High Conservation Value Areas and Critical Habitats	Does the Project physically affect or alter largely intact or High Conservation Value (HCV) ecosystems, critical habitats, landscapes, key biodiversity areas or sites identified? For example, Ramsar wetlands, World Heritage Areas, 'wilderness' areas, free-flowing rivers, unique or species-rich areas, primary forest, threatened or endangered species, migratory species as defined by treaties and national authorities or areas of natural cultural significance.

Principle 9.1 - Landscape Modification and Soil Requirements

- The Project shall identify the functions and services provided by the landscape and demonstrate no net degradation in existing landscape function and services.
- To ensure healthy soils the following aspects shall be identified, and appropriate measures shall be put in place to protect them:
 - (a) Soil types, AND
 - (b) Biota, AND
 - (c) Erosion
- Measures shall be incorporated to minimise soil degradation (e.g., through crop rotation, composting, no use of heavy machinery, use of N-fixing plants, reduced tillage, no use of ecologically harmful substances).
- Projects that involve the production, harvesting, and/or management of living natural resources by small-scale landholders and/or local communities shall adopt the appropriate and culturally sensitive sustainable resource management practices.

Principle 9.2 - Vulnerability to Natural Disaster Requirements

- The Project shall avoid or minimise the exacerbation of impacts caused by natural or man-made hazards, such as landslides or floods that could result from land use changes due to Projects. The Project Developer shall include mitigation measures (if possible), the emergency preparedness plan and response strategies. The Project Developer shall disclose appropriate information about emergency preparedness and response Projects, resources, and responsibilities to affected communities.

Principle 9.3 - Genetic Resources Requirements

- Projects involving the use of GMOs¹⁸ are not eligible for Gold Standard Project Design Certification.
- An assessment for the risk of GMO contamination from outside the Project area and reasonable and appropriate counter measures should be taken.

Principle 9.4 - Release of pollutants Requirements

¹⁸ An organism in which the genetic material has been altered in a way that does not occur naturally by mating and/or natural recombination. See 'FSC Interpretation on GMO – FSC-POL-30-602': <https://ic.fsc.org/download.fsc-pol-30-602-2000-fsc-interpretationon-gmos-genetically-modified-organisms.a-499.pdf>

- The Project shall avoid the release of pollutants¹⁹. This applies to the release of pollutants to air, water, and land due to routine, non-routine and accidental circumstances²⁰.
- The Project Developer shall ensure that pollution prevention and control technologies and practices consistent with national regulation or international good practice are applied during the Project life cycle.
- All potential pollution sources that may result from the Project that cause the degradation of the quality of soil, air, surface and groundwater within the Project's area of influence shall be identified. Appropriate mitigation measures and monitoring shall be implemented to ensure the protection of resources. The project can use historical records, ongoing monitoring and reporting through data logging of physical measurements, online sources, government data. The recommended methods include quantitative documentation of all sources and volumes of water abstractions, use of weirs and gauges, flow meters, pump energy consumption, transpiration rates, government data.

Principle 9.5 - Hazardous and Non-hazardous Waste Requirements

- Projects shall avoid or, when avoidance is not feasible, minimise and control release of hazardous materials resulting from their production, transportation, handling, storage and use in the Project. Where avoidance is not possible, the health risks, including potential differentiated effects on men, women and children, of the potential use of hazardous materials shall be addressed appropriately.
- Projects shall consider the use of less hazardous substitutes for such chemicals and materials and will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer²¹.
- All sources of waste and waste products shall be identified and classified. Waste products include amongst others:
 - (a) Chemical wastes, AND
 - (b) Containers, AND
 - (c) Fuels and oils, AND
 - (d) Human waste, AND
 - (e) Rubbish (including metals, plastics, organic and paper products), AND
 - (f) Abandoned buildings, machinery or equipment.

¹⁹ For the purposes of the Gold Standard, the term "pollution" refers to both hazardous and non-hazardous pollutants in the solid, liquid, or gaseous phases, and includes other components such as pests, pathogens, thermal discharge to water, GHG emissions, nuisance odours, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

²⁰ Including those covered under the Convention on Long-range Transboundary Air Pollution, available at http://www.unece.org/env/lrtap/lrtap_h1.html

²¹ As defined by international conventions or local legislation. Where local legislation and international conventions may diverge, the higher standard will apply.

- Where waste generation may not be avoided, the Project shall reduce the generation of waste, and recover and reuse waste in a manner that is safe for human health and the environment.
- Where waste may not be recovered or reused, it shall be treated, destroyed, or disposed of in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material.
- If the generated waste is considered hazardous²², reasonable alternatives for its environmentally sound disposal will be adopted while adhering to the limitations applicable to its transboundary movement²³.
- The Project shall not make use of chemicals or materials subject to international bans or phase-outs. For example, DDT, PCBs and other chemicals listed in international conventions such as the [Stockholm Conventions on Persistent Organic Pollutants](#) or the [Montreal Protocol](#).

Principle 9.6 - Pesticides & Fertilisers Requirements

- Projects involving pest management, the integrated pest management (IPM) and /or integrated vector management (IVM) approaches shall be adopted and aim to reduce reliance on chemical pesticides.
- The health and environmental risks associated with pest management should be minimised with support, as needed, to institutional capacity development, to help regulate and monitor the distribution and use of pesticides and enhance the application of integrated pest management.
- When Projects include pest management or the use of pesticides, pesticides that are low in human toxicity, known to be effective against the target species and have minimal effects on non-target species and the environment shall be selected.
- There shall be a 'Chemical Pesticides Policy' that is documented, implemented and regularly updated. This policy shall include at a minimum:
 - (a) Provisions for safe transport, storage, handling and application, AND
 - (b) Provisions for emergency situations.
- The Project Developer shall not purchase, store, manufacture, trade or use products that fall in Classes IA (extremely hazardous) and IB (highly hazardous) of the [World Health Organization Recommended Classification of Pesticides by Hazard](#).
- Fertilisers shall be avoided, or their use shall be minimised and justified. If the aerial application of fertiliser is used, then measures shall be put in place to prevent drift.

²² Shall be Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants, available at <http://chm.pops.int/default.aspx>, and the Montreal Protocol on Substances that Deplete the Ozone Layer, available at <http://ozone.unep.org/en/treaties-and-decisions/montreal-protocol-substances-depleteozone-layer>. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.

²³ Transboundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, available at <http://www.basel.int>, and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, available at <http://www.imo.org>. For further guidance, the Strategic Approach to International Chemicals Management (SAICM) is a policy framework to foster the sound management of chemicals, available at <http://www.saicm.org/>.

Principle 9.7 - Harvesting of Forests Requirements

- The Project shall:
 - (a) Enhance the sustainable management of forests, including the application of independent, credible certification for commercial, industrial-scale timber harvesting, AND
 - (b) Maintain or enhance biodiversity and ecosystem functionality in areas where improved forest management is undertaken.

Principle 9.8 - Food Requirements

- The Project activity shall not negatively influence access to and availability of food for people affected.

Principle 9.9 - Animal husbandry Requirements

- The welfare of animals shall be ensured by:
 - (a) Provision of sufficient drinking water, AND
 - (b) Access to daylight, AND
 - (c) The prohibition of cattle trainers, AND
 - (d) No hindrance in their sensory perception and performing their basic needs, AND
 - (e) Management policies and staff training to prevent mistreatment (evidence of animal mistreatment shall be treated as an immediate Non-conformity).
- Excessive or inadequate use of veterinary medicines shall be avoided. Thus, all medications shall be:
 - (a) Administered strictly according to label and package instructions, OR
 - (b) According to a trained veterinarian.
- Injured or sick animals shall be treated and isolated, if necessary, for recovery.
- Synthetic growth promoters including hormones shall not be administered.
- Animals shall be exposed to the least stress possible during transportation and slaughtering.
- Appropriate space per animal and stocking rates per land unit should be set according to their developmental and physical needs.

Principle 9.10 - High Conservation Value Areas and Critical Habitats²⁴ Requirements

²⁴ Critical habitats are a subset of both modified and natural habitats that require special attention. Critical habitats are areas with high biodiversity value, including any of the following features:

- i. habitat of significant importance to Critically Endangered and/or Endangered species;
- ii. habitat of significant importance to endemic and/or restricted-range species;

- No Project that potentially impacts identified habitats as identified above shall be implemented unless all of the following are demonstrated:
 - (a) The risk of the Project negatively impacting the catchment and risks impacting project success shall be assessed and addressed to ensure its ongoing, long-term viability and impact on surrounding HCV and ecological assets.
 - (b) No measurable adverse impacts on the criteria or biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;
 - (c) A robust, appropriately designed, and long-term Habitats and Biodiversity Action Plan is in place to achieve net gains of those biodiversity values for which the critical habitat was designated.
- Within the Project the area that is managed by the Project Developer and the area of impact downstream, the following shall be identified and protected/enhanced. In the case of downstream impacts, the Project shall ensure mitigation is in place within the Project Boundary such that the Project shall not adversely affect these areas:
 - (a) Existing patches of native tree species, AND
 - (b) Single solitary stems of native tree species, AND
 - (c) All freshwater resources including rivers, lakes, swamps, ephemeral water bodies and wells
 - (d) Habitats of rare, threatened and endangered species, AND
 - (e) Areas relevant for habitat connectivity shall be identified and managed to protect or enhance biological diversity.
- If the Project is located in such habitats; the Project Developer shall:
 - (a) Minimise unwarranted conversion or degradation of the habitat.
 - (b) Identify opportunities to enhance the habitat as part of the Project. For Projects applying the Land Use & Forest Activity Requirements Projects, a minimum 10% of the Project area shall be identified and managed to protect or enhance the biological diversity of native ecosystems. For this, the HCV approach should be followed (www.HCVnetwork.org). This area has to be located within the project region and managed by the Project Developer. The area may also include the areas of the requirement (for example, buffer zones for water bodies in the case of Land Use & Forests).

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- iii. habitat supporting globally significant concentrations of migratory species and/or congregatory species;
 - iv. highly threatened and/or unique ecosystems; and/or
 - v. areas associated with key evolutionary processes.

Critical habitats include those areas that are

- i. legally protected,
- ii. officially proposed for protection,
- iii. identified by authoritative sources for their high conservation value (such as areas that meet criteria of the World Conservation Union classification, the Ramsar List of Wetlands of International Importance, and the United Nations Scientific and Cultural Organization's world heritage sites), or recognized as protected by traditional local communities.

- The opinions and recommendations of an Expert Stakeholder shall be sought and demonstrated as being included in the Project design. The project can use mapping tools such as [LEFT](#), [IUCN Red List](#), [IBAT](#) or other appropriate nationally recognised tools may be used or visual inspection. The recommended methods include online tools, visual inspection, engineering or physical assessment, use historical data and verbal or written surveys with local residents.

Principle 9.11 - Endangered Species Requirements

- Under no circumstances shall the Project lead to the reduction or negative impact of any recognised Endangered, Vulnerable or Critically Endangered species²⁵.
- Habitats of endangered species shall be specifically identified and managed to protect or enhance them.
- The opinions and recommendations of an Expert Stakeholder shall be sought and demonstrated as being considered and incorporated into the project design.

²⁵ All endangered and critically endangered species as defined by the IUCN Red List; <https://www.iucnredlist.org/>