CLIMATE FUND MANAGERS

Environmental and Social Management System (ESMS) Manual

Revision History

Version Number	Date	Reason for Change	Revision Author	Approved
1.0	03/2017	First version	Claire Cummins	Management Board
2.0	09/2017	Revisions to address investor requirements	Claire Cummins	Management Board
3.0	06/2022	Expansion of scope to incorporate CI2 and updates in line with published best practice and investor requirements. Note that these revisions span the period February 2022 (when v.3 was disclosed) to June 2023 (when the final amendments were made in response to comments received).	Claire Cummins	Management Board

Table of Contents

Definitions

Affected Parties	Stakeholder(s) who is (are) affected by CFM's activities, both positively and negatively. They may be directly affected and indirectly affected.
Area of Influence	The area likely to be affected by: (i) the Project (examples include the Project's sites, the immediate airshed and watershed, or transport corridors) and the activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the Project; (ii) impacts from unplanned but predictable developments caused by the Project that may occur later or at a different location; or (iii) indirect Project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent (source: IFC PS1).
Associated Facilities	Facilities that are not funded as part of the Project (funding may be provided separately by a client or a third party including the government), and whose viability and existence depend exclusively on the Project and whose goods or services are essential for the successful operation of the Project.
Basic Terms and Conditions of Employment	The requirements as applicable on wage, working hours, labour contracts and occupational health & safety issues, stemming from ILO conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety).
Broad Community Support	A collection of expressions by affected communities, through individuals or their recognized representatives, in support of the proposed business activity. There may be broad Community Support even if some individuals or groups object to the business activity (IFC Sustainability Framework, 2012).
Community Based Organisations	A local community or civil society organisation that is not for profit and can be formal or informal. They often function within a single community or over a small geographic range across several communities.
Consultation	Consultation is purposeful and deliberately seeks input from stakeholders in order to shape relations and the development of programmes. It involves the business, key individuals, organisations and groups affected by or interested in the development and outcomes of the issue/process being discussed. The aim is to ensure mutual understanding and for all parties to be able to manage decisions that have a potential to affect all concerned. A good consultation process needs to be supported by a strong communication programme.
Construction Equity Fund	The Coöperatief Construction Equity Fund U.A., a cooperative with excluded liability (*coöperatie met uitgesloten aansprakelijkheid*) incorporated under the laws of the Netherlands (source: AOIC Annexure A).
CEO	The Chief Executive Officer of CFM (source: AOIC Annexure A).
CFM	Climate Fund Managers B.V.
CFM Managed Vehicle(s)	means climate finance related investment vehicles initiated, developed and/or managed by CFM and their 100% owned subsidiaries and investment vehicles: Interposed Entities and Project Companies (source: AOIC Annexure A).
CI1 or CIO	Climate Investor One, a financing facility for renewable energy Projects in emerging markets offering an integrated funding solution. CIO Funds means the Development and the Construction Equity Fund.
CI2	Climate Investor Two, a financing facility for water-related Projects in emerging markets offering an integrated funding solution. CI2 Funds means the Development and the Construction Equity Fund.
Community Development	The implementation of needs-based programmes designed to deliver positive and sustainable impact to Project communities throughout the investment lifecycle; add to the enabling environment in which the Fund seeks to invest; enhance the profile of the Fund, create goodwill for the Fund, the Funds' existing and future investments; lay the foundations for ongoing community engagement and development; and add to the resilience of the community to future climate and economic shocks.
Core Labour Standards	The requirements as applicable to the Project Companies on child and forced labour, discrimination and freedom of association and collective bargaining, stemming from the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and covering: (i) freedom of association and the right to collective bargaining, (ii) the elimination of forced and

	compulsory labour, (iii) the abolition of child labour and (iv) the elimination of discrimination in the workplace.
Cumulative Impacts	Impacts generally recognised as important on the basis of scientific concerns and/or concerns from Affected Communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways (*source: IFC PS 1*).
Counterparties	All entities into which CIO/CI2 enters into an agreement with investors, sponsors, promoters, Project developers and their associated parties and third parties.
Destruction of High Conservation Value	Means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost, in natural habitats where these values are considered to be of outstanding significance or critical importance (source: Responsible Investment Code).
Development Fund (DF)	The Stichting Development Fund, a foundation (*stichting*) under the laws of the Netherlands (source: AOIC Annexure A).
Environmental and Social Action Plan (ESAP)	The E&S action plan (ESAP) agreed upon between the Fund and any Project Company, defining actions, responsibilities, deliverables, compliance indicators, and a timeframe for the measures required to remedy the known non-compliances of the business activities of the Project Company with the E&S Requirements and for any other measure agreed upon, as amended from time to time (source: Responsible Investment Code).
Environmental and Social Claim	Any claim, proceeding or investigation by a person in respect of an Environmental Law, a Social Law or an environmental or social agreement between the Counterparty and another person.
Environmental and Social Impact Assessment (ESIA)	An assessment of potentially significant adverse E&S risks and impacts. The key process elements of an ESIA generally consist of (i) initial screening of the Project and scoping of the assessment process; (ii) examination of alternatives; (iii) stakeholder identification (focusing on those directly affected) and gathering of E&S baseline data; (iv) impact identification, prediction, and analysis; (v) generation of mitigation or management measures and actions; (vi) significance of impacts (source: IFC PS 1).
Environmental and Social Management Plan (ESMP)	A document detailing the necessary measures and actions to be adopted in order to address the issues raised in the impact and risk assessment process, to comply with applicable national laws and regulations, and to meet the requirements of the applicable IFC PS and other applicable requirements. Typically this plan is produced as part of an ESIA process.
Environmental and Social Management System	Means the part of the overall management system of the Fund that includes the policies, organizational structure, planning activities, responsibilities, practices, procedures, and resources for developing, implementing, achieving, reviewing, and maintaining compliance with the E&S Requirements for the purpose of (a) identifying and managing E&S impacts and risks, and (b) supporting and implementing Community Development programmes with the combined objectives of creating an enabling environment for sustainable development, and assisting with originating and holding of Investments, through; (a) the implementation of Community Development processes and programmes; (b) ensuring compliance with the Exclusion List contained in Annex B to the Responsible Investment Code; (c) assessing and categorizing (as low, medium or high) the E&S risks associated with each Project Company; (d) adopting and maintaining ongoing compliance with the E&S Principles as defined in the Responsible Investment Code; (e) verifying that each Project Company adopts the E&S Principles and complies with the E&S Requirements; (f) contractually agreeing with each Project Company that it will comply with the E&S Requirements; (g) agreeing upon an ESAP between the Fund and each Project Company that does not comply with the E&S Requirements, and

	(h) monitoring, evaluating, and reporting on a regular basis and at least annually on the compliance of each Project Company with the E&S Requirements and, if applicable, its ESAP or any other actions found to be necessary to reach compliance, including any Remediation Measures (source: Responsible Investment Code).
Environmental and Social Requirements	Means the stricter of (i) Environmental Law, (ii) Social Law, (iii) E&S Permits, (iv) Basic Terms and Conditions of Employment, (v) Core Labor Standards, (vi) other requirements set by the Fund's E&S Management System, and (vi) all applicable IFC Performance Standards. Note that the requirements applicable to and which must be adhered to by the Project and the Project Company and include: • Project ESIA Report, the ESMP and related plans. • The Project's ESAP. • National regulatory framework. • Applicable permits and licences. • Contractual agreements and covenants. • IFC Performance Standards (2012). • Good International Industry Practice as set out in the World Bank Group Environmental, Health, and Safety General Guidelines (2007), the sector-specific World Bank Group Environmental, Health, and Safety Guidelines, etc. • ILO Core Labour Standards, the ILO Basic Terms and Conditions of Work, and the UN Guiding Principles on Business and Human Rights. • The requirements described in CFM's ESMS.
Environmental Law	Any law, rule or regulation (including international treaty obligations) concerning environmental matters and natural resource management applicable to any Project Company in any country which is financed by CFM Managed Vehicles.
ESMS Manual	A document that describes the company's E&S Management System comprising the Environmental and Social principles, the institutional and organisational arrangements, the control framework and the requirements for monitoring, reporting and disclosure.
Free Prior and Informed Consent	A process of consultation with Indigenous Peoples required to be undertaken in special circumstances as described in IFC PS7 (specifically paragraphs 13-17) including when there are impacts on lands and natural resources subject to traditional ownership or under customary use; when there is relocation of indigenous peoples from lands and natural resources subject to traditional ownership or under customary use, and when there are impacts to cultural heritage (source: IFC PS 7, GCF IP Policy dated March 2018).
Gender Based Violence and Harassment	Umbrella term for violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment[1].
Good International Industry Practice	In the context of ESG means the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally with the outcome being the employment of the most appropriate risk controls, impact mitigation measures, and technologies relevant to the ESG context (adapted from IFC PS1).
Grievance	A concern, complaint or feedback raised by any stakeholder either affected or interested in company operations. Both concerns and complaints can result from either real or perceived impacts of a company's operations.
Grievance Mechanism	A process for receiving, evaluating, and addressing Project-related grievances from affected persons at the level of the company, or Project and for these to be received and resolved appropriately and in accordance with Principle 31 of the UN Guiding Principles on Business and Human Rights. An internal grievance mechanism is a process implemented for responding to grievances raised by employees or members or the Project Workforce. An external mechanism should be established as a separate process for dealing with grievances raised by communities and other external stakeholders.

[1] ILO (2019) Convention No. 190 and Recommendation No. 206 — Convention Concerning the Elimination of Violence and Harassment in the World of Work. https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_711570.pdf

High Potential Incidents	Some incidents and near misses may occur at site or at the asset that, under different, plausible circumstances the most serious credible outcome could have been a Significant Incident.
Human Rights	Human rights are inherent in all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. Every individual is entitled to enjoy human rights without discrimination. These rights are all interrelated, interdependent and indivisible. Human rights are often expressed and guaranteed by law, in the form of treaties, customary international law, general principles and other sources of international law. International human rights law sets out obligations on States to act in certain ways or to refrain from certain acts, so as to promote and protect the human rights and fundamental freedoms of individuals or groups. Business can impact all human rights both positively and negatively. Source: https://www.unglobalcompact.org/
Impact	An environmental or social impact is defined as any alteration of existing conditions, adverse or beneficial, caused directly or indirectly by a Project that results in a specific consequence to a resource/receptor.
Incident	An unplanned event or chain of events which resulted or could have resulted (i.e. a near miss) in injury, illness, loss of assets or damage to relationships or reputation.
Indigenous Peoples	A distinct social and cultural group possessing the following characteristics in varying degrees (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or (iv) a distinct language or dialect, often different from the official language or languages of the country or region in which they reside (source: IFC PS 7).
Indigenous Peoples Planning Framework	A document containing, *inter alia*, the principles of engagement, Project design and implementation process as it relates to the communities of Indigenous Peoples, and principles for obtaining FPIC where required (source: IFC PS 7).
Indigenous Peoples Plan	A document outlining the actions required to minimize and/or compensate for adverse impacts on IPs in a culturally appropriate manner in those situations where adverse impacts on IPs are unavoidable. Depending on the specific context of a Project, a free-standing IPP may be required; in other cases it may be part of a broader community development plan (source: IFC PS 7).
Interested Party(ies)	Persons or groups who, although not affected by CFM or its operations, have an interest in or influence over CFM and its operations. This might include welfare organisations, non-government organisations, local businesses and political groups.
International Finance Corporation	An international organisation established in Washington, DC, USA, by Articles of Agreement among its member countries.
International Labour Organisation	The tripartite United Nations agency which brings together governments, employers and workers of its member states in common action to promote decent work throughout the world.
Informed Consultation and Participation	A process of comprehensive consultation with Affected Communities which is typically an intensive and active form of consultation involving a more in-depth exchange of views and information, leading to joint analysis and decision-making which is aimed at generating a shared sense of ownership in a process and its outcomes (source: Stakeholder Engagement Handbook, IFC, 2007).
Investor(s)	The Donors and Investors of the CFM Managed Vehicles .
Managed Vehicles	An entity managed by CFM or related parties.
Management Review	In the context of this document, a meeting that is held on a periodic basis by the CFM management team to evaluate the overall effectiveness of the ESMS.
Monitoring	In the context of this document, an umbrella term that includes various methods for evaluating performance including inspections and visual observations, and measuring and testing to confirm performance against key performance indicators.
Nature-based Solutions	Actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits (*source: IUCN Global Standard for NbS*).

Performance Standards (IFC)	The IFC Performance Standards on Social and Environmental Sustainability (including the technical reference documents known as IFC's Environmental, Health, and Safety Guidelines), as reflected on the IFC website.
Project	Project (consisting of assets and activities) in which a CFM-Managed Vehicle is or is going to be invested.
Project Company(ies)	Any company, partnership or other entity in which a CFM Managed Vehicle holds an Investment (source: AOIC Annexure A). Also referred to as an SPV. In the context of this document, the two terms may be used interchangeably.
Project Workforce	Direct employees of the Project Company; individuals working for contractors and subcontractors, and third-party workers including those hired or retained through an agency.
Regional ESG Manager	In the context of this document, means a member of CFM ESG staff with responsibility for managing ESG matters on behalf of the Managed Vehicles.
Remediation Measures	Means with respect to any existing Investment in a Project Company, such measures as are necessary or appropriate to remedy a breach of the E&S Requirements, including an appropriate timeframe for implementation of such measures (source: Responsible Investment Code).
Reportable Incident	Any environmental and/or social Incident that must be reported by CFM to its investors and donors. Comprises Significant E&S Incidents and in some instances High Potential Incidents. In making the determination as to whether any incident is a Reportable Incident, the circumstance with respect to the incident should reasonably be expected to have a material adverse effect or a material adverse impact on the implementation or operation of the Project Company's operations in compliance with the E&S Requirements. These could include for example any Environmental and/or Social Claim, loss of life, material breach of law, or material effect on the social or natural environment.
Resettlement Action Plan	The document that specifies the procedures that the investee will follow and the actions that it will take to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment Project (*source: IFC Handbook for Preparing a Resettlement Action Plan*).
Significant E&S Incident	An E&S incident that occurs at site, off-site or in the portfolio but that is directly linked to Asset development, construction and/or operation activities that typically results in one or more of the following or similar: • A person, or persons, fatally injured or who suffers life changing injuries (this includes the Project Workforce; visitors, and members of the public); • E&S incident requiring admission to hospital for treatment (i.e. the occupational injury or illness requires hospital intervention beyond admission for observation); • Health pandemic among workforce; • Actual or potential human rights violation; • Severe environmental damage or extended breach of statutory requirement; • Significant financial losses and/or non-compliance with regulations and/or non-adoption to best international E&S practices; and/or • Major regional, national or international impact to company reputation (e.g. relating to community unrest or opposition).
Social Law	Any law, rule or regulation (including international treaty obligations) applicable in the jurisdiction of the Country concerning (i) labour, (ii) social security, (iii) the regulation of industrial relations (between government, employers and employees), (iv) the protection of occupational as well as public health and safety, (v) the regulation of public participation, (vi) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual and cultural property rights, (vii) the protection and empowerment of indigenous peoples or ethnic groups, (viii) the protection, restoration and promotion of cultural heritage, (ix) all other laws, rules and regulations providing for the protection of employees and citizens.
Stakeholder	Persons or groups that are directly or indirectly affected by a Project as well as those that may have interests in a Project and/or the ability to influence its outcome, either positively or negatively. This can refer to shareholders, investors, employees, communities, governments, industries and (international) third parties.

Stakeholder engagement	An umbrella term encompassing a range of activities and interactions between CFM and stakeholders (two way communication) over the life of a Project that are designated to promote transparent, accountable, positive, and mutually beneficial working relationships
Survivor	A person who has experienced GBVH and survived. The terms "victim" and "survivor" are often used interchangeably. "Survivor" is the term generally preferred in the psychological and social support sectors (source: IFC/EBRD/CDC guidance for Addressing Gender Based Violence and Harassment, July 2020).
UN Guiding Principles on Business and Human Rights	The United Nations Guiding Principles on Business and Human Rights were published in 2011 as the standard of responsibility for business with regard to human rights. The UNGP are founded on three pillars: (i) the State duty to **protect** human rights against abuse by third parties, including business, through appropriate policies, legislation, regulations and adjudication; (ii) the corporate responsibility to **respect** human rights, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved; and (iii) the need for greater access to effective **remedy**, both judicial and non-judicial, for victims of business-related human rights abuse. The focus of the UNGP is on avoiding and addressing negative impacts. Source: https://www.unglobalcompact.org/
The United Nations Sustainable Development Goals	The United Nations Sustainable Development Goals form a core component of the 2030 Agenda for Sustainable Development which was adopted by all United Nations Member States in 2015. They are designed to tackle the wide-ranging social, economic and environmental challenges faced by the planet while providing an opportunity to progress towards sustainable development.
Vulnerable Groups	Individuals or groups within the Project area of influence who could experience adverse impacts more severely than others based on their vulnerable or disadvantaged status. This vulnerability may be due to an individual's or group's race, sex, language, religion, political, opinion, national or social origin, property, birth or other status. Other factors should also be considered including gender, ethnicity, culture, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

Glossary

AC	Affected Communities
AoI	Area of Influence
BCS	Broad Community Support
CEF	Construction Equity Fund
CEO	Chief Executive Officer
CFM	Climate Fund Managers
CI1	Climate Investor One
CI2	Climate Investor Two
CP	Condition Precedent to financial close
CS	Condition Subsequent to financial close
CSO	Civil Society Organisation
DF	Development Fund
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
E&S	Environmental and Social (also including health and safety)
ESG	Environmental and Social Governance
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
EU	European Union
EXCO	Executive Committee
FIP	Final Investment Proposal
FP	Financial Proposal
FPIC	Free Prior and Informed Consent
GBVH	Gender Based Violence and Harassment
GHG	Green House Gas

GIIP	Good International Industry Practice
GM	Grievance Mechanism
IC	Investment Committee
IFC	International Finance Corporation
IFC PS	International Finance Corporation Performance Standards
ILO	International Labour Organisation
ICP	Informed Consultation and Participation
IP	Indigenous Peoples
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
IPA	In-Principle Approval
KPI	Key Performance Indicator
NBS	Nature Based Solution
NGO	Non-Governmental Organisation
RF	Refinancing Fund
RAP	Resettlement Action Plan
RAF	Resettlement Planning Framework
RIC	Responsible Investment Code
RMA	Rio Marker Assessment
SEP	Stakeholder Engagement Plan
SPV	Special Purpose Vehicle
ToR	Terms of Reference
TRM	Transaction Route Map
UNGP	United Nations Guiding Principles on Business and Human Rights
UN SDGs	United Nations Sustainable Development Goals

Reference Documents

Title	Description
Policy and Governance	
CFM Group Code of Conduct	Describes the responsibility placed on all CFM staff to uphold the goals and values to which CFM aspires and to conduct business for CFM and CFM Managed Vehicles in accordance with applicable laws and regulations. It provides an overview of the responsibility that CFM Staff have in respect of upholding CFM's commitment to the highest standard of business conduct and provides a set of expected behaviours that CFM Staff exhibit in their dealing towards others and CFM.
CFM Group Anti-Corruption, Anti-Money Laundering and Know Your Customer Policy	Describes the controls in place for managing and mitigating the risk of CFM becoming (indirectly) involved in money laundering, terrorist financing, sanctions violations and financing/receiving financing from entities with a questionable reputation.
CI1 Responsible Investment Code CI2 Responsible Investment Code	Documents detailing the E&S principles and undertakings to be implemented and maintained by CFM on behalf of the Managed Vehicles. The Responsible Investment Code for each Fund is included as a schedule in the Manager's Agreement and the Members' Agreement for each of the Managed Vehicles.
CFM Group Responsible Investment Policy	Sets out CFM's commitments for responsible investment in relation to health, safety, social and environmental governance.
CFM Group Gender Policy	Provides governance framework for gender to be incorporated into investment and fund management activities as well as in the CFM workplace.
CFM Group Human Resources Management Policy	Describes the arrangements relating to all aspects of the CFM workforce.
CFM Group Human Rights Position Statement	Establishes CFM's position regarding the respect for human rights in the course of its business activities and in the investments of the Funds.
Procedures	
Impact Reporting	Describes specific requirements relating to the reporting of impact data.
Evaluations	Describes the process for conducting evaluations (impact evaluations and effectiveness studies).
Project Disclosure	Describes the arrangements and process for disclosures.
Community Development	Describes the process for developing and implementing community development programmes.

Templates

Title	Investment Phase	Intended User
CI1 ES Screening Assessment	Due diligence	CFM
CI2 ES Screening Assessment	Due diligence	CFM
CI1 CI2 Exclusion List Compliance Check	Due diligence	CFM
CI1 CI2 ESDD Questionnaire	Due diligence	CFM
CI1 CI2 Human Rights Risk Review	Due diligence	CFM
CI1 CI2 ESDD Site Visit Review	Due diligence	CFM
CI2 Rio Marker Assessment	Due diligence	CFM
CI1 ESDD ToR	Due diligence	External consultancy
CI2 ESDD ToR	Due diligence	External consultancy
CI1 CI2 ESIA Scoping Assessment ToR	Development	External consultancy
CI1 CI2 ESIA ToR	Development	External consultancy
CI1 CI2 ESMP	Development	External consultancy
CI1 CI2 Indigenous Peoples Plan ToR	Development	External consultancy
CI1 CI2 Resettlement Action Plan ToR	Development	External consultancy
CI1 CI2 Community Needs Assessment ToR	Development	External consultancy
CI1 CI2 Programme	Construction/Operation/Decommissioning	CFM/SPV
CI1 CI2 Delivery Partner Due Diligence Assessment	Development/Construction/Operation	CFM/SPV

Title	Investment Phase	Intended User
CI1 CI2 Gender Analysis and Action Plan ToR	Development	External consultancy
CI1 CI2 Gender Action Plan	Development	CFM/External Consultancy
CI1 CI2 Standard ESG text for JDA/DCA/DFA	Development	CFM/SPV
CI1 CI2 Standard ESG text for SHA	Construction/Operation	CFM/SPV
CI1 CI2 ESG Committee Charter	Construction/Operation	CFM/SPV
CI1 CI2 ESAP	Construction/Operation/Decommissioning	SPV
CI1 CI2 Employer's E&S Requirements	Construction/Operation/Decommissioning	SPV
SPV HSSE Policy	Construction/Operation/Decommissioning	SPV
SPV HSSE Management System	Construction/Operation/Decommissioning	SPV
SPV Workers Accommodation Checklist	Construction/Operation	SPV
CI1 CI2 Internal E&S Audit Protocol	Construction/Operation/Decommissioning	CFM
CI1 CI2 External E&S Audit ToR	Construction/Operation/Decommissioning	External consultancy

1 Introduction

1.1 Context

Climate Fund Managers (CFM) is a blended finance fund manager dedicated to securing a sustainable future through investing across global emerging markets. Established in 2015, CFM is a joint venture between the Dutch development bank FMO and Sanlam InfraWorks, part of the Sanlam Group of South Africa. CFM has a long-term vision to structure cutting edge financing facilities around thematic areas of climate change mitigation and adaptation, including renewable energy, water, sanitation and oceans, sustainable land use and sustainable cities. The funds managed by CFM comprise Climate Investor One (CI1) and Climate Investor Two (CI2). Inherent to the success of these funds is the effective management of environmental and social (E&S) risks, and the delivery of positive and lasting impacts that benefit the local communities in which the funds are invested.

1.2 Purpose of this Document

This document describes the management system that is implemented by CFM to manage the impacts and risks associated with the Funds under its management (hereafter the 'ESMS'). It describes the requirements, processes and arrangements required to comply with the requirements of the Responsible Investment Code (RIC) and to uphold the commitments set out in CFM's Responsible Investment Policy. It describes how the arrangements are embedded into CFM's investment lifecycle. It also describes the E&S management measures that need to be adopted by Project Companies (Annex 1) that must be developed and implemented.

This document should be considered as the 'ESMS Manual' which cross-references to the different elements of the ESMS, including supporting policies, plans, procedures and other management system tools and documentation, and other relevant business system and procedures. It is an internal management tool intended for use as a high level reference source. It forms part of the CFM's overall management system for business risk management.

1.3 Scope of the ESMS

This ESMS manual describes the requirements for dealing with E&S impacts, risks and opportunities in CFM's investment process and the development, construction, operation and decommissioning of Projects in which the Managed Vehicles are invested. It also applies to CFM's external stakeholders including the Project Companies. Refer to Section 2 for more information.

Matters relating to corporate governance including anti-bribery and corruption are described separately in CFM's policy framework including the CFM Code of Conduct and the Anti-Corruption, Anti-Money Laundering and Know Your Customer Policy and are not included in the scope of this ESMS Manual.

1.4 Applicable Standards

This ESMS Manual has been designed in accordance with IFC Performance Standard 1 (PS 1) and other international standards including ISO 14001[1], ISO 45001[2] and ISO 26000[3] as well as FMO's Sustainability Policy Universe and other guidance and tools.

[1] ISO 14001:2015 Environmental management systems.

[2] ISO 45001:2018 Occupational health and safety management systems.

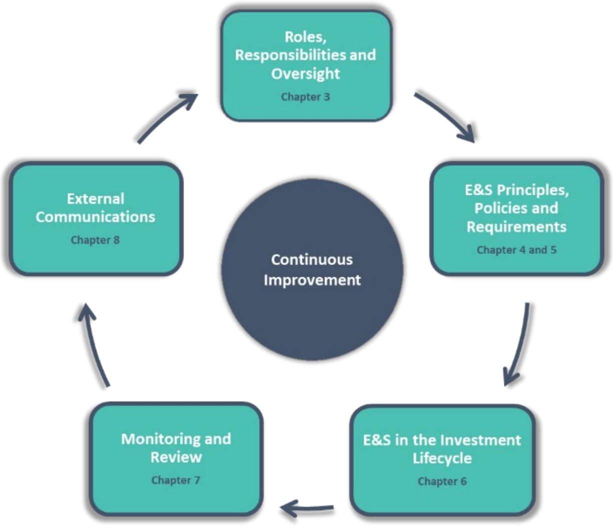
[3] ISO 26000:2010 Guidance on social responsibility

1.5 Structure of this Document

Following this introductory chapter, Chapter 2 outlines the context and scope of this ESMS Manual, with a brief presentation of the CFM Managed Vehicles and the potential E&S impacts associated to them, a description of the key stakeholders with their needs and expectations and the scope of application of the ESMS. The following chapters present each of the ESMS components visualised on Figure 1-1.

- Chapter 3 presents the senior accountability in place for oversight of the ESMS, the resources assigned for its implementation with their roles and responsibilities and how the right level of expertise and capacity is ensured.
- Chapter 4 and Chapter 5 describe CFM's policies, principles, commitments and E&S requirements that form the overall Responsible Investment Framework.
- Chapter 6 describes how CFM operationalises the CFM Group Responsible Investment Policy across the investment cycle through risk management ("Do No Harm") and delivering positive impacts ("Do Good").
- Chapter 7 presents the system in place for monitoring and periodically reviewing the effectiveness of the ESMS, through the definition of E&S performance indicators and impact indicators, audits and management review.
- Chapter 8 outlines the arrangements in place for communication with external stakeholders, including reporting to investors, public disclosure and responsiveness to grievances.

Figure 1-1 Overview of the ESMS Components



1.6 ESMS Review

The ongoing effectiveness of the CI1/CI2 ESMS (as described in this document) and its alignment with investors' requirements is subject to ongoing review through internal audit. It will also be reviewed to reflect changes in applicable legal requirements, changes in international standards and guidance, and in response to lessons learned from accidents and incidents.

1.7 ESMS Disclosure

This document and associated ESMS documentation are shared with all CFM employees, investors, Project developers, Project Companies, contractors, and others, as required. The document is publicly available on the CFM website. The first version of this ESMS Manual was disclosed on 7 March 2017. This current version was disclosed on 25 February 2022 and is available in the national languages of the countries in which the funds are invested.

2 Context and Scope of the ESMS

2.1 Introduction

The implementation of CFM's ESMS is intended to ensure that all potential E&S impacts, risks and opportunities associated with CFM's Managed Vehicles are fully assessed, understood and managed. This section provides an overview of the Managed Vehicles, CFM's stakeholders, and an overview of the way in contextual E&S impacts are considered in the investment process.

2.2 CFM Managed Vehicles

CFM is responsible for the management of the CI1 and CI2 Managed Vehicles. The Managed Vehicles are focused on addressing climate change through mitigation and adaptation. The focus of both funds is on the least developed, lower-middle income and upper-middle income countries in Africa, Asia and Latin America.

2.2.1 Climate Investor One

Climate Investor One (CI1) is the inaugural facility managed by CFM, focused on providing capital to renewable energy Projects in developing countries. CI1 has a focus on Africa, South & Southeast Asia, and Latin America, and uses a whole-of-life financing approach intended to reduce implementation timelines. The CI1 Managed Vehicles are focused solely on investments in renewable energy Projects in emerging markets, with a primary focus on wind, solar and run-of-river Projects[4].

2.2.2 Climate Investor Two

Climate Investor Two (CI2) follows the proven 'whole-of-life' financing methodology of Climate Investor One (CI1) and similarly makes use of public sector capital deployed alongside commercial funding. The CI2 Managed Vehicles are focused on a range of climate-relevant water, sanitation and ocean sub-sectors, including: (i) climate resilient bulk water supply, treatment and distribution for municipalities and/or industries; (ii) climate resilient waste and wastewater collection, management and treatment for municipalities and/or industries; (iii) climate resilient ocean infrastructure Projects ("blue economy") and the sustainable management, protection and/or restoration of wetland, riverine, coastal and marine ecosystems.

2.3 Key Stakeholders

CFM's key stakeholders can also be referred to as the interested parties and are those for whom the activities and impacts associated with CFM and the Managed Vehicles are important. CFM's key stakeholders are shown in Figure 2-1 below.

[4] CFM may consider run of river hydropower projects which (i) have a retaining (dam) wall no greater than 15 metres in height; (ii) have no or limited storage; (iii) will result in limited alteration to the natural river flow, and (iv) will have no significant downstream environmental and social adverse impacts. One week is the maximum storage time however a general caveat applies which is that in all cases there must be no alteration to the downstream flow. A significant adverse impact in this context is one that would result in the Project being rated as Category A.

Figure 2-1 CFM's Key Stakeholders

2.3.1 Investors

Investors are kept informed about the E&S performance of the Managed Vehicles through the quarterly and annual investor reports. In addition, the investors are made aware of all reportable incidents in accordance with the provisions described in this ESMS Manual. Periodic meetings may also be arranged with individual investors to provide information relating to specific areas of interest.

2.3.2 Project Counterparties

Project Counterparties are provided with a copy of this ESMS Manual along with other supporting information early on in the engagement process. A presentation of CFM's E&S requirements is given to developers at the start of the development process, and to the Project Company at the start of the construction process. In addition, E&S requirements are also communicated to the EPC contractor during the tendering process.

2.3.3 NGOs and CSOs

CFM recognises the important role that is played by national, regional and local governments as relevant, CSOs, development agencies and other local stakeholders active in community development. CFM has established a proactive approach to engagement with NGOs and recognises that this:

- Enables CFM to build community support and mutually beneficial relationships.
- Helps CFM identify and connect to the partners who can support the Projects in the delivery of community development programmes.
- Provides for improved coordinated communication and disclosure of information that can contribute to more effective change.
- Communicates responsible leadership to external stakeholders including investors, business partners, and civil society.

2.3.4 CFM Staff

CFM recognises that its own staff and those who work for Projects in which the Managed Vehicles are invested are a key stakeholder group. CFM's arrangements for engaging with its staff are described in the CFM Group Human Resources Management Policy. Arrangements for engagement at the Project level are detailed in the Project's HSSE Management System.

2.4 Potential Impacts associated with CFM Managed Vehicles

The setting and context of each of the individual Projects into which the CFM Managed Vehicles will be invested is highly variable due to the diverse geography covered by CFM's mandate (emerging markets in Asia, Africa and Central and Latin America). The potential E&S impacts of each Project will also vary due to various factors such as the type and size of Project, the location, the baseline environment, the social context and the affected communities. Some E&S impacts are likely to be more relevant to one Project type than another, for instance impacts to birds and bats are likely to be of great importance to wind Projects, whereas impacts on surface water and fishing are likely to be of great importance to water-related Projects.

Impacts from a proposed development will be dependent on two key factors: the sensitivity/importance of the surrounding environment and the magnitude of change caused by the Project. At all stages of the Project lifecycle consideration will be made of the E&S impacts and risks of a Project. Because impacts are context-specific, it is impossible to fully standardise or predict which impacts are likely to be significant, and which mitigation measures are most appropriate to manage them.

CFM considers each Project on a case-by-case basis and assesses the potential impacts within the context of the Project's area of influence. Mitigation will be defined through the impact assessment process and will be tailored for each Project. CFM also requires all Project Companies to refer to and be compliant with Good International Industry Practices as defined in various guidance documents including the World Bank Group (WBG) Environmental, Health, and Safety Guidelines[5] (known as the 'EHS Guidelines') among others[6]. The different types of impacts that may be associated with the types of Projects in which the CFM Managed Vehicles are invested are detailed in Annex 2 (Environmental and Social Impacts Associated with CFM's Managed Vehicles). Section 6 provides a description of the way in which E&S impacts and risks are assessed and integrated into the investment and decision-making process.

[5] https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

[6] Alternative international finance guidance can also be consulted for indicative mitigation measures. As an example the Sector Keysheets prepared by the African Development Bank describe the likely potential impacts and mitigation measures for different infrastructure Projects such as energy/electricity, water and sanitation, and transportation (maritime ports).

3 E&S Governance and Organisation

3.1 Introduction

This section provides an overview of the organisational arrangements in place for the governance of E&S risks, impacts and opportunities associated with the activities of the Fund Manager and the Managed Vehicles. It also describes the requirements that must be adopted in the Project Companies.

3.2 Overall E&S Governance Arrangements

CFM is committed to the implementation of the commitments of the Policy and upholds these through visible leadership and allocation of resources. CFM takes direct responsibility for the management of E&S related activities related to the Managed Vehicles and the Project Companies. E&S is an integral consideration at all levels of the business. Budgetary requirements are defined internally by CFM on an annual basis for the ongoing implementation of the requirements of this ESMS. The allocated budget can be supplemented throughout the year if required.

Accredited Entity (FMO): As the Accredited Entity for investments into the Managed Vehicles made by the Green Climate Fund (GCF), FMO plays a central role in the governance of CFM and Managed Vehicles. Specifically in relation to E&S governance and management CFM has committed to FMO as the accredited entity to undertake the following: (i) implement and operate an ESMS to the satisfaction of FMO; (ii) appoint or acquire the services of an ESG specialist; (iii) establish an E&S advisory panel to advise the Fund on E&S matters[1]; (iv) maintain compliance with the Funds' Exclusion List; (v) assess and apply an E&S risk categorisation to each potential investment; (vi) submit to FMO an E&S performance report as part of the quarterly and annual Fund reports in accordance with the requirements described in this ESMS Manual.

Investment Committees (IC): Each respective Fund Investment Committee is responsible for evaluating and approving or rejecting investment and divestment proposals submitted to it by CFM (and the Fund shall not enter into investment and divestment transactions that are not so approved by the respective Fund Investment Committee). The Fund Investment Committee consists of Investor nominees selected in line with the Fund Agreements and two CFM MB member nominees. The members of the ICs are responsible for ensuring prior to any investment decision being made that all E&S risks, impacts and opportunities are adequately assessed to the extent possible and that a plan is in place for the necessary work that needs to be undertaken to progress towards compliance with the E&S Requirements.

CFM Management Board (MB): The MB has ultimate accountability for all E&S duties and responsibilities of the Managed Vehicles, as defined in this ESMS Manual. The responsibility for implementing the requirements of the ESMS is delegated to the Head of ESG.

In-house ESG Staff: Within each regional investment team, ESG staff members are responsible for carrying out activities to ensure compliance with the E&S Requirements. The Head of Impact and ESG acts as custodian of CFM's ESG governance processes and controls and is responsible for monitoring and assessing the adequacy of compliance with the E&S Requirements.

CFM Investment staff: All CFM investment staff have a responsibility for ensuring that all Projects are developed and implemented according to CFM's requirements set out in this ESMS Manual. All staff will facilitate processes

[1] The E&S Advisory Panel shall comprise of no more than five (5) members of which one member will be appointed by CFM, and up to four members will be appointed by Investors that have adequate E&S representatives and sufficient capacity to be a member of the E&S Advisory Panel.

to the extent possible to obtain and provide relevant ESG information, support ESG analysis and review processes, strengthen and support decision making processes, and act on poor performance of any Project Company. The investment team also retains primary responsibility for monitoring and managing all assets on behalf of CFM, including making sure that there is sufficient E&S accountability at the senior level of the Project Company and the Management Board.

External Advisors: External E&S advisors will be hired as required to support the Fund Manager with due diligence, specialist studies, and ongoing monitoring. This support will be defined, facilitated and monitored by CFM's in-house ESG staff and is commissioned through issue of defined terms of reference.

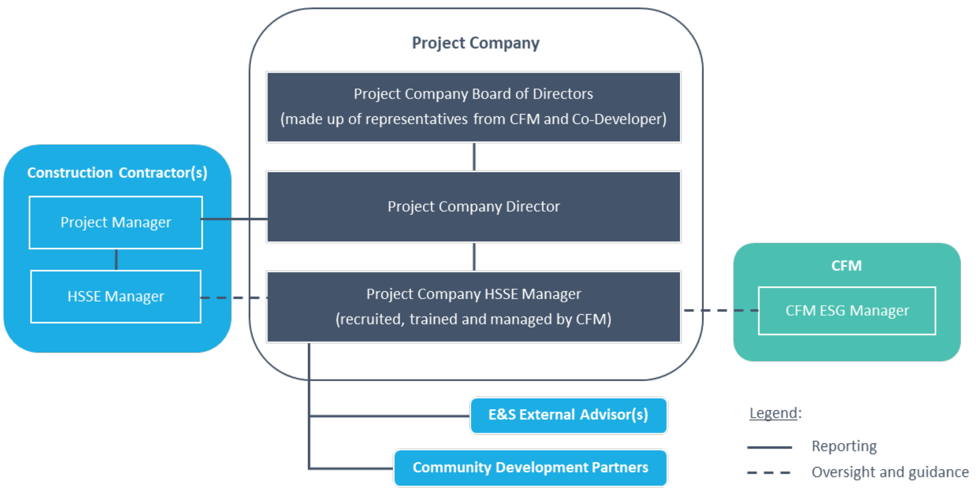
Community Development Partners: Partnerships with third party organisations can enhance CFM's ability to deliver meaningful and sustainable programmes of community development. Potential partners including development organisations, academic or research institutions, CSOs, and training institutes with experience in the development need or opportunity that has been identified.

3.3 Project Level E&S Organisational Arrangements

On behalf of the Managed Vehicles, CFM typically takes a leading role in the management of E&S performance during the development phase. Once the Project moves into the construction phase, this responsibility transfers to the Project Company. The Project Company is required to manage E&S risks according to the requirements contained in the Project Company's legal documentation and as described in this ESMS Manual. Each Project Company will ensure that they have a Project Company ESMS in place as well as adequate staffing and resources to effectively manage these E&S risks.

As CFM will have individuals sitting on the management board of the Project Companies, CFM is able to direct and lead on the E&S issues. CFM's ESG team will work closely together with the Project Company's management to recruit an appropriately trained and qualified Project HSSE Manager. CFM's ESG team will oversee the management of E&S aspects at the Project level and ensure compliance with the requirements of this ESMS and with all other corporate E&S requirements. The Project's HSSE Manager will be accountable to the CFM Regional ESG Manager (or another member of the CFM ESG team). An indicative organisation chart highlighting the E&S responsibilities within Project Companies is presented in Figure 3-2 below.

Figure 3-1 Project Level Organisation



3.4 Project Company E&S Resources

Effective implementation of E&S requirements requires competent staff to be appointed and adequately equipped with knowledge and resources on these requirements. Project Companies are required to:

- Clearly define and communicate HSSE roles and responsibilities.
- Define the HSSE competency and training needs for HSSE specific roles.
- Establish a robust recruitment process for all new Project workers including employees, contractors and sub-contractors.
- Ensure that all new staff are informed of the Project Company HSSE MS as part of their induction training.
- Periodically provide refresher training on the Project's HSSE requirements.
- Inform staff of any significant updates relating to HSSE management.
- Provide specific and relevant training on HSSE risks, impacts and management.

The Project Company shall ensure that any additional training needs are met for the effective management of the Project. As a minimum, all workers will receive general orientation training on site health and safety procedures and arrangements through inductions, toolbox talks and weekly refresher sessions. These will be communicated using non-technical language and in the worker's language. Additional training specific to individual roles will be identified and arranged for all relevant workers. For Projects invested in by the Construction Equity Fund, any material gaps in training/competency will be identified prior to commencement of construction, and addressed as required throughout the construction phase.

4 Environmental and Social Principles

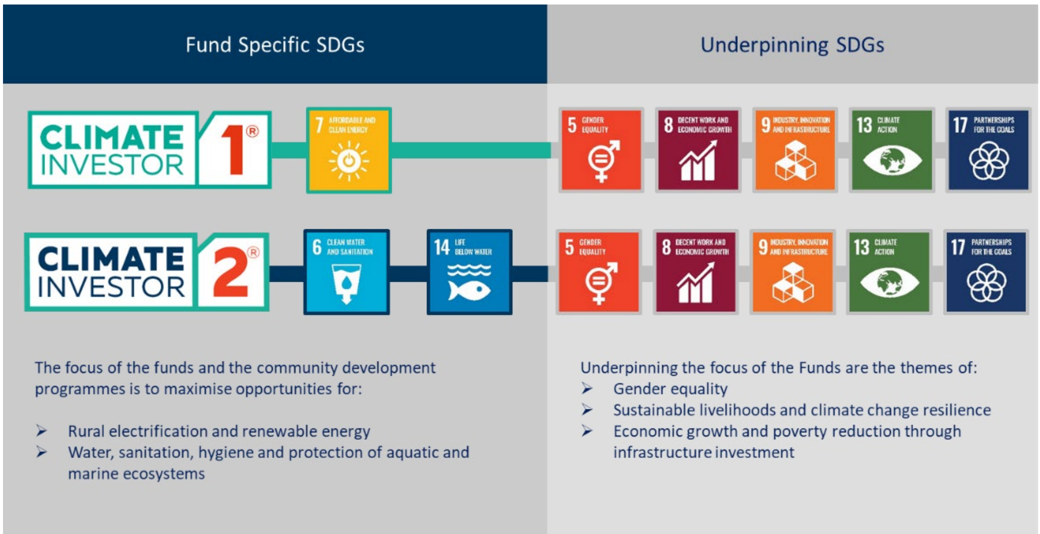
4.1 Sustainable Development Impacts

The UN SDGs are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The seventeen UN SDGs were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the UN SDGs[2].

CFM recognises that it can play an important role in realising positive sustainable development outcomes which in turn can support host countries in which the Managed Vehicles are invested to progress towards achieving the UN SDGs. At the local level, social and environmental investments that aim to support the UN SDGs provide significant opportunities for CFM by improving reputation, attracting talent and supporting goods and services that CFM's Projects rely upon.

In accordance with the principles of CFM's RIC, CFM is committed to maximising opportunities for delivering E&S benefits through fund investments, particularly to the local communities in the area of influence of its Projects. The specific UN SDGs that the CFM Managed Vehicles are expected to contribute to are presented in Figure 4-1.

Figure 4-1 CFM's Core UN SDGs



4.2 Climate Change Mitigation and Adaptation

CFM Funds are designed to initiate a transformative shift in climate change adaptation and mitigation throughout the emerging markets of Asia, Africa and Central and Latin America and thereby contribute to progress towards achieving the UN SDGs. CFM is also committed to managing its own contribution to climate change and requires all Project Companies to make the same commitment. CFM has established a decarbonisation strategy with actions to reduce scope 1, 2 and 3 emissions.

[2] https://www.un.org/sustainabledevelopment/development-agenda/

4.3 Human Rights

CFM recognizes the centrality of human rights to sustainable development and ensuring fair distribution of development opportunities and benefits. CFM is committed to operating in accordance with all (international) legal requirements and agreements, including the ILO Core Conventions and the United Nations Guiding Principles on Business and Human Rights. CFM's Human Rights Position Statement details CFM's underpinning commitments relating to human rights.

CFM refrains from providing support for activities that may contribute to violations of a state's human rights obligations and the core international human rights treaties, and seeks to support the protection and fulfilment of human rights. CFM upholds the principles of accountability and the rule of law, participation and inclusion, and equality and non-discrimination. CFM also ensures the meaningful, effective and informed participation of stakeholders in the formulation, implementation, monitoring and evaluation of its activities.

Arrangements for respecting human rights are incorporated into CFM's governance structure and policies. CFM considers itself an equal opportunity employer and aims to eliminate all forms of unfair discrimination in the recruitment and selection of staff, as well as in relation to all other aspects of labour and working conditions. CFM operates an internal grievance mechanism available to all CFM employees and this is described in the Human Resources Policy. In accordance with the CFM Group Human Resources Policy, CFM requires all aspects of labour and working conditions to be managed in line with IFC PS2 and in compliance with national legislation. All Project Companies are required to put in place equivalent arrangements. Further information regarding Project Company requirements are described in Annex 1.

All Project Companies, including contractors and primary suppliers[3] over which the Project Company has control or influence are required to adhere to the same standards. Furthermore, in recognition of the growing awareness of the risk of human rights violations in the supply chain, all prospective Project Companies will be required to provide information relating to their suppliers as part of a due diligence assessment. The focus will be mainly on civil and political rights concerning working conditions; terms of employment; protecting the workforce; worker's grievance mechanism; the right to form unions; potential for child/forced/trafficked labour; and policies for non-discrimination and equal opportunity. CFM acknowledges that this is an emerging global issue and is committed to adopting guidance and best practices as they are developed as part of its overall approach to responsible investment.

4.4 Gender Equality and Women's Empowerment

CFM's gender policy details the commitments and arrangements for achieving gender equality and women's empowerment both within the business and in relation to the Managed Vehicles. CFM recognises that for the investments it manages to be successful, they must be gender-sensitive. The use of the term 'gender' refers to the social relations between women and men; thereby the need to work with women and men to ensure both equitably benefit. It is further recognised that women have as much to gain from its Projects (and particularly from increased access to energy and water and sanitation) as men but given their relative social position, will likely not profit as men from the access to energy, water and sanitation resources.

CFM considers women as employees, end-users and beneficiaries of its investments, both directly and indirectly including through the community development programmes. During the development phase, CFM commissions an analysis of the local gender context of each asset, along with the preparation of an action plan that will seek

[3] Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core business processes of the Project (source: IFC PS2).

to address the challenges and opportunities for women and girls. CFM requires the action plan to be implemented throughout the lifecycle of an asset, from the start of construction, during operation and maintenance, and in decommissioning. This plan will also form part of the handover and exit from an investment.

CFM also recognises the issue of gender-based violence and harassment (GBVH) which is often experienced by women and girls more so than male members of the workforce and society at large. In line with best practice guidance[4], CFM requires all Projects to implement measures to safeguard female members of its workforce as well as in the broader communities it serves. This includes consideration of the risks associated with GBVH at all stages of the investment lifecycle, adoption of controls to avoid cases of GBVH, and measures to respond to and address reported or suspected cases. The worker grievance mechanism adopted by the Project will make specific provision for a survivor-centred approach to responding to such cases as well as providing the necessary support to witnesses and others such as whistle blowers, with those involved in managing the case receiving appropriate training in line with international guidance.

The community grievance mechanism will make specific provision for cases of GBVH that may be reported by local community members. This provision will ensure a timely and survivor-centred response and access to redress, and ensure appropriate safeguards are in place to protect any witnesses, as well as other stakeholders (e.g. family members). All Project workers responsible for receiving, responding to, and addressing cases of GBVH must receive appropriate training in line with international best practice. Ongoing monitoring of the risks and associated control measures will be required throughout the lifetime of the Project.

4.5 Local Community Development

CFM is committed to responsible investments, and seeks to develop, construct and operate all its investments in accordance with the highest international E&S standards. CFM is also committed to maximising the opportunities for E&S benefits particularly to local communities in the area of influence of its Project investments. The objective is to ensure that all Projects contribute to society in an impactful way and at the same time enjoy the ongoing support of the broader community of which the Project forms part and serves. At CFM, community development is guided by the following set of principles.

- Sustainable – Community development programmes will be designed to contribute to the relevant UN SDGs and will promote self-reliance and avoid dependency whilst creating opportunities for government support and partnerships with other development actors; they will have a clear and sustainable exit strategy.
- Community-Led - Community development programmes will be gender-inclusive, will be designed, planned, implemented and managed in consultation with and participation of community members and beneficiaries, including those identified as vulnerable.
- Inclusive – the development and delivery of programmes will involve engagement with national, regional and local governments as relevant, NGOs and CSOs, development agencies and other local stakeholders active in community development. This will seek to achieve a good fit with existing development activities in the area, and to be replicable across other communities as needed.
- Transparent – The development, implementation and management of all community development programmes will be governed by CFM's RIC and shall be transparent, auditable and open to internal and external scrutiny.

[4] Such guidance includes the guidance for the private sector produced jointly by EBRD, IFC and CDC entitled: Addressing Gender Based Violence and Harassment, July 2020.

- Measurable - Key Performance Indicators will be established to measure the value that community development programmes give to the intended beneficiaries using outcomes and impact indicators to measure change.

4.6 Broad Community Support

Maintenance and retention of ongoing broad community support (also referred to as social licence to operate) is critical to the success of the Project throughout all stages of the investment. During the development phase CFM relies on the Project Company to build positive community relations in accordance with local legal requirements. The Project Company is expected to appoint a community liaison officer to engage directly with the host communities and to provide updates regarding the progress of the Project. The extent to which the engagement is conducted, and with which stakeholder groups, is context-specific but will normally involve at least the representatives of the community. The preparation and use of key messages is critical to ensure that consistent and clear messaging is used and to manage expectations. During the construction, operating and decommissioning phases of a Project, the ongoing monitoring will be conducted through the implementation of the SEP.

4.7 Transparency and Disclosure

CFM is fully committed to the transparency and disclosure of information relating to the sustainability aspects of the Managed Vehicles.

As an alternative investment fund manager domiciled in the EU, CFM is also obliged to comply with relevant EU legislation in this regard and has established arrangements to comply with the Sustainable Financial Disclosure Regulation (SFDR) (EU 2019/2088) and associated delegated Regulations. Information published on CFM's website includes a description of how E&S is integrated into the investment process, the E&S risk categorisation of each Project and the potential adverse E&S impacts. This ESMS Manual is also publicly available, along with the Responsible Investment Code, the Responsible Investment Policy, and other documents. In accordance with SFDR requirements, CFM is also committed to periodic public disclosures of the E&S impacts of each Managed Vehicle. Information is also included in marketing materials for the Managed Vehicles, including in the private placement memorandum prepared for each new fund.

Some investors in the Managed Vehicles also require certain information to be disclosed as part of the investment process. The specific requirements are detailed in side letters to the investment agreements. Accordingly, CFM is committed to: (i) the timely disclosure of information prior to approval of a proposed CEF investment; (ii) disclosure of information in English and in the national language(s) of the country in which the Project will be located; and (iii) making the information available in locations accessible to people who may be affected by or interested in the Project. CFM has established a Disclosures Procedure which describes the arrangements and process for disclosures.

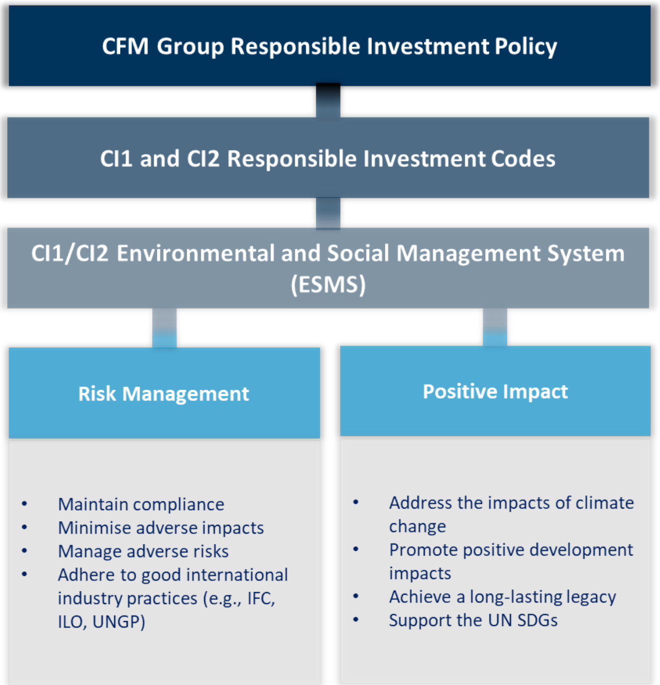
Disclosure also happens at the local level within Project communities. Further information is included in Section 8.7.

5 Responsible Investment Framework

5.1 Introduction

CFM's approach to responsible investment is enshrined in the CFM Group Responsible Investment Policy (the 'Policy') and complemented by the RIC for each Managed Vehicle which guides investment decisions and management activities. The ESMS provides the operational controls for managing the E&S risks and impacts associated with the Managed Vehicles through the arrangements described in this ESMS Manual and supporting documentation. This document hierarchy is presented in Figure 5-1 below.

Figure 5-1 CFM Responsible Investment Framework



5.2 CFM Group Responsible Investment Policy

The Policy sets out CFM's commitments for responsible investment in relation to health, safety, social and environmental governance. This is signed by the CFM CEO and is reviewed on an annual basis as part of the general policy review process. The Policy is communicated to all CFM staff as part of their induction and is available on the CFM website. The Project Companies into which the CFM Managed Vehicles are invested, and all contractors and subcontractors working for, or on behalf of the Project Companies are required to adopt the CFM SPV HSSE Policy which is based on the core commitments of CFM's Policy.

5.3 Managed Vehicle Responsible Investment Codes

The RIC for each Managed Vehicle describes the requirements for the implementation and operation of the Fund's ESMS, as described in this Manual. The RIC also defines minimum requirements pertaining to investments of the Fund along with E&S Requirements and Guiding Principles with which the Fund must comply.

5.4 CFM Group Gender Policy

CFM is committed to the mainstreaming of gender[1] throughout the organisation and through its Managed Vehicles. In so doing, CFM seeks to contribute to UN SDG 5 which seeks to achieve gender equality and empowerment of women and girls. CFM's commitments to gender equality are detailed in the CFM Gender Policy according to which all Projects must consider women as stakeholders, workers, and end-users (or "beneficiaries"). CFM's Projects are required to be gender-sensitive in their design and implementation. The overall objective of the gender policy is to ensure that - by adopting a gender-responsive approach - CFM contributes to gender equality and women's empowerment in the communities where CFM's Managed Vehicles are invested and within CFM.

5.5 Community Development Programmes

Community development must be organised and undertaken in accordance with the CFM Group Community Development Procedure. The community development programme will be formulated and documented by CFM on behalf of the Managed Vehicles during the development phase, for handover to the Project Company from the start of the construction phase. The responsibility for implementing the programme rests with the Project Company. CFM will conduct ongoing monitoring and evaluation of the impacts of the programme.

All community development programmes are designed to consider women as stakeholders, workers, and end-users (or 'beneficiaries') and to contribute to other relevant UN SDGs. The specific nature of the initiative is formed on the basis of stakeholder engagement and the assessment of community needs and opportunities.

5.6 Other Applicable E&S Requirements

In line with the RIC E&S Principles, the CFM Managed Vehicles and the Project Companies are required to:

- Achieve compliance with all relevant legal requirements, regulations, and industry specific codes of practice relating to E&S governance and management.
- Adhere to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.
- Work within a defined timeframe towards full compliance with the International Labor Organization ("ILO") Core Labor Standards and ILO Basic Terms and Conditions of Work.
- Respect the International Bill of Human Rights[2] in line with the UN Guiding Principles on Business and Human Rights[3].
- Carry out their operations in accordance with GIIP such as in the IFC Performance Standards on E&S Sustainability, the World Bank Group Environmental, Health and Safety Guidelines or other internationally recognized sources.

In addition, CFM is committed to complying with additional requirements that may be specified through the investment agreements and associated side letters.

[1] Gender mainstreaming is the systematic process of ensuring that women and men have equal access and control over resources, development benefits and decision-making at all stages of the development process through ensuring that the respective needs, interests and priorities of women and men are integrated into in all policies, programmes and Projects.

[2] The International Bill of Human Rights includes the United Nations ("UN") Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights and can be located here: https://www.ohchr.org/documents/publications/compilation1.1en.pdf

[3] https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

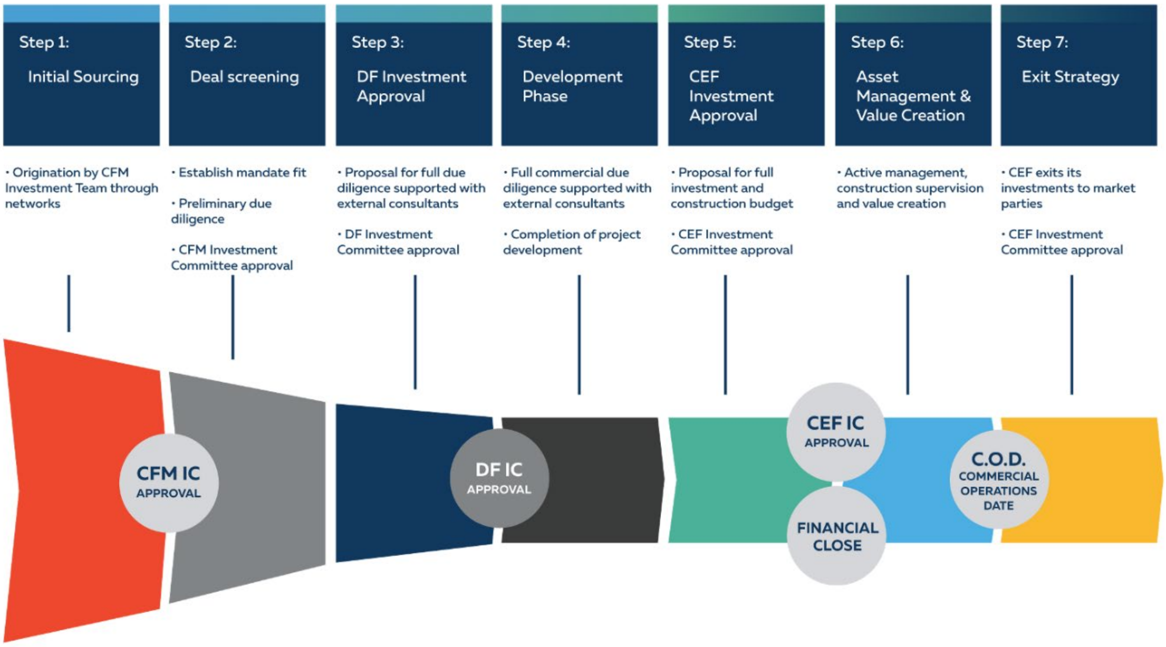
All investment and funding agreements with Project Companies and Project partners (including co-investors) will contain appropriate E&S covenants requiring investments to be in compliance with the Fund mandate including CFM’s E&S Requirements as described in this ESMS Manual.

6 ESG in the Investment Process

6.1 Introduction

This section describes the way in which the E&S impacts and risks are identified, evaluated, and incorporated into each stage of the investment process for the successful design, construction, operation of and exit from a Project. The investment process is outlined in the CFM Investments and Asset Management Policy and is presented in Figure 6-1. Typically, CFM will invest in a Project at an early stage of development and prior to any construction (i.e. a ‘greenfield’ Project). Development funding will be invested in such Projects and CFM will manage the process of development. In some cases, an investment may be considered which does not require development funding; for example a portfolio which includes existing (i.e. ‘brownfield’) assets, for which only construction equity funding is needed. Consideration of E&S risks and impacts is fully integrated into, and informs, each stage of the investment process.

Figure 6-1 Key Steps in the Investment Process



6.2 E&S Risk Categorisation

All potential investments are assessed in terms of the potential E&S risks and are assigned an E&S risk categorisation. There are four risk categories and these are aligned with those used by FMO. They are presented in Table 6-1.

In those cases where DF has not been invested, and where the risk rating is determined to be Category A (high risk) the Project will not be considered beyond the due diligence phase (Step 2 in Figure 6-1). Beyond the development phase, CFM will consider progressing (beyond the development phase to the CEF Investment Committee) with a high risk (Category A) Project only if the conditions listed in Table 6-2 can be met. At each stage in the investment process, CFM will consider this list of conditions on the basis of information that is gathered in the preceding stages, and confirm if the rating remains as Category A or may be adjusted.

Where the E&S footprint of the proposed investment is not well enough understood or defined at the time of conducting the deal screening (Step 2), the E&S risk category will be determined on the basis of the inherent E&S risks associated with the Project type as well as the information available regarding the E&S characteristics of the planned Project activities and the likely geographical setting.

Investments that are known to have significant impacts on either or both environmental and social receptors, and which are expected to be located in a sensitive environmental area or an area where significant social disruption is anticipated, will be categorised as A. Where the same Project type is to be located in a lower E&S risk setting, a risk category of B+ may be assigned but this will be determined on the basis of Project-specific information. This approach is aligned with that adopted by IFC, the World Bank, and other development finance institutions.

Table 6-1 E&S Risk Categorisation

Risk Category	Description
Category A (High risk)	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented. This category includes (but is not limited to) Projects that are a narrow highest risk subset of all Projects, which: (i) could adversely impact on critical habitat as defined in IFC PS 6, paragraphs 16-19; and/or (ii) could adversely impact on natural habitat as defined in IFC PS6, paragraphs 13-15[4]; and/or (iii) incur complex resettlement (subset of PS5); and/or (iv) in relation to indigenous peoples, trigger the FPIC requirements of PS 7, as set out in IFC PS7, paragraphs 13-17[5]; and/or (v) incur impacts on critical cultural heritage as defined in IFC PS8, paragraphs 13-15; and/or (vi) demonstrate a context of social and/or political conflict and/or severe security issues that pose a significant potential risk to the Project; and/or (vii) present potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented.
Category B+ (Medium high risk)	Projects with potential adverse social or environmental impacts that are generally beyond the site boundaries, largely reversible and can be addressed through relevant mitigation measures.
Category B (Medium low risk)	Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
Category C (Low risk)	Projects with minimal or no adverse social or environmental impact.

[4] Natural habitats are defined as areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition. Adverse impacts include significantly degrading or converting natural habitats.

[5] In summary this includes: impacts on lands and natural resources subject to traditional ownership or under customary use; or relocation of indigenous peoples from lands and natural resources subject to traditional ownership or under customary use; or significant impacts on critical cultural heritage or proposed commercial use of cultural heritage.

Table 6-2 Conditions to be met for Category A Projects to Proceed Beyond Development Phase

Conditions for Category A Projects to be Approved	
Category A	CFM will avoid any investment that is rated as Category A unless the following conditions can be met prior to seeking in-principle approval for CEF: • None of the exclusions listed in Annex 4 are triggered in relation to Indigenous Peoples; and • On the basis of the ESIA, the positive E&S impacts of the Project would outweigh the potential adverse E&S impacts of the Project and the no-Project alternative scenario; and • There is clear and convincing evidence that the Project will deliver a high development impact in the Project area of influence; and • The involvement of CFM Managed Vehicles commenced in the DF phase, ensuring adequate leverage to control the development of the Project in line with international standards; and • The Project has undertaken consultation and obtained the necessary consent from affected communities in line with the IFC PS; and • Expert capacity (to be identified by CFM) will be dedicated to the mitigation and management of all identified adverse impacts throughout all phases of the Project; and • Impact and risk mitigation and control measures will be implemented in accordance with CFM's requirements as detailed in this ESMS Manual at all stages of the Project.

6.3 Deal Screening: Screening of E&S Risks

The potential E&S risks of new investment opportunities are subject to rigorous analysis through the due diligence screening process which culminates in a preliminary E&S risk categorisation and set of defined actions for the next stage in the process. The key E&S risk screening activities conducted by CFM at the deal screening stage are described in Table 6-3. A summary of the key potential E&S risks along with the preliminary E&S risk categorisation will be included in the 'deal screen' paper presented to the internal CFM Investment Committee for consideration. Initial recommendations for the required scope of due diligence will be identified at this stage.

Table 6-3 Screening and Categorisation Activities

Activity	Description
Desk-based E&S screening assessment	• Completion of the E&S screening assessment (using the appropriate E&S Screening Assessment template) and the FMO ESG Toolkit[6] to determine the potential E&S risks associated with the Project and its Associated Facilities. The assessment shall also consider the E&S risks and impacts (including any potential reputational risks) associated with any other current or planned activities or developments of which the Project may form part, or be considered by external stakeholder groups (e.g. communities, NGOs, CSOs) to form part, even if they are separate from the Project[7]. • The screening assessment for CI2 also includes a landscape analysis which is designed to identify potential E&S risks and opportunities within the broader landscape of which the Project will form part.
Climate Change	• All CI1 deals must fit the mandate requirement to contribute to climate change mitigation through the reduction and future avoidance of GHG emissions.

[6] Available online at www.fmo.nl

[7] Examples include, a solar installation on a factory roof operated by the proposed offtaker; the development of a project on greenfield site which may form part of a municipal master plan for development of a new port complex.

Activity	Description
	• For CI2 Projects, an assessment shall be conducted of the potential for the proposed investment to contribute to climate change mitigation or adaptation as its principal objective and this is done in line with the OECD DAC Rio Markers Handbook. CFM has developed a Rio Marker Assessment tool for this purpose. • All proposed Projects shall be assessed to determine their eligibility as economic activities under the EU Taxonomy Regulation ((EU) 2020/852).
Human Rights Assessment	• The FMO Human Rights Toolkit shall be used to conduct an evaluation of human rights contextual risks including those related to the supply chain. If required on the basis of the outcome of the evaluation, further specialist studies may be required as part of the due diligence process. • For all other investments, the Human Rights Toolkit shall be used when the E&S Screening Assessment indicates the risk to be Medium or High.
Indigenous Peoples Assessment	• The screening phase should identify the existence of IPs in the Project's area of influence that may be potentially affected by the Project. If the screening identifies IPs, further analysis will be required both during due diligence and subsequently in the development phase.
Physical and Economic Resettlement	• The screening phase should identify the presence of residential or other built structures on the Project site, and/or existing use of the land for livelihood purposes (e.g. agriculture). These may be indicative of a potential risk of resettlement impacts associated with the Project.
External Factors Review	• Review of information in the public domain to check if there is any negative social media, documentation or information in the public domain, showing unacceptable E&S management practices with the Project Developer, Sponsor or Counterparty, which could harm the reputation of the Investors or point towards the inability of a Project to obtain a 'social licence to operate'. This could include, but not be limited to, any reports of conflict, protest, serious incident, court cases etc., including negative media or other third party attention and relevant NGO agendas. • Specific concerns associated with the Developer's/Sponsor's/Counterparty's suppliers will also be assessed in order to determine the potential for supply chain risks to exist, in particular those relating to human rights. This review is conducted as part of the desk-based E&S screening assessment.
Exclusion List check	• A review undertaken to identify if the Project Developer (or Sponsor or Counterparty) is involved in any activities that are included in CFM's Exclusion List (as listed in the RIC and included in Annex 3 of this ESMS Manual). • This review is recorded in an exclusion list compliance check template. If any aspect of the exclusion list is triggered, the investment will not be considered further.
Project Developer E&S awareness, capacity and commitment	• Interview with the Project Developer to establish an initial understanding of their internal E&S resources, competence, and aptitude for managing E&S in accordance with CFM's requirements.

6.4 DF Investment Approval

6.4.1 Overview of Due Diligence Activities

Once the proposed investment has been approved by the CFM IC, due diligence activities will be undertaken. The nature of the due diligence will vary and is based on the risk categorization. A visit to the Project location(s) and interviews with relevant stakeholders will be undertaken for all Projects with the exception of Category C Projects for which a desk-based review of information is likely to be sufficient.

The purpose of conducting due diligence is to confirm the required activities that will need to be undertaken in the development of the Project along with the required budget to fund these development activities. The due diligence also provides the opportunity to gather additional information and if necessary, revise the risk categorization. External consultant(s) may be appointed to conduct the due diligence assessment. The reference against which all Projects will be assessed is the IFC Performance Standards, along with the requirements of this ESMS, and the local legal framework.

The due diligence activities are described in Table 6-4. The scope of the due diligence assessment will cover the aspects detailed in Table 6-5; additional topics may be added as considered necessary for each individual investment. The findings of the due diligence will be classified in accordance with the categories described in Table 6-6.

Table 6-4 Due Diligence Activities

Activity	Description
Document review	• A review of available information (typically provided in a virtual data room by the Project Developer) will be conducted by the ESG team. This may involve a review of any existing reports such as a 'red flags' report, an ESIA report, etc.
Site visit (Cat. A, B+ and B Projects)	• A site visit will be conducted by the ESG team and/or an external consultant(s)[8] to further assess the potential E&S risks and impacts of the Project, its Associated Facilities, and any other current or planned activities or developments of which the Project may form part, and to identify 'red flag' issues of concern. • Category C Projects will not normally be subject to a site visit.
Assessment of Project Developer E&S awareness, capacity and commitment	• Interviews with the Project Developer and other key stakeholders to ascertain their internal E&S resources, competence, and aptitude for managing E&S in accordance with CFM's requirements.
Review of E&S Categorisation	• During the due diligence process the E&S risk categorization will be revisited to confirm that it remains appropriate or needs to be modified on the basis of new information that may be generated.
ESAP	• The output of the due diligence assessment will be an E&S action plan detailing the necessary actions required to be undertaken during the development phase to address areas of concern. • On the basis of the assessment, the provisional E&S risk rating shall be confirmed. Note that in the case of Projects rated as Category A or B+ (and potentially also B), the rating will be finally confirmed once any further necessary studies (e.g. ESIA) have been completed.

Table 6-5 Due Diligence Assessment Scope of Work

Risk Category	Description
Overview of E&S legislation	• Applicable E&S legislation with which the Project needs to comply with during the planning, installation and operation phases.
Overview of requirements for E&S permits/licences and the process to follow	• Identification of the relevant E&S permits required to implement the Project, including requirements and applicability of the regulatory environmental (and social if included) impact assessment (EIA) process to meet applicable regulations.
Associated facilities and activities	• Identification of associated facilities and activities (as defined by IFC PS1). • Potential impacts of the facilities that are/will be managed by developer/promoter/counterparty including those that would not fall within the IFC PS1 definition of Associated Facilities but with which an association may

[8] Only consultancies that have been pre-approved by CFM will be invited to tender for the due diligence assessment. All procurement shall be conducted in accordance with CFM's Procurement Policy.

Risk Category	Description
	present a risk to reputation and/or is contrary to the mandate of the Managed Vehicles. Refer to Table 6-3 for more information.
Project stakeholders	• Description of the key Project stakeholders, including confirmation of the ethnicity of the people and potential presence of indigenous peoples, ethnic minorities, and vulnerable persons.
Gender and human rights	• Overview of gender and human rights issues in the country/region including potential risks associated with the Project workforce and supply chain.
Indigenous Peoples	• If the existence of IP communities in the Project area is determined during the E&S screening phase, a specialist assessment will be required as part of the due diligence to confirm the presence of IP communities and the potential risk of adverse impact.
Resettlement	• The due diligence should seek to confirm the presence of residential or other structures on the Project site, and any ongoing livelihood activities, as well as any other uses of the land (including but not limited to: use of ecosystem services; spiritual or religious purposes).
Supply Chain	• The due diligence assessment shall involve an assessment of the potential risks associated with the Project Company's supply chain with a specific focus on labour, working conditions and human rights. • The assessment shall - at a minimum - take into account the different type of workers, including full time, temporary, daily, contractor and supply chain workers as defined in IFC PS2. The key objectives will be to: - understand current and potential labor risks posed by the Project activities (including any high-risk contextual issues). - assess whether the human resources policies, practices and management systems applicable to the Project are in line with IFC PS 2 requirements. - assess how the human resources policies and management systems apply across the contracting chain i.e. all (sub-)contractors and core suppliers within Project scope. - opine on the capacity of the Client and of the main contractor to comply with IFC PS2 requirements. - identify mitigation, management and monitoring measures to address the root causes of actual or potential labor issues that (are likely to) prevent compliance with IFC PS2 requirements, including a timeframe for such measures.
Climate change	• Overview of the potential climate change risks and impacts. This will be supplemented by a climate risk and vulnerability assessment which will be conducted during the development phase.
Community development opportunities	• A separate community needs assessment will be commissioned, however, any community needs and opportunities identified during the course of the due diligence will also be recorded.

Table 6-6 Description of Individual Issue Categories

Category	Definition of the Category
Red Flag Issue / Fatal Flaw	• Issues that trigger aspects of the IFC Project Exclusion List/Prohibited Activities; • Issues that are not aligned to international standards and best practices and would have a significant financial implication (> US$ 0.5 million) to mitigate; • Issues that can result in a significant regulatory non-compliance that may have repercussions for operational shut down, significant reputational damage and/or heavy fines/criminal proceedings;

Category	Definition of the Category
	• Issues that would have irreversible impacts on ecological and/or social resources or receptors; and/or • Issues that could result in potential reputational and other impacts involving international media/watchdogs.
High Risk Issue	• Issues that are not aligned to international standards and best practices and would have a major financial implication (> US$ 0.3 million) to mitigate; • Issues that may have reputational risks for CFM and/or its assets and could lead to conflict with communities/external stakeholders; • Issues that are not aligned to the IFC Performance Standards and would have long-term repercussions in management of E&S performance of the Project (e.g. may extend outside of the typical Project development timeframe advised by CFM); • Issues that are/may result in regulatory non-compliances leading to fines, significant business interruption and potential criminal proceedings in extreme scenarios; and/or • Issues that could result in reputational and other impacts involving national media/watchdogs.
Medium Risk Issue	• Issues that are not aligned to international standards and best practices and could have a moderate financial implication (> US$ 0.1 million) to mitigate; • Issues that may result in business interruption in the short-term but will not result in long-term implications for the Project; • Issues that may result in a non-compliance and/or enforcement action but will can be easily remedied and will not result in long-term implications for the Project; and/or • Issues that could result in reputational and other impacts involving local/regional media/watchdogs.
Low Risk Issue	• Issues that are a non-alignment with IFC Performance Standards and/or good international industry practice (GIIP), but can be readily addressed at minimal cost and will not attract adverse stakeholder/media/NGO attention.

6.4.2 Presentation to DF IC

A summary of the E&S due diligence findings and the programme of development activities will be included in the FIP prepared for presentation to the Development Fund (DF) Investment Committee (IC). The information included in the FIP is summarised in Table 6-7. The DF IC will take into account these issues when considering the investment.

Table 6-7 DF FIP E&S Overview

Topic	Description
Summary of key E&S risks	• Information about key risks identified through the due diligence activities is used provide an overview of the following: stakeholders and local communities; potential resettlement requirements; presence of Indigenous Peoples; human rights and labour concerns; gender context; environmental sensitivity, Associated Facilities and other current or planned developments which may present a risk of association, plus other context-specific concerns.
Assessment of Project Developer E&S awareness, capacity and commitment	• Summary of E&S organisational and management arrangements including designation of E&S roles and responsibilities, availability of existing E&S policy and management system, status of compliance with applicable legal requirements, overall aptitude for adopting CFM E&S requirements.

Topic	Description
Community development	• Programme opportunities and required budget allocation.
E&S Risk Categorisation	• Statement of the categorisation of the Project (to be confirmed on completion of the ESIA where applicable).
Required Activities and Budget	• Required E&S development tasks including phasing of associated activities and estimated budget requirements.

6.5 Development Phase

6.5.1 Overview of E&S Activities

In the development stage, the programme of activities presented in the DF IC FIP will be undertaken. The purpose of these activities is to evaluate the potential E&S impacts and risks of the Project. Where necessary, this includes commissioning an ESIA and other specialist studies to achieve compliance with international standards. The programme of activities is determined by the contextual nature of the Project and will be aligned with the requirements described in Table 6-8. Prior to commencing the programme of activities, the Managed Vehicle and the Project Developer (or Sponsor or Counterparty) will enter into a development agreement[9]. This Agreement will contain appropriate E&S covenants requiring investments to be in compliance with the applicable E&S Requirements as described in Section 5.6.

Table 6-8 Development Activities

Requirements	Description
ESIA and ESMP	• For Category A and B+ Projects, CFM requires the prospective Project Company to prepare and submit to CFM for review an ESIA report as well as an ESMP. • An ESIA may also be required for Category B Projects and this will be determined by CFM on a case-by-case basis. • If an impact assessment has already been conducted, the prospective Project Company shall provide this to CFM for review and to confirm the extent of alignment to the IFC Performance Standards. Where gaps exist, CFM shall require the prospective Project Company to commission the studies relevant to address them. • CFM will typically oversee (and may manage) the selection of the ESIA consultancy[10]; the ESIA process; review of the ESIA report and any additionally required documents (e.g. resettlement action plan, livelihood restoration plan, biodiversity action or management plan), and will influence and guide the process to ensure that relevant requirements – including the IFC Performance Standards - are met. • For Category A Projects certain studies or assessments may be undertaken at the earliest opportunity (frontloaded in the ESIA process) in order to best manage the potential environmental or social risks presented. For example, in an area of sensitive biodiversity, a critical habitat assessment may be commissioned before embarking on the ESIA.
Climate Change	• All proposed Projects shall be assessed to determine their eligibility as economic activities under the EU Taxonomy Regulation ((EU) 2020/852).

[9] This may be in the form of a Joint Development Agreement (JDA), a Development Corporation Agreement (DCA) or a Development Funding Agreement (DFA).
[10] Only consultancies that have been pre-approved by CFM will be invited to tender for the ESIA. All procurement shall be conducted in accordance with CFM's Procurement Policy. If the consultancy has already been appointed by the counterparty, CFM will appoint a preferred consultancy to undertake an independent expert review of the process and outcome.

Requirements	Description
	• In addition, an assessment shall be undertaken to determine compliance with the technical screening criteria detailed in the delegated regulations that supplement the EU Taxonomy Regulation in order to demonstrate that the Project will (a) make a significant environmental contribution, and (b) will not cause significant harm in relation to the defined environmental objectives. • A robust climate risk and vulnerability assessment shall be conducted which is aligned with the technical screening criteria detailed in the Delegated Taxonomy Regulation ((EU) 2021/2139) supplementing the EU Taxonomy Regulation ((EU) 2020/852) for climate change mitigation or climate adaptation projects.
Indigenous Peoples	• Should the existence of IPs in the Project area be confirmed, the Project Company shall establish the arrangements necessary to comply with the requirements described in Annex 4). • The consultancy appointed to complete the ESIA shall arrange for the necessary expertise in relation to IP impact assessment, including local knowledge where required. • The scope of the ESIA shall include a specific focus on the IP community, aligned with the requirements of the IPPF. • If considered necessary on the basis of the ESIA, an IPP will be developed for implementation by the Project Company.
Involuntary Land Acquisition and Resettlement	• An assessment of the impacts of any potential economic and or physical resettlement will be included in the ESIA. Should resettlement be required, it shall be managed in accordance with Annex 5). • If considered necessary on the basis of the ESIA, a resettlement action plan (RAP) will be developed for implementation by the Project Company.
Human Rights	• In circumstances where Human Rights have been identified as a potential concern either during deal screen, detailed due diligence or during the scoping of the ESIA, a specific focus on human rights will be integrated into the ESIA.
Stakeholder Engagement Plan and Grievance Mechanism	• The prospective Project Company shall prepare and implement an IFC-compliant Stakeholder Engagement Plan (SEP) and grievance mechanism. Typically this will be done as part of the ESIA. Where IP communities are present, the SEP and grievance mechanism shall include specific arrangements appropriate to their needs. • The grievance mechanism shall incorporate specific and survivor-centred measures for responding to and managing reported cases of GBVH, with such measures also providing for the appropriate safeguarding of any witnesses, and other stakeholders such as whistleblowers.
Gender Analysis and Action Plan	• All prospective Project Companies are required to commission a local gender analysis and gender action plan for implementation in all phases of the Project. This may be incorporated into the scope of work for the ESIA. The ESIA team will be required to include a gender expert. • The analysis will be required to consider risks associated with GBVH and the required control measures and ongoing monitoring activities.
Cumulative Impacts	• Where relevant for the specific Project context, the ESIA will also consider an assessment and evaluation of cumulative impacts[11] and associated facilities of the Project in accordance with the requirements and guidance of IFC PS1.
Additional Studies	• Where relevant, and based on the Project context, additional studies may also be required. These will be determined on a case by case basis. • The Project Company will be required to adopt and adhere to the requirements of any related documents which may include management plans and policies.

[11] Cumulative impacts are those that result from the incremental impact, on areas or resources used or directly impacted by the Project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

Requirements	Description
Review of E&S Categorisation	• During the ESIA process the risk categorization will be revisited to confirm that it remains appropriate on the basis of new information that may be generated during the scoping phase, baseline, and/or stakeholder engagement activities.
Commitment and competence of Project Company to E&S Requirements	• Further analysis will be undertaken of the prospective Project Company's E&S performance, competence and receptiveness to aligning with CFM's E&S requirements. Any pre-existing documents such as an E&S management system will be reviewed. E&S resources and budget needs for the construction phase of the Project will be determined. • The prospective Project Company must be able to demonstrate a commitment to the requirements of this ESMS, and responsiveness with regard to collating and accessing data and information.
Community development	• Community needs assessment and preparation of a community development plan. Typically the needs assessment will be incorporated into the ESIA process.

6.6 CEF Investment Approval

Prior to proceeding to the CEF IC seeking in-principle approval for all proposed CEF investments which have already received DF, CFM will conduct the due diligence activities detailed in Table 6-9. The purpose is to confirm that the prospective Project Company has satisfactorily completed all necessary work that is specified in the development phase contract documentation. If a potential Project is being considered for CEF without having already received DF investment, it will be necessary to conduct thorough due diligence to assess and categorise the Project prior to proceeding further. The required activities and outcomes are summarised in Table 6-10.

Table 6-9 Required Due Diligence Activities and Outcomes for Projects with DF

Activity	Description
Evaluation of development phase outcomes	• Desk-based review of the outcomes/deliverables from the DF investment process including the ESIA, where an ESIA is required. • If needed, a visit to the Project will be undertaken to confirm that the status of the Project site and the area of influence has not changed, and that the Project Company is sufficiently prepared for the implementation of the required impact and risk mitigation and control measures.
E&S risk categorization	• Confirmation of the E&S risk category on the basis of the outcomes/deliverables from the DF investment process. • If, on the basis of the DF phase studies the E&S risk rating remains as, or is increased to Category A, it will be necessary to determine if the conditions described in Table 6-2 can be met. If they cannot, the Project will not proceed.
Company awareness, capacity and commitment	• Confirmation based on the E&S outcomes / deliverables from the DF investment process of the developer's competency and capacity to adequately manage E&S impacts and risks during construction.

Table 6-10 Required Due Diligence Activities and Outcomes for Projects without DF

Activity	Description
Desk-based contextual risk analysis	• This desk-based analysis involves the due diligence activities described in Table 6-3. In addition, a review will be conducted to confirm the completeness and adequacy of the Project's ESIA and other related studies.
Site Visit	• A member of the CFM ESG team will conduct a site visit at least once prior to FIP submission and may also conduct additional site visit prior to equity financial close if considered by the Regional ESG Manager to be necessary.

Activity	Description
External ESDD Assessment	• All Projects being considered for CEF that have not been developed with DF investment, will be assessed by an independent external consultancy who has a track record of conducting ESDD assessment reviews in accordance with the Equator Principles and IFC PS.
Broad Community Support	• CFM will require the prospective Project Company to provide evidence of broad community support for the Project including: documentary evidence of stakeholder engagement and the minutes of meetings with stakeholders including the affected community; confirmation that BCS is in place; analysis of the threats to BCS, and evidence of management measures to manage the risk of loss of BCS.
E&S risk categorization	• As for DF Projects, an analysis must be made to establish the E&S risk category. • A Project rated by CFM as Category A and which has not been developed by DF will not be considered further.
Company awareness, capacity and commitment	• Preliminary high-level analysis of the client's record of accomplishment, including but not limited to strengths and weaknesses in relation to managing the expected E&S risks and to delivering positive impacts.

6.6.1 Presentation to CEF IC

Presented in Table 6-11 is a summary of the key considerations that will be included in the CEF FIP to be presented to the CEF IC for consideration.

Table 6-11 CEF FIP E&S Overview

Topic	Description
Summary of key E&S risks and impacts	• Summary of key E&S risks and impacts identified through the ESIA, ESAP and any other E&S reports available and confirmation that there is/are plan(s) for managing key E&S risks in place. • Confirmation that the Project has applied all applicable IFC PS, that a Project-level ESMS has been established, that all required permits and licences have been obtained prior to commencement of construction.
Commitment and competence of Project Company to E&S Requirements	• Summary of E&S management arrangements including but not limited to designation of E&S roles and responsibilities, policy statement, code of conduct, understanding of applicable legal and other requirements.
Community development	• Programme opportunities and required budget allocation.
E&S Risk Categorisation	• Statement of the confirmed E&S risk category.
Required Activities and Budget	• E&S requirements for the construction phase including phasing of activities and associated estimated costs.

6.6.2 Activities Prior to CEF Contracting

Prior to entering into the CEF contract the specific arrangements and commitments must be in place. These are detailed in Table 6-12.

Table 6-12 E&S Requirements for CEF Contracting

Activity	Description
Project Company HSSE Management System	• The prospective Project Company shall provide evidence of its commitment to implement the HSSE Policy and MS developed/reviewed and approved by CFM during the development phase.

Activity	Description
	• The prospective Project Company is also required to provide evidence of its commitment to implement the ESMP, all other E&S management plans, and the gender action plan to manage all identified impacts and risks. • The prospective Project Company shall commit to adopt the E&S requirements for EPC contractors to be provided by CFM.
Community Development	• The prospective Project Company shall provide evidence of its commitment to adopt and implement the Project community development programme post CEF financial close. • A commitment to the allocation of the budget for the community development programme shall be made in the SHA.
Project Company E&S Team	• The prospective Project Company shall designate E&S resources to implement the HSSE MS and all associated arrangements to comply with CFM's E&S Requirements. • If resources are not in place, the prospective Project Company is required to provide evidence of a recruitment plan with agreed milestones to be met which will be tied to disbursements. Recruitment of required resources will typically be a condition precedent to financial close. • The prospective Project Company is required to share the CVs of existing or proposed resources with CFM for approval.
Project Company External E&S Advisor	• If considered necessary, the prospective Project Company will be required to adopt a ToR prepared by CFM for external consultancy support to assist in the implementation of the E&S Requirements including those detailed in the ESMP and the ESAP.
Indigenous Peoples Expert and Legal Opinion	• In case IFC PS 7 is triggered an IP expert shall be appointed by the prospective Project Company (the expert to be appointed shall be subject to CFM's approval) and a comprehensive legal opinion shall be sought to confirm the legality of any agreement reached with IP.
Project Company Financial Commitments for E&S	• The prospective Project Company will be required to provide evidence of the budgetary commitments necessary to execute all E&S requirements.
ESAP	• A final version of the ESAP will be included in the SHA which details required E&S actions, timelines, deliverables and responsibilities to be committed to by the prospective Project Company. Action deadlines will be linked strategically to disbursements and other relevant milestones. • If support is offered by CFM to the prospective Project Company to develop the Project in accordance with ESAP requirements this will become part of the SHA. CFM will monitor progress in the close-out of the ESAP.
Project Company Board and/or Committee Representation	• Irrespective of CFM's right to appoint a member of the Project Company management board, the Board shall commit to include a member who will act in the broad interests of the Project Company regarding E&S. This board member shall have the capability and commitment to make E&S representations at senior level. • The SHA shall include a provision for the creation of an E&S sub-committee that will include representatives of all contracting parties and will be tasked with making recommendations for Board approval in relation to E&S management activities and decisions.

6.7 Asset Management: Construction, Operation and Maintenance

Once the CEF contracting is complete, the Project Company is required to implement the HSSE MS along with the ESIA commitments, the ESMP and the ESAP, and to manage all E&S impacts and risk in compliance with the E&S Requirements as listed in Annex 1 (Project Company HSSE Requirements).

Performance will be closely monitored by and on behalf of CFM through periodic construction phase audits. This is necessary to provide assurance that impacts and risks are being appropriately managed, and to identify non-conformances where they occur. Monitoring and evaluation activities are described in Section 7. Table 6-13 details the construction phase E&S activities and outcomes.

Table 6-13 Construction Phase E&S Activities and Outcomes

Activity	Description
Project Company HSSE Management System	• The Project Company shall implement the HSSE Policy, HSSE MS, the ESMP, the gender action plan, and all other management plans in accordance with the requirements detailed in Annex 1). • The EPC Contractor shall operate in accordance with the E&S requirements for EPC contractors and all other applicable requirements. The Project Company shall conduct ongoing monitoring to confirm this. • CFM shall continue to monitor HSSE performance in accordance with the arrangements detailed in Section 7.
Community Development	• The prospective Project Company shall implement the Project community development programme and shall provide CFM with regular updates on progress. • Contractual agreements shall be implemented with the selected delivery partner(s) to deliver the identified community interventions. • The allocated budget for the community development programme shall be managed and disbursed in accordance with the contractual agreement with the delivery partner. • CFM shall conduct or commission periodic monitoring and evaluation to be conducted to monitor the performance of the delivery partner and the programme.
Project Company E&S Team	• The Project Company shall appoint or retain sufficient E&S resources to implement the HSSE MS and all associated arrangements. • Where new resources are to be hired, CFM shall be invited to participate in the recruitment process, including in the review of CVs, interviews, and final selection.
Project Company External E&S Advisor	• If external consultancy support is retained to assist in the implementation of the E&S Requirements, the deliverables of the work undertaken by the consultancy shall be provided to CFM on request. • If CFM determines it necessary, the Project Company will be required to involve CFM in the ongoing management and monitoring of activities to be undertaken by the consultancy.
ESAP	• Throughout the construction phase CFM will monitor progress in the close-out of the ESAP. The Project Company will be required to provide regular (usually monthly) updates and evidence to support the close-out of actions.
Project Company Board and/or Committee Representation	• In accordance with the SHA CFM will typically designate a member of its ESG team to act as a member of the E&S sub-committee in order to participate in ongoing E&S management activities and decisions.

6.8 Decommissioning and Exit

In support of decision making regarding a planned exit from an investment, and in preparation for it, a plan will be established by CFM in collaboration with the investee company to ensure that the E&S impacts and risks are identified, evaluated, and managed. This plan will inform the overall decision-making process to be followed by CFM when exiting investments. CFM is committed to achieving a smooth transition of E&S risk and impact management to the new owner, and to conducting the exit process transparently with respect to all stakeholders. The specific considerations will be defined in advance of any planned future exit and will be formalised in supporting documentation.

7 Monitoring and Review

7.1 Introduction

This section presents the performance and impact monitoring and review activities that are undertaken during the investment lifecycle.

7.2 Project Monitoring

Table 7-1 details the monitoring activities conducted in relation to CI1 and CI2 funded assets during each stage of the investment. In the absence of physical visits to sites, an alternative means of conducting site monitoring must be adopted, for example virtual visits.

Table 7-1 Project Monitoring during the Investment Lifecycle

Topic	Description
Projects funded by DF	• During the development phase, CFM's Regional ESG Manager (or another member of CFM ESG staff) will conduct at least one visit to the Project site. The purpose of the visit will be to form a comprehensive understanding of the E&S context of the Project and to engage with key stakeholders. • If considered by the Regional ESG Manager (or another member of CFM ESG staff) to be necessary, the Project Company will be obliged to appoint an independent advisor to provide specialist monitoring expertise including monitoring of the ongoing level of broad community support.
Projects funded by CEF	• Post CEF financial close, the Regional ESG Manager (or another member of CFM ESG staff) shall conduct monthly reviews with the Project Company to monitor compliance with the E&S Requirements and progress in addressing the ESAP. Such reviews shall be conducted either in-person or virtually. Such monitoring shall continue until such time as all actions have been addressed to the satisfaction of the Regional ESG Manager. • For all Projects that are under construction, the Regional ESG Manager (or another member of CFM ESG staff) will conduct or otherwise commission at least two audits during the construction phase of the Project to confirm compliance with this ESMS Manual, and Project-specific documentation (e.g. the ESAP). CFM may appoint an External Advisor to conduct internal audits. • For all Projects that are in operation, at least one audit of E&S performance shall be conducted annually, and more often if considered by the Regional ESG Manager (or another member of CFM ESG staff) to be necessary on the basis of the E&S risk/impact of the Project. • All Project Companies shall monitor and review the E&S performance of its contractors and subcontractors employed at the Project site(s). The outcomes of such activities shall be reported to CFM on request.

7.3 Fund and Project Impact

Impact indicators are used to monitor the impacts of the Funds. Refer to Annex 6 for the full set of impact indicators used to monitor the impact of the Funds in relation to their sustainable development value. Monitoring and reporting the effectiveness of the Project-specific community development programmes will be undertaken in accordance with the arrangements detailed in the individual programme documents. Monitoring will be undertaken to assess the impact of the programme and the performance of both the programme and the delivery partner. The intention of Project impact monitoring is to confirm the extent to which the Project continues to maintain broad community support and delivers a net benefit to the communities within the Project's area of influence.

7.4 Monitoring Compliance with ESMS

CFM conducts periodic internal audits to assess the extent to which the requirements of this ESMS Manual are applied and adhered to in relation to all investment activities.

8 Reporting and External Communications

8.1 Introduction

This section presents an overview of the requirements for reporting to CFM by the Project Companies, and for CFM to report to its investors and other stakeholders.

8.2 Performance Reporting Requirements: Project Company

Project Companies are required to put in place systems to collect E&S performance data and information. Such systems shall be designed so that the data and information is complete and accurate and can be reported in a timely manner.

All Project Companies shall compile and report the E&S performance of the Project on an annual basis. In addition, all Project Companies in which CEF is invested and which are in construction shall also prepare a quarterly report that outlines the E&S performance of the Project. The annual and quarterly reports to be prepared by the Project Companies shall be prepared in accordance with the requirements detailed in Annex 1 and in a format specified by CFM.

8.3 Performance and Impact Reporting Requirements: CFM

CFM is obliged to submit reports to the Fund investors and donors. The reporting requirements are detailed in Table 8-1 below.

Table 8-1 Performance and Impact Reporting Requirements

Topic	Description
Annual E&S Performance Report	• CFM shall prepare an annual report to Investors for each of the Managed Vehicles. Included in these reports is the following E&S information. Refer to Annex 7 for further detail. - Consolidated ESG Update for the Fund within each Managed Vehicle. - E&S performance for each asset in the Fund Managed Vehicles. - Fund impact data. • CFM shall provide an overview of the annual report at the next Investor Meeting held after the report has been provided to Donors/Investors. • The annual report shall be submitted to Investors within ninety (90) days after the end of each financial year of the Managed Vehicles and no later than fifteen (15) days prior to the annual Donor/Investor Meetings. • All funded assets, irrespective of funding type, are required to submit the requested information in a timely manner using CFM's reporting templates/system.
Quarterly E&S Performance Report	• CFM shall submit a quarterly report detailing the E&S performance of all CEF and Climate Credit Fund assets. Refer to Annex 7 and Annex 8 for further detail. • The quarterly reports are submitted to Investors within 90 days of the end of each calendar quarter. • All CEF and Climate Credit funded assets are required to submit the requested information in a timely manner using CFM's reporting templates/system.

8.4 Accident and Incident Reporting

8.4.1 Project Company Requirements

All Project Companies are required to report and investigate all Significant Incidents and High Potential Incidents (collectively referred to as 'Reportable Incidents') in accordance with the requirements specified in Annex 1 (A1.11 Accident and Incident Reporting).

8.4.2 Fund Manager Reporting Requirements

CFM shall report all accidents and incidents to its investors and donors in accordance with CFM's internal incident management process and the arrangements described in Table 8-2.

Table 8-2 Reportable E&S Accidents and Incidents

Report	Requirement
Initial Notification	As soon as reasonably practicable and in any event within **five (5) calendar days** after becoming aware of the occurrence, CFM shall notify the investors and donors in writing of a Reportable Incident.
Detailed Incident / Accident Report (an 'investigation report')	As soon as reasonably practicable thereafter, but ultimately within **thirty (30) days** of the first notification report to the investors and donors, CFM shall provide a detailed report describing the nature of the Reportable Incident, the circumstances, the impact or effect arising or likely to arise there from, and the measures being taken, or planned to be taken, to address them and prevent any future similar event. This report may also be referred to as an investigation report.
Incident / Accident Progress Report	In severe cases, CFM will keep the investors and donors informed on a **quarterly basis** of the on-going implementation of the measures as defined in the Detailed Incident/Accident Report.

8.5 Grievance Mechanisms for External Stakeholders

An external grievance mechanism is provided for external stakeholders on the CFM website and this is described in Annex 9) It is intended for use by stakeholders such as NGOs and CSOs, government, investors, the general public, etc. to submit feedback, complaints, and grievances including those pertaining to issues such as GBVH. CFM is committed to providing a fair, transparent and constructive process that is survivor-centred and gender-responsive.

A grievance mechanism must also be implemented by each Project Company for use by Project-affected communities. The grievance mechanism shall provide unimpeded access to judicial or administrative remedies if available, and to the FMO independent complaints mechanism[12] which is available to external stakeholders of CFM, the Managed Vehicles, and the Projects. For projects in which the Green Climate Fund (GCF) is invested, the GCF Independent Redress Mechanism (IRM)[13] is also available. CFM will advise the Project Company if GCF is invested in the asset.

Project-level grievance mechanisms will be designed and operated in accordance with the Effectiveness Criteria detailed in Principle 31 of the United Nations Guiding Principles on Business and Human Rights. They will also be gender-responsive and survivor-centred in order to respond appropriately and sensitively to reported cases of GBVH. Further information regarding the design and management of Project-level grievance mechanisms is included in Annex 1.

[12] Available online at fmo.nl/complaints
[13] Available online at https://irm.greenclimate.fund/

8.6 Grievance Mechanism for Internal Stakeholders

CFM provides a grievance mechanism for its workforce and this is managed by the CFM Human Resources function, in accordance with the CFM Group Gender Policy and the CFM Group Code of Conduct. In the case of a gender-related complaint or grievance raised by a staff member, including cases of GBVH, external specialist advice and support would be retained.

8.7 Information Disclosure

8.7.1 Project Company Disclosure Requirements

Disclosure within Project communities is an ongoing process that starts in the development phase and continues throughout construction, operations, and exit.

The CFM Group Responsible Investment Policy includes a commitment to this effect, and this is further reinforced through the pre-contractual engagement process and in the contractual obligations established with all of the Projects in which the CFM Managed Vehicles are invested. All such engagement is conducted in line with the IFC Performance Standards and is documented in a Project-specific stakeholder engagement plan.

Project Companies are required to observe local legal requirements when making official public disclosures, and in accordance with the requirements specified in Annex 1.

8.7.2 Fund Manager Disclosure Requirements

In accordance with the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (the “Sustainable Finance Disclosure Regulations” or “SFDR”), CFM discloses information relating to all Projects receiving investment funding. Such information is published on the CFM website. CFM also makes disclosures relating to investments in accordance with investor public disclosure requirements. Refer to Section 4.7 for more information.

Annexures

Annex 1	Project Company Requirements
Annex 2	Environmental and Social Impacts Associated with CFM's Managed Vehicles
Annex 3	List of Excluded Activities
Annex 4	Indigenous Peoples Planning Framework
Annex 5	Resettlement Action Planning Framework
Annex 6	Fund Impact Indicators
Annex 7	Annual Fund E&S Performance and Impact Report to Investors
Annex 8	Quarterly Fund E&S Performance Report to Investors
Annex 9	CFM Grievance Redressal Mechanism

Annex 1 Project Company HSSE Requirements

A1.1 Introduction

This Annex sets out the key arrangements Project Companies have to put in place for mitigating and managing identified environmental and social (E&S) impacts and risks to be applied during Project construction, operation and decommissioning.

A1.2 Project Company Health, Safety, Social and Environmental Management System

CFM requires all Project Companies to develop and implement an HSSE MS (the "Project Company HSSE MS") prior to the start of the construction phase. The HSSE MS (which may also be referred to as an Environmental and Social Management System, or 'ESMS') shall detail the arrangements for implementing CFM's mandated requirements as detailed in the HSSE MS (as may be updated from time to time) as well as all requirements detailed in the Project Company's E&S Action Plan (ESAP) and all other applicable documentation.

The Project Company HSSE MS shall be based on the core aspects of the international standards ISO 14001:2015 and ISO 45001:2015 and include the components presented in Figure A1.1. Project Companies are also referred to the IFC ESMS Handbook and to the Project Company HSSE MS Template developed by CFM. Table A1.1 provides a summary of the core HSSE MS requirements.

Figure A1.1 HSSE MS Structure

Table A1.1 Core HSSE MS Requirements

Topic	Description
Policy	• Develop and implement a policy that defines its commitments and arrangements for managing environmental, health, safety and social risks and impacts. This Policy must be Project-specific. Refer to the Project Company HSSE Policy Template developed by CFM. • Communicate the policy to the Project workforce (including Project Company employees, contractors and third party workers). • The Policy must be available in all relevant local languages.
Compliance with Legal and Other Requirements	• Implement a process for complying with all applicable legal and other requirements including those detailed in this ESMS Manual as well as the ESMP (see below). Compliance will be subject to ongoing review by CFM in the form of periodic audits. • Proactively identify legal and other standards relevant to the management of their activities, and put measures in place to raise awareness of these among Project personnel. • Compile a register which details these requirements and how they apply to the Project. • Keep the register up to date and communicate it to relevant Project personnel.
ESMP	• For Projects requiring an ESIA, an ESMP will be prepared as an output of the ESIA process. This ESMP will detail the Project-specific actions required to manage and mitigate the E&S impacts as well as the arrangements required for compliance with legal and other requirements. • For Projects where an ESIA is not required, the need for an ESMP will be determined by CFM during the development phase. Typically an ESMP will be required for Projects that do not already have an established HSSE MS. The purpose of the HSSE MS in such cases is to guide the Project in the implementation of the minimum requirements for E&S impact and risk management. An ESMP template will be shared with the Project Company which will need to be tailored to align with the operating context of the Project. • The standard content of the ESMP comprises the following: - Introduction. - Reference standards (including relevant legal requirements). - Project description. - Role, responsibilities and competencies. - Overview of arrangements for stakeholder engagement and communication. - Description of the grievance mechanisms in place for internal and external stakeholders. - Overview of associated management plans for individual E&S aspects (e.g. waste management; hazardous materials; traffic safety, etc.). - Management, monitoring and reporting obligations with assigned responsibilities, indicators for compliance, and the compliance timeframe.
Risk Assessment and Management	• Develop and implement a documented process for the assessment and management of E&S risks. • Prepare risk assessments for all Project activities and keep them up to date. • Communicate risk assessments and required controls to all relevant workers. • Compile and maintain a risk register that summarises all risks and the required control measures.
Emergency Management	• Develop an emergency preparedness and response plan. • Take into account the needs of relevant interested parties (e.g. emergency services, communities, neighbours) as part of this process. • Provide first aid arrangements e.g. trained first-aid personnel, first aid equipment, and a first aid room where treatment can be carried out.

Topic	Description
	• Arrange access to emergency vehicles and ensure these will be sufficiently equipped to meet international standards. • Review the emergency response plan periodically and conduct emergency drills regularly.
Management Plans and Operational Controls	• For those Projects for which an ESIA has been developed, an ESMP will be prepared for implementation during Project construction. It provides the framework for the mitigation measures and monitoring programme required for the Project. It must be augmented with additional Project-specific management plans (as determined by the ESIA or other studies) to manage and monitor specific HSSE aspects and impacts during the construction phase. • For Projects that do not require an ESIA and/or are in operation, the Project Company will be required to develop and implement a set of operational controls in the form of documented procedures to address the HSSE aspects and impacts associated with its activities. • The management plans and/or procedures shall be prepared prior to commencing any related activities. The Project Companies shall ensure enough capacity and capability of its personnel to oversee their implementation.
Monitoring and Inspection	• Establish an HSSE monitoring and inspection programme based on the requirements of the ESMP, relevant legislation; permits and licences, and CFM's ESMS manual. This must detail the reporting frequency, monitoring locations (if applicable), methodology to be used, responsible party for conducting the monitoring, and the reporting process. • Document the monitoring results and ensure the implementation of corrective and preventive actions. • Establish a procedure and schedule for conducting internal audits and inspections to review Project Company HSSE performance. • Develop and implement a procedure for managing non-compliances and corrective actions. • Develop and implement a process for reporting the results of monitoring and inspection as required (e.g. to Project Company staff, the Project Company Board of Directors, investors, etc).

A1.3 Stakeholder Engagement and Management

The Project Company is required to identify the range of stakeholders[1] that may be interested in the Project, and establish a plan for ongoing communications with them. The level of stakeholder engagement that is required for a Project is determined during the development phase and shall be aligned with IFC PS1 as well as all applicable legal requirements. Project Companies shall commit to respecting the human rights of local communities and other external stakeholders including vulnerable groups such as women, children and Indigenous Peoples. Where the risk to human rights is identified, provisions shall be made to provide affected persons with access to remedy. The key requirements are detailed in Table A1.2 below.

Table A1.2 Stakeholder Engagement Requirements

Topic	Description
Stakeholder Engagement Plan	• Where the need is identified, implement a Stakeholder Engagement Plan (SEP) for external communications with all key stakeholder groups. This shall include: - Summary of international and national regulations and best practice governing stakeholder engagement. - Identification and analysis of stakeholders relevant to the Project.

[1] These may include government representatives, local businesses, suppliers of goods and services, and local communities.

Topic	Description
	- Methodology and programme of engagement activities during each phase of the Project. - Requirements for monitoring and reporting. • Develop and implement a procedure for the periodic disclosure and reporting of Project-related information to local communities. A procedure may be included and/or developed as part of the SEP.
External Communications	• For Projects that have limited/no adverse E&S impacts on local communities, it may not be necessary to implement a formal SEP. In these cases, the Project Company shall identify the relevant stakeholders, and establish a plan for periodic and ongoing external communications e.g. to provide updates on the Project. This is beneficial for maintaining positive relations and protecting the Project's reputation.
Broad Community Support	• The Project Company must strive at all times to maintain broad community support. This requires the ongoing implementation of the stakeholder engagement plan and community grievance mechanism, as well as implementation of measures for monitoring the extent to which such support exists and continues to be maintained. • As part of the Project's Community Development Programme (see Table below), the Project Company is required to identify opportunities to build goodwill during the development phase, with community development budget potentially available to support relevant initiatives. • During the construction and operating phases the Project Company is required to implement the formal community development programme to maintain ongoing community support. • The Project Company is required to gauge the extent to which broad community support is maintained through routine requests for feedback as part of the ongoing stakeholder engagement activities, as well as through ongoing monitoring of the grievances that are raised.
Community Grievance Mechanism	• Implement a grievance mechanism for local communities to raise complaints, concerns and grievances about the Project. • Ensure the grievance mechanism is compliant with all applicable local, regional and national legislation. • Manage the mechanism in accordance with the Effectiveness Criteria detailed in Principle 31 of the UN Guiding Principles on Business and Human Rights. • The mechanism must make specific provision for cases of GBVH that may be reported by local community members. This provision will ensure a timely and survivor-centred response and access to redress, and ensure appropriate safeguards are in place to also protect any witnesses, as well as other stakeholders (e.g. family members). All Project workers responsible for receiving, responding to, and addressing cases of GBVH must receive appropriate training in line with international best practice. • The grievance mechanism must be easy to understand and involve a transparent consultative process that is culturally appropriate and readily accessible. • There must be no cost associated with using it and it must be available for use without fear of retribution to the party that originated the issue or concern. • The mechanism must not impede access to or substitute judicial or administrative remedies or seek to replace these. • The Project affected communities must be informed about the mechanism and how to access it and use it. • Communicate to communities the availability of the FMO Independent Complaints Mechanism[2], and for projects in which the Green Climate Fund (GCF) is invested, the GCF Independent Redress Mechanism (IRM)[3]. CFM will advise the Project Company if GCF is invested in the asset.

[2] Available online at fmo.nl/complaints
[3] Available online at irm.greenclimatefund.com

Topic	Description
Grievance Management Procedure	• Implement a procedure for managing grievances which shall describe the process for: - Receiving and registering external communications from the public. - Screening and assessing the issues raised and determining how to address them. - Promptly responding to the grievance to confirm it has been received. - Providing, tracking, and documenting any responses. - Conducting trend analysis on grievances received to identify potential systemic issues. • Designate one or more person(s) with responsibility for responding to grievances and ensure they are sufficiently competent and have received necessary training to resolve day-to-day grievances. • Specific arrangements will be implemented for reported cases of GBVH. These will need to be tailored to reflect the local context in which the Project operates, but as a minimum will need to provide for a safe, confidential and child-friendly mechanism which may involve working with a local women's or youth organisation.
Community Liaison Officer	• Appoint a community liaison officer (CLO) whose role is to engage with the local communities, act as their primary point of contact, and maintain good relations. • The CLO may be tasked with logging the grievances that are received and reporting these to the Project Company E&S function. The specific aspects of the role of the CLO will need to be determined by the Project Company. • The CLO shall be tasked with monitoring the grievance log and conducting routine analysis to identify trends that may be indicative of a broader issue including potential deterioration or loss of broad community support.

A1.4 Management of Labour and Working Conditions

Project Companies shall establish arrangements in place for managing labour and working conditions in accordance with legal requirements and the requirements of IFC Performance Standard 2 and the ILO Core Conventions. Table A1.3 below summarises the key requirements that need to be in place before construction starts and throughout the operating phase.

Table A1.3 Management of Labour and Working Conditions

Topic	Description
Legal Compliance	• Establish a register of all relevant national labour and employment laws and ensure ongoing compliance. Refer to Table A1.1.
Local Content	• Implement a recruitment strategy, policy and process for locally sourced staff as well as foreign workers. • Prioritize and support suppliers of local goods and services where possible, and ensure that these: (i) promote gender equality in hiring and training (policy and practice); and (ii) improve working conditions for women i.e., facilities; child-care; sexual harassment policies and remedy etc. • Prioritize and support businesses and contractors that (i) invest in and value women; (ii) are owned by women.
Human Resources Policy and Procedures	• Implement and communicate to all workers a Human Resources Policy. • Develop procedures (which could be included in an 'Employee Manual') that cover all aspects regarding labour and working conditions such as: - Working hours, overtime (if relevant) and rest periods. - Procedure for working overtime and rules governing overtime and holiday work. - Remuneration for normal working hours and overtime (if relevant). - Procedure for payment (i.e. the date and place of payment for wages, overtime pay, holiday pay and holiday overtime pay, and payment);

Topic	Description
	- Annual leave policy (including maternity leave, sick leave, etc). - Employee benefits (e.g. social security, travelling expense for work, etc.). - Rules regarding collective bargaining and association. - Promotion, probation and performance appraisals. - Training programmes. - Disciplinary process. - Dismissal, termination of employment, severance pay and special severance pay.
Vulnerable Workers	• Implement documented arrangements prohibiting the employment of children below the age of 18 years; and of bonded or forced labour. This requirement must be extended to all contractors and third parties. • Regularly monitor the workforce including those in the supply chain (see below) to detect any new risks or incidents of child and/or forced or bonded labour, and take appropriate steps to remedy them.
Supply Chain	• As part of the overall HSSE MS, establish the following arrangements for managing supply chain human rights risks: - A policy or position statement regarding the Project Company's commitments in relation to supply chain and human rights risks. - Defined requirements with which suppliers must comply. - Human rights due diligence prior to entering into an agreement with a new primary supplier. - Monitoring suppliers' ongoing compliance with these policies.
Non-Discrimination	• Implement commitments to fair treatment, non-discrimination and equal opportunity including gender sensitivity in the workplace and with respect to recruitment, compensation, termination, upgrading, promotions, and other working conditions or terms of employment. • Raise awareness among all workers (including EPC workers and workers engaged by a third party) of different forms of discrimination, sexual harassment, equal opportunities, and the approach to how workers raise any concerns or grievances.
Employee Consultation, Participation and Communication	• Implement arrangements for managing worker relationships, including collective bargaining and worker organisation; and employee consultation, communication and participation. • Where collective bargaining and freedom of association is restricted by law, provide opportunities for workers to freely elect their own representatives to engage on their behalf with the employer on matters relating to their labour and working conditions.
Worker Grievance Mechanism	• Implement a worker grievance mechanism for workers to raise feedback, complaints and grievances. This mechanism must be designed and managed in accordance with the Effectiveness Criteria detailed in Principle 31 of the UN Guiding Principles on Business and Human Rights[4]. • Integrate gender concerns in the grievance mechanism to ensure that all gender-related complaints and grievances are processed and addressed appropriately. • Make separate and specific provisions for dealing with cases of GBVH including arrangements for anonymous reporting. Other provisions may include allocation of a trained, female point of contact who will respond to such reports, independent experts, and specialist protection and support.
Gender Equality	• Implement the Project's gender action plan. • Provide Project staff (including contractors) with gender equality awareness training. • Ensure that the needs of female workers are adequately addressed e.g. in relation to sanitation facilities, rest areas and facilities for pregnant and nursing mothers, separate accommodation and ablution facilities (where provided), etc. • Collect and report gender-disaggregated performance and impact data.
Health and Safety	• Put in place arrangements for a safe and healthy work environment that reduce exposure to risks associated with physical, biological or chemical hazards.

[4] UN Human Rights Office of the High Commissioner, HR/PUB/11/04, 2011

Topic	Description
	• All workplace hazards shall be subject to risk assessments and controls put in place to reduce this in accordance with the control hierarchy. • Minimum requirements are specified by CFM in relation to health and safety risks and controls in the Project design, construction, operation, maintenance and decommissioning phases. Reference shall be made to CFM's Project Company H&S Toolkit for further information and guidance.

A1.5 Environmental Management

CFM requires all Project Companies to have arrangements in place for environmental management and protection of natural resources and prevention of pollution in accordance with legal requirements and the IFC Performance Standards, specifically PS3 and PS6. Such arrangements will be relevant to, and commensurate with the risks and impacts identified during the due diligence process and any E&S impact assessment or other studies. This provides Project-specific requirements which are additional to the standard requirements detailed in Table A1.4 below which are applicable to all Projects including those without an ESIA.

Table A1.4 Environmental Management

Topic	Description
Resource efficiency	• The Project Company shall report data regarding the consumption of water and energy, and the amount of waste disposed of and recycled.
Energy and greenhouse gas emissions	• The Project Company shall manage and monitor the energy consumed during the construction and operating phases. • An energy efficiency management plan shall be implemented during the operations and maintenance phase. • All Projects in construction and operation shall prepare an annual inventory of their scope 1, 2 and 3 emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. CFM can provide tools to support with data collection and preparation of the inventory. • For Projects that are expected to or currently produce more than 25,000 tonnes of CO_2 equivalent annually, the Project Company must quantify direct emissions from the facilities owned or controlled within the physical Project boundary, as well as indirect emissions associated with the off-site production of energy used by the Project.
Pollution prevention and control	• The Project Company shall manage, monitor and report on emissions to the environment (air, land and water) including both planned and unplanned (accidental) releases. • A procedure detailing pollution prevention and control shall be implemented, and arrangements for dealing with unplanned emissions shall be included in the Project's emergency preparedness and response plan.
Biodiversity and natural resources	• Depending on the context of the Project and any specific legal or other requirements, the Project Company shall adopt measures to protect biodiversity and natural resources. • Where applicable, this shall be achieved through the implementation of a biodiversity action plan or management plan.

A1.6 Community Health, Safety and Security

CFM requires all Project Companies to have arrangements in place for managing the community health, safety and security risks and impacts of a Project. CFM recognizes that communities may be adversely affected by

Project-related activities both and off-site. In accordance with IFC PS4 as well as in reference to the World Bank EHS Guidelines, CFM requires all Project Companies to:

- Anticipate and avoid adverse impacts on the health and safety of the affected communities during the life of the investment period from both routine and non-routine circumstances; and
- Safeguard Project personnel and property in accordance with relevant human rights principles[5] and in a manner that avoids or minimizes risks to the affected communities.

The identification of potential impacts and risks regarding the health, safety and security of Project affected communities will be considered as early as possible in the investment process, and at least during due diligence. Any potentially significant aspects will be raised as red flags for further analysis, and will be further explored as part of the ESIA, where required. If there is a particular concern relating to community health, safety and security, this may prompt the expansion of the standard ESIA scope to include a health impact assessment and/or a human rights risk assessment, as deemed necessary. All Projects will be required to develop and adopt the management plans specified by the ESIA, in addition to the arrangements detailed in Table A1.5 that shall be made as a minimum for every Project.

Table A1.5 Community Health, Safety and Security

Topic	Description
Community Health and Safety	• Appropriate design and construction of Project infrastructure that take account of community health and safety risks including those relating to GBVH. • Traffic management including vehicle and driver safety and movement of abnormal loads on public roads. • Emergency management planning that includes consideration of community-related risk scenarios. • Transportation, storage and disposal of hazardous substances and waste materials that minimises risk of exposure. • Avoidance/mitigation of impacts to priority ecosystem services. • Control of exposure to communicable and non-communicable disease vectors. • Potential gender-related risks associated with access to (including waiting areas) and use of transport provided by the project to travel to and from the project site, in particular for those working shifts during abnormal hours (i.e. not during standard or daylight hours). • Gender-related risks associated with the temporary presence in local communities of transient (transportation) workers.
Security	• Selection and management of security personnel on the basis of the principles of proportionality and in accordance with international guidance[6].

A1.7 Community Development

CFM requires all Project Companies to implement a Community Development Programme (CDP) which is arranged to reflect the different phases of the Project, namely Development, Construction, Operations, and Exit. The CDP is developed by CFM during the development phase for handover and implementation by the Project Company from the start of the construction phase. Specific requirements are detailed in Table A1.6 below.

Table A1.6 Community Development Programme

[5] As described in the UN guidance on the Voluntary Principles for Security and Human Rights

[6] UN Code of Conduct for Law Enforcement Officials, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

Topic	Description
Development Phase	• Project Company shall identify 'rapid interventions' that are designed to build goodwill among the host community/ies. • Suggested interventions shall be proposed to CFM for consideration and approval. • A ceiling budget shall be agreed with CFM which will comprise a proportion of the total budget allocated for DF-phase community development. • A log of expenditure shall be maintained and submitted to CFM on a monthly basis.
Construction Phase	• During the construction phase the Project Company shall be tasked with the implementation of a community development programme designed by CFM during the development phase. Typically the programme will be informed by a community needs assessment (completed during the DF phase of funding) and will comprise short, medium and long term actions. • The community development programme will typically be delivered by one or more local implementation partners that are selected by CFM. • CFM shall provide the necessary guidance to the Project Company so that the programme is implemented as required. • The Project Company will be required to submit reports to CFM on the progress of the programme interventions as required. • The Project Company shall host visits conducted by and on behalf of CFM for the purpose of ongoing monitoring and evaluation.
Operating Phase	• During the operating phase of the asset, the Project Company shall be responsible for the ongoing implementation of the community development programme, and for ensuring that the delivery partners provide performance reports as agreed. • The Project Company will be required to submit reports to CFM on the progress of the programme interventions as required. • The Project Company shall host visits conducted by and on behalf of CFM for the purpose of ongoing monitoring and evaluation.
Exit	• It is CFM's vision that the community development programmes will endure beyond the lifetime of the investment in order to deliver a lasting positive legacy. • The arrangements for continuing the implementation of the programme will be discussed and agreed with the Project Company on a case by case basis.

A1.8 Project-Specific Specialist E&S Requirements

Depending on the context of the Project, Project Companies may be required to implement arrangements for managing and mitigating impacts associated with resettlement, indigenous peoples and/or cultural heritage. The need for these arrangements will be determined on a Project-specific basis and will have been subject to evaluation as part of the ESIA during the development stage. In such situations, specialist management plans will be developed as part of the development process for implementation by the Project Company. CFM will provide the required support and oversight for the appropriate implementation of such plans. External experts may be required to provide support with ongoing management and avoidance of impact, as well as with monitoring and evaluation. A summary of the key considerations is included in Table A1.7.

Table A1.7 Specialist E&S Requirements

Topic	Description
Resettlement	• CFM will seek to avoid physical resettlement in all cases, and will seek to reduce to the extent possible the economic displacement impact on affected households. • Where avoidance is not possible, measures shall be adopted to mitigate the impact in line with the requirements of IFC PS5.

Topic	Description
	• If, on the basis of the ESIA it is demonstrated that the Project will result in physical displacement, a Resettlement Action Plan (RAP) will be developed for implementation during the construction of the Project. Project Companies will be required to: - Minimize displacement by exploring alternative Project designs; - Avoid forced eviction; - Anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost, (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected, and (iii) ensuring that the resettlement process is gender-informed; - Improve, or restore, the livelihoods and standards of living of displaced persons; and - Improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites. • Where economic displacement cannot be avoided, a Livelihood Restoration Plan (LRP) must be prepared. The development of such plans requires a process of informed consultation and participation (ICP) to be followed. This will involve Project affected individuals, households and communities in the planning and implementation of the resettlement process.
Indigenous Peoples	• Where the presence of IP has been confirmed, and where it is shown that adverse impacts cannot be avoided in the context of a specific Project, an Indigenous Peoples Plan (IPP) will be prepared during the development phase. • The Project Company is required to implement and adhere to the requirements of the IPP. Refer to Annex 4 Indigenous Peoples Planning Framework) of CFM's ESMS Manual for further information. • The purpose of the IPP is to outline the actions to minimise and/or compensate indigenous peoples for adverse impacts in a culturally appropriate manner. In general, the Project Company will be required to do the following: - Fully respect the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples in all development activities; - Anticipate and avoid adverse impacts of Projects on communities of Indigenous Peoples, or when avoidance is not possible, minimize and/or compensate for such impacts; - Promote sustainable development benefits and opportunities for IPs in a culturally appropriate manner; - Establish and maintain an ongoing relationship based on informed consultation and participation with the IPs affected by a Project throughout its life-cycle; - Engage in a process of ICP and where specifically required, Free, Prior, and Informed Consent (FPIC) of the affected communities of IPs; and - Respect and preserve the culture, knowledge, and practices of IPs.
Cultural Heritage	• Protection and preservation of identified cultural heritage (CH) where it exists shall be subject to ongoing management in line with the requirements of IFC PS7. • Where CH has been identified and evaluated as part of the ESIA, a cultural heritage management plan (CHMP) shall be prepared during the development phase and be ready for implementation prior to the start of the construction phase (including any 'early works'). • The Project Company shall implement the CHMP during the construction phase and thereafter in operation and decommissioning. • In addition, a 'Chance Finds' Procedure shall be prepared and implemented to deal with situations where previously unknown and undiscovered tangible cultural heritage is encountered during Project construction, as well as during operation and decommissioning. The identification, impact assessment and ongoing management must be conducted in consultation with affected communities.

Topic	Description
	• Where access to cultural heritage sites will be affected by the Project, it will be necessary to provide an ongoing safe means of access for the affected communities who use, or who have used in living memory, such sites.

A1.9 HSSE Performance Monitoring

All Project Companies are required to collect data with which the HSSE performance can be measured and monitored in accordance with the KPIs presented in Table A1.8 below. The performance data shall be reported to CFM on a monthly basis in a form to be agreed with CFM. It is the responsibility of the Project Company to design and implement a system that ensures the data that is collected is reliable, accurate and complete. This list of KPIs may be updated from time to time.

Table A1.8 HSSE Key Performance Indicators

Topic	Description
Health and Safety	
Number of fatalities	• Number of work-related fatalities in the reporting period. • The Project Company is required to report any incident which involves any member of the Project Workforce and third parties including members of the public.
Number and severity of injuries	• The injuries to be reported comprises first aid cases, medical treatment cases, lost time incidents; occupational illness or disease. • A description of incidents resulting in all injuries with the exception of first aid cases shall also be provided. • The Project Company is required to report any incident which involves the Project Workforce, and third parties including members of the public.
Number and nature of incidents involving damage to plant or property	• This refers to incidents that result in damage to plant or property owned or leased by the Project Company and any third party property damage. • In order to avoid double counting, an incident should only be reported in this category if there is no injury. • If such an incident results in injury as well as damage to plant or property it shall be reported as an incident resulting in injury, with the description of the property damage included in the incident report.
Number and nature of near misses	• An event that, while not causing harm, has the potential to cause injury or ill health to any member of the Project Workforce and/or a third party including members of the public.
High Potential Incident	• An incident or near miss where under different, plausible circumstances the most serious credible outcome could have been a Significant Incident (refer to CFM ESMS Manual Glossary for definition).
Number of hazardous situations/safety observations	• A set of conditions that have the potential to cause harm, including ill health and injury; damage to property, plant, products or the environment, production losses or increased liabilities.
Number of persons inducted	• Number of members of the Project Workforce who attend induction training. • Such induction training shall include information regarding health and safety, emergency.
Number of E&S training sessions	• Number of training sessions containing environmental and/or social content attended by the Project Workforce.
Lost time injury frequency rate	• This refers to non-fatal work-related injuries resulting in one or more consecutive (working and non-working) days away from work (not counting the day on which the accident happened). It could be as little as one day or shift. • Lost time injury Frequency Rate (LTIFR) is calculated as follows: no. of LTIs in reporting period / 1 million * no. of hours worked in reporting period.

Topic	Description
Lost time injury severity rate	• Calculated as: no. of LTIs in reporting period * 200,000 / total hours worked by all employees during the calendar year. • Note that 200,000 represents the number of hours worked by 100 full-time employees, 40 hours per week for 50 weeks per year. This is the calculation used by OSHA and has been widely adopted.
Environment	
Number and nature of environmental incidents	• Refers to any incidents that may result in harm to the environment including but not limited to spills of hazardous liquids, unplanned releases of emissions into the atmosphere; harm or injury to wildlife (flora and fauna).
Energy consumption (kwh)	• Energy used in any phase of the Project and generated by any fuel source. Where possible, energy use shall be metered to provide accurate data.
Industrial water consumption (m^3)	• Water used in any phase of the Project comprising water used by the Project for construction activities (e.g. cement making); operating and maintenance activities; and decommissioning activities. Where possible, water use shall be metered to provide accurate data.
Volume of solid non-hazardous waste disposal (kg)	• Solid non-hazardous wastes generated by the Project Company and disposed of rather than recycled. • Comprises hazardous and includes wastes such as office waste, paper, cardboard arising from offices, construction and O&M activities.
Volume of solid non-hazardous waste recycled (kg)	• Solid non-hazardous wastes generated by the Project Company and taken away for recycling and/or reuse. E.g. packaging wastes, wood arising from offices, construction and O&M activities.
Volume of solid hazardous waste disposal (kg)	• Solid hazardous wastes generated by the Project Company and includes hazardous wastes such as industrial wastes, medical, sanitary arising from offices, construction and O&M activities.
Liquid effluents discharge (m^3)	• Industrial effluents arising from the Project and discharged to a receiving water (sewer, direct to environment (ocean, river), other).
Greenhouse gas emissions (tonnes)	• Scope 1, 2 and 3 greenhouse gas emissions associated with all funded construction, operation and maintenance activities calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. • For Projects that are expected to or currently produce more than 25,000 tonnes of CO_2 equivalent annually, the Project Company must quantify direct emissions from the facilities owned or controlled within the physical Project boundary, as well as indirect emissions associated with the off-site production of energy used by the Project.
Social and Labour	
Numbers of complaints and grievances received by internal and external stakeholders	• Refers to the number of complaints and grievances received by the Project Company's internal and external grievance mechanisms. • Information describing the nature of each grievance and the status of it shall also be provided. • The data shall be disaggregated to report separately the number received internally and the number received from external stakeholders. • A survivor-centred approach to cases of GBVH will be adopted, with such cases reported sensitively and anonymously. Expert advice shall be sought when making such reports.
Number of complaints relating to discrimination or to the disciplinary process	• Refers to any complaints received from the Project Workforce relating to discrimination or to the Project's disciplinary process.
Average working hours	• Average working hours for full-time equivalent employees working a five-day working week (excludes overtime) for the reporting period, disaggregated by gender.
Average wages paid	• Average wages paid in the reporting period, disaggregated by management level and gender.

Topic	Description
Cases of underaged workers	• Includes any incidence of underage workers on site (i.e. <18 years old).
Employee headcount (disaggregated by gender and grade)	• Comprises permanent, part-time and temporary members of the Project Workforce and shall be reported as full-time equivalents (FTEs). • The headcount shall be disaggregated to present the total FTEs employed in construction phase activities and operation/maintenance phase activities. • The headcount for each phase shall be further disaggregated into grade as follows: - Management grade: includes the Project Director and/or those with >20 years of experience; - Senior staff: includes employees leading a team and/or those with specialist skills/discipline and generally those with >5 years of experience; and - Junior/Support staff: includes generally those with <5 years of experience and/or filling positions requiring limited or no skills.
Total number of new jobs created	• New positions created and filled/new hire in place during the reporting period (excludes where a new hire filled a position to replace personnel which left).
Total number of males and females in permanent roles	• Number of full-time equivalent permanent positions (i.e. on a permanent contract and not fixed term or temporary) disaggregated by gender.
Number of employees affected by retrenchment in the reporting period	• Number of Project Company workers who lose their employment due to retrenchment e.g. as a result of completion of a phase of work; change in Project activities, etc.

A1.10 HSSE Performance Reporting Obligations

A1.10.1 Quarterly Reporting (Project Companies funded by CEF Only)

All Project Companies funded by the CEF (irrespective of whether or not they are in construction) shall prepare a quarterly report to submit to CFM that outlines the HSSE performance of the Project, in a format to be agreed by CFM. These reports shall be sent to CFM within 10 working days of the end of each calendar quarter (i.e. 31 March, 30 June, 30 September and 31 December). The report shall present the information shown in Table A1.9 below. This list may be updated from time to time.

Table A1.9 Quarterly HSSE Reporting Requirements

General E&S Performance	
	Overview of HSSE performance to accompany the HSSE data which is reported monthly against the KPIs listed in Table A1.8, including the outcome of any trend analysis and actions being taken.
	Project progress: - Summary of highlights and achievements. - Recruitment and filling of key E&S roles. - 3-month look-ahead and associated timeline. - Any related E&S concerns and risks.
	Compliance with the ESAP (if applicable).
	Compliance with the Project's mandated E&S Requirements (per the shareholders agreement).
	Corrective action plans to address non-compliances and improvements and progress in addressing these.
Social and Labour	
	Total number and breakdown of staff employed: - Direct Employment (total number). - Permanent number of males.

	- Permanent number of females.
	Person hours worked (including for contractors, subcontractors, where applicable).
Community Development	
	Community development programme activities.
	Any other initiatives with an environmental or social benefit.

A1.10.2 Annual Reporting (all Project Companies)

All Project Companies shall report the HSSE performance of the Project on an annual basis in a format to be agreed by CFM. This report shall be sent to CFM within 10 working days of the end of each calendar year. The report shall present the information shown in Table A1.10 below. This list may be updated from time to time.

Table A1.10 Annual HSSE Reporting Requirements

General E&S Performance	
	Performance against the HSSE KPIs listed in Table A1.8.
	Summary assessment of significant E&S risks.
	Compliance with the ESAP (if applicable).
	Compliance with the Project's mandated E&S Requirements (per the shareholders agreement).
	Corrective action plans to address non-compliances and improvements and progress in addressing these.
	Date of the last site visit for E&S auditing/assessment purposes.
E&S Management	
	Details of key personnel (including the E&S Manager).
	Implementation of HSSE MS and agreed E&S Action Plan (if applicable).
	Details of any revisions to the HSSE MS (provide the copy of the latest version as an attachment).
Climate Change	
	GHG emissions data
Social and Labour	
	Total number and breakdown of staff employed: - Direct Employment (total number). - Permanent number of males. - Permanent number of females.
	Person hours worked (including for contractors, subcontractors, where applicable).
Community Development	
	Community development programme activities.
	Any other initiatives with an environmental or social benefit.

A1.11 Accident and Incident Reporting

All Project Companies are required to report and investigate all Significant Incidents and High Potential Incidents (collectively referred to as 'Reportable Incidents') in accordance with the requirements specified in the CFM Incident and Accident Reporting Procedure. These requirements are additional to all legal requirements that may apply. The timeline for reporting incidents is summarised in Table A1.11.

Table A1.11 Reportable Accidents and Incidents

Requirement	Description and Timeframe
Initial Notification Report	As soon as reasonably practicable and in any event within **three (3) business days** after becoming aware of the occurrence, the Project Company shall notify CFM in writing of a Reportable Incident.
Detailed Incident / Accident Report	As soon as reasonably practicable thereafter, but ultimately within **thirty (30) days** of the first notification report to the investors and donors, the Project Company shall provide a detailed report specifying the nature of the incident / accident, or circumstance and the

	impact or effect arising or likely to arise there from, and the measures being taken, or planned to be taken, to address them and prevent any future similar event.
Incident / Accident Progress Report	In severe cases, the Project Company shall keep CFM informed on a **quarterly basis** of the on-going implementation of the measures as defined in the Detailed Incident/Accident Report.

A1.12 HSSE Disclosure Obligations

Project Companies are required to conduct disclosures in accordance with the Project HSSE Policy which is included in the governance pack issued by the Managed Vehicles for implementation by the Project Companies. Prior to posting of any information on the Project Company website, approval must be sought from and granted in writing by the Project Company Board, at which the Managed Vehicle will be represented. The following should be disclosed on the Project website:

- Impact of Project (CO_2 emissions avoided, jobs created, installed capacity of renewable energy, access to energy, etc.).
- Description of the Project and HSSE context.
- Project local EIA (if applicable) and ESIA Non-Technical Summary, with a link to the CFM website for the full ESIA report and other studies.
- Outline of the Project Company's HSSE management system.
- Grievance mechanism.
- An overview of activities linked to the community development programme.

Annex 2 Environmental and Social Impacts Associated with CFM's Managed Vehicles

The types of receptors and resources that could potentially be affected by the Projects in which CFM Managed Vehicles are invested are presented in Table A2.1. Table A2.2 provides a description of the typical cross-cutting impacts associated with the various types of infrastructure Projects in which the Managed Vehicles are invested. Table A2.3 provides a summary of additional impacts to consider that are Project-specific. Each Project Company will be required to manage the Project's E&S impacts in accordance with the arrangements detailed in Annex 1 of this ESMS Manual.

Table A2.1 Typical Resources and Receptors

Receptors/Resources	
Physical	Land (e.g. landform, landscape)
	Soil (e.g. quality)
	Surface Water (e.g. quality and availability)
	Ground Water (e.g. quality and availability)
	Air (e.g. quality)
	Acoustic Environment (e.g. quality)
	Marine Water and Sediments (e.g. quality)
	Coastal Geomorphology and Processes
	Climate and GHG emissions
Biological	Protected / Sensitive Habitats
	Flora (Aquatic/Terrestrial)
	Fauna (Aquatic/Terrestrial)
	Ecosystem Services
Resource-based Livelihoods	Land, Water or Resource-based Livelihoods (e.g. farming, grazing, fishing)
	Recreation and Tourism
	Economy and Labour
Cultural Heritage	Tangible Cultural Heritage
	Intangible Cultural Heritage
Community	Human Rights
	Vulnerable Groups (e.g. ethnic minorities)
	Indigenous Peoples
	Residential / Private Assets
	Visual Amenity
	Social Cohesion
	Public Infrastructure (e.g. transportation, health care, waste management, energy, water supply and sanitation)
	Public Safety
	Health and Well Being
Workers	Occupational Health and Safety
	Labour and working conditions
Note: Elements of the physical environment are only considered to be resources when they are utilised by human or biological receptors.	

Table A2.2 Cross Cutting Aspects and Impacts

Pollution of Soils and Water
• Release of hazardous substances during construction (e.g. vehicle spills) leading to soil, surface water, marine or groundwater contamination. • Release of hazardous substances during operation (e.g. chlorine, chlorine dioxide, ozone, monochloramine) leading to soil, surface water, marine or groundwater contamination. • Discharge of construction worker site/camp sewage effluent polluting watercourses. • Loss of soil / sediments and pollution of watercourses, and interruption of drainage patterns, as a result of underground cable laying and ground clearance.
Water Resources
• Use of surface or groundwater during the construction and operating phases, which could affect existing supply for human communities and ecosystems.
Air Emissions
• Releases of emissions to air e.g. dust and vehicle emissions – in particular during construction and decommissioning – could affect human health, vegetation and wildlife.
Noise and Vibration
• Noise and vibration from equipment, traffic and activities during construction and operation at sites and associated facilities may disturb sensitive noise receptors (human and fauna).
Waste Management
• Inefficient waste management during construction, operations and maintenance and decommissioning leading to excess materials consumption, generation of wastes/ emissions, soils and water pollution.
Cultural heritage
• Displacement or damage to cultural heritage sites by construction activities, harm to the setting, amenity value, etc. of the site due to construction or operation.
Landscape and Amenity Value
• Damage to landscape value due to visual impacts from the facility. • Direct damage to land surrounding the new treatment plant from destruction by construction trucks and workers activities.
Labour and Working Conditions
• Poor construction management practices may lead to adverse effects on safety, human health and wellbeing. • Poor management of occupational health and safety could lead to accidents, injuries and illnesses among workers; mental health issues may arise due to remote or enclosed living (e.g. in worker accommodation camps). • Differences in nationality, ethnicity, religion, etc. may lead to discrimination and harassment, and differences (perceived or real) in working conditions between workers may lead to resentments. • Direct employment of the local population in the construction workforce, and temporary stimulation of local economy through demand for goods and services will enhance livelihoods and economic activity in local communities, but have potentially adverse effects if community relations are not well managed and/or if prices of staple food are artificially increased.
Community Health Impacts
• Interaction between workforce and local communities may increase occurrence of communicable diseases, including HIV/AIDS and sexually transmitted diseases (STDs). • Potential health risks associated with water-borne diseases and water-related diseases (e.g.. schistosomiasis, onchocerciasis, malaria). • Real or perceived disruption to normal community life, through the physical presence of a construction workforce.
Socioeconomic Impacts
• Potential diversification of income generating activities due to a better access to energy and access to fisheries, or socioeconomic dissatisfaction if benefits are not available to all. • Procurement of local goods and services for the Project and workforce could deplete resources available for local communities.

• Direct employment of the local population in the construction workforce, and temporary stimulation of local economy through demand for goods and services will enhance livelihoods and economic activity in local communities, but have potentially adverse effects if community relations are not well managed and/or if prices of staple food are artificially increased. • Few if any employment opportunities during operation; risk of “Boom and Bust” in local economy.
Resettlement
• Development of Project infrastructure may physically displace people, or lead to loss of assets. • Loss of agricultural / livestock / other productive use land. • Disruption of economic activities and livelihoods, particularly those depending on the land to be acquired for the Project and/or natural resources that will be used by the Project (e.g. water resources).
Biodiversity and Ecosystem Services
• Land clearance for plant associated infrastructure may cause loss or fragmentation of protected areas and other areas of conservation interest. • Land clearance may cause loss or fragmentation of protected areas and other areas of conservation interest, and degradation following poorly managed rehabilitation. • Construction (and to a lesser extent operational impacts) impacts on habitats and species (e.g. from changes in drainage, soil erosion, pollution of water, soils or air, introduction of invasive species, and general human disturbance). • Construction activities in remote areas could lead to greater demand for bushmeat, stimulate the wildlife trade and facilitate access to hunting areas. • Movement of plant and workforce into areas could introduce invasive species which adversely impact fauna, flora, ecosystems, and crops.

Table A2.3 Project-Specific E&S Impacts Associated with the CFM Managed Vehicles

Wind Projects[7]
• Potential safety risks associated with aircraft and shipping, through direct collision or interference with radar systems. • Potential safety risks associated with falling rotor blades or ice formed on rotor blades. The risk of ‘blade throw’ is very low, and ‘ice throw’ is only an issue in cold climates or high altitudes. • Safety issues may arise with public access to wind turbines (e.g. unauthorized climbing of the turbine) or to the wind farm substation. • Disruption to normal community life due to shadow flicker and blade glint and electromagnetic interference with telecommunication systems (e.g. microwave, television, and radio). • Severance of animal migration pathways and flyways and potential for bird and bat collisions with towers and rotor blades. • Underwater noise and vibration from offshore construction—e.g., from piling activity—may adversely impact marine life, including fish, marine mammals, and sea turtles. Mechanical and aerodynamic noise from operation of wind turbines may disturb sensitive noise receptors. • Visual impact associated with the presence and operation of the turbines which may affect the landscape or seascape especially in residential areas and those of value for tourism. • Specific occupational health and safety risks are associated with working on or over water (for nearshore or offshore Projects); working at height, lifting operations, working in confined spaces and working in remote locations.
Run of River Hydropower Projects[8]
• Disruption of downstream economic activities and livelihoods, particularly flood-plain agriculture and fisheries. • Severance of migration pathways, particularly for aquatic species. • Adverse impact on fish due to changes in water flow and limnology, river morphology, and degradation of water quality.

[7] Source: World Bank Group (2015), Environmental, Health, and Safety Guidelines for Wind Energy
[8] Source: IFC (2018), Good Practice Note: Environmental, Health, and Safety Approaches for Hydropower Projects

• Fish entrainment which can cause high rates of mortality and is influenced by the design of the weir, turbine type, fish species, and fish size. • Changes in river morphology can have downstream impacts in terms of water flow, sediment transport and the flood regime. • Restricted access to the river and riparian areas particularly during the construction phase which may impact local communities who use the river e.g. for livelihoods, domestic purposes, recreation and cultural activities. • Harm to cultural heritage and the intangible cultural values associated with the river. • Specific occupational health and safety risks are associated with working on or over water (during construction and operation); working at height, lifting operations, working in confined spaces, and exposure to noise and vibration including in relation to the possible use of explosives in the construction phase.
Solar Projects
• Solar power plants could displace animals and disturb their habitats, by direct disturbance during construction and operation (e.g. from noise, light disturbance at night, general human presence). • In the case of large solar Projects, severance of terrestrial routes used for migration by fauna and ground-dwelling avifauna or for access to feeding and breeding areas (e.g. by access roads). • Water requirements may be high for large/concentration solar power plants (cooling water is required for solar concentration devices and for cleaning the panels).
Bulk Water Supply and Wastewater Treatment[9]
• Potential adverse effects of surface water withdrawal on downstream ecosystems and water users. • Construction of water intake structures in sensitive ecosystems may result in risks to aquatic species within the hydraulic zone of influence of the surface water intake such as impingement and entrainment of fish and shellfish, and impeded movement of fish and other aquatic organisms. • Groundwater withdrawal may result in adverse impacts on groundwater level and surface water flows, land subsidence, contaminant mobilization and saltwater intrusion. • Solid waste residues generated by water and wastewater treatment may contain heavy metals, radionuclides, organic contaminants, polymers, etc. and can result in adverse impact to soil, groundwater and surface water if not properly disposed of. • Discharge of wastewater and pipe flushing may also result in adverse impacts to the environment if inadequately treated e.g. due to elevated levels of pollutants and organic material as well as high/low pH level, turbidity, temperature, etc. • Water treatment may involve the use of chemicals hazardous to human health for coagulation, disinfection and water conditioning including the use of chlorine gas which may present both occupational and public health risks if stored or used incorrectly. • Air emissions from water and wastewater treatment include ozone (in the case of ozone disinfection), methane, bioaerosols (which may also carry pathogens), and gaseous or volatile chemicals used for disinfection processes (e.g., chlorine and ammonia) which present risks to human health and nuisance to workers and the surrounding community related to odour. • Leakages in the water distribution system result in inefficiencies in resource use. Leaks and overflows from a sewerage system can cause contamination of soil, groundwater, and surface water. • Specific occupational health and safety risks are associated with working on or over water; exposure to pathogens and disease vectors; and exposure to hazardous substances and atmospheres.
Desalination (in addition to the above impact associated with bulk water supply)
• High energy demand during operation. • The brine and other liquid wastes from desalination plants may contain high salt concentrations, chemicals used during defouling of plant equipment and pretreatment, and toxic metals. These can have an adverse impact on the environment if discharged without prior treatment.
Waste to Energy[10]
• Visual impacts from the infrastructure of the energy plant, in particular the air emissions stack(s). • Air emissions associated with waste to energy plants may include carbon dioxide (CO_2), CO, NOX, sulphur dioxide (SO_2), particulate matter, ammonia, amines, acids (HCL, HF), VOCs, dioxins/furans, polychlorinated biphenyls (PCBs),

[9] Source: IFC (2007), Environmental, Health, and Safety Guidelines for Water and Sanitation

[10] Source: IFC (2007), Environmental, Health, and Safety Guidelines for Waste Management Facilities

polycyclic aromatic hydrocarbons (PAHs), metals (Hg), and sulphides, etc., depending on the waste content and combustion conditions. These emissions may cause real or perceived public health and environmental.

- Dust emissions present a risk to occupational and public health. Dust includes nuisance dust, hazardous dust (e.g., containing asbestos or silica), and bioaerosols (i.e., particles in the air consisting wholly or partially of microorganisms). Bioaerosols are of particular concern to the health of waste workers and have been shown to be the source of reduced pulmonary function and increased respiratory disease.
- Fire risks are associated with spontaneous combustion of biodegradable wastes in certain circumstances.
- Noise and vibration impacts associated with waste handling and management (e.g. due to machinery such as balers and compactors) at waste transfer stations and in the operation of waste to energy plants which may affect workers and local communities.
- Transportation of waste from transfer stations to the waste to energy plant can have adverse impacts on the environment and local communities related to vehicle emissions, noise and vibration, traffic congestion; road safety; road damage, and release of waste materials during transportation.
- During operation there is a heavy reliance on water which may result in overuse of a limited resource.
- Leachate draining from the waste during storage (at waste transfer stations and at the waste to energy facility) may result in environmental impact if not properly contained.
- Combustion of solid wastes generates ash and other material remaining after incineration. Solid wastes may also be generated from treatment of wastewater from flue gas treatment. These wastes may contain contaminants which can have adverse environmental impacts if improperly disposed of. Non-hazardous ash may be considered for further use e.g. in road construction materials.

Green Ports and Shipping[11]

- Alteration of coast lines e.g. for shipyards, dockyards etc; and the transformation of the seabed to establish vessel basins and navigation channels through dredging. These activities result in alteration of terrestrial, freshwater, brackish and marine habitats, with impacts to flora and fauna and related biodiversity.
- Changes in coastal processes resulting in alterations to seabed and coastal geomorphology which may results in adverse changes to land erosion, sediment transport and deposition, and coastal inundation profiles.
- Impacts on water quality due to discharges into the marine environment, e.g. due to clearing of vegetation, dredging, reclamation, paving, and construction of buildings (during construction), and maintenance dredging, ship maintenance, and ship effluent disposal (during operations).
- Liquid discharges into the marine environment associated with land-based activities (stormwater, wash water and sewage) and shipping (sewage, ballast water, bilge water, and vessel-cleaning wastewater) can result in adverse impacts on water quality and the introduction of invasive alien species.
- Marine or freshwater disposal of dredged material may result in the smothering of benthic habitats, reduced light penetration impacting light sensitive organisms, and impacts on seagrass beds, algae and coral reefs from suspended sediment plumes.
- Air emissions generated by port and terminal activities during construction and operation typically arise from combustion emissions from the use of vehicles, equipment, and diesel engines.
- High underwater noise and vibration levels may be generated from several sources, including offshore pile driving, dredging, and ship traffic, during port construction and operations. Noise from these activities may adversely impact aquatic habitats and the health and behaviour of aquatic life, including fish, marine mammals, and sea turtles.
- Permanent and temporary installations and ships can make visual changes to the landscape. One of the most significant changes attributable to ports is night-time illumination. Excessive illumination may also result in changes to invertebrate flight paths and settlement/breeding patterns.
- Specific occupational health and safety risks are associated with working at height, lifting operations, and working on or over water. Security risks relate to the potential for illegal movement of people (e.g. stowaways) and banned goods which may result in direct risk to port workers.
- The operation and movement of vessels may present health and safety risks to the general public and communities who also use the marine environment e.g. for fishing and recreation.

Coastal and Marine Ecosystem Protection

- Potential for physical displacement of local communities due to the creation of protected areas.
- Loss of access to ecosystem services (e.g. provisioning services) on which local communities depend.

[11] Source: World Bank Group (2017), Environmental, Health and Safety Guidelines for Ports, Harbours, and Terminals

- Disruption to local or traditional livelihoods of coastal communities due to the establishment or expansion of coastal and marine protected areas.
- Restriction of access to protected areas can prevent or limit the ability to enjoy the coastal or marine environment for cultural and recreational purposes including tourism.

Annex 3 List of Excluded Activities

In line with the Responsible Investment Code, CFM Managed Vehicles will not finance any production, use of, trade in, distribution of, or activity involving:

1. Forced labor[1] or child labor[2].
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
   a) ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
   b) wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or,
   c) unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
3. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations.
4. Destruction[3] of High Conservation Value areas[4].
5. Radioactive[5] materials (excluding the purchase of medical equipment, quality control measurement equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded) and unbounded asbestos fibres.
6. Pornography and/or prostitution.
7. Racist and/or anti-democratic media.
8. As a substantial part of a Project Company's primary financed business activities[6]:
   a. alcoholic beverages (except beer and wine);
   b. tobacco;
   c. weapons and munitions; or,
   d. gambling, casinos and equivalent enterprises.

   Where for companies, "substantial" means more than 10% of their consolidated balance sheets or earnings and for financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio.
9. Companies, activities or individuals subject to UN or EU sanctions.

1 Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

2 Persons may only be employed if they are at least 15 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

3 Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

4 High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see http://www.hcvnetwork.org).

5 This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

6 For companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio.

Annex 4 Indigenous Peoples Planning Framework

A4.1 Introduction

CFM recognises the critical importance of respecting the rights of Indigenous Peoples (IPs) and of avoiding any adverse impacts on IPs which may arise as a result of a Project. CFM will seek to avoid proceeding with a Project beyond the development phase where adverse impacts cannot be avoided. When avoidance is not feasible, CFM requires measures to be put in place to minimize and mitigate these impacts. Compensation shall only be considered as a last resort.

A4.2 Purpose of this Framework

This Indigenous Peoples Planning Framework (IPPF) will be applied when it has been determined on the basis of E&S screening and due diligence that one or more IP communities are present in the Project's area of influence. The Project Company is responsible for implementing the necessary actions to meet the requirements outlined by this framework.

A4.3 References

This IPPF is informed by the requirements of IFC PS7 and the associated guidance note, and the Green Climate Fund Indigenous Peoples Policy and associated Operational Guidelines.

A4.4 Exclusions

CFM will not proceed beyond the development phase with any Projects:

(i) that would result in the involuntary physical displacement of indigenous peoples (i.e. relocation, including relocation needed as a result of loss of shelter), whether full or partial, permanent or temporary; or the economic or occupational displacement of indigenous peoples (i.e. loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of the activities except in those exceptional cases where the requirements detailed in Table A4.1 (Resettlement and Displacement) can be met.

(ii) where there is a risk of significant impact on IP communities such that an FPIC process will be triggered (in compliance with IFC PS7). FPIC is required when any of the following would be expected to occur as a result of the Project:

   a. Impacts on lands and natural resources subject to traditional ownership or under customary use;
   b. Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use;
   c. Significant impacts on critical cultural heritage that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples lives, including natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks; or
   d. Use of cultural heritage, including knowledge, innovations or practices of Indigenous Peoples for commercial purposes.

(iii) that require or may result in undesired contact with remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", including impacts to their lands, territories or ways of life.

A4.5 Definition of Indigenous Peoples

Although there is no universally accepted definition of Indigenous Peoples, the description included in IFC PS7 is adopted for use by CFM. According to IFC PS7, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

A4.6 Types of Project to which this IPPF Applies

The Projects in which the funds managed by CFM are invested are focused on the least developed, lower-middle income and upper-middle income countries in Africa, Asia and Latin America. The type and scale of the Projects vary by technology, ranging from renewable energy (with a primary focus on wind, solar and run-of-river Projects) to climate-relevant water, sanitation and ocean sub-sectors. Recognising that IPs may be present, or have customary attachment to land, in many of the locations in which CFM may manage investments, the requirements of this IPPF shall be adopted to the extent necessary (on the basis of the determination of existence of IPs in the Project area) in every investment.

A4.7 Identification of IP Communities in Project Area of Influence

The potential for IPs to exist shall be assessed during the screening and due diligence phase which occurs prior to seeking DF IC approval. The screening will be undertaken by CFM on behalf of the Managed Vehicles and will seek to confirm the existence of IPs in the Project's area of influence. The screening and due diligence shall be supported by external specialist advice as considered necessary by the CFM Regional ESG Manager (or another member of the CFM ESG team).

A4.8 Potential Impacts of Projects on IP Communities

The range of potential E&S impacts of each Project varies due to various factors such as the type and size of Project, the location, the baseline environment, the social context and the affected communities. Some E&S impacts are likely to be more relevant to one Project type than another. It is recognised that because of their unique circumstances, IP communities may be more vulnerable to the impacts of a Project, and may be differently impacted when compared with other members of a local community. For this reason, the vulnerabilities of IPs will be considered as a specific aspect of an assessment when IPs are determined as being present. The impacts on IPs, and all other members of the community, will be considered in relation to all stages of the Project lifecycle.

A4.9 General Requirements of the IPPF

Table A4.1 details the general principles and requirements to be followed by Projects if the existence of an IP community is confirmed within the Project area of influence. A Project shall not proceed beyond the development phase unless it able to demonstrate that the requirements have been met.

Table A4.1 IPPF Requirements and Principles

Topic	Description
Impact Assessment	• If IPs have been identified during the E&S screening and due diligence, further analysis will be undertaken during the ESIA that will be commissioned post DF IC approval (i.e.

Topic	Description
	during the development phase and prior to proceeding to seeking Construction Equity Funding Investment Committee approval). • Refer to Table A4.2 for the IP-specific requirements to be factored into the ESIA process.
Participation and Consent	• The Project shall aim to establish a continuing relationship with the affected IP group(s) as well as with the broader Project affected communities as early as possible in the Project planning and throughout the life of the Project. • Engagement will all stakeholder groups (including IP communities) will typically commence formally during the early stage of the ESIA[1]. • Projects shall engage with the affected IP community through a process of information disclosure and informed consultation and participation (ICP). • If any situation exists which triggers the need for additional consultation in order to achieve FPIC (as defined by IFC PS7 para. 12) (refer to Section A4.4), the Project will not proceed. • In cases where the need for FPIC would not be triggered, but where potential adverse impacts to IP communities are expected to arise, the Project Company must put in place all necessary measures to avoid such adverse impacts. • Refer to Table A4.2 for further detail regarding the requirements for IP consultation and participation. • Specialists shall be engaged to assist Projects to design and implement an appropriate approach to meaningful consultation and participation.
Institutional Arrangements	• The following institutional arrangements shall be established by the Project Company where IP communities are confirmed to exist in the Project area: - Grievance mechanism and management process that is culturally appropriate and accessible for IP communities; - Access to IP experts to support with ongoing management of IP-related commitments; - Repository of plans and Project documents that is made available to the affected IP community in an appropriate form, manner and language; - An Indigenous Peoples Plan (IPP) specific to the Project and proportionate to potential risks and impacts (refer to Table A4.3 below).
Impacts on Traditional or Customary Lands[2]	• Project Companies shall consider alternative Project designs to avoid being located on, and/or causing adverse impacts to the livelihoods or cultural, ceremonial, or spiritual uses of traditional or customary lands that define the identity and community of the IPs. • If this is not possible, and adverse impacts are expected, the Project Company shall ensure that a process of FPIC is followed as part of the ESIA. • As part of the FPIC process the Project Company shall: - Document efforts to avoid or at least minimize the proposed Project footprint; - Document land uses in collaboration with the affected IP communities without prejudicing their land claim; - Inform affected IP communities of their rights with respect to their land under national laws, particularly those recognizing customary rights or use; - Offer affected IP communities fair compensation and due process such as benefit-sharing mechanisms; and/or land based and/or in-kind compensation in lieu of cash compensation where feasible; and

[1] In some cases, in particular where legal requirements dictate, the engagement process may commence earlier than the start of the ESIA. In this situation, the ESIA will need to review and confirm that the process has followed the requirements of IFC PS7 and address any shortcomings in this regard.

[2] Indigenous peoples have association with their customary lands and the natural and cultural resources on the land. The use of the land, including seasonal or cyclical uses, by the indigenous peoples and communities for their livelihoods, or cultural, ceremonial, or spiritual purposes that define their identity and community, must be substantiated and documented as part of the ESIA.

Topic	Description
	- Enter into good faith negotiations with the affected IP communities and document their informed participation and outcomes of consultations.
Resettlement and Displacement	• In accordance with Section A4.4, activities that would result in the resettlement of indigenous peoples will not proceed.
Peoples in Voluntary Isolation	• As part of the ESIA an assessment will be made to determine the potential presence of remote groups with limited external contact, also known as peoples 'in voluntary isolation', 'isolated peoples' or peoples 'in initial contact' in the project area of influence. • In accordance with Section A4.4, any activities that would require or result in undesired contact will not proceed further. • In all other cases (i.e. where the exclusion in Section A4.4 regarding undesired contact is not triggered), the project will take all appropriate measures during its lifetime to recognize, respect and protect the lands and territories, environment, health and culture of peoples in voluntary isolation, as well as measures to avoid all undesired contact with them.
Cultural resources	• Where a Project proposes to use the cultural resources, knowledge, or practices of indigenous peoples for commercial purposes, the Project shall document and inform the indigenous peoples and communities of: - their rights under national laws; - the scope and nature of the proposed commercial development; and - the potential consequences of such development.
Development Benefits	• Through the ESIA process and subsequently as part of ongoing engagement, opportunities shall be identified for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of Project impacts, aimed at improving their living standards and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend. • The benefits and the agreed process for sharing benefits will be documented in the IPP (and in the Project's Community Development Programme) and be provided to the IP communities as part of an ongoing process of transparent inclusion, engagement and decision-making.

A4.8 Impact Assessment

If IPs are identified in the Project area of influence during the screening and due diligence, the scope of the ESIA shall be adapted to include IPs as a specific stakeholder group. The breadth, depth, and type of assessment should be proportional to the nature and scale of the proposed Project's potential impacts on indigenous peoples and the vulnerability of the IPs. Within the scope of the ESIA shall be included a determination of the required mitigation and monitoring measures. Specifically in relation to IPs, such measures shall be defined to minimize, mitigate or compensate for adverse impacts in a culturally appropriate manner. The proposed actions will be developed with the informed participation of affected IP and included in a time-bound IP Plan (IPP) (refer to Section A4.9). The consultancy appointed to conduct the ESIA will be required to include an IP specialist and specialist knowledge and expertise pertaining to the specific IP group(s) will be sought. The scope of the ESIA as it specifically relates to IPs shall include the elements detailed in Table A4.2 below.

Table A4.2 ESIA Scope for Projects where Indigenous Peoples Exist

Topic	Description
Scope for IP Impact Assessment (component of ESIA)	• Description of the Project and potential issues or impacts to indigenous peoples, including an indication of any potential impacts that are expected to affect IPs differently to other groups within the affected community.

Topic	Description
	• Baseline information on the demographic, social, cultural, and economic characteristics of the IP community including consideration of any specific vulnerabilities (see below) within the IP community. • Assessment of the potential adverse impacts on IPs and benefits to IPs that are likely to be associated with the Project. • Summary of preferences and concerns of the IP community in relation to Project objectives, access and cultural appropriateness of Project benefits, mitigation of any adverse impacts, and Project implementation arrangements.
Participation and Consent	• Engagement with IP communities shall be undertaken in accordance with the standard requirements IFC PS1 and in addition will: - Involve IP representative bodies and organisations (e.g. councils of elders or village councils) as well as members of the affected communities of IPs; - Be inclusive of both women and men and of various age groups in a culturally appropriate manner; - Respect and provide sufficient time for the decision-making processes folowed by the IP community; and - Facilitate the expression of views, concerns, and proposals in the language of the IP community's choice, without external manipulation, interference, or coercion, and without intimidation. • Projects with IP communities in the Project area will facilitate the communities' informed participation on matters that affect them, such as proposed impact mitigation measures, sharing of development benefits and opportunities, and implementation issues.
Assessment of Vulnerabilities	• A key aspect of the assessment is understanding the relative vulnerabilities of the affected indigenous peoples, how the Project may affect them and how the Project may enhance their role in contributing to transformative climate action. • The ESIA shall include participatory process to define vulnerability and its criteria, such as a questionnaire or other tools developed in such a way that is understood and usable by communities. • The analysis of vulnerability will include consideration of IPs: - Economic, social and legal status; - Status, including under national and customary law, of the lands, territories and resources to which they have collective attachment (see below); - Institutions, customs, culture and/or language; - Dependence on natural resources, including through customary and traditional livelihoods; and - Past and ongoing relationship to dominant groups and the mainstream economy.
Collective Attachment	• The ESIA shall determine the level and type of collective attachment that may exist among the IP community. • When determining and evaluating collective attachment, consideration shall be given to the fact that IP groups live under many different circumstances with varying levels of attachment to the areas in which they live. • Refer to Text Box A4.1 below for further guidance on the interpretation of the term 'collective attachment'.
Consideration of Unintended Consequences	• In certain circumstances, Project benefits, such as enhancing access to roads, healthcare, and education, can have unintended adverse impacts on indigenous peoples due to their particular circumstances or vulnerabilities. • The ESIA shall consider the potential impacts which may include loss of language and cultural norms, undermining of traditional governance structures, the creation of internal conflict, increased pressures and encroachment on lands, and pressures on or contamination of natural resources. • The ESIA shall include the use of participatory methodologies to identify the potential for, and scale of, such adverse impacts, and the ways to avoid, mitigate or compensate for them.

Topic	Description
Consideration of Differential Impacts	• Indigenous peoples may be heterogeneous and may comprise multiple groups and different social units within these groups (such as individuals, clans, communities, and ethnic groups). Issues of cultural identity, geographic access, language, governance structures, cohesion and priorities may differ greatly between groups. • Projects also may have different impacts on different subgroups within a community. For example, land for a Project may be acquired from one clan, but such acquisition could impact other clans' traditional access to and use of such land and the resources located on it. • The social assessment carried out as part of the ESIA shall form the basis for identifying the different groups and understanding the nature and significance of potential impacts on each of them.
Natural Resources and Ecosystem Services	• Projects can adversely impact indigenous peoples' identity, natural resource-based livelihoods, food security, and cultural survival. The ESIA shall consider the extent to which such impacts may arise. • CFM shall seek to avoid such impacts and instead explore viable alternative Project designs in consultation and with the participation of IPs. • The ESIA shall define the required measures for avoiding (as well as mitigating for) such impacts.

Text Box A4.1: Collective Attachment
• Collective attachment signifies that the groups generally consider their lands and resources to be collective assets interlinked with their culture and identity. It also signifies that these groups' livelihoods, economies, modes of production, social organization and cultural and spiritual circumstances are generally linked to particular territories and natural resources. • Collective attachment may be held over geographically distinct habitats, ancestral territories, areas of seasonal use or occupation and the natural resources therein, and, therefore, groups with collective attachment may include: - IP communities resident upon the lands or waters affected by the Project. This could also include those who are nomadic or who seasonally migrate, and whose attachment to the area affected by the Project may be periodic or seasonal in nature; - IP communities that do not live on the lands affected by the Project but who retain ties to those lands through traditional ownership and/or customary usage, including seasonal or cyclical use, and cultural or spiritual attachment; - IP communities that have lost collective attachment to lands and territories affected by the Project because of forced severance, conflict, involuntary resettlement programmes by governments, dispossession from their lands, natural calamities or incorporation into an urban area; - IP groups that reside in mixed settlements in the area affected by the Project, such that they only form one part of the broader community; or - IP communities with collective attachment to Project-affected ancestral lands located in urban areas.

Source: IFC PS7 Guidance Note (2012)

A4.9 Content of an IPP

Where IPs are present in a Project area, and adverse impacts cannot be avoided, a time-bound Indigenous Peoples Plan (IPP) shall be established in accordance with IFC P7 (and accompanying guidance note) and the requirements described in this IPPF. The IPP will include defined actions to be adopted by the Project Company to mitigate and manage adverse impacts. The actions will be developed with the informed participation of affected IPs. Opportunities to deliver benefits to IPs will also be incorporated into the Project's Community Development Programme. The scope of the IPP will include as a minimum the content specified in Table A4.3 below.

Table A4.3 Contents of an Indigenous Peoples Plan

Topic	Description
Baseline Information	• Summary of relevant baseline information that clearly profiles IPs, including indigenous women, their circumstances and livelihoods, with descriptions and quantifications of the natural resources upon which indigenous peoples depend. • Description of the methodology and references that describe how the baseline information was obtained (i.e. through the ESIA and associated participatory process).
Key findings and analysis of impacts, risks and opportunities	• Summary of key findings, analysis of impacts, risks and opportunities • Overview of the recommended possible measures to (i) avert or mitigate adverse impacts; (ii) enhance positive impacts, (iii) conserve and manage the IP's natural resource base on a sustainable basis; and (iv) achieve sustainable community development in line with the IP's own plans.
Measures to avoid, minimize and mitigate negative impacts and enhance positive impacts and opportunities	• Description of the measures agreed to in the process of information disclosure, consultation and informed participation to avoid, minimize and mitigate potential adverse effects on indigenous peoples, and to enhance positive impacts. • Inclusion of an action plan that details the measures to be taken, the responsibilities and agreed schedules, including for implementation (who, how, where and when). Avoidance or preventative measures will be given primacy over mitigatory or compensatory measures.
Community-based natural resource management (where applicable)	• Description of the arrangements to be adopted that ensure the continuation of livelihood activities (e.g. grazing, hunting, gathering or artisanal fishing) key to the survival of the affect IP communities and their traditional and cultural practices. • Description of the measures to be adopted for the conservation, management and sustainable utilisation of the natural resources upon which IPs depend, and the geographically distinct areas and habitats in which they are located.
Result of consultations, the FPIC and future engagement plans	• Description of the process of information disclosure, consultation and informed participation and where relevant the FPIC process, including good faith negotiations and documented agreements with indigenous peoples, and how issues raised have been addressed. • The consultation framework for future engagement shall clearly describe the process for ongoing consultations with, and participation by IPs (including women and men), in the process of implementing and operating the Project.
Benefit sharing plans	• Description of the measures to enable IPs to take advantage of culturally appropriate opportunities brought about by the Project, and to conserve and manage on a sustainable basis the utilization of the unique natural resource base upon which they depend.
Tenure arrangements	• Description of who has rights over the targeted Project land, both in State laws and under customary law, and how the legal status of the land will change under the Project and what effect this has on rights-holders.
Grievance redressal mechanism	• Description of the appropriate procedures to address grievances by IPs arising from Project implementation and operation. • When designing the grievance redress mechanism and procedures, the availability of judicial recourse and customary dispute settlement mechanisms among IPs will be taken into account. • Indigenous women and men must be informed of their rights and the possibilities of administrative and legal recourse or remedies, and any legal aid available to assist them as part of the process of consultation and informed participation. • The grievance mechanism shall be readily accessible to IPs, including being able to engage with IPs in a language and mode most comfortable to them. • The grievance redress mechanism should ensure anonymity; provide for fair, transparent and timely redress of grievances without costs to those who raise grievances; and, if necessary, provide for special accommodations for women, youth and the elderly, and other vulnerable groups within the community, to make their complaints.

Topic	Description
Costs, budget, timetable, organizational responsibilities	• Inclusion of a summary of the costs of implementation, budget and responsibility for funding as well as the timing of expenditure and organizational responsibilities in managing and administering Project funds and expenditures.
Monitoring, evaluation and reporting.	• Description of the monitoring, evaluation and reporting mechanisms, including responsibilities, frequencies, feedback and corrective action processes. • Monitoring and evaluation mechanisms shall include arrangements for ongoing information disclosure, consultation and informed participation with IPs (both women and men) and for the implementation and funding of any corrective actions identified in the evaluation process. • Participatory monitoring such as community-based monitoring and information systems shall be considered and supported.

Annex 5 Resettlement Planning Framework

A5.1 Introduction

This Resettlement Policy Framework (RPF) provides guidance on the resettlement screening, assessment, institutional arrangements, and processes regarding land acquisition and involuntary resettlement to be complied with by Project Companies.

IFC Performance Standard 5 sets the standards for addressing and mitigating risks resulting from involuntary resettlement, including any case of involuntary land taking. "Involuntary resettlement" as used in this document refers to physical displacement (relocation or loss of shelter) and economic displacement, including loss of assets or restriction of access to assets that lead to loss of income, as directly or indirectly affected by project activities.

Involuntary resettlement arises when persons or communities do not have the right to refuse or object to land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of: (i) lawful expropriation, or temporary or permanent restrictions on land use, and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller failed.

Involuntary resettlement shall be avoided where feasible, or minimized, exploring all viable alternative project designs, and through adopting a 'willing seller-willing buyer' approach to acquire the land. Where involuntary resettlement cannot be avoided – for example an alternative Project location cannot be identified which is more suitable, or a negotiated settlement is not successful, the requirements of involuntary land acquisition under this RPF will be implemented. Project Companies shall refer to the requirements of this framework as well as those of IFC's and GCF's safeguard standards on land acquisition and involuntary resettlement.

A5.2 Minimum Requirements

The following minimum requirements shall be adhered to in all situations where involuntary resettlement is required to be undertaken:

- The potential E&S impacts of involuntary land acquisition and resettlement on project affected persons and their livelihoods shall be assessed in accordance with IFC PS5 and other good international industry practice.
- The affected persons and their respective entitlements shall be identified.
- A process of consultation with and participation of Project affected people shall be conducted to (i) inform the preparation and planning of any involuntary land acquisition and resettlement, as well as (ii) share information with Project affected people.
- Meaningful consultations shall be constructed with project-affected people, including those without legal title to land and assets.
- Willing seller-willing buyer negotiations shall be conducted transparently and shall be free of pressure and coercion. An independent external party shall be engaged to document and validate the negotiation and settlement process.
- If determined to be necessary, a Resettlement Action Plan (RAP) or a Livelihood Restoration Plan (LRP) shall be prepared in alignment with the requirements of IFC PS5.
- Compensation for lost assets shall be paid at full replacement cost.

- Informal/illegal land users shall be compensated for lost assets and shall be provided with assistance in relocating, if needed.
- No construction shall commence on any expropriated land until compensation has been paid and legal access has been granted.
- Information shall be provided and special assistance programmes established for vulnerable groups.
- Plans for grievance redress and monitoring shall be established, communicated and maintained.

A5.3 Local Legal Requirements

Project companies will assess local laws and policies related to land acquisition. An assessment of the extent of alignment and any gaps between local laws and policies and the IFC PS and GCF safeguards standards shall be conducted and actions defined to address any gaps. This assessment will consider the local legal requirements to be met in acquisition and resettlement, eligibility for compensation, valuation, treatment of displaced people without formal tenure to the land or properties, requirements for stakeholder consultation and grievance redress, among others.

A5.4 Assessment to Determine Extent of Resettlement and Compensation

As part of the process of assessing the extent of the required resettlement and the compensation to be paid, the following aspects will be assessed:

- Temporary and permanent impacts of land acquisition or expropriation.
- Number and type of persons/households affected, number of lands/plots affected, the percentage of land/plots affected in any landholding, land use before and after the acquisition, prior land use and number of owners.
- Socioeconomic situation of each affected household to understand the adverse impacts on livelihoods of displaced persons and to define the restoration measures required to compensate for their income losses.
- Valuation and compensation standards applied for temporary and permanent loss of land, loss of crops, loss of productive trees, loss of residence and businesses following the requirement for full replacement cost.
- Availability of replacement land and description of resettlement areas, if relevant.

A5.5 Eligibility Criteria for Affected Persons and Cut-Off Dates

For the purposes of this framework, eligibility for a project affected person shall be as follows:

- Any person or household adversely affected by the acquisition of assets or change in use of land due to the Project.
- Any vulnerable and affected person including women, destitute, artisans, tribal communities, squatters, etc.
- Those with usufruct rights, poverty groups depending for livelihood upon the land to be acquired by the project.
- Any other person who may prove and establish his/her right as an affected person.

The cut-off date for eligibility for compensation and/or resettlement assistance is the last day of the census/inventory of assets. The affected people / communities will be informed of the cut-off date through the responsible agencies, community elders and leaders.

A5.6 Entitlement

Project affected people will be entitled to value compensation, rehabilitation, and resettlement support. An entitlement framework will be compiled for all categories of displaced persons.

A5.7 Verification

The Project Company will monitor and verify all land acquisition for compliance with the RPF. This process will audit the documentation and interview landowners and affected land / resource users to verify both the process and the outcomes. Any discrepancies or non-compliances will be brought to the attention of CFM will be recorded as a grievance for resolution through that process.

A5.8 Contents of Resettlement Action Plan

Table A5.1 below provides an outline of the required contents of a RAP, where such a plan is required based on the potential impacts identified as part of the ESIA process.

Table A5.1 Contents of a Resettlement Action Plan

Topic	Description
Description of the Project and potential impacts	• General description of the project and identification of the project area. • Description of the potential impacts including: - the project component or activities that give rise to resettlement; the zone of impact of such component or activities; - the alternatives considered to avoid or minimise resettlement; and - the mechanisms established to minimise resettlement, to the extent possible, during project implementation.
Purpose and Objectives	• Outline the purpose and main objectives of the resettlement programme
Supporting Studies	• Summary of studies undertaken in support of resettlement planning / implementation, e.g. census surveys, socio-economic studies, meetings, site selection studies.
Regulatory and Institutional Framework	• Description of the relevant laws of the host country, client policies and procedures, performance standards. • Overview of the national, regional and local political and institutional structures; civil society and non-governmental organisations that may have an interest in the Project.
Stakeholder Engagement	• Summary of the public consultation and disclosure associated with resettlement planning, including engagement with affected households, local and/or national authorities, relevant CSOs and NGOs and other identified stakeholders, including host communities. • The RAP should include, at a minimum, a list of key stakeholders identified, the process followed (e.g. meetings, focus groups), issues raised, responses provided, significant grievances (if any) and plan for ongoing engagement throughout the resettlement implementation process.
Socio-economic Characteristics	• Description of the findings of socioeconomic studies conducted as part of the ESIA including results of household and census survey, information on vulnerable groups, information on livelihoods and standards of living, land tenure and transfer systems, use of natural resources, patterns of social interaction, social services and public infrastructure.
Eligibility	• Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
Valuation of and Compensation for Losses	• Definition of the methodology to be used in valuing losses to determine their replacement cost.

Topic	Description
	• Description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.
Magnitude of Displacement	• Summary of the number of persons, households, structures, public buildings, businesses, croplands, religious or spiritual structures, etc., that will be affected.
Entitlement Framework	• Develop framework showing all categories of affected persons and what options they were/are being offered, preferably summarised in tabular form.
Livelihood Restoration Measures	• Define the various measures to be used to improve or restore livelihoods of displaced people.
Resettlement Sites	• Include details of site selection, site preparation, and relocation, alternative relocation sites considered and explanation of those selected, impacts on host communities.
Housing Infrastructure and Social Services	• Detail plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.
Grievance Procedure	• Develop an affordable and accessible procedure for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
Organisational Responsibilities	• Develop an organisational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.
Implementation Schedule	• Develop an implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts, and implementing the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.
Costs and Budget	• Create tables showing itemised cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
Monitoring, Evaluation and Reporting	• Arrange monitoring of resettlement activities by the implementing agency, supplemented by independent monitors to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.

Annex 6 Fund Impact Indicators

This annex details the impact indicators in use for each Fund.

Table A6.1 Impact Indicators for all Funds – All Assets

Operational Information	
SME qualification of each Project Company at Investment date	Size of Project Company is determined by the balance sheet total, annual turnover and number of employees as follows[3]: • **Medium Enterprise**: one which employs <250 persons and has an annual turnover not exceeding EUR 50 million, and/or a balance sheet total not exceeding EUR 43 million. • **Small Enterprise:** one which employs <50 persons and has an annual turnover and/or annual balance sheet total not exceeding EUR 10 million. • **Micro Enterprise:** one which employs <10 persons and has an annual turnover and/or annual balance sheet not exceeding EUR 2 million.
Corporate tax paid by each Project Company (USD)	The amount is as per the income statement from the management accounts of the asset.
Catalytic Effect of the Investment	
Total DFI financing catalysed by the Fund's investment (EUR/USD)	The total funding invested in the asset by DFI donors other than that included in the CI1/CI2 Funds.
Total commercial financing catalysed by the Fund's investment (EUR/USD)	The total funding invested in the asset by equity investors other than that included in the CI1/CI2 Funds.

Table A6.2 Impact Indicators for CI1 – Operating Assets Only

Capacity	
Equivalent number of people with improved access to renewable energy	• Number of people reached relative to the baseline scenario for asset. Calculated using the FMO Energy Impact Scoring Tool.
Installed renewable energy capacity (MW)	• Additionally installed capacity by each asset during the reporting period.
Total renewable power production (GWh)	• Renewable energy generated by each asset during the reporting period.
Number of new grid and off-grid actual direct connections	• Number of direct grid connections made during the reporting period comprising both grid-connected and off-grid off-takers.
Number of MW that have been commissioned	• Total number of MW commissioned post-CI1 investment in the asset during the reporting period.
Number of beneficiaries with direct connections through Power Africa support	• This is based on the number of actual direct connections and the World Bank average household size for the country in which the investment is made. This is relevant only for investments linked to the USAID Power Africa programme.
Climate Impact	
Avoided GHG emission (tCO_2eq)	• Annual emissions avoided relative to the baseline scenario for each asset. Calculated using the FMO Energy Impact Scoring Tool.

[3] Reference: EU recommendation 2003/361 (this definition is also used by FMO).

Employment	
Total number of jobs created during reporting period	• This is the number of direct jobs created during the reporting period and is based on the data collected from the assets.

Table A6.3 Impact Indicators for CI2 – Operating Assets Only

Capacity	
Volume of water supplied (m^3)	• Volume of drinking water produced and/or distributed by the asset. Based on capacity divided by per capita water consumption. Where per capita water consumption is unknown for the country in which the asset is located, a figure of 150 (litres per person per day) is used.
Volume of wastewater treated (m^3)	• Volume of wastewater treated or treated water supplied (for reuse). Based on the capacity of the asset divided by per capita wastewater produced. *Note that currently there is no benchmark for average wastewater production per capita and this requires further research and development.*
Volume of waste recycled (tonnes)	• Waste recycled by waste to value assets. Based on the capacity of the asset and the waste volume in tonnes per year, disaggregated by type of material.
Number of new water and/or sewerage connections	• Number of households connected to water and/or sewerage infrastructure operated by the asset.
Number of people supplied	• Number of customers connected to a water or sewerage utility.
Number of beneficiaries (gender disaggregated)	• Number of people with improved access to climate resilient services for drinking water and sanitation. Calculated based on the Project design capacity and the per capita water consumption.
Hectares of marine, aquatic or other wetland environment protected	• Hectares of marine, aquatic or wetland under sustainable management or other improved practices, contributing to increased adaptive capacity of ecosystems and livelihoods against climate change. Based on the area directly controlled or managed by the Project.
Climate Impact	
Avoided GHG emission (tCO_2eq)	• Annual emissions avoided relative to the baseline scenario for each asset. Calculated using the FMO Energy Impact Scoring Tool.
Sequestered GHG emissions (tCo2eq)	• The emissions sequestered relative to the baseline scenario for each asset. This will be calculated using a methodology currently being developed by FMO.
Employment	
Total number of jobs created during reporting period	• This is the number of direct jobs created during the reporting period and is based on the data collected from the assets.

Annex 7 Annual Fund E&S Performance and Impact Report to Investors

The Annual E&S Performance Report for each Fund is presented in the 'Fund ESG Update' section of the Annual Report prepared for investors. It includes, as a minimum, the information set out in Table A7.1 (all Funds). For operating assets, the consolidated impact data shall be reported as set out in Table A7.2 (for CI1 assets) and Table A7.3 (for CI2 assets).

Table A7.1 Annual Fund ESG Update

Fund ESG Update	
	Name of the responsible E&S Manager.
	Status / changes in E&S Management System.
	Difficulties and/or constraints related to the implementation of E&S Management System.
	E&S trainings undertaken/planned.
	Overview of current pipeline, status and expected categorisation.
	Exclusion List: confirmation that no investments are undertaken in any of the activities listed in the Exclusion List (or, in cases where a Project Company is found to be partly active in activities included on the Exclusion List, submit a plan to phase out such activities).

Table A7.2 Consolidated CI1 Fund Impact Indicators

Climate Impact	**Description**
Avoided GHG emission (tCO_2eq)	• This is the consolidated annual emissions avoided relative to the baseline scenario for all operating assets in the Fund portfolio and is calculated using the FMO Energy Impact Scoring Tool.
Total number of people with improved access to renewable energy	• This is the consolidated number of people reached relative to the baseline scenario for all operating assets in the Fund portfolio and is calculated using the FMO Energy Impact Scoring Tool.
Employment	
Total number of indirect jobs created (gender disaggregated	• This is the consolidated indirect jobs at the national level of the investee country generated once a minimum of USD $100m has been invested across at least three Projects in construction and/or operation in the same country.
Total number of jobs created during reporting period	• This is the consolidated number of direct jobs created during the reporting period across all assets in construction and/or operation in the Fund portfolio and is based on the data collected from the assets.
Catalytic Effect of the Managed Vehicle	
Total DFI financing catalysed (EUR/USD)	• DFI investment in the Managed Vehicles up to the date of final close.
Total commercial financing catalysed (EUR/USD)	• Commercial investment in the Managed Vehicles up to the date of final close.
Capacity	
Installed renewable energy capacity (MW)	• This is the consolidated additionally installed capacity for all operating assets in the portfolio during the reporting period.
Total renewable power production (GWh per year)	• Additionally installed capacity during the reporting period.
Number of new grid and off-grid actual direct connections	• Number of direct grid connections made during the reporting period comprising both grid-connected and off-grid off-takers.

Number of MW from transactions that have not yet achieved financial close	• This refers to the transactions that have received DF1 approval or in-principle CEF IC approval but not final approval.
Number of MW from transactions that have achieved financial close	• The total MW approved by CEF IC during the reporting period.
Number of MW that have been commissioned	• This refers to the total number of MW from assets commissioned post- investment during the reporting period.
Number of beneficiaries with direct connections through USAID Power Africa support	• This is based on the number of actual direct connections and the World Bank average household size for the country in which the investment is made. This is relevant only for investments linked to the USAID Power Africa programme.
Number of proposals/ applications processed	• The number represents new investment proposals that were considered by the CFM Investment Committee during the reporting period.
Number of operations supported	• The number of CEF SPVs and the number of Project Companies supported by the Managed Vehicles.

Table A7.3 Consolidated CI2 Fund Impact Indicators

Climate Impact	Description
Avoided GHG emission (tCO_2eq)	• This is the consolidated annual emissions avoided relative to the baseline scenario for all operating assets in the portfolio and is calculated using the FMO Energy Impact Scoring Tool.
Sequestered GHG emissions (tCo2eq)	• The consolidated annual emissions sequestered relative to the baseline scenario for all operating assets in the Fund portfolio. This will be calculated using a methodology currently being developed by FMO.
Employment	
Total number of indirect jobs created (gender disaggregated)	• This is the consolidated indirect jobs at the national level of the investee country generated once a minimum of USD $100m has been invested across at least three Projects in construction and/or operation in the same country.
Total number of jobs created during reporting period	• This is the consolidated number of direct jobs created during the reporting period across all assets in construction and/or operation in the Fund portfolio and is based on the data collected from the assets.
Catalytic Effect	
Total DFI financing catalysed (EUR/USD)	• DFI investment in the Managed Vehicles up to the date of final close.
Total commercial financing catalysed (EUR/USD)	• Commercial investment in the Managed Vehicles up to the date of final close.
Capacity	
Volume of water supplied (m^3)	• Consolidated volume of drinking water produced and/or distributed by the funded assets. • Comprises the data for each asset based on the capacity divided by per capita water consumption. Where per capita water consumption is unknown for the target location, a figure of 150 (litres per person per day) is used.
Volume of wastewater treated (m^3)	• Consolidated volume of wastewater treated or treated water supplied (for reuse). Based on the capacity of each asset divided by per capita wastewater produced.
Volume of waste recycled (tonnes)	• Consolidated waste recycled by waste to value assets. Based on the capacity of each asset and the waste volume in tonnes per year, disaggregated by type of material.
Number of new water and/or sewerage connections	• Consolidated number of households connected to water and/or sewerage infrastructure as a result of the Fund.

Number of people supplied	• Consolidated number of customers connected to a water or sewerage utility.
Number of beneficiaries (gender disaggregated)	• Consolidated number of people with improved access to climate resilient services for drinking water and sanitation. Calculated based on the Project design capacity and the per capita water consumption.
Hectares of marine, aquatic or other wetland environment protected	• Hectares of marine, aquatic or wetland under sustainable management or other improved practices, contributing to increased adaptive capacity of ecosystems and livelihoods against climate change. Based on the area directly controlled or managed by the Project.

Annex 8 Quarterly E&S Performance Report to Investors

CFM reports the E&S performance of the assets in construction and operation for each Fund. This is contained in the quarterly reports to investors. The information to be reported for each asset as set out in Table A8.1. E&S performance is reported against the KPIs listed in Table A8.2.

Table A8.1 Quarterly Asset Update

E&S Risk Profile	
	Categorisation of each investment and rationale behind that categorisation.
	Summary assessment of E&S risks identified.
	For High Risk Activities (category A and B+), summary of external E&S assessment undertaken and reference to qualification of external expert undertaking assessment.
E&S Management and Performance	
	Status of implementation of E&S Management System.
	Status of implementation of ESAP (if applicable).
	Date of the last site visit for E&S purposes.
	Status of E&S performance to date against the KPIs listed in Table A8.2.
Social and Labour	
	Total number and breakdown of staff employed: - Direct Employment (total number). - Permanent number of males. - Permanent number of females.
	Details of any tra of employees in the reporting period in terms of number of employees affected and retrenchment plan (copy to be provided with report).
Community Development	
	Community development programme activities.
	Any other initiatives with an environmental or social benefit.

Table A8.2 Key Performance Indicators

Health and Safety	**Description**
Number of fatalities	• Number of work-related fatalities in the reporting period comprising any member of the Project Workforce and third parties including members of the public.
Number and severity of injuries	• The injuries to be reported comprises first aid cases, medical treatment cases, lost time incidents; occupational illness or disease. • The Project Company is required to report any incident which involves the Project Workforce, and third parties including members of the public.
Number and nature of incidents involving damage to plant or property	• Incidents that result in damage to plant or property owned or leased by the Project Company and any third party property damage.
Number and nature of near misses	• An event that, while not causing harm, has the potential to cause injury or ill health to any member of the Project Workforce and/or a third party including members of the public.
Number of High Potential Incidents (HPIs)	• An incident or near miss where under different, plausible circumstances the most serious credible outcome could have been a Significant Incident (refer to CFM ESMS Manual Glossary for definition).
Number of hazardous situations/safety observations	• A set of conditions that have the potential to cause harm, including ill health and injury; damage to property, plant, products or the environment, production losses or increased liabilities.

Number of persons inducted	• Number of members of the Project Workforce who attend induction training. • Such induction training shall include information regarding health and safety, emergency
Number of E&S training sessions	• Number of training sessions containing environmental and/or social content attended by the Project Workforce.
Lost time injury frequency rate	• This refers to **non-fatal** work-related injuries resulting in one or more consecutive (working and non-working) days away from work (not counting the day on which the accident happened). It could be as little as one day or shift. • Lost time injury Frequency Rate (LTIFR) is calculated as follows: no. of LTIs in reporting period / 1 million * no. of hours worked in reporting period.
Lost time injury severity rate	• Calculated as: no. of LTIs in reporting period * 200,000 / total hours worked by all employees during the calendar year. • Note that 200,000 represents the number of hours worked by 100 full-time employees, 40 hours per week for 50 weeks per year. This is the calculation used by OSHA and has been widely adopted.
Environment	
Number and nature of environmental incidents	• Refers to any incidents that may result in harm to the environment including but not limited to spills of hazardous liquids, unplanned releases of emissions into the atmosphere; harm or injury to wildlife (flora and fauna).
Energy consumption (kwh)	• Energy used in any phase of the Project and generated by any fuel source. Where possible, energy use shall be metered to provide accurate data.
Industrial water consumption (m^3)	• Water used in any phase of the Project comprising water used by the Project for construction activities (e.g. cement making); operating and maintenance activities; and decommissioning activities. Where possible, water use shall be metered to provide accurate data.
Volume of solid waste disposal (kg)	• Solid wastes generated by the Project Company and disposed of rather than recycled. • Comprises hazardous (e.g. industrial wastes, medical, sanitary) and non-hazardous (e.g. office waste, paper, cardboard) wastes.
Volume of solid waste recycled (kg)	• Solid wastes generated by the Project Company and taken away for recycling and/or reuse. E.g. packaging wastes, wood.
Liquid effluents discharge (m^3)	• Industrial effluents arising from the project and discharged to a receiving water (sewer, direct to environment (ocean, river), other).
Emissions to air	• For Projects that are expected to or currently produce more than 25,000 tonnes of CO_2 equivalent annually, the Project Company must quantify direct emissions from the facilities owned or controlled within the physical Project boundary, as well as indirect emissions associated with the off-site production of energy used by the Project. • Quantification of GHG emissions shall be conducted annually in accordance with internationally recognized methodologies and good practice. Refer to IFC PS3.
Social and Labour	
Numbers of complaints and grievances received by internal and external stakeholders	• Refers to the number of complaints and grievances received by the Project Company's internal and external grievance mechanisms. • Information describing the nature of each grievance and the status of it shall also be provided. • The data shall be disaggregated to report separately the number received internally and the number received from external stakeholders.
Number of complaints relating to discrimination or to the disciplinary process	• Refers to any complaints received from the Project Workforce relating to discrimination or to the Project's disciplinary process.
Average working hours	• Average working hours for full-time equivalent employees working a five-day working week (excludes overtime) for the reporting period, disaggregated by gender.

Average wages paid	• Average wages paid in the reporting period, disaggregated by management level and gender.
Cases of underaged workers	• Includes any incidence of underage workers on site (i.e. <18 years old).
Employee headcount (disaggregated by gender and grade)	• Comprises permanent, part-time and temporary members of the Project Workforce and shall be reported as full-time equivalents (FTEs). • The headcount shall be disaggregated to present the total FTEs employed in construction phase activities and operation/maintenance phase activities. • The headcount for each phase shall be further disaggregated into grade as follows: - Management grade: includes the Project Director and/or those with >20 years of experience; - Senior staff: includes employees leading a team and/or those with specialist skills/discipline and generally those with >5 years of experience; and - Junior/Support staff: includes generally those with <5 years of experience and/or filling positions requiring limited or no skills.
Total number of new jobs created	• New positions created and filled/new hire in place during the reporting period (excludes where a new hire filled a position to replace personnel which left).
Total number of males and females in permanent roles	• Number of full-time equivalent permanent positions (i.e. on a permanent contract and not fixed term or temporary) disaggregated by gender.
Number of employees affected by retrenchment in the reporting period	• Number of Project Company workers who lose their employment due to retrenchment e.g. as a result of completion of a phase of work; change in Project activities, etc.

Annex 9 CFM Grievance Redressal Mechanism

CFM practices proactive stakeholder engagement practices in accordance with international best practice. CFM's Grievance Redressal Mechanism (GRM) compliments and reinforces CFM's wider engagement activities with its corporate stakeholders. It is intended for use by stakeholders such as NGOs and CSOs, government, investors, the general public, etc. The GRM is intended to address even minor complaints, both formal and informal, to avoid escalation into serious grievances. It intends to do so without retribution and with the assurance of a timely response. This Annex provides a summary of the procedure in place at CFM. For more information reference shall be made to the CFM Grievance Redressal Mechanism Procedure.

Table A9.1 GRM Principles

The GM is developed based on the following principles:

- **Transparency and fairness**: The Grievance Redressal Mechanism is easy to understand, transparent and available at no cost and without retribution.
- **Accessibility and cultural appropriateness**: Access to the grievance mechanism is provided via the CFM website.
- **Proportionality:** The mechanism is appropriate to the scale of the CFM and its investments/Projects.
- **Recording**: All grievances are registered on a Grievance Form, logged in the Grievance Register, and monitored through to resolution and close out.
- **Dialogue and site visits**: All grievances warrant discussions with the complainant and a site visit may be recommended where relevant, to gain a first-hand understanding of the nature, validity and severity of the grievance.
- **Timely resolution**: CFM aims to respond to all messages received by its grievance mechanism within three working days and to provide a full response within 20 working days. The complainant will be informed if there are any delays.

Table A9.2 Purpose and Objectives

- Provide a predictable, transparent, and credible process to all parties for resolving grievances, resulting in outcomes that are seen as fair, effective, and lasting.
- Build trust as an integral component of broader stakeholder relations activities.
- Enable more systematic identification of emerging issues and trends, facilitating corrective action and pre-emptive engagement.

Table A9.3 Scope

The GM applies to CFM's external stakeholders. It is not designed to manage community complaints or grievances emanating from CFM's activities for which a separate grievance mechanism must be established and implemented at the level of the Project entity. CFM operates an internal grievance mechanism available to all employees of the Fund Manager and this is described in the Human Resources Policy.

GRM Process

An overview of the grievance management process is presented in Figure A9.1.

Figure A9.1 Grievance Redressal Mechanism Process