

CI3 Environmental and Social Management System (ESMS)

May 2026

Non-Technical Summary

The document is the Environmental and Social Management System (ESMS) Manual for the Climate Investor Three Funds (CI3 Funds), established in 2023 and managed by Climate Fund Managers (CFM). The manual describes the Fund's approach to managing environmental and social (E&S) risks and impacts, ensuring positive outcomes for local communities, and complying with international standards and legal requirements.

Introduction to CI3 Funds and ESMS Manual

The Funds target investments in greenfield or brownfield infrastructure projects that provide essential services, have capital expenditure needs, and offer risk-adjusted returns. The CI3 Funds' ESMS Manual is a key internal tool supporting the CI3 Funds' Responsible Investment Code, detailing systems for managing E&S risks and impacts across all investments and project companies. It references supporting policies, plans, and procedures and is reviewed routinely to align with evolving industry standards and stakeholder feedback. This comprehensive ESMS Manual ensures that CI3 Funds' investments are responsibly managed to mitigate environmental and social risks, maximize positive impacts, and maintain compliance with international standards throughout the investment lifecycle.

Responsible Investment Framework

The CI3 Funds integrate impact and risk considerations throughout the investment lifecycle, requiring all projects to meet the highest international environmental and social standards. The framework includes the CI3 Funds' Responsible Investment Code, CFM Group Responsible Investment Policy, and Gender Equality and Social Inclusion Policy.

The Funds maintain an Exclusion List prohibiting investments in activities such as fossil fuels, illegal practices, and projects causing involuntary resettlement of Indigenous Peoples. CI3 Funds align, *inter alia*, with international standards, including the OECD Guidelines on Multinational Enterprises for Responsible Business Conduct, IFC Performance Standards, the ILO core labour conventions, and the UN Guiding Principles on Business and Human Rights.

E&S Governance and Organisation

CFM is the Fund Manager responsible for managing E&S governance activities of the Fund, with budget and resources allocated annually. Key roles include the GCF Accredited Entity, GCF Executing Entity (CFM), the E&S Manager, Project Companies, and external E&S advisors. Project Companies must appoint competent ESG staff and implement systems for ESG risk management, training, and communication.

Operational Guidelines During Investment Lifecycle

The CI3 Funds' ESMS describes the activities for each step in the investment process to ensure that ESG considerations are fully integrated from initial sourcing, to deal screening, full due diligence and project development, through to construction, operation, and exit.

Monitoring and Reporting

On behalf of the CI3 Funds, CFM conducts or commissions regular monitoring through annual reports by project proponents, independent audits, and self-assessments. Monitoring includes compliance checks and participatory approaches involving communities and stakeholders. Projects funded by the CI3 Funds report ESG performance and incidents quarterly and annually to investors, detailing impact outcomes, risk profiles, and any reportable incidents with timely notifications and investigation reports as necessary.

Stakeholder Engagement and External Communications

Key stakeholders of the CI3 Funds include investors, project proponents, civil society, and affected communities. Stakeholder engagement is continuous, transparent, and culturally appropriate, aligned with IFC standards and

GCF guidance. Project companies must implement grievance mechanisms accessible to communities, including survivor-centred and gender-responsive measures for Sexual Exploitation, Abuse and Harassment (SEAH). CFM's corporate grievance mechanism is available to all stakeholders of the CI3 Funds which can be accessed via the CFM website.

Transparency and Disclosure

On behalf of the CI3 Funds, CFM commits to timely disclosure of project information prior to investment approval, including ESIA documents, management plans, and audit reports in English and local languages. Disclosure respects confidentiality and legal exceptions. CFM is committed to compliance with European Sustainable Financial Disclosure Regulation (SFDR) requirements and annually discloses information regarding the sustainability performance of the Funds under management on the CFM website.

E&S Management Standards

The annexures include a detailed set of E&S management standards aligned with, *inter alia*, the IFC Performance Standards. Each standard includes general requirements, key references, and guidance on implementation. Also included in the Annexures are the CI3 Funds' Exclusion List and detailed procedures for ESG screening, due diligence, reporting, and grievance mechanisms.

Alignment

The ESMS for CI3 Funds serves as the ESMS for the Southern African Industrial Decarbonization Facility (SIDF). SIDF is the Green Climate Fund (GCF) funded facility providing financing to the Development Tranche and Construction Equity Tranche of CI3.

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Revision History

Version Number	Date	Reason for Change	Author	Approved
0.1	May 2026	First DRAFT version	CFM	

Acronyms

AE	Accredited Entity
BAP	Biodiversity Action Plan
BMP	Biodiversity Management Plan
CEF	Construction Equity Funding
CI3	Climate Investor Three
DF	Development Funding
ESG	Climate, Environmental, Social, Governance
ESG	Environmental and Social Governance
E&S	Environmental and Social
EM	Emerging Markets
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
FPIC	Free, Prior and Informed Consent
GAP	Gender Action Plan
GCF	Green Climate Fund
GEWE	Gender Equality and Women’s Empowerment
GESI	Gender Equality and Social Inclusion
IFC PS	International Finance Corporation Performance Standards
IP	Indigenous Peoples
IPP	Indigenous Peoples Plan
LDC	Least Developed Country
LP	Limited Partner
IMMS	Impact Measurement and Management Framework
OECD	Organisation for Economic Cooperation and Development
OPIM	Operating Principles for Impact Management
SEAH	Sexual Exploitation, Abuse and Harassment
SIDS	Small Island Developing States
TA	Technical Assistance

Glossary

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).
Climate Adaptation	Refers to the ecological, social, and economic adjustments that countries and communities must make to respond to current and future climate change impacts.
Climate Mitigation	Refers to activities that limit greenhouse gas emission levels, as well as removal methods to reduce levels currently in the atmosphere, that preserve a biosphere that can sustain people and ecosystems
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.
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.
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.
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 (<i>source: IFC PS 1</i>).
Counterparties	All entities into which the CI3 Funds enter 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: CI3 Funds Responsible Investment Code).
Environmental and Social	In the context of this document, the term Environmental and Social (E&S) also implies climate, human rights, labour, SEAH, gender and Indigenous Peoples' considerations.
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	<p>Means the part of the overall management system of the CI3 Funds 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;</p> <ul style="list-style-type: none"> (a) the implementation of Community Development processes and programmes; (b) ensuring compliance with the CI3 Funds' Exclusion List; (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 CI3 Funds' 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: CI3 Funds' Responsible Investment Code). <p>The ESMS for CI3 Funds serves as the ESMS for the Southern African Industrial Decarbonization Facility (SIDF). SIDF is the Green Climate Fund (GCF) funded facility providing financing to the Development Tranche and Construction Equity Tranche of CI3.</p>
Environmental and Social Requirements	<p>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:</p> <ul style="list-style-type: none"> • Project ESIA Report, the ESMP and related plans. • The Project's ESAP.

	<ul style="list-style-type: none"> National regulatory framework. Applicable permits and licences. Contractual agreements and covenants. IFC Performance Standards. Good International Industry Practice as set out in the World Bank Group Environmental, Health, and Safety General Guidelines, 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. OECD Guidelines for Multinational Enterprises for Responsible Business Conduct. The requirements described in this ESMS Manual.
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 the CI3 Funds.
ESMS Manual	A document that describes the 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).
Fund	Coöperatief CI3 Global Fund U.A., a cooperative with excluded liability incorporated under the laws of the Netherlands, with its official seat in The Hague and having its registered offices at (2513 AB) 's-Gravenhage, the Netherlands, Korte Vijverberg 4.
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 workers. 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

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.
IMMS	The formal arrangements – described in an Impact Management and Monitoring System manual - for managing, monitoring, measuring, and reporting on the positive impacts of the Fund.
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, <i>inter alia</i> , 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).
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).
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.
Investor(s)	A member of the Fund that has made an Equity Commitment.
Maladaptation	Refers to any action that may lead to increased risk of adverse climate-related outcomes, including via increased greenhouse gas emissions, increased or shifted vulnerability to climate change, more inequitable outcomes, or diminished welfare, now or in the future. Maladaptation occurs when intended adaptation measures have unintended consequences and worsen existing and/or future climate risks and vulnerabilities for the target or downstream populations.
SDG Namibia One Fund	The Climate Investor Three Global national fund for Namibia managed by Namibia Hydrogen Fund Managers as a joint venture between CFM, the Environmental Investment Fund of Namibia and Invest International.
OECD Rio Markers	Framework developed by the OECD's Development Assistance Committee to help track development finance flows targeting the objectives of the Rio Conventions on climate change, biodiversity, and desertification.
Project	Project (consisting of assets and activities) in which the Fund is or is going to be invested.
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.
Proposed Projects	Project which will have to be approved by CI3 to be financed.
Regional ESG Manager	In the context of this document, means a member of CFM ESG staff with regional responsibility for managing ESG matters on behalf of the CI3 Funds.

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).
SA-H2 Fund	The Climate Investor Three Global national fund for South Africa, managed by SA-H2 Fund Managers as a joint venture between CFM and Invest International.
Significant E&S Incident	An environmental and/or social incident that is directly linked to Project activities funded by CI3 that results in one or more of the following or similar: <ul style="list-style-type: none"> - A person, or persons, fatally injured or who suffers life changing injuries (this includes the Project Workforce; visitors, and members of the public); - H&S incident requiring medical treatment (i.e. hospital intervention); - 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).

<p>The United Nations Sustainable Development Goals</p>	<p>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.</p>
<p>Vulnerable Groups</p>	<p>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.</p>

1. INTRODUCTION

1.1 Overview of the Fund and Fund Manager

The Climate Investor Three Global Fund (hereafter, 'CI3 Global' or 'the Global Fund') is a blended finance fund managed by Climate Fund Managers (hereafter, 'CFM' or the 'Fund Manager') and specifically designed to address the challenges of industrial decarbonisation. It envisages a national approach, facilitated by CI3 Global as a central feeder and focusing on South Africa (via "SA-H2 Fund") and Namibia (via "Namibia SDG One"), collectively, the "CI3 National Funds".

This structure is designed to simplify the contracting process for international investors or donors wishing to commit to both Namibia and South Africa. It is designed to streamline investor requirements in both countries and catalyses local public and private institutional capital while enhancing country ownership and aligning with each country's Nationally Determined Contributions ("NDCs").

The CI3 National Funds are individually managed by separate fund managers, as outlined below. Collectively, CI3 Global and the CI3 National Funds are referred to in the remainder of this document as the "CI3 Funds" or "the Funds".

1.1.1 SDG Namibia One Fund

The SDG Namibia One Fund is a blended finance fund managed by Namibia Hydrogen Fund Managers (Pty) Ltd ("Nam-H2 Fund Managers") to be invested in green hydrogen and energy transition activities in Namibia. Founded in 2023 and licensed by the Namibia Financial Institutions Supervisory Authority in 2024, it is a joint venture between CFM and the Environmental Investment Fund of Namibia ("EIF"), owned by the Government of Namibia, and Invest International, a Dutch development financing institution.

1.1.2 SA-H2 Fund

The SA-H2 Fund is a blended finance fund managed by SA-H2 Fund Managers (Pty) Ltd ("SA-H2") and is a joint venture between CFM and Invest International and was established to be invested in green hydrogen and energy transition activities in South Africa.

1.2 CI3 Global Fund Objective and Mandate

The objective of the CI3 Funds is to provide funding for the development, construction and operation of energy transition infrastructure projects including the production of green hydrogen and the value chain. The Funds provide finance for the development and construction stages of the projects through a 'development tranche' and an 'equity tranche'. All investments will exhibit a climate change mitigation and/or adaptation objective in accordance with the CI3 Funds' theory of change.

The Funds will provide funding to greenfield or brownfield infrastructure Project Companies that exhibit the following characteristics:

- involve climate-relevant investments;

- provide an essential service to the local community;
- have a significant capital requirement for construction and/or growth; and
- provide returns commensurate with the risk associated with the investment.

1.3 Purpose of Document

Inherent to the success of the Funds is the effective management of environmental and social risks and adverse impacts, and the delivery of positive and lasting impacts that benefit the local communities in which the Fund is invested.

This document (hereafter referred to as the 'ESMS Manual') is developed as a requirement of the Fund's Responsible Investment Code and describes the management system implemented by the CI3 Funds to manage environmental and social risks and adverse impacts associated with investments of the Funds. It also describes the Environmental and Social (E&S) Management Standards (Annex 1) that are applicable to all approved investments and Project Companies (i.e. any company, partnership or other entity in which the Funds, directly or indirectly, holds an investment).

This ESMS Manual includes references to different elements, 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 and forms part of the overall management system adopted by the CI3 Funds for risk management.

1.4 Structure of Document

Following this introductory chapter, this ESMS Manual is organized as follows:

- **Section 2: Responsible Investment Framework:** describes the CI3 Funds' Responsible Investment Code and policy universe which collectively define the principles, undertakings, and commitments for the effective management of the environmental and social impacts, risks and opportunities of the CI3 Funds.
- **Section 3: Climate, Environmental & Social Governance and Organisation:** provides an overview of the organisational arrangements in place for the governance of climate, E&S risks, impacts and opportunities associated with the activities of the investment manager and the CI3 Funds. It also describes the requirements that must be adopted by the project entities.
- **Section 4: Operational Guidelines:** describes the arrangements for the integration of ESG throughout the investment lifecycle in order to deliver on its principles, undertakings and commitments. It also describes the requirements to be adopted by all funded Projects.
- **Section 5: Monitoring and Reporting:** describes the overarching requirements and arrangements for ESG performance monitoring and reporting.
- **Section 6: Transparency and Disclosure:** provides a summary of the commitment of the CI3 Funds to transparency and the arrangements for disclosure of information in line with GCF and legal requirements.
- **Section 7: Stakeholder Engagement and External Communications:** summarises CI3 Funds' key stakeholders and arrangements for engagement, Project Company obligations for stakeholder engagement and grievance management, and the external grievance mechanism.

1.5 Scope and Exclusions

The ESMS applies to all investments of the CI3 Funds and all associated Projects.

The governance and management of positive impacts and opportunities are described in the CI3 Funds' [**HOLD** - *Impact Measurement and Management Framework*] and are not covered in this ESMS manual.

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.

1.6 Disclosure of this Document

This ESMS manual and associated documentation are shared with all CI3 Funds' employees, investors, project proponents, project sponsors, and others, as required. It is also made available on the CFM website.

1.7 Key Reference Documents

This ESMS manual forms part of the CI3 Funds' Responsible Investment Framework (**Section 2**) and should be read in conjunction with related documents including CI3 Funds' Responsible Investment Code. Key documents and cross references relevant to the ESMS are set out in **Table 1.1**.

Table 1.1 Reference Documents

Title	Description
Members' Agreement	An agreement entered into between CFM and the Limited Partners ("LPs") that have entered into an investment agreement. The Members' Agreement includes the Fund's investment strategy and restrictions and the CI3 Funds' Responsible Investment Code.
CI3 Responsible Investment Code	Outlines the ESG principles and undertakings to be implemented and maintained by CFM. This is a Schedule to the Manager's Agreements and the Members' Agreements with the CI3 Funds.
CFM Group Responsible Investment Policy	Sets out CFM's commitments for responsible investment in relation to ESG.
CFM Group Gender and Social Inclusion Policy	Provides governance framework for gender to be incorporated into investment and fund management activities of the CI3 Funds.
CFM Group Disclosure Procedure	Describes the arrangements for disclosure of information in accordance with the GCF Information Disclosure Policy.
CI3 Impact Measurement and Management System	Describes the arrangements for impact measurement, management, monitoring, and evaluations. Includes evaluations. Includes the results measurement framework.

1.8 Templates

Key templates relevant to the CI3 Funds' ESMS are set out in **Table 1.2**.

Table 1.2 ESG Templates

Title	Investment Phase	Intended User
CI3 Funds ESG Screening Assessment	Due diligence	CFM
CI3 Funds Exclusion List Compliance Check	Due diligence	CFM
CI3 Funds ESDD ToR	Due diligence	CFM

1.9 Review of this Document

The CI3 Funds recognise that ESG policies and processes are ongoing and dynamic in nature and is committed continuous improvement in ESG performance. As such, this document is intended to be a live working document that is reviewed on a routine basis (not exceeding once every two years) and will be updated as required to remain aligned with industry guidance and good international industry practices (GIIP), on the basis of feedback received from stakeholder engagement, and using information arising from Project Company reporting and monitoring.

2. RESPONSIBLE INVESTMENT FRAMEWORK

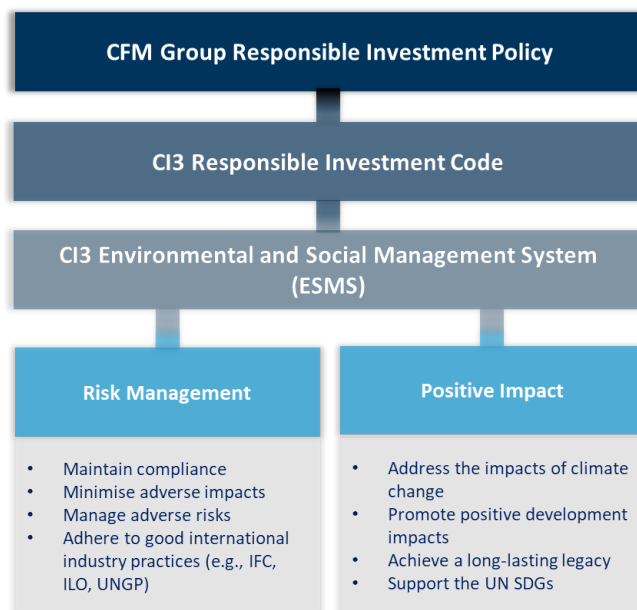
2.1 Overview

As an impact investor, consideration of impact and risk is integrated into the investment lifecycle. CFM is committed to responsible investments and requires Projects to be aligned in accordance with the highest international environmental and social standards.

In parallel to the management of risks and adverse impacts, CFM is committed to maximising the opportunities for environmental and social benefits particularly to local communities in the area of influence of the projects in which the Fund is invested.

CFM's approach to responsible investment of the CI3 Funds is enshrined in the CI3 Funds' Responsible Investment Framework which comprises a Responsible Investment Code, policies, and systems for managing risk and positive impact. Collectively, these arrangements guide all investment decisions and management activities. This framework is presented in **Figure 2.1** below.

Figure 2.1 Responsible Investment Framework



2.2 CFM Group Responsible Investment Policy

The CFM Group Responsible Investment Policy sets out CFM's commitments for responsible investment in relation to ESG. The CI3 Funds and the Project Companies into which the Funds are directly invested are required to align with and uphold these commitments.

2.3 CFM Group Gender Equality and Social Inclusion Policy

The CFM Group Gender Equality and Social Inclusion Policy sets out CFM’s commitments for gender equality, social inclusion and women’s empowerment. The CI3 Funds and the Project Companies in which the Funds are directly invested are required to align with and uphold these commitments and strive for the realization of gender equality, social inclusion and women’s empowerment opportunities appropriate to the social and cultural context of the Projects in which the Funds are invested.

2.4 CI3 Responsible Investment Code

The CI3 Funds’ Responsible Investment Code (RIC) describes the requirements for the implementation and operation of the CI3 Funds’ ESMS, as described in this Manual. The RIC also defines minimum requirements pertaining to investments of the Fund (refer to Section 4), along with E&S Requirements and Guiding Principles with which the Fund must comply. The Guiding Principles are summarised in **Table 2.1** along with the arrangements adopted by CI3 Funds for managing compliance.

Table 2.1 CI3 Responsible Investment Guiding Principles

Theme	Principle	CI3 Arrangements
E&S Requirements	Endeavour to achieve full alignment at all times with the E&S Requirements and international standards including those detailed in Table 2.2 .	This ESMS Manual describes the arrangements that must be implemented by the Fund Manager and the Project Companies to achieve and maintain alignment with the E&S Requirements (as detailed in the E&S Management Standards included in Annex 1) and international standards (refer to Table 2.2 below) described in the RIC. CFM will conduct routine monitoring of the status of compliance with the E&S Requirements of the Fund and the Project Companies.
Legal Requirements including International Conventions and Treaties	Respect and proactively manage compliance of Project Companies’ operations with host country laws, rules and regulations and with international conventions and treaties adopted by the host country and applicable to all Phases of the Project Companies’ assets and activities.	The CI3 Funds are committed to complying with all applicable legal and other requirements including those detailed in this ESMS Manual and require all Project Companies to implement a process to achieve the same. Compliance will be subject to ongoing review by CFM including through periodic audits.
Delivery of Positive Impacts and Broad Community Support	Minimize adverse impacts and enhance positive effects on the environment and all stakeholders (including Employees and any affected communities) as relevant and appropriate, of the Project Companies.	Maintenance and retention of ongoing broad community support (also referred to as social licence to operate) is critical to the success of the Funds. The Funds rely on every Project Company to build positive community relations and to appoint a community liaison officer to engage directly with the host communities. The extent to which the engagement is conducted, and with which stakeholder groups, is context-specific and will be determined during the due diligence phase. Typically, the engagement will be conducted in accordance with a Project-specific Stakeholder Engagement Plan. Refer

Theme	Principle	CI3 Arrangements
		to E&S Management Standards in Annex 1 (A1.2 and A1.3) for further guidance.
Natural Resource Management and Environmental Protection	Encourage the Project Companies to make efficient use of natural resources and to protect the environment wherever possible	All Project Companies are required to implement arrangements 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. Refer to the E&S Management Standards in Annex 1 (A1.5 and A1.8) for further guidance.
Human Rights	Respect all internationally recognised human rights and conduct contextual analysis and when necessary, human rights due diligence in order to identify, prevent, mitigate and account for potential adverse risks/impacts as appropriate to the size and nature of the business.	An assessment of potential human rights risks will be undertaken during the investment process and arrangements will be implemented to respect human rights at all stages of the investment lifecycle. All Project workers and external stakeholders will be provided with access to a grievance mechanism that will provide for remedy in the event of any adverse human rights impacts that a Project may cause or to which they contribute.
Gender Equality and Social Inclusion (GESI)	Commit to the ongoing implementation of the General Partner's Gender Equality and Social Inclusion Policy and associated Action Plan and strive for the realization of gender equality, women's empowerment opportunities and social inclusion as appropriate to the social and cultural context of the Project Companies in which the Fund is invested.	All Project Companies must be gender-sensitive and socially inclusive in their design and implementation and contribute to gender equality, social inclusion and women's empowerment in the Project Company's local communities. In addition, the Project Company will adopt measures to safeguard female and vulnerable members of the workforce and host communities against the risk of Sexual Exploitation, Abuse and Harassment (SEAH) along with measures to respond to and address reported or suspected cases.
Climate Change	Assess climate impact and undertake efforts to combat climate change as appropriate to the size and nature of the business including through supporting the reduction of greenhouse gas emissions and enhance climate change resilience of Project Company assets.	All Project Companies are required to prepare a climate risk and vulnerability assessment (CRVA) which considers the physical climate risks to which the asset(s) may be exposed, and to implement an adaptation plan to enhance resilience. In addition, all Project Companies are required to collect data regarding their Scope 1, 2 and 3 greenhouse gas emissions and to report this to CFM on a quarterly basis to enable the calculation of the carbon footprint and the identification of emission reduction initiatives. Refer to Section 5.3 and Annex A1.5 (E&S Management Standard: Environmental Management) for further guidance.

2.5 CI3 Funds Investment Mandate and Exclusion List

The CI3 Funds refrain from investing in Project Companies that engage in activities that are included on the Fund’s Exclusion List (included in **Annex 2**) and requires Project Companies to refrain from activities that are on the Exclusion List. Screening of all potential Projects is undertaken during the investment process (refer to Section 4) to confirm that the Fund will not be exposed to any of the listed activities.

2.6 International Standards Applicable to CI3 Funds

As set out in the Responsible Investment Code, the CI3 Funds are committed to responsible investment in line with established good international practices as enshrined by the IFC and World Bank, development finance institutions, and the private sector. Funded Project Companies are required to adhere to and operate in line with the same standards. Recognized good international industry practices (GIIP) (also referred to as ‘international standards’) that are adopted by the Funds are listed in **Table 2.2** below.

Table 2.2 Relevant Good International Industry Practices

Reference
<ul style="list-style-type: none"> • IFC Policy and Performance Standards on Social and Environmental Sustainability and Guidance Notes; • World Bank Group Environmental, Health and Safety (EHS) General Guidelines; • World Bank Group EHS Sector Specific Guidelines; • Green Climate Fund Revised Environmental and Social Policy; • International Bill of Human Rights² and the UN Guiding Principles on Business and Human Rights based on the UN ‘Protect, Respect and Remedy’ framework; • International Labor Organization (“ILO”) Declaration on Fundamental Principles and Rights at Work • ILO Core Labor Standards, and Basic Terms and Conditions of Employment; • UN Convention on the Elimination of All Forms of Discrimination Against Women; • OECD Guidelines for Multinational Enterprises on Responsible Business Conduct; • Equator Principles; • UN Sustainable Development Goals (UN SDGs); and • All other applicable international standards and good international industry practices.

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. E&S GOVERNANCE AND ORGANISATION

3.1 Overview

This section provides an overview of the governance and organisational arrangements in place for the management of climate and E&S risks, impacts and opportunities associated with the CI3 Funds’ investment activities.

3.2 Fund Governance Arrangements

The CI3 Funds are committed to the implementation of the commitments of the Responsible Investment Framework and upholds these through visible leadership and allocation of resources. On behalf of the CI3 Funds, CFM takes direct responsibility for the management of ESG-related activities related to the Fund and ESG is an integral consideration at all levels of the business. ESG 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.

3.3 ESG Roles and Responsibilities

There are multiple different entities within the CI3 Funds universe that have important ESG and impact responsibilities. The key roles and ESG responsibilities are summarised in **Table 3.1**.

Table 3.1 ESG Roles and Responsibilities

Stakeholder	Role
GCF Accredited Entity	DBSA is the GCF Accredited Entity (AE) for the CI3 Funds and is responsible for ensuring compliance with GCF policies and the terms and conditions of GCF’s funding agreement.
GCF Executing Entity	CFM is the GCF Executing Entity (EE) and is responsible for implementing the ESG commitments and arrangements described in this and other supporting documentation relating to the GCF funding agreement.
CFM	CFM is responsible for project screening, structuring, administration, implementation monitoring, and ensuring project compliance with, inter alia, the Funds’ relevant sustainability and governance policies.
E&S Manager	The E&S Manager has management responsibility, among other things, for the strategic management of environmental, social, health and safety matters of the Fund and for ensuring proper operation and maintenance of the E&S Management System.
Project Companies	The Project Companies are responsible for compliance with the E&S Requirements as detailed in this ESMS manual and supporting documentation and managing and continually improving the Project’s ESG and impact performance. Each Project Company will ensure that they have a Project-level ESMS in place as well as adequate staffing and resources to effectively manage these responsibilities.

Stakeholder	Role
External E&S Advisors	Adequately qualified independent E&S advisors are appointed to support the Investment Manager with, inter alia, due diligence, specialist studies, and ongoing monitoring. This support will be defined, facilitated and monitored by CFM and is commissioned through issue of defined terms of reference. The E&S due diligence will be commissioned using defined terms of reference (refer to Section 4).

3.4 Governance Arrangements in Project Companies

To ensure effective implementation of CI3’s E&S Requirements, competent ESG staff will be appointed by each Project Company and these staff will be adequately equipped with knowledge and resources to effectively implement CI3 Funds’ E&S requirements. Commensurate with the nature and scale of ESG risks associated with the Project, Project Companies are required to implement arrangements to:

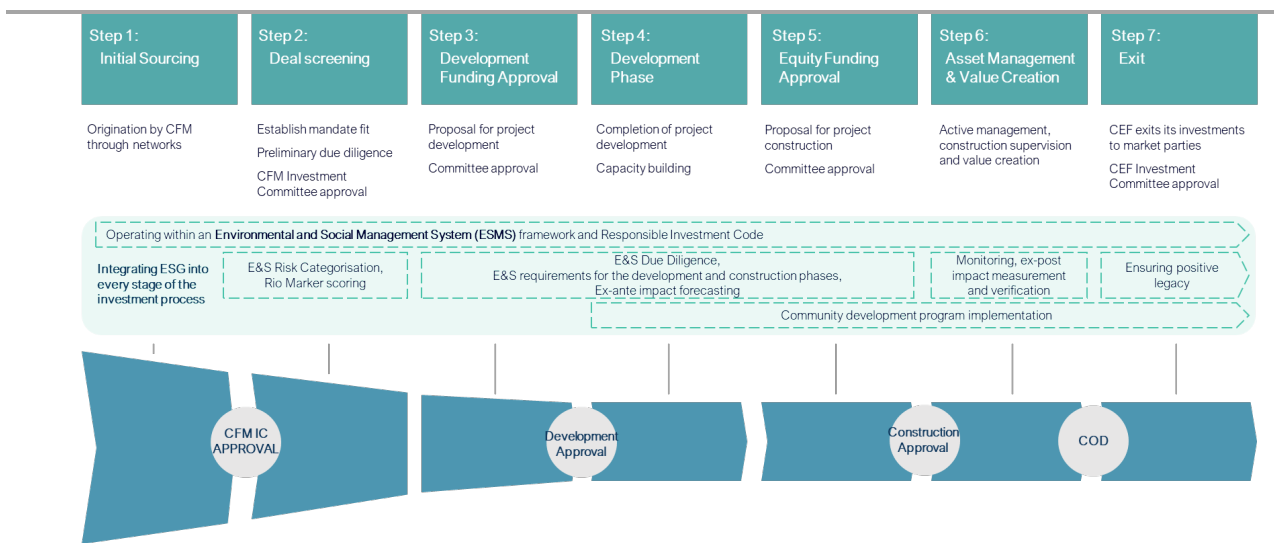
- Clearly define and communicate ESG roles and responsibilities;
- Define the ESG competency and training needs for any ESG-specific roles;
- Establish a robust recruitment process for all new Project workers including employees, contractors and sub-contractors, where applicable;
- Ensure that all new staff are informed of the Project’s arrangements for ESG risk management as part of their induction training;
- Periodically provide refresher training on the Project’s E&S Requirements;
- Inform staff of any significant updates relating to ESG management, and
- Provide specific and relevant training on ESG risks, impacts and management.

4. OPERATIONAL GUIDELINES DURING INVESTMENT LIFECYCLE

4.1 Overview of CI3 Funds’ Investment Process

The CI3 Funds’ investment process is managed in accordance with a Transaction Route Map (TRM) and comprises a series of steps as presented in **Figure 4.1**. Consideration of ESG risks and impacts is integrated in the investment process. The ESG activities that take place during the investment process are further described in the remainder of this section.

Figure 4.1 CI3 Investment Process



4.2 E&S Risk Categorisation

Prior to the Funds’ initial investment in any proposed Project Company an assessment will be conducted to classify the investment according to its potential E&S risks and impacts. The capability of the Project Company to manage such potential adverse impacts and risks does not form part of the categorisation. The risk categories are summarised in **Table 4.1** and further described in **Annex 3**. The assessment and risk categorisation process and activities are described in Section 4.3. The assessment may be conducted by the CI3 Funds’ ESG Manager or by an external expert.

Categorisation reflects the assessment of the E&S relevance, including potential contextual risks, i.e., the potential material adverse E&S impacts and risks of the investment opportunity. Where there is limited information made available in respect of a proposed investment at the time of conducting the deal screen (Step 2), the E&S risk category will be determined on the basis of the inherent E&S risks associated with the planned Project activity/ies and technologies, as well as the information available regarding the E&S characteristics of the planned Project activities and the likely geographical setting taking in to account E&S sensitivities. Refer to **Annex 4** for an indicative list of high-risk projects (those that would typically be classified as Category A) and the types of impact typically associated with different sectors. Category A Projects will be considered for equity funding only if the conditions listed in **Table 4.2** can be met.

In such cases, a conservative risk rating will be applied. This means that activities and sectors that are known to have significant E&S impacts, and/or Projects that are expected to be located in an E&S sensitive location,

will be categorised as ‘A’ until and unless it can be proven to be categorized differently. This approach is aligned with that adopted by IFC, the World Bank, and other development finance institutions.

Table 4.1 Project Risk Categorisation

Risk Category	Description
Category A	Activities with significant potential adverse social or environmental impacts or risks that are diverse, irreversible or unprecedented. An indication for categorizing an activity as "A" is that such impacts cannot be mitigated or remedied or that they can be mitigated or remedied only at significant costs ³ .
Category B+	Activities with generally limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through mitigation measures, but which have some specific features which can have significantly larger adverse social or environmental impacts.
Category B	Activities with limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through well-known mitigation measures.
Category C	Activities with minimal or no adverse environmental and/or social risks and/or impacts

Table 4.2 Conditions for Category A Projects

Conditions to be met for Category A Projects to Proceed Beyond Development Phase
<p>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 equity funding:</p> <ul style="list-style-type: none"> • None of the exclusions listed in the Indigenous Peoples Management Standard (Annex 1.9) 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 the CI3 Funds commenced in the development 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

³ 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; 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; 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.

4.3 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 4-3**. 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 4-3 E&S Screening and Categorisation Activities

Activity	Description
Desk-based E&S screening assessment	<ul style="list-style-type: none"> Completion of the E&S screening assessment (using the appropriate E&S Screening Assessment template) 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 Project⁴.
Climate Change	<ul style="list-style-type: none"> All projects must contribute to climate change mitigation through the reduction or future avoidance of GHG emissions. All proposed Projects shall be assessed to determine their eligibility as economic activities under the EU Taxonomy Regulation ((EU) 2020/852), as may be amended.
Human Rights Assessment	<ul style="list-style-type: none"> An evaluation shall be conducted 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.
Indigenous Peoples Assessment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

⁴ Examples include, a solar installation on a factory roof operated by the proposed offtaker; the development of a project on a greenfield site which may form part of a municipal master plan for development of a new port complex.

Activity	Description
Exclusion List Check	<ul style="list-style-type: none"> 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 2 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	<ul style="list-style-type: none"> 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.

4.4 DF Approval Process

4.4.1 Overview of Due Diligence Activities

Once the proposed investment has been approved by the CFM IC to proceed due diligence activities will be undertaken. The nature of the due diligence will vary and is based on the risk categorisation. 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 categorisation. 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 4-4**. The scope of the due diligence assessment will cover the aspects detailed in **Table 4-5**; 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 risk categories described in **Table 4-6**. These categories are used to describe the potential risk to the Fund (as opposed to the risk to the environmental or social receptor).

Table 4-4 E&S Due Diligence Activities

Activity	Description
Document Review	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> A site visit will be conducted by the ESG team and/or an external consultant(s)⁵ 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.

⁵ 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.

Activity	Description
Assessment of Project Developer's E&S awareness, capacity and commitment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> During the due diligence process the E&S risk categorisation 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	<ul style="list-style-type: none"> 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 4-5 Due Diligence Scope of Work

Activity	Description
Overview of E&S legislation	<ul style="list-style-type: none"> 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 and licences and the process to follow	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 present a risk to reputation and/or is contrary to the mandate of the Managed Vehicles.
Project stakeholders	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Overview of gender and human rights issues in the country/region including potential risks associated with the Project workforce and supply chain.
Indigenous Peoples	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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).

Activity	Description
Supply Chain	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> understand current and potential labour 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 Project Developer and of the main contractor to comply with IFC PS2 requirements, and identify mitigation, management and monitoring measures to address the root causes of actual or potential labour issues that (are likely to) prevent compliance with IFC PS2 requirements, including a timeframe for such measures.
Climate change	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 4-6 Description of Individual E&S Issue Categories

Category	Description
Red Flag Issue / Fatal Flaw	<ul style="list-style-type: none"> 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; 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	<ul style="list-style-type: none"> 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

Category	Description
	<ul style="list-style-type: none"> Issues that could result in reputational and other impacts involving national media/watchdogs.
Medium Risk Issue	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

4.4.2 Presentation of the Development Proposal

A summary of the E&S due diligence findings and the programme of development activities will be included in the development funding proposal to be presented to the Investment Committee for consideration. The information included in the proposal is summarised in **Table 4-7**.

Table 4-7 Development Funding Proposal E&S Overview

Topic	Description
Summary of Key E&S Risks	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
Community Development	<ul style="list-style-type: none"> Programme opportunities and required budget allocation.
E&S Risk Categorisation	<ul style="list-style-type: none"> Statement of the categorisation of the Project (to be confirmed on completion of the ESIA where applicable).
Required Activities and Budget for Development Phase	<ul style="list-style-type: none"> Required E&S development tasks including phasing of associated activities and estimated budget requirements.
Manager's Opinion and Recommendation	<ul style="list-style-type: none"> Manager's opinion regarding the E&S aspects of the proposed investment and recommendation for next steps.

4.5 Development Phase

4.5.1 Overview of E&S Activities

In the development stage, the programme of activities presented in the development funding proposal 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 4-8**. Prior to commencing the programme of activities, the CI3 Funds and the Project Developer (or Sponsor or Counterparty) will enter into a development agreement⁶. This Agreement will contain appropriate E&S covenants requiring investments to be in compliance with the applicable E&S Requirements as described in **Annex 1**.

⁶ This may be in the form of a Joint Development Agreement (JDA), a Development Corporation Agreement (DCA) or a Development Funding Agreement (DFA).

Table 4-8 Development Phase E&S Activities

Requirements	Description
ESIA and ESMP	<ul style="list-style-type: none"> 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 consultancy⁷; 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	<ul style="list-style-type: none"> All proposed Projects shall be assessed to determine their eligibility as economic activities under the EU Taxonomy Regulation ((EU) 2020/852). 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	<ul style="list-style-type: none"> 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 1.9). 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	<ul style="list-style-type: none"> 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 1.7).

⁷ 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
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Social Inclusion Action Plan	<ul style="list-style-type: none"> All prospective Project Companies are required to commission a local GESI analysis and 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 SEAH and GBVH and the required control measures and ongoing monitoring activities.
Cumulative Impacts	<ul style="list-style-type: none"> Where relevant for the specific Project context, the ESIA will also consider an assessment and evaluation of cumulative impacts⁸ and associated facilities of the Project in accordance with the requirements and guidance of IFC PS1.
Additional Studies	<ul style="list-style-type: none"> 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.
Review of E&S Categorisation	<ul style="list-style-type: none"> 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.
Project Company E&S Awareness, Capacity and Commitment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Community needs assessment and preparation of a community development plan. Typically the needs assessment will be incorporated into the ESIA process.

⁸ 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.

4.6 Equity Funding Committee Approval

Prior to seeking approval for equity funding, independent due diligence will be conducted by suitably qualified experts with track record and knowledge of all applicable legal and other requirements to satisfactorily assess the Project’s alignment with the CI3 Funds’ E&S Requirements.

For Projects that were developed using CI3 Funds, the due diligence will comprise, as a minimum, the scope detailed in **Table 4-9**. In such cases, the objective is to confirm that the Project Company has satisfactorily completed all necessary work that is specified in the funding agreement, to the satisfaction of the CI3 Funds’ ESG Manager (or delegated representative).

If a potential Project is being considered for construction funding from the CI3 Funds without having already received development funding from the Funds, it will be necessary to conduct a more thorough scope of due diligence to assess and categorise the Project prior to proceeding further. The required activities and outcomes are summarised in **Table 4-10**.

Table 4-9 Required Due Diligence Activities and Outcomes for Projects developed by the CI3 Funds

Activity	Description
Evaluation of development phase outcomes	<ul style="list-style-type: none"> • Desk-based review of the outcomes/deliverables from the development process including the ESIA, where an ESIA is required. • A visit to the Project site(s) will be undertaken to confirm that the status of the Project site(s) and the area(s) 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 categorisation	<ul style="list-style-type: none"> • Confirmation of the E&S risk category on the basis of the outcomes/deliverables from the development process. • If, on the basis of the development 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.
Project Company E&S awareness, capacity and commitment	<ul style="list-style-type: none"> • Confirmation based on the E&S outcomes / deliverables from the development process of the developer’s competency and capacity to adequately manage E&S impacts and risks during construction.

Table 4-10 Required Due Diligence Activities and Outcomes for Projects developed without the CI3 Funds

Activity	Description
Desk-based contextual analysis	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> A senior member of CI3 Funds’ ESG staff (i.e. an ESG Manager or a Regional ESG Manager) will conduct a site visit at least once prior to submission of the equity investment proposal for committee consideration and may also conduct additional site visits prior to financial close if considered by the Regional ESG Manager to be necessary.
External ESDD Assessment	<ul style="list-style-type: none"> All Projects being considered for equity funding that have not been developed by the CI3 Funds 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Confirmation of 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	<ul style="list-style-type: none"> Preliminary high-level analysis of the Project Company’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.

4.6.1 Presentation to the Equity Funding Investment Committee

Presented in **Table 4-11** is a summary of the key considerations that will be included in the investment proposal to be presented to the CI3 Funds’ equity funding Investment Committee for consideration.

Table 4-11 E&S Overview for Equity Funding Proposals

Topic	Description
Summary of key E&S risks and impacts	<ul style="list-style-type: none"> 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.

Topic	Description
Project Company E&S awareness, capacity and commitment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Programme opportunities and required budget allocation.
E&S Risk Categorisation	<ul style="list-style-type: none"> Statement of the confirmed E&S risk category.
Required Activities and budget	<ul style="list-style-type: none"> E&S requirements for the construction phase including phasing of activities and associated estimated costs.
Manager's Opinion and Recommendation	<ul style="list-style-type: none"> Manager's opinion regarding the E&S aspects of the proposed investment and recommendation for next steps.

4.6.2 Activities Prior to Equity Financial Close

Prior to equity financial close, the specific arrangements and commitments detailed in **Table 4-12** must be in place.

Table 4-12 E&S Requirements for CEF Contracting

Topic	Description
Project Company HSSE Management System	<ul style="list-style-type: none"> 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. 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

Topic	Description
Project Company External E&S Advisor	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The prospective Project Company will be required to provide evidence of the budgetary commitments necessary to execute all E&S requirements.
ESAP	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

4.7 Asset Management

Following equity financial close, 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**.

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 5. **Table 4-13** details the construction phase E&S activities and outcomes.

Table 4-13 Construction Phase E&S Activities and Outcomes

Topic	Description
Project Company HSSE Management System	<ul style="list-style-type: none"> 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.

Topic	Description
	<ul style="list-style-type: none"> CFM shall continue to monitor HSSE performance in accordance with the arrangements detailed in Section 5.
Community Development	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

4.8 Exit

The CI3 Funds are committed to achieving a long-lasting positive impact that endures beyond exit, to achieving a smooth transition of ESG risk and impact management to the new owner, and to conducting the exit process transparently with respect to all stakeholders. In support of decision-making regarding a planned exit from an investment, and in preparation for it, a plan will be established by the CI3 Funds in collaboration with the Project Company for the ongoing management of the ESG impacts and risks.

5. MONITORING AND REPORTING

5.1 Overview

On behalf of the CI3 Funds, CFM will review and document the ESG performance of each investment and use the findings to improve its investment decision-making and portfolio management process over time. This section describes the key ESG performance monitoring and evaluation activities.

5.2 Project Monitoring

5.2.1 General Arrangements

All approved Projects are monitored on a periodic basis to confirm the Project's ESG performance, check compliance with CI3 Funds' requirements, and, where required, agree on corrective actions to address any issues and deviations. Monitoring takes the form of:

- Annual reports submitted by the Project proponent (see Section 5.3);
- Annual independent audits by External E&S Advisors commissioned by CFM on behalf of the CI3 Funds. Such audits may be conducted more often if deemed necessary on the basis of inadequate ESG performance, following a Reportable Incident, and/or as requested by a shareholder or investor.
- Annual self-assessment of compliance with the CI3 Funds' requirements prepared by all Projects and reported to CFM.
- Monitoring in accordance with the SFDR and EU Taxonomy Regulation, including assessments against the PAI indicators and the defined minimum standards.
- CFM may require more frequent or *ad hoc* monitoring on specific ESG issues.

The monitoring will involve an evaluation of compliance with the standards and requirements (Annex 1), along with any additional and Project-specific requirements (e.g. such as those that may be detailed in an ESAP). The extent of monitoring will be based on the type and level of ESG risks associated with the Project.

The results of the annual self-assessments, mid-term reviews, and any *ad hoc* reviews will be included in annual performance reports submitted to CFM (**Section 5.3**). The monitoring will be a continuous process that includes disclosure pursuant to the GCF Monitoring and Accountability Framework and the GCF Information Disclosure Policy.

5.2.2 Stakeholder Participation

Projects funded by the CI3 Funds are required to undertake all necessary measures to ensure participatory monitoring through the involvement of communities, local stakeholders, Indigenous Peoples, and civil society organizations. This participatory monitoring approach will also encourage the national designated authorities or focal points to identify individuals, groups and other stakeholders that might be affected by the activities of the Projects.

5.3 ESG Performance & Incident Reporting

In accordance with the CI3 Funds' Responsible Investment Code, the Funds are required to report ESG performance and incident information to the LPs as detailed in **Tables 5.1** and **5.2** and **Annex 6**. The CI3 Funds require all Project Companies to put in place systems to collect E&S performance data and information to enable

them to report against the key performance indicators detailed in **Annex 6**, along with the results of the annual self-assessment (Section 5.2.1). Such systems shall be designed so that the data and information is complete and accurate and can be reported in a timely manner. The annual report shall be prepared in a format specified by CFM.

Table 5.1 CI3 Reporting Obligations

Report	Description
Annual ESG Performance Report	<ul style="list-style-type: none"> • Within ninety (90) days after the end of each Financial Year, CFM shall submit, on behalf of the CI3 Funds, an annual E&S Performance Report to CFM in a form to be agreed with CFM. • The report shall contain the following information: <ul style="list-style-type: none"> - Consolidated impact and ESG performance of the Fund. - Ex ante impact targets for all investments (including those in the pipeline). - Ex post impact of each operating Project. - E&S performance of all approved Projects. - E&S risk profile of all approved Projects. • Refer to Annex 6 for further detail.
SFDR Reporting	<ul style="list-style-type: none"> • As part of the audited financial statements of the CI3 Funds, CFM shall prepare annual reports for the prior reporting year in the prescribed format for the purpose of compliance with the SFDR periodic disclosure and statement of principal adverse impacts. Such reports shall be disclosed publicly by 30th June of every calendar year.
Quarterly ESG Progress Report	<ul style="list-style-type: none"> • Within ninety (90) days after the end of each calendar quarter, CI3 shall deliver to CFM a quarterly E&S progress report. • The report shall contain the following information: <ul style="list-style-type: none"> - Overview and status of current E&S risk management practices implemented by the Fund Manager. - Progress of each Project Company with the implementation of the ESAP and any corrective actions, as appropriate. • Refer to Annex 6 for further detail.
E&S Incident Report	<ul style="list-style-type: none"> • CI3 shall report all Reportable Incidents to CFM in accordance with the arrangements described in Table 5.2.

Table 5.2 Reporting of Reportable Incidents

Report	Description
Initial Notification	<ul style="list-style-type: none"> 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, specifying the nature of the E&S Incident and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent recurrence.
Detailed Incident / Accident Report (an 'investigation report')	<ul style="list-style-type: none"> As soon as reasonably practicable thereafter, but ultimately within thirty (30) days of the first notification report to the investors and donors, CI3 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	<ul style="list-style-type: none"> In severe cases, CI3 will keep CFM and other investors informed on a quarterly basis of the on-going implementation of the measures as defined in the investigation report.

6. STAKEHOLDER ENGAGEMENT & EXTERNAL COMMUNICATIONS

6.1 CI3 Funds' Key Stakeholders

CI3 Funds' key stakeholders can also be referred to as the interested parties and are those for whom the activities and impacts associated with the CI3 Funds are important. The key stakeholders and the principal modes of engagement are summarised in **Table 6.1**.

Table 6.1 CI3's Stakeholders and Engagement Activities

Stakeholder	Role
Investors	<ul style="list-style-type: none"> Investors are kept informed about CI3's ESG and impact performance of the Managed Vehicles through annual investor reports and Board meetings. 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 investors to provide information relating to specific areas of interest.
Developers/Project proponents	<ul style="list-style-type: none"> Project proponents are provided with relevant ESG and impact information early on in the engagement process. CFM will continue to engage with Project proponents post-financial close through ongoing monitoring and evaluation activities.
Civil Society and Other External Parties	<ul style="list-style-type: none"> Informed via CI3's website of CI3's approach to impact measurement and management.

6.2 Project Stakeholder Engagement

Stakeholder engagement is a key activity undertaken by all Project Companies which must be integrated into business operations as continuous process. Stakeholder engagement activities carried out by all CI3 Project Companies will be based on the principles of transparency, accountability, inclusiveness, non-discrimination, and "do no harm" and with IFC PS1 and the associated Guidance Note.

At the Project level, the CI3 Funds are committed to the transparency and disclosure of information related to Projects and Project Company activities. All Project Companies are required to implement arrangements for public disclosure as part of the ESIA process, and for ongoing periodic disclosure and reporting of Project-related information. This ongoing disclosure shall be carried out via a structured programme of engagement and communication activities. Information must be disclosed in local languages and in a manner that is culturally sensitive and accessible to all members of the community. Refer to **Annex 1** (E&S Management Standards A1.1 and A1.2) for further information.

Projects funded by the CI3 Funds will follow the guidelines of the GCF Sustainability Guidance Note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects. Based on the principles of transparency, accountability, inclusiveness, non-discrimination, and "do no harm", successful stakeholder engagement by the Project shall be aligned with this GCF guidance note.

6.3 Grievance Mechanisms for External Stakeholders

An external grievance mechanism is provided for CI3 Funds' external stakeholders on the CFM website. 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 and SEAH. CFM is committed to providing a fair, transparent and constructive process that is survivor-centred and gender-responsive. The operation of the CI3 Funds' grievance mechanism is described in **Annex 8**.

A grievance mechanism must also be implemented by each Project for use by Project-affected communities. The grievance mechanism shall provide unimpeded access to judicial or administrative remedies if available, and to the GCF Independent Redress Mechanism (IRM)⁹.

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 and SEAH. Further information regarding the design and management of Project-level grievance mechanisms is included in **Annex 1**.

⁹ Available online at <https://irm.greenclimate.fund/>

7. TRANSPARENCY AND DISCLOSURE

7.1 Introduction

The CI3 Funds recognize the importance of transparency and accountability in all aspects of their operations in performing their duties in line with legal obligations and lender requirements. Guided by the principles of efficiency and effectiveness, the CI3 Funds will seek to share and facilitate access to relevant information about its operations with stakeholders.

This section sets out the Funds' policy regarding the information that it makes available to the public; this applies to all information produced by or in the possession of the CI3 Funds, the GCF Information Disclosure Policy and the GFC Revised Environmental and Social Policy (ESP). It also describes the arrangements for complying with European legal requirements for disclosure.

7.2 Disclosure of Planned Investments

CFM is committed to (i) the timely disclosure of information prior to approval of a proposed CI3 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. Project disclosures are made in accordance with CI3's Disclosures Procedure which has been developed in line with the GCF Information Disclosure Policy.

In accordance with the GCF Information Disclosure Policy, and on behalf of the CI3 Funds, CFM will disclose information on the E&S impact of its projects. This includes the Project ESIA, ESMS (or ESMP if ESMS not available), ESDD and audit reports (if relevant), GESI assessment and action plan, and additional documents as appropriate, such as a resettlement action plan, IP plan, etc. CFM will disclose the ESIA and ESMP at least 120 calendar days (for Category A subprojects) and the ESIA and ESMP at least 30 calendar days (for Category B sub-projects) in advance of the approval of the subprojects, in English and the local language. The disclosure will be in locations convenient to affected peoples in English and in the involved people language, and the information will be provided to GCF.

Exceptions to disclosure will be permitted in case the potential harm to interests, entities or parties arising from the disclosure of information would outweigh the benefits of access, and if the CI3 Funds are legally obligated to non-disclosure or has received information from Sponsors and third parties that is indicated as confidential. CFM will employ all practical means to facilitate access to information.

The exception concerns:

- Personal information of any person, including directors, staff, consultants, experts, attorneys, agents, contractors and other persons connected with CI3 Funds;
- Legal, disciplinary or investigative matter in dispute or under negotiation, information relating to any investigation of alleged fraud, corruption or misconduct or disciplinary proceedings, or any information that would be likely to materially prejudice an investigation or the administration or justice, or that would violate applicable law, contractual obligation or could subject CI3 Funds to undue litigation risk;
- Internal documents and communication as those with its consultants, attorneys, agents or contractors;
- Information that would be likely to compromise the security, safety or health of the CI3 Funds or Project proponent staff and their families, consultants, experts and contractors, any other individual or their assets;

- Confidential information covered by a confidentiality obligation that CI3 Funds had entered into with other parties;
- Financial, business or proprietary and non-public information in possession of CI3 Funds and/or belonging to an external or internal party, without the express permission of such party;
- Deliberative information covered in internal processes or external processes with the GCF, the AEs and Sponsors as emails, notes, letters, memoranda, reports, or internal documents prepared by or on behalf of staff, consultants, experts, attorneys, or agents of the CI3 Funds; and
- Information requested not to be disclosed by the GCF, the AEs and Sponsors.

7.3 Sustainable Financial Disclosure Regulation (SFDR)

As an alternative investment fund manager domiciled in the EU, CFM is also obliged to comply with relevant EU legislation including 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 CI3 investment process, relevant policies, and Project-specific information. Information is also included in the Fund's marketing materials.

7.4 Disclosure of CI3 Funds' ESMS and E&S Policy

On behalf of the CI3 Funds, CFM is committed to the timely disclosure of E&S information about a Project prior to its presentation to the investment committee for equity funding. Such information will be disclosed in English and in the national language(s) of the country in which the Project will be located, and will also be made 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.

Annex 1 Environmental and Social Management Standards

This Annex sets out the minimum requirements and supporting guidance for mitigating and managing ESG impacts and risks during the investment period (collectively, the E&S Management Standards). This Annex is organized as follows:

- Annex A1.1: E&S Management Standard: Management of E&S Risks and Impacts
- Annex A1.2: E&S Management Standard: ESIA and Other Specialist Studies
- Annex A1.3: E&S Management Standard: Stakeholder Engagement and Grievance Mechanisms
- Annex A1.4: E&S Management Standard: Labour and Working Conditions (*including occupational health, occupational safety, and process safety*)
- Annex A1.5: E&S Management Standard: Environmental Management
- Annex A1.6: E&S Management Standard: Community Health, Safety and Security
- Annex A1.7: E&S Management Standard: Involuntary Land Acquisition and Resettlement
- Annex A1.8: E&S Management Standard: Biodiversity Conservation and Sustainable Use of Natural Resources
- Annex A1.9: E&S Management Standard: Indigenous Peoples
- Annex A1.10: Cultural Heritage

A1.1 E&S Management Standard: Management of E&S Risks and Impacts

A1.1.1 Introduction

The CI3 Funds require all Project Companies to implement an E&S management system (ESMS) (also referred to as a Health, Safety, Social and Environmental Management Standard or “HSSE MS”) to manage E&S impacts and risks throughout the lifecycle of the Project. The general requirements detailed in this E&S Management Standard are aligned with the provisions of IFC PS1 and reflect international standards for E&S management. This Management Standard should also be read in conjunction with the other CI3 Funds’ E&S Management Standards, as annexed to the CI3 Funds’ ESMS Manual.

A1.1.2 Key References

Table A1.1.1 lists some of the key references (as updated from time to time) for further guidance in the management of E&S impacts and risks, including the design, implementation and continuous improvement of an ESMS.

Table A1.1.1 Key References

Topic	Description
Environmental & Social Management Systems	<ul style="list-style-type: none"> • IFC PS1 and associated Guidance Note • IFC ESMS Implementation Handbook • IFC ESMS Toolkit • ISO 14001: Environmental Management Systems – Requirements with Guidance for Use • ISO 45001: Occupational Health and Safety Management Systems – Requirements with Guidance for Use • ISO 26000: Guidance on Social Responsibility
Risk Management	<ul style="list-style-type: none"> • ISO 31000: Risk Management - Guidelines
Identification and Assessment of E&S Impacts and Risks	<ul style="list-style-type: none"> • Refer to Annex A section A1.2 in this document for ESIA and Other Studies • Refer to Annex A section A1.4 in this document for guidance relating to risk/hazard assessments such as Hazard and Operability Studies

A1.1.3 General Requirements

Environmental and social impacts and risks shall be identified, assessed and managed in line with the requirements of IFC PS1. While the scope and level of detail of the IFC-compliant ESMS and associated processes should be appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts of the Project, the general requirements detailed in Table A1.1.2 must be adhered to.

Table A1.1.2 General Requirements

Topics	Standard Requirements
E&S Policy	<ul style="list-style-type: none"> • Project-specific E&S policy that defines the commitments and arrangements for managing E&S risks. • Communication of the policy to the Project workforce (including Project Company employees, contractors and third-party workers). • Policies shall be made available in English and all relevant local languages.
ESMS and thematic management programmes	<ul style="list-style-type: none"> • Documented and integrated management system or programme for managing E&S risks (planned or already in place). The ESMS shall be aligned with IFC PS1. Project Companies are also referred to the IFC ESMS Handbook and to the Project Company ESMS Template developed by CFM. • Documented thematic management plans and/or procedures for specific E&S aspects. • GESI assessment and plan in line with the requirements outlined in CI3's GESI assessment and plan and including SEAH risk-based controls. • Management system/plans are endorsed by senior management and communicated to Project workers.
Compliance with Legal and Other Requirements	<ul style="list-style-type: none"> • Process for complying with all applicable legal and other requirements including those detailed in the CI3 Funds' ESMS Manual as well Project-specific documentation (such as an ESMP). • Maintenance of a register communicated to all relevant Project employees which details the legal and other requirements and how they apply to the Project.
Identification of E&S risks and impacts	<ul style="list-style-type: none"> • Documented process for the assessment and management of HSSE risks and impacts in line with IFC PS1 and the associated guidance note. The approach to the assessment will be guided by the type, scale, nature and phase of the Project. • For due diligence of greenfield projects and major expansions (rated as Category A or B+), an IFC PS1-compliant Environmental and Social Impact Assessment (ESIA) will be required. In the case of Category B projects, a more limited or focused assessment of impacts in the form of additional studies will typically be sufficient however this will be determined on a case-by-case basis in the Full E&S Due Diligence. Refer to CI3 Funds' E&S Management Standard A1.2 (ESIA and Other Specialist Studies) in Annex 1 of the CI3 Funds' ESMS Manual for further guidance. • For due diligence of existing operations, the assessment will involve an evaluation of the HSSE risks in the form of an audit or risk/hazard assessment. • Post due diligence, up-to-date risk assessments shall be maintained for all Project activities and communicated to all relevant members of the workforce along with a risk register that summarises all risks and the required control measures.
Management of E&S risks and impacts	<ul style="list-style-type: none"> • An ESMP will be developed based on the identified environmental and social impacts of the Project. The ESMP shall set out the mitigation and monitoring measures for each identified impact along with assignment of responsibilities, an estimation of costs where appropriate and a description of institutional and training requirements to implement them, along with a detailed timeline for implementation. • Refer to CI3 Funds' E&S Management Standard A1.2 (ESIA and Other Specialist Studies, Section A1.2.4) in Annex 1 of the CI3 Funds' ESMS Manual for further guidance.
Organizational capacity and competencies to implement the ESMS	<ul style="list-style-type: none"> • Senior and staff roles and responsibilities, with emphasis on the thematic areas of coordination, environmental management, health and safety and community relations.
Emergency preparedness and response	<ul style="list-style-type: none"> • Documented emergency preparedness and response plan. • Consideration of the needs of relevant interested parties (e.g. emergency services, communities, neighbours).

Topics	Standard Requirements
Monitoring and inspection system	<ul style="list-style-type: none"> • Provision of first aid arrangements e.g. trained first-aid personnel, first aid equipment, first aid room where treatment can be carried out. • E&S monitoring and inspection programme based on the requirements of the ESMP, relevant legislation; permits and licences, and CI3 Funds' E&S requirements. • The programme must detail the reporting frequency, monitoring locations (if applicable), methodology to be used, responsible party for conducting the monitoring, and the reporting process. • Documented monitoring results and implementation of corrective and preventive actions. • Procedure and schedule for conducting internal audits and inspections to review E&S performance. • Procedure for managing non-compliances and corrective actions. • 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.).
Stakeholder engagement and external communication	<ul style="list-style-type: none"> • Stakeholder Engagement Plan (SEP) for external communications with all key stakeholder groups. The SEP shall include: <ul style="list-style-type: none"> - Summary of international and national regulations and best practice governing stakeholder engagement - Identification and analysis of stakeholders relevant to the Project. - Methodology and programme of engagement activities during each phase of the Project with a focus on project-affected communities, gender, Indigenous Peoples and other vulnerable groups. - Consideration of private sector responsibilities under government-led stakeholder engagement. • 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 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.
Grievance mechanism for project affected communities	<ul style="list-style-type: none"> • Grievance mechanism for local communities to raise complaints, concerns and grievances about the Project. • The Project affected communities must be informed about the mechanism and how to access it and use it. • The grievance mechanism must comply with all applicable local, regional and national legislation. • Procedure for managing grievances including the process for receiving, registering, screening, assessing, responding and closing them. • Arrangements for managing the mechanism must be compliant with the Effectiveness Criteria detailed in Principle 31 of the UN Guiding Principles on Business and Human Rights¹⁰. • The mechanism must make specific provision for cases of SEAH that may be reported by local community members including: timely and survivor-centred response; access to redress; appropriate safeguards to protect the survivor, any witnesses, as well as other stakeholders (e.g. family members). • Appropriate training for Project workers responsible for receiving, responding to, and addressing cases of GBVH, in line with international best practice.
Periodic reporting and disclosure	<ul style="list-style-type: none"> • Arrangements for the periodic disclosure and reporting of Project-related information to local communities including the reporting process, frequency of reporting, kind of information reported, languages used, etc.

¹⁰ UN Human Rights Office of the High Commissioner, HR/PUB/11/04, 2011

A1.2 E&S Management Standard: ESIA and Other Specialist Studies

A1.2.1 Introduction

The CI3 Funds require the completion of an IFC-compliant Environmental & Social Impact Assessment (ESIA)¹¹ for all Category A and B+ Projects. An ESIA may also be required for Category B Projects and this will be determined on a case-by-case basis by the CI3 Funds' ESG Manager or other delegated ESG competent person.

The requirements in this E&S Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Management Standard.

This Management Standard should also be read in conjunction with the other CI3 Funds' E&S Standards as annexed to the CI3 Funds' ESMS Manual.

A1.2.2 Key References

Table A1.2.1 lists some of the key references (as updated from time to time) for further guidance in the commissioning and management of IFC-compliant ESIA's and other specialist studies and should be referred to as applicable to the nature of the Project's activities.

Table A1.2.1 Key References

Topic	Description
Guidance on how to prepare an ESIA	<ul style="list-style-type: none"> • IFC guidance notes and manuals, especially: <ul style="list-style-type: none"> – IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts (IFC, 2012). – IFC Guidance Note 1 Assessment and Management of Environmental and Social Risks and Impacts (IFC, 2021). – IFC Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets (IFC, 2013).
Biodiversity-related assessment	<ul style="list-style-type: none"> • IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources (IFC, 2012). • IFC Guidance Note 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources (IFC, 2019). • World Bank's Biodiversity Offsets: A User Guide (Ledec and Reay Johnson, 2016).
Climate change risk assessment	<ul style="list-style-type: none"> • ISO 14090:2019 – Adaptation to Climate Change: Principles, Requirements and Guideline • ISO 14091:2021 – Adaptation to Climate Change: Guidelines on Vulnerability, Impacts and Risk Assessment • IFRS S2 Climate-related Disclosures, ISSB (June 2023), supported by IFRS S1 (General Requirements).

¹¹ An IFC-compliant ESIA means an ESIA that has been prepared to align with the principles and requirements IFC Performance Standards and the associated Guidance Notes.

Topic	Description
Social studies	<ul style="list-style-type: none"> The Danish Institute for Human Rights: “Human rights impact assessment guidance and toolbox. United Nations: The Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples (UN, 2013).

A1.2.3 General Requirements

When determined to be required on the basis of the due diligence assessment, an ESIA will be conducted in line with the requirements of IFC PS1. While the scope and level of detail of the IFC-compliant ESIA should be commensurate with the potential impacts of the foreseeable project operations, the general requirements for ESIAAs detailed in **Table A1.2.2** must be adhered to.

Table A1.2.2 General Requirements

Topic	Description
ESIA Experts	<ul style="list-style-type: none"> Where the need for an ESIA (irrespective of extent and scope) has been identified by the external ESDD Advisor, the Project Company shall appoint an external consultancy with a team of qualified and competent ESIA and subject matter experts to manage the overall ESIA process and to deliver the ESIA report and specialist technical studies. 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, CI3 will appoint a preferred consultancy to undertake an independent expert review of the ESIA process and outcome to confirm alignment with the IFC Performance Standards. The need for specialist technical studies will be determined on a Project-specific basis and will be subject to evaluation as part of the ESIA. Typically technical experts will be required on issues concerning resettlement (ref. IFC PS 5), biodiversity (ref. IFC PS 6), Indigenous Peoples (ref. IFC PS 7) and Cultural Heritage (ref. IFC PS 8). The ESIA studies must be completed before the Project construction phase (including early works) commences.
Baseline studies	<ul style="list-style-type: none"> The specialised team of experts will conduct baseline studies, including stakeholder engagement, as relevant to the environmental and social aspects of the Project and its setting. An inventory and assessment will be prepared of the physical and biological environment; natural resources; cultural heritage; and socio-economic baseline of the study area. At least one visit to the Project area will be required for the collection of primary baseline data. Further data collection will be conducted for a period that adequately represents seasonal variations. Secondary data will be used in the assessment if the ESIA experts deem it to be representative and relevant.
Stakeholder engagement	<ul style="list-style-type: none"> The ESIA team shall consider the national and international requirements and standards regarding stakeholder engagement, public consultation and disclosure. Refer to CI3 Funds’ E&S Management Standard A1.3 (Stakeholder Engagement and Grievance Mechanisms) in Annex 1 of the CI3 ESMS Manual for further guidance.
Evaluation of Project Alternatives	<ul style="list-style-type: none"> The ESIA will identify and evaluate Project alternative, e.g. alternatives to the site location, Project design, scale, conditions of operation and technology, including the “no-action” alternative to the proposed Project. For each of the alternatives the environmental and social impacts shall be assessed to the extent possible according

Topic	Description
	existing information and knowledge. The basis and evaluation for selecting the Project over other alternatives shall be stated.
Impact Assessment	<ul style="list-style-type: none"> The ESIA will identify and assess the significance of potential environmental and social impacts of all Project activities during all Project phases (e.g. detailed design, construction, operation and/or decommissioning, as relevant). Management (mitigation and monitoring) measures will be identified that the Project can implement to avoid or mitigate the significance of the potential impacts. The ESIA will include an assessment of the residual impacts (i.e. significance of impacts with implementation of the required management measures).
Cumulative Impacts	<ul style="list-style-type: none"> Where relevant for the specific Project context, the ESIA will also consider an assessment and evaluation of cumulative impacts¹² and associated facilities of the project in accordance with the requirements and guidance of IFC PS1.
Indigenous Peoples (IP)	<ul style="list-style-type: none"> 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 CI3 Funds' E&S Management Standard A1.9 (Indigenous Peoples) in Annex 1 of the CI3 Funds' ESMS Manual. The ESIA team 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 and, if considered necessary on the basis of the ESIA, an IPP will be developed for implementation by the Project.
Involuntary Land Acquisition and Resettlement	<ul style="list-style-type: none"> 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 CI3 Funds' E&S Management Standard A1.6 (Land Acquisition and Resettlement) in Annex 1 of the CI3 Funds' ESMS. A livelihood restoration plan (LRP) shall be developed in those cases where economic resettlement cannot be avoided, and a resettlement action plan (RAP) will be developed where physical resettlement will be required.
Gender Inclusiveness	<ul style="list-style-type: none"> The ESIA team should include a gender expert and considerations of gender equality and women's empowerment must be incorporated into the ESIA studies, including in stakeholder engagement as a distinct activity. Potential gender impacts (positive and negative) must be clearly identified and incorporated into the development of the stakeholder engagement plan. The development of the management and monitoring activities in the ESMP must be gender-inclusive, with gender-specific actions and gender-focused Key Performance Indicators.
Human Rights	<ul style="list-style-type: none"> In circumstances where Human Rights have been identified as a potential concern either during the due diligence process or during the scoping of the ESIA, independent experts shall be appointed to conduct a specialist human rights assessment as part of the ESIA.
Review of E&S Categorisation	<ul style="list-style-type: none"> During the ESIA process the Project's E&S risk categorisation 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.
Environmental and Social Management Plan	<ul style="list-style-type: none"> An ESMP will be developed based on the identified environmental and social impacts of the Project. The ESMP shall set out the mitigation and monitoring measures for each identified impact along with assignment of responsibilities, an estimation of costs where appropriate and a description of institutional and training requirements to implement

¹² 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.

Topic	Description
	them, along with a detailed timeline for implementation. Refer to Table A1.2.3 for further guidance.

A1.2.4 ESIA Report Structure

The structure and content of the ESIA can be modified as necessary to address the identified risks as deemed suitable by best professional judgement, however a comprehensive ESIA report will typically include the items described in **Table A1.2.3**. The ESIA report shall be accompanied in all cases by a non-technical summary.

Table A1.2.3 Structure and Content of ESIA Report

Section	Description
Non-Technical Summary	<ul style="list-style-type: none"> Overview of the Project, the main environmental and social receptors and key findings of the impact assessment.
Introduction	<ul style="list-style-type: none"> Introduction to the Project, the ESIA process, the ESIA team of experts, the Project proponent, etc.
Policy, Legal and Administrative Framework	<ul style="list-style-type: none"> The ESIA shall describe the administrative framework for the project that includes the following: <ul style="list-style-type: none"> All applicable local/national/regional legislation, regulations, policies and standards relevant to the Project; Relevant international conventions, protocols and treaties; Relevant industry standards and EHS policies and standards that the Project has adopted or plans to adopt; Required development permits, and Traditional or customary land ownership use and access rights.
Project Description	<ul style="list-style-type: none"> A concise description of the proposed Project and its geographic, physical, ecological, social and temporal contexts, temporary and permanent land uses, also including any off-site investments that may be required (e.g. improvement of roads, etc.), according to the following aspects: <ul style="list-style-type: none"> Project and Associated Facilities: Detailed description of the location and layout of all Project sites/facilities and any Associated Facilities as defined by IFC PS1, and Project Activities, Infrastructure and Resources: Overview of the anticipated Project activities, infrastructure and structural components of the Project (including but not limited to the conceptual/preliminary design for supply of utilities and infrastructure, etc.), as well as anticipated Project resource requirements (including labour requirements).
Area of Influence	<ul style="list-style-type: none"> The ESIA must describe the Project area that will be directly and indirectly affected by the different components of the Project in accordance with the definition and approach described in IFC PS1. The process defining the project’s environmental and social areas of influence (AoI) shall be defined on the basis of the baseline conditions, with the minimum level of division of the AoI as follows: <ul style="list-style-type: none"> Direct Impact Zone: The area where the project will be located; the area surrounding the main components of the project such as temporary site buildings during construction; laydown area, and access roads; areas affected by construction of the transmission line and any required access roads, and Indirect Impact Zone: Areas where direct, secondary and tertiary socio-economic impacts might occur. These are areas where no components of the Project are developed, but where certain activities related to them are carried out, and where the environmental and social impacts may arise.

Section	Description
Evaluation of Alternatives	<ul style="list-style-type: none"> Alternatives to the Project location, design, scale, conditions of operation and technology will be analysed including the “no-action” alternative to the proposed Project. For each of the alternatives the environmental and social impacts shall be assessed to the extent possible according to existing information and knowledge. The basis and evaluation for selecting the Project over other alternatives shall be stated.
Stakeholder Engagement	<ul style="list-style-type: none"> Description of the national and international requirements and standards regarding stakeholder engagement as well as the stakeholder engagement process; post ESIA engagement, and ongoing monitoring and reporting.
Environmental and Social Baseline	<ul style="list-style-type: none"> Description of the physical, environmental, social and cultural heritage baseline and shall cover (as a minimum) the following aspects: <ul style="list-style-type: none"> Environmental: meteorological conditions; topography; geology and soils; noise; air quality; hydrology and hydrogeology; biodiversity; protected sites (including local as well as national and international designations); Social: geography and socio-political context; demographics; vulnerable groups; livelihoods and economy; land tenure, land use and ownership; education and literacy; community health, safety and security arrangements; public services and infrastructure; cultural heritage/sacred sites, and Infrastructure: road network/access roads, military areas; airports/airspace; electricity transmission; water supply and wastewater infrastructure; waste management facilities; tourism facilities, etc.
Impact Assessment	<ul style="list-style-type: none"> Detailed identification and assessment of the potential positive and negative environmental and social impacts at all stages of the Project. The identified impacts will be profiled to assess the magnitude and importance of the impacts. The extent and quality of the available data shall be characterized, explaining significant information deficiencies and any uncertainties associated with the predictions of impacts. The assessment will take into account the number and magnitude of mitigation strategies which need to be employed to reduce the risk(s) introduced to the environment. Where possible, impacts will be quantified. Each Project activity or impact is to be assessed for both the magnitude and importance of the impact for all the phases of the Project (i.e. construction, operation and decommissioning).
Unplanned Events	<ul style="list-style-type: none"> Assessment of the potential adverse environmental and social impacts associated with the risk of unplanned events occurring in relation to the project during construction, operation, maintenance and decommissioning using, wherever possible, a risk-based qualitative approach.
Assessment of Cumulative Impacts	<ul style="list-style-type: none"> Assessment of cumulative environmental and social impacts from other existing, planned or reasonably defined developments. Reference shall be made to World Bank guidance in conducting this assessment.
ESMP	<ul style="list-style-type: none"> The ESMP shall set out the mitigation and monitoring measures for each identified impact along with assignment of responsibilities, an estimation of costs where appropriate and a description of institutional and training requirements to implement them, along with a detailed timeline for implementation. Management and mitigation measures will be described for each potential negative impact identified. This will also include recommendations for the maximization and enhancement of beneficial impacts. The identification of management measures shall be aligned with the hierarchy of control (ref. IFC PS1). The residual negative impacts will also be identified. Monitoring measures will also be proposed to monitor impacts and the effectiveness of management and mitigation measures throughout the lifetime of the project. This will also include any relevant technical details, parameters to be measured, sampling

Section	Description
	<p>locations, frequency of measurements, detection limits, and definitions of thresholds that will signal the need for corrective actions.</p> <ul style="list-style-type: none"> • At a minimum, the ESMP will include the following: <ul style="list-style-type: none"> - Introduction outlining the need for a management and monitoring programme; - Recommended management actions to address identified gaps, with associated responsibilities; - Monitoring requirements, including the activity being monitored; required data to be collected; monitoring parameters and benchmarks; the methodology to be employed, and the frequency of monitoring; - Key Performance Indicators for all mitigation and monitoring measures, and - Frequency of reporting, if required, to regulatory authorities.
Annexes	<ul style="list-style-type: none"> • To be included as relevant and as a minimum: <ul style="list-style-type: none"> - Scoping report; - Stakeholder Engagement Plan (SEP) and Grievance Mechanism, - Environmental and Social Management Plan, and - Technical specialist baseline and impact assessment reports (e.g. biodiversity, cultural heritage, social, etc.)

A1.3 E&S Management Standard: Stakeholder Engagement and Grievance Mechanisms

A1.3.1 Introduction

Meaningful, inclusive and ongoing stakeholder engagement and effective¹³ management of grievances is essential to avoid and mitigate potential E&S risks, for maintaining positive relations, and for protecting the Project's reputation. As such, all CI3 Projects (irrespective of their E&S risk rating) are required to identify the range of stakeholders that may be interested in or impacted by the Project¹⁴, and establish a plan for ongoing communications with them. A grievance mechanism shall be implemented to provide access to remedy, along with a procedure for its effective implementation and management.

This guidance should be viewed within the context of any legal requirements around stakeholder engagement as relevant for the Project location. In some jurisdictions stakeholder engagement activities and requirements are prescribed in detail and are obligatory for the engagement process. As such, the Project must as a first priority comply with the local/national requirements; the guidance provided in this document (including the other recommended publications) should be utilised to determine which additional engagement are needed to supplement the national stakeholder engagements requirement to be aligned with international good practice.

This guidance should be read in conjunction with the other CI3 Funds' E&S Standards annexed to the CI3 Funds' ESMS Manual, in particular **Annex A1.2** (E&S Management Standard: ESIA and Other Specialist Studies) and **Annex A1.8** (E&S Management Standard: Indigenous Peoples).

A1.3.2 Key References

Table A1.3.1 lists some of the key references (as updated from time to time) for further guidance in the conducting stakeholder engagement and management of external grievance mechanisms and should be referred to as applicable to the nature of the Project's activities.

Table A1.3.1 Key References

Topic	Description
IFC Performance Standards and Associated Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts (IFC, 2012). IFC Guidance Note 1: Assessment and Management of Environmental and Social Risks and Impacts (IFC, 2021).
Stakeholder Engagement	<ul style="list-style-type: none"> Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (IFC, 2007). Guidance Note: UNDP Social and Environmental Standards (SES), Stakeholder Engagement (UNDP, 2022). The UN Guiding Principles on Business and Human Rights (UNGPR, 2011), specifically Principles 18-20 cover stakeholder engagement.
Community Investment	<ul style="list-style-type: none"> Strategic Community Investment: A Good Practice Handbook for Companies Doing Business in Emerging Markets (IFC, 2010).
Grievance Mechanisms and	<ul style="list-style-type: none"> Good Practice Note: Addressing Grievances from Project-Affected Communities (IFC, 2009).

¹³ In this context, effective means alignment with the effectiveness criteria of Principle 31 of the Guiding Principles of Business and Human Rights.

¹⁴ These may include government representatives, local businesses, suppliers of goods and services, and local communities.

Topic	Description
Grievance Management	<ul style="list-style-type: none"> The UN Guiding Principles on Business and Human Rights (UNGP, 2011), specifically Principles 29-31 cover the design and operation of grievance mechanisms.

A1.2.3 General Requirements

While engagement and consultation with external stakeholders and implementation of a grievance mechanism is required for all Projects, the nature of such engagement and the design of the grievance mechanism should be tailored to the interests of each stakeholder group and the extent to which they may be interested in and/or are impacted by the Project. In the case of Projects with minimal or no adverse impact, only periodic or limited engagement may be needed. While the scope and level of detail of stakeholder engagement should be commensurate with the Project’s activities, the general requirements detailed in **Table A1.2.2** must be adhered to.

Table A1.2.2 General Requirements

Topic	Description
Social and Human Rights Considerations	<ul style="list-style-type: none"> Projects shall at all times ensure that the human rights of the stakeholders with whom it engages are respected. Where the risk to human rights is identified, provisions shall be made to provide affected persons with access to remedy. Stakeholder engagement should take into consideration specific provisions for Indigenous Peoples, where present, and ensure at all times that engagement with all stakeholders is gender-sensitive and socially inclusive. Engagement activities must be designed and undertaken with full consideration of prevailing social and cultural norms.
Stakeholder Identification, Mapping and Analysis	<ul style="list-style-type: none"> All stakeholder engagement and communication should be planned on the basis of a comprehensive identification of the key stakeholders/stakeholder groups¹⁵ who will need to be informed and consulted about the Project, including (but not necessarily limited to) stakeholders/stakeholder groups that: <ul style="list-style-type: none"> are directly and/or indirectly affected by the Project; have an institutional interest in the Project; and/or have the potential to influence Project outcomes. An analysis shall be conducted to determine, for each stakeholder group their position and interests, expectations, influence, emotional stake, financial or political position and their potential contributions.
Stakeholder Engagement Plan	<ul style="list-style-type: none"> A plan for ongoing engagement shall be designed and implemented by the Project which describes the arrangements for ongoing engagement with all key stakeholder groups. The plan shall be developed on the basis of the stakeholder mapping and analysis. For Category A and B+ Projects, a detailed stakeholder engagement plan shall be developed as part of the IFC-compliant ESIA process. Refer to CI3 Funds’ E&S Management Standard A1.2 (ESIA and Other Specialist Studies) included in Annex 1 of the CI3 Funds’ ESMS Manual for further guidance. In the case of Projects for which an ESIA is not required, the design of the plan for ongoing stakeholder engagement and/or consultation shall follow the guidance associated with IFC PS1 and implemented in accordance with IFC PS1 and the associated Guidance Note. The plan shall include:

¹⁵ This includes, *inter alia*, public and private sector entities, civil society organisations, non-governmental organisations, women, minority groups, and Indigenous Peoples.

Topic	Description
	<ul style="list-style-type: none"> - Regulatory overview and best practices governing stakeholder engagement; - Identification and analysis of stakeholders relevant to the Project; - Summary of any previous stakeholder engagement activities - Programme of engagement and/or communication activities to be undertaken by the Project detailing: methods of disclosure and engagement, scheduling and locations; types of information to be disclosed, etc.; - Roles, responsibilities and management arrangements for stakeholder engagement and grievance management; - Requirements for monitoring and reporting, and - External grievance mechanism. <ul style="list-style-type: none"> • The stakeholder engagement plan is a living document and should thus be updated as required during the various stages of the Project. It shall be written in an easy-to-understand and culturally appropriate language for disclosure to the public, as required.
External Grievance Mechanism	<ul style="list-style-type: none"> • A grievance mechanism is required for Project-affected communities and other local stakeholders to raise complaints, concerns and grievances about the Project. • The grievance mechanism must be: <ul style="list-style-type: none"> - compliant with all applicable local, regional and national legislation as well as international best practice standards; - managed in accordance with the Effectiveness Criteria detailed in Principle 31 of the UN Guiding Principles on Business and Human Rights; - be easy to understand and involve a transparent consultative process that is culturally appropriate and readily accessible, and - Freely available for use without fear of retribution to the party that originated the issue or concern and there shall be no cost associated with using it. • 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. • The mechanism must incorporate specific and survivor-centred measures for reporting and managing reported cases of gender-based violence and harassment (GBVH), with such measures also providing for the appropriate safeguarding of any witnesses and other stakeholders such as whistleblowers and 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.
Grievance Management Procedure	<ul style="list-style-type: none"> • The Grievance Mechanism must be accompanied by a procedure for managing grievances, which shall describe the process for: <ul style="list-style-type: none"> - 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, and - Conducting trend analysis on grievances received to identify potential systemic issues. • Projects will 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 Project context, 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 and or youth organisation.

Topic	Description
Community Liaison Officer (CLO)	<ul style="list-style-type: none"> • The Project's Grievance Mechanism must be published in writing, disclosed and accessible to all local stakeholders. • A register will be kept of all grievances and how they were addressed. • In some cases, when a Project is likely to have significant impacts on or interest from local communities, Projects may be required to appoint a CLO role 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 management team. The specific aspects of the role of the CLO will need to be determined by the Project. • 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 E&S Management Standard: Labour and Working Conditions

A1.4.1 Introduction

All Projects funded by the CI3 Funds are required to put arrangements in place for labour and working conditions (including occupational health and safety and process safety) that are aligned with legal requirements and good international industry practice and ensure respect for human rights, and safeguard the safety, health and well-being of all Project workers.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.4.2 Key References

Table A1.4.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of labour and working conditions and should be referred to as applicable to the nature of Project activities.

Table A1.4.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 2 and associated Guidance Note: Labour and Working Conditions (IFC, 2012). Measure & Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions (IFC and Social Accountability International (SAI), 2010).
ILO Standards and Conventions	<ul style="list-style-type: none"> International Labour Organisation (ILO) Core Labour Standards: ILO Basic Terms and Conditions of Employment including ILO conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety)
IFC Good Practice Notes	<ul style="list-style-type: none"> Good Practice Note: Non-Discrimination and Equal Opportunity (IFC, 2005). Good Practice Guidance Note: Managing Retrenchment (IFC, 2005). Good Practice Note: Addressing the Social Dimensions of Private Sector Projects (IFC, 2003). Good Practice Note: Addressing Child Labour in the Workplace and Supply Chain (IFC, 2009).
Human Rights	<ul style="list-style-type: none"> Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework (UN Human Rights Council, 2011).
Workers Accommodation	<ul style="list-style-type: none"> Workers' Accommodation: Processes and Standards, IFC and European Bank for Reconstruction and Development (EBRD).

A1.4.3 General Requirements

Projects funded by CI3 Funds, and all Project contractors and primary suppliers¹⁶ over which the Project has control or influence, are required to adhere to international good practice standards with regard to labour and working conditions. The general requirements for management of labour and working conditions are set out in **Table A1.4.2**. More detailed requirements relating to occupational health and safety and process safety are included in **Table A1.4.3**. These requirements draw from the IFC EHS Guidance documents for the listed topics and the Manager’s investment experience in preventing fatalities and process safety incidents.

Table A1.4.2 General Requirements for Labour and Working Conditions

Topic	Requirements
Legal Compliance	<ul style="list-style-type: none"> • A register of all relevant national labour and employment laws and regulations. • Ongoing monitoring of compliance against all applicable laws.
Human Resources Policy and Procedures	<ul style="list-style-type: none"> • Human Resources Policy communicated to all Project workers. • Documented arrangements communicated to all Project workers that cover, <i>inter alia</i>:- <ul style="list-style-type: none"> - Working hours, overtime (if relevant) and rest periods; - Remuneration for normal working hours, overtime (if relevant) and annual leave, and the arrangements for payment (i.e. the date and place of payment for wages); - 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; - Process for promotion, probation and performance appraisals; - Training programmes; - Disciplinary process, and - Dismissal, termination of employment, severance pay and special severance pay. • Written employment contracts for all workers and benefits according to the law such as social security, minimum age, working hours, collective bargaining agreements. • Design, operation and management of workers’ accommodation, where provided, in line with best practice guidance. • Working conditions must be compliant with ILO Fundamental Conventions, even in jurisdictions where the Conventions have not been ratified and adopted into law. • Gender-sensitive working conditions including in the provision of facilities, equipment and protective clothing.
Recruitment	<ul style="list-style-type: none"> • Formal and documented recruitment strategy, policy and process for locally sourced staff as well as foreign workers which includes promotion of gender equality.
Local Content	<ul style="list-style-type: none"> • Project Companies shall prioritise local suppliers of goods and services including businesses and contractors that are owned or managed by women and/or invest in and value women.
Employee Consultation, Participation and Communication	<ul style="list-style-type: none"> • Arrangements shall be established and maintained 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, Project Companies shall 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.
Occupational Health and Safety and Process Safety	<ul style="list-style-type: none"> • Project Companies shall make and maintain arrangements for a safe and healthy work environment that reduce exposure to risks associated with physical, biological or chemical hazards. • Refer to Tables A1.4.3 to A1.4.5 for a summary of the general requirements for occupational safety, health and process safety management.

¹⁶ 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).

Topic	Requirements
Vulnerable Workers	<ul style="list-style-type: none"> Project Companies shall implement and maintain documented arrangements that prohibit 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. Projects must 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 action as appropriate to address any identified risks.
Management of Primary Supply Chain	<ul style="list-style-type: none"> Arrangements shall be established and maintained for contracted workers to ensure reasonable management and oversight including communication of E&S aspects in contracts with service providers. The following arrangements shall be established and maintained for managing supply chain human rights risks: <ul style="list-style-type: none"> A policy or position statement regarding the Project's commitments in relation to supply chain and human rights risk; Defined requirements with which suppliers must comply; Human rights due diligence prior to entering into an agreement with a new primary supplier, and Monitoring suppliers' ongoing compliance with these policies.
Non-Discrimination	<ul style="list-style-type: none"> Project Companies shall maintain documented commitments and arrangements for: <ul style="list-style-type: none"> 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, and Raising awareness among all workers (including contractors and other workers engaged by third parties) of different forms of discrimination, sexual harassment, equal opportunities, and the approach to how workers raise any concerns or grievances.
Worker Grievance Mechanism	<ul style="list-style-type: none"> Project Companies shall 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 Rights¹⁷. Gender concerns must be integrated in the grievance mechanism to ensure that all gender-related complaints and grievances are processed and addressed appropriately. Separate and specific provisions shall be established for dealing with cases of SEAH 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-Sensitive Workplace	<ul style="list-style-type: none"> Project Companies shall provide Project staff (including contractors) with gender equality awareness training and ensure that the needs of female workers are adequately addressed, e.g. in relation to sanitation and ablution facilities, rest areas and facilities for pregnant and nursing mothers, separate accommodation and ablution facilities (where provided), etc. Gender-related risks associated with access to (including waiting areas) and use of transport for travelling to and from the Project site shall be assessed and managed, in particular for females working shifts during abnormal hours (i.e. outside standard or daylight hours).

Table A1.4.3 General Requirements for Occupational Safety

¹⁷ UN Human Rights Office of the High Commissioner, HR/PUB/11/04, 2011

Topic	Requirements
Basic Equipment	<ul style="list-style-type: none"> The minimum requirements for Personal Protective Equipment (PPE) on operational sites shall be: <ul style="list-style-type: none"> Safety boots, hard hat, high visibility vest, safety glasses all rated to ANSI, ISEA or similar, and Clothing shall be natural fibre clothing and include long legged pants which extend below the top of the safety boots. Tools and mobile equipment must be fit for purpose and maintained in working order, be part of an inspection and maintenance routine and properly calibrated if required. Maintenance records must be available for inspection.
Working at Height and Scaffolding	<ul style="list-style-type: none"> Where working at height cannot be avoided any work performed at height will include the use of access aids and fall arrest equipment including certified and inspected scaffolding, mobile elevating work platforms, ladders, harnesses with double lanyards with anchor points. All personnel engaging in activities in relation to work at height must be suitably competent and knowledgeable of the risks involved. Scaffolds shall be made of materials and constructed to a standard which is compliant with Good International Industry Practice. All scaffolds shall have approved guardrails on all exposed ends and sides. Each scaffold shall be inspected before approved for use and routinely thereafter. An inspection control tag shall be attached to the scaffold by the responsible Competent Person¹⁸. All elevated work areas, walkways, floors, platforms etc. shall be protected by approved guardrails/barricades properly secured to prevent falls.
Mechanical Lifting	<ul style="list-style-type: none"> Cranes, hoists, or other mechanical lifting devices may only undertake lifts after: <ul style="list-style-type: none"> Operators of powered lifting devices are trained and certified for that equipment; Rigging of the load is carried out by a competent person(s); Lifting devices and equipment have been certified for use within the last 12 months; Any safety devices installed on lifting equipment are confirmed as being operational; Exclusion zones for the lift are in place, barriers and signs erected so no one is under the load at any time; All lifting devices and equipment have been visually examined before each lift by a competent person(s); All lifting and rigging equipment must be marked with the Safe Working Load (SWL), date for next inspection clearly marked on it and the SWL must be established before use, and The weight of all loads shall be verified prior to being lifted. No load shall be lifted which exceeds the manufacturers rated capacity of the crane and rigging.
Atmospheric Hazards	<ul style="list-style-type: none"> There shall be no potential ignition source within a defined explosion/hazardous area zone or where there is reason to believe that flammable vapours may be present, until tests have been conducted with an approved detector. Where there is reason to believe that toxic gas may be present, tests with an approved toxic gas detector and oxygen detector shall be made. No work shall be performed in the location until the atmospheric test indicates toxic gas concentrations lower than the maximum permissible limits.
Ground Transportation	<ul style="list-style-type: none"> Prior to use of any vehicles for work purposes the following shall be confirmed: <ul style="list-style-type: none"> Vehicle is fit for purpose, inspected, certified or licenced and confirmed to be in safe working order;

¹⁸ Someone with the specific knowledge, skills, training, and experience to safely and effectively perform the task.

Topic	Requirements
	<ul style="list-style-type: none"> - Number of passengers does not exceed manufacturer’s design specification, and all passengers use a safety belt; - Loads are secure and do not exceed manufacturer’s design specifications or legal limits; - Drivers are licensed, trained, certified and medically fit to operate the class of vehicle; - Drivers are not under the influence of alcohol or other drugs and are not suffering from fatigue, and - Drivers do not use hand-held cell phones and radios while driving.
Work On / Over Water	<ul style="list-style-type: none"> • Prior to use of any Watercraft the following shall be confirmed: <ul style="list-style-type: none"> - Watercraft is fit for purpose, inspected, certified or licensed and in safe working order; - Number of passengers does not exceed watercraft design specification; emergency equipment capacity and all passengers have approved life jacket or buoyant work vest suitable for the water conditions; - The Person in Charge ¹⁹ of the watercraft is authorized and properly licensed according to local regulations, and - There is an emergency response plan including specifying maximum water and weather conditions for using the watercraft, shore to watercraft communications and a rescue and recovery plan detailing recovery of personnel from the water. • Where work takes place near or over water barriers shall be in place to prevent falls into water. • If there is a credible risk of personnel entering the water all personnel will wear approved life jacket or buoyant work vest and an emergency response plan to address rescue, and recovery must be in place.
Work Authorisation	<ul style="list-style-type: none"> • Before conducting work that involves (i) entry into confined space; (ii) working at height; (iii) lifting operations; (iv) hot work; (v) work on energized systems, (vii) working on or over water, and (viii) driving and/or ground disturbance in locations where buried hazards may exist, a permit to work must be obtained from an Authorised Person that: <ul style="list-style-type: none"> - Defines scope of work; - Identifies hazards and assesses risk; - Establishes control measures to eliminate or mitigate hazards; - Links the work to other associated work permits or simultaneous operations, and - Communicates above information to all involved in the work.
Energy Isolation	<ul style="list-style-type: none"> • Any isolation of energised systems (mechanical, electrical, process, hydraulic and others) will only proceed when: <ul style="list-style-type: none"> - A method of isolation and discharge of stored energy are agreed and executed by a competent person(s); - Any stored energy is discharged; - A system of unique locks and tags (Lock-out, Tag-out or “LOTO”) is utilized at isolation points; - A test is conducted to ensure the isolation is effective, and - Isolation effectiveness is periodically monitored.
Confined Space and Excavation	<ul style="list-style-type: none"> • Entry into a confined space will only proceed when: <ul style="list-style-type: none"> - All people involved are competent to do the work; - All sources of energy affecting the confined space have been fully isolated; - Testing of atmospheres is conducted, verified and ongoing; - Stand-by person is stationed outside the confined space, but in communication with the worker in the confined space in case of emergency;

¹⁹ The individual with the authority and control of the vessel responsible for making decisions.

Topic	Requirements
	<ul style="list-style-type: none"> - A specific emergency response plan and equipment including necessary recovery equipment is in place, and - All unauthorized entry is prevented. • To prepare excavations a suitable and sufficient risk assessment shall be undertaken by a Competent Person and shall adopt controls to prevent: <ul style="list-style-type: none"> - A collapse of the sides of an excavation. - Vehicles and people from falling into the excavation. - Danger from underground services and water ingress, and - Damage to underground and above ground services. • Barricades, handrails, signals or other appropriate warning devices to protect personnel from any hazardous operation or excavation shall be provided. • Excavations and trenches shall be inspected on a regular basis by a Competent Person.
Security	<ul style="list-style-type: none"> • Projects must consider voluntary and national guidelines to develop security processes that respect local cultural and human rights responsibilities. • The selection and management of security personnel must be done on the basis of the principles of proportionality and in accordance with recognised international guidance. • Arrangements for site security must include: <ul style="list-style-type: none"> - Provision of 24 hours/day protection and detection; - Installation of perimeter fencing to control access into operational areas, and - Designated and controlled access and egress.

Table A1.4.4 General Requirements for Occupational Health

Topic	Requirements
Fitness For Work and Exposure to Environmental Conditions	<ul style="list-style-type: none"> • A fitness for work process shall be implemented that must consider at a minimum: <ul style="list-style-type: none"> - alcohol and other (prescription, pharmaceutical and illegal) drugs including testing (where legally permitted); - fatigue, stress, and lack of physical, mental and/or emotional fitness; - medical assessment and surveillance, and - back to work rehabilitation. • The medical criteria for fitness for work shall be based on an evaluation of the physical and medical requirements for the job. • The risk of weather-related hazards (including but not limited to extremes of temperature, lightning strike, monsoon or extreme rainfall event), detection and protection equipment shall be identified. • Shelters shall be provided for protection against identified weather-related hazards.
Respiratory Protection	<ul style="list-style-type: none"> • A respiratory protection process to assess and manage the risks of exposure to agents harmful to respiratory health (associated with particulates, gas and vapour exposures in the workplace) shall be in place. • All reasonably practicable steps must be taken to eliminate or avoid the risk of levels of airborne pollutants reaching or exceeding whichever is the most stringent of either legally defined workplace exposure limits, or Good International Industry Practice. • Where respiratory protection equipment is required to be used, each worker shall undergo a fitness assessment to ensure it will afford sufficient protection, and shall receive information, instruction and training in its use.
Noise	<ul style="list-style-type: none"> • All work equipment shall be assessed and selected before use to ensure that noise levels are reduced to levels that are within whichever is the more stringent of either legally defined workplace exposure limits, or Good International Industry Practice.

Topic	Requirements
	<ul style="list-style-type: none"> Where the risk of elevated noise levels exists, the affected work areas shall be: <ul style="list-style-type: none"> Identified as designated areas and mapped, signposted or otherwise clearly communicated to all workers; Managed in accordance with the requirements detailed in a noise management plan, and Monitored to ensure ongoing compliance.
Hazardous Substances	<ul style="list-style-type: none"> An inventory of hazardous substances and their storage location(s) shall ensure incompatible substances are stored in accordance with Good International Industry Practice. Ensure that storage areas are designed appropriately (taking into account factors such as but not limited to ambient temperatures, sunlight, heat, water ingress, sources of ignition) and controlled so that access is restricted only to trained personnel.

Table A1.4.5 General Requirements for Process Safety

Topic	Requirements
Design	<ul style="list-style-type: none"> Design reviews and Hazard and Operability Studies (HAZOPs) must take place and be available for future review for any new, changed or acquired process equipment and assets. Process safety devices and controls must be identified and communicated to those operating the equipment. All regulatory required documents must be submitted and approved before starting up any new or modified process plant.
Operate	<ul style="list-style-type: none"> A Supervisory Control And Data Acquisition (SCADA) application must be provided to enable the identification and monitoring of process parameters. Up to date Piping and Instrumentation Diagrams (P&IDs), Process Flow Diagrams (PFDs), Cause and Effects and Operating Manuals reflecting the safe operating limits must be available to those operating the equipment. Data Sheets for Safety Devices such as Pressure Safety Valves (PSVs), Instrumentation and Emergency Shut Down valves must be available to those operating the equipment. A system for determining, scheduling, and executing maintenance on process safety devices must be in place. Physical integrity of process equipment or the facility pipes, tanks, valves, pumps, and vessels must be regularly inspected, recorded and maintained.
Competence and Change	<ul style="list-style-type: none"> Competent technical engineering resources must be in place for the technical disciplines the process equipment or facility requires. Competency must be maintained, including scheduled refresher training for all personnel with process safety responsibilities. A process for the identification, recording and approving process and personnel changes must be in place. Changes to process equipment or facilities must be approved by a competent technical engineering resource before the change occurs.
Emergency Testing	<ul style="list-style-type: none"> The process equipment or facility emergency shutdown, blowdown and firefighting system must be regularly tested, and the results recorded. Emergency equipment, procedures and plans, including those to protect the public, must be tested as scheduled and outcomes recorded.

A1.5 E&S Management Standard: Environmental Management

A1.5.1 Introduction

All Projects funded by the CI3 Funds are required to put arrangements in place for environmental management and protection of natural resources and prevention of pollution in accordance with legal requirements and international standards including IFC PS3 and the associated Guidance Note. 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. They will ensure appropriate and effective management of environmental risks including those relating to resource consumption; emissions to air, land and water; climate change, and pollution.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.5.2 Key References

Table A1.5.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant environmental management including resource efficiency and pollution prevention and control and should be referred to as applicable to the nature of Project activities.

Table A1.5.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 3 and associated Guidance Note: Resource Efficiency and Pollution Prevention (IFC, 2012).
Greenhouse Gas Emissions Accounting	<ul style="list-style-type: none"> GHG Protocol Corporate Accounting and Reporting Standard, produced jointly by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

A1.5.3 General Requirements

While the scope and level of detail of the arrangements for environmental management should be commensurate with the potential impacts of the Projects, the general requirements detailed in **Table A1.5.2** must be adhered to.

Table A1.5.2 General Requirements

Topic	Description
Resource Efficiency	<ul style="list-style-type: none"> • Arrangements for managing the resources (e.g. water, energy, raw materials, etc.) used by the Project and for reuse/recycling of resources to minimise consumption, considering the lifecycle of each product during the different phases of the Project. • Adoption of cleaner production principles in Project design, refits, refurbishment and operation. • Management and monitoring of energy consumption and implementation of an energy efficiency management plan. • Projects should be built, operated and maintained using equipment and components of high durability and recyclability and that are easy to dismantle and refurbish, to the extent that this is feasible. Documented evidence that confirms durability and recyclability shall be maintained.
Energy and Greenhouse Gas Emissions	<ul style="list-style-type: none"> • Decarbonisation plan and/or efforts to reduce greenhouse gas emissions. • Compilation of an annual inventory of scope 1, 2 and 3 emissions, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. • For Projects that produce >25,000 tonnes of CO₂ equivalent annually: quantification of direct greenhouse gas 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	<ul style="list-style-type: none"> • Implementation of a documented pollution prevention and control procedure including arrangements for dealing with unplanned emissions. • Arrangements for the safe use, handling, storage and disposal of hazardous substances including waste materials that are harmful to health and the environment. • Documented arrangements for managing, monitoring and reporting on emissions to the environment (air, land and water) including both planned and unplanned (accidental) releases. • Installation, operation and maintenance of equipment to eliminate or reduce emissions including pollution abatement and control equipment sufficient for pollutant concentrations to be maintained at or less than whichever is the most stringent of either national legislated standards, or internationally recognised standards. • The selection of equipment and emission control procedures should take into ambient condition, assimilative capacity, future use of resources, transboundary aspects, cumulative impacts, and proximity to areas of importance to biodiversity. In accordance with IFC PS3 (GN 36), the project should not normally consume more than 25 percent of the assimilative capacity between the pre-project case and the relevant ambient quality guideline standards.
Pesticide Use and Management	<ul style="list-style-type: none"> • Arrangements for pest/vector management (where relevant) including appropriate pest control methods, and safe storage and use of pesticides (if used). • Confirmation that there is no current or planned use of pesticides and chemicals that are subject to international ban and those listed in the WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous).

A1.6 E&S Management Standard: Community Health, Safety and Security

A1.6.1 Introduction

All Projects funded by CI3 Funds are required to put arrangements in place for managing community health, safety and security risks posed by the Project in accordance with legal requirements and international standards including IFC PS4 and the associated Guidance Note. 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.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.6.2 Key References

Table A1.6.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of community health, safety and security risks, and should be referred to as applicable to the nature of Project activities.

Table A1.6.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 4 and associated Guidance Note: Community Health, Safety and Security (IFC, 2012).
Security and Human Rights	<ul style="list-style-type: none"> UN Code of Conduct for Law Enforcement Officials (adopted by the UN General Assembly in 1979, Resolution 34/169). UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials (adopted by the UN General Assembly in 1990, Resolution 45/166). Voluntary Principles on Security and Human Rights.

A1.6.3 General Requirements

While the scope and level of detail of the arrangements for management of community health, safety and security impacts and risks should be commensurate with the potential impacts of the Projects, the general requirements detailed in **Table A1.6.2** must be adhered to.

Table A1.6.2 General Requirements

Topic	Standard Requirements
Community Health and Safety	<ul style="list-style-type: none"> • The design, construction, operation and decommissioning of Project infrastructure and equipment shall take account of community health and safety risks including those relating to any Project-related exacerbation of natural hazards (e.g. flooding, landslide); emissions (e.g. airborne particulates, odour, vapour); noise and vibration; disease vectors; GBVH. • Projects shall implement traffic management arrangements including vehicle and driver safety and movement of abnormal loads on public roads. • Emergency management planning shall include consideration of community-related risk scenarios. • The transportation, storage and disposal of hazardous substances and waste materials shall be subject to risk assessment and control measures that minimises risk of exposure or nuisance (e.g. due to dust, odour, spillages/other environmental release). • Projects shall implement measures to control potential exposure of members of the public to communicable and non-communicable disease vectors. • Gender-related risks associated with the temporary presence in local communities of transient (transportation) workers.
Security personnel	<ul style="list-style-type: none"> • Security personnel hired by the Project shall be selected and managed in accordance with the principles of proportionality and in accordance with international guidance including that adopted by the UN General Assembly in order to minimize potential risk towards members of Project-affected communities. • Security personnel shall receive training in the Voluntary Principles on Security and Human Rights.

A1.7 E&S Management Standard: Involuntary Land Acquisition and Resettlement

A1.7.1 Introduction

All Projects funded by CI3 Funds are required to put arrangements in place for managing land acquisition and involuntary resettlement²⁰ in accordance with legal requirements and international standards including IFC PS5 and the associated Guidance Note. 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.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for land acquisition and involuntary resettlement are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Management Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.7.2 Key References

Table A1.7.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of land acquisition and involuntary resettlement, and should be referred to as applicable to the nature of Project activities.

Table A1.7.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 5 and associated Guidance Note: Land Acquisition and Involuntary Resettlement (IFC, 2012).

A1.7.3 General Requirements

While the scope and level of detail of the arrangements for management of involuntary resettlement should be commensurate with the potential impacts of the Projects, the general requirements detailed in **Table A1.7.2** must be adhered to.

Table A1.7.2 General Requirements

²⁰ Involuntary resettlement in IFC PS 5 refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition, which results in displacement. Where it is unavoidable, appropriate measures to mitigate adverse impacts on displaced persons and host communities must be carefully planned and implemented.

Topics	Standard Requirements
Avoidance of Involuntary Resettlement	<ul style="list-style-type: none"> All Projects shall be located and designed to avoid involuntary resettlement. Where avoidance is not possible, the Project Company shall take all action necessary to adhere to the requirements detailed in this E&S Management Standard.
Land Acquisition and Resettlement Framework	<ul style="list-style-type: none"> Where avoidance of physical and/or economic displacement is not possible, and/or where the exact nature or magnitude of the land acquisition or restrictions on land use related to the Project are unknown (e.g. due to the early stage of the Project's development), the Project Company shall implement a Land Acquisition and Resettlement Framework (LARF) in line with the objectives detailed in Table A1.7.3. Once the Project components and further information is available to confirm the Project location(s) and potential project-affected persons the LARF shall be expanded into a Project-specific Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP) in accordance with the requirements detailed in this Management Standard and in line with IFC PS5 and other applicable requirements. The LARF describes the general design criteria, the legal context, the process for the preparation of a Project-specific RAP/LRP, its contents and the process for its execution and communication, and finally the required institutional organization.
Legal and Administrative Framework	<ul style="list-style-type: none"> In many countries a legal and administrative framework exists that governs land acquisition and resettlement. As part of the formulation of the RAP/LRP an evaluation shall be undertaken to determine (i) the scope and requirements of any prevailing legal and administrative requirements relating to land acquisition and resettlement, and (ii) the extent of alignment with international standards including IFC PS5. The Project Company shall adopt the most stringent requirements applicable whilst remaining compliant with all applicable legal requirements. Key areas of comparison of the legal and administrative framework include, inter alia, compensation of lost assets; eligibility; level of assistance to affected people; consultation and grievance redress; census and asset inventory; cut-off dates, the timing of compensation; vulnerable communities; the land tenure system, customary rights and traditional ownership of lands and assets; and monitoring and completion.
Private Sector Responsibilities	<ul style="list-style-type: none"> In those situations where the prevailing legal and administrative requirements are less stringent but must be followed to demonstrate compliance, the Project Company shall: <ul style="list-style-type: none"> Document the regulated, government-led process and the measures taken; Identify the measures required to address any gaps between the regulated process and IFC PS5; Prepare a supplemental RAP for physical displacement, and/or identify additional compensation measures or other action to restore affected livelihoods in the case of economic displacement.
Indigenous Peoples	<ul style="list-style-type: none"> Particular care shall be taken when Indigenous Peoples and communities are affected or could possibly be affected. In such situations, the RAP/LRP will make provisions for customary or traditional land ownership and use of natural resources in respect of the possible impacts of activities on indigenous peoples' language use, cultural practices, institutional arrangements, and religious or spiritual beliefs. Refer to CI3 Funds' E&S Management Standard A1.9 (Indigenous Peoples) included in Annex 1 of the CI3 Funds' ESMS Manual for further guidance.
Compensation and Benefits	<ul style="list-style-type: none"> Compensation for loss of assets shall be determined at full replacement cost (i.e., the market value of the assets plus transaction costs). The process used for determining compensation values should be transparent and easily comprehensible to Project-affected people. Rates should be adjusted for inflation annually, at a minimum. For losses that cannot easily be valued or compensated for in monetary terms, in-kind compensation may be appropriate. However, this compensation should be made in goods or resources that are of equivalent or greater value, are culturally appropriate and which can be sustainably maintained by the community.

Topics	Standard Requirements
	<ul style="list-style-type: none"> Preference shall be given to land-based resettlement strategies for physically or economically displaced persons whose livelihoods are land-based. Cash compensation may be offered to those people who do not wish to continue their land-based livelihoods or who prefer to purchase land on their own. A cash-based compensation plan shall be accompanied by an assessment of the ability of affected persons or households to fully utilize the cash payment to restore affected livelihoods. In some cases, in-kind payments or use of vouchers for specific goods may be more appropriate.
Engagement with Project-Affected Persons	<ul style="list-style-type: none"> All stakeholder engagement shall be conducted in accordance with CI3 Funds' E&S Management Standard A1.3 (Stakeholder Engagement and Grievance Mechanisms) included in Annex 1 of the CI3 Funds ESMS Manual. Arrangements shall be implemented for appropriate disclosure of information (including displacement eligibility criteria, entitlements, eligibility cut-off date where applicable) and consultation with - and the informed participation of - those affected ensuring a gender-sensitive approach. Engagement shall be conducted throughout the planning, implementation, monitoring and evaluation of the resettlement process. Decision-making process includes options and alternatives. Organisation of resettlement committee with representatives of vulnerable groups. Special provisions shall be made for engagement with Indigenous Peoples (in accordance with CI3 Funds' E&S Management Standard A1.9) and vulnerable groups, including transportation, visits to individual households, and other assistance.
Grievance Mechanism	<ul style="list-style-type: none"> A grievance mechanism shall be implemented in accordance with CI3 Funds' E&S Management Standard A1.3 (Stakeholder Engagement and Grievance Mechanisms). Arrangements for grievance management shall include customary or traditional methods of dispute resolution, where applicable.
Planning and Implementation	<ul style="list-style-type: none"> Collection of socio-economic baseline data to identify persons who will be physically and/or economically displaced, and their eligibility and entitlement to compensation and assistance. Adoption of a gender-sensitive focus and provisions to achieve equitable treatment of women and measures to prevent women's circumstances from being worsened by the resettlement process and outcomes.
Physical displacement and Resettlement Action Plan	<ul style="list-style-type: none"> In the case of physical displacement of Project-affected persons a documented Resettlement Action Plan (RAP) shall be developed which <ul style="list-style-type: none"> - Demonstrates that displacement is unavoidable; - Seeks to mitigate the adverse impacts of displacement and improve, or restore, the livelihoods and standards of living of displaced persons; - Identifies development opportunities, and - Involves a process of informed consultation and participation (ICP) with Project-affected individuals, households and communities. The RAP shall include the contents described in Table A1.7.4.
Economic displacement and Livelihood Restoration Plan	<ul style="list-style-type: none"> In the case of economic displacement, a documented Livelihood Restoration Plan (LRP) shall be developed which: <ul style="list-style-type: none"> - Demonstrates that economic displacement is unavoidable; - Details the arrangements for continued access to natural resources or access to alternative resources of equivalent livelihood earning potential or accessibility; - Provides for compensation of loss of assets or loss of access to assets at full replacement cost; and - Involves a process of ICP with economically-displaced individuals, households and communities. Replacement land shall be at least equivalent to that being lost in terms of productive potential, advantages of location, and other factors. Economically displaced persons shall be offered transitional support as needed.

Topics	Standard Requirements
	<ul style="list-style-type: none"> The LRP shall be developed in line with the principles for sustainable livelihood restoration which are described in Table A1.7.5.

Table A1.7.3 Objectives of an LARF

LARF Objectives
<p>The objectives of the Land Acquisition and Resettlement Framework are to:</p> <ol style="list-style-type: none"> Provide guidance to stakeholders participating in the mitigation of adverse social impacts of the project, including rehabilitation/resettlement operations, in order to ensure that project affected persons will not be impoverished by the adverse social impacts of the project. Minimize, as much as possible, acquisition of land for implementation of Project operations, where such acquisition or Project-related activities will result in adverse social impacts; Ensure that where land acquisition is necessary, this is executed in a sustainable manner to enable people to share in the Project benefits; Ensure meaningful consultation with people to be affected or displaced; Provide assistance that will mitigate or restore the negative impacts of the project implementation on the livelihoods of people affected in order to improve their livelihoods or at least restore to pre-project levels; Outline roles and responsibilities by various stakeholders in the planning, implementation, monitoring and evaluation of resettlement activities; Allow redress among communities affected by Project activities; and Reduce stress on Project-affected communities/households.

A1.7.3 Contents of a Resettlement Action Plan

Table A1.7.4 provides an outline of the contents of a comprehensive resettlement action plan and is based on Annex A of IFC PS5 guidance note.

Table A1.7.4 Contents of an RAP

Description
<ol style="list-style-type: none"> Description of the project: General description of the project and identification of the project area. Potential impacts: Identification of: <ol style="list-style-type: none"> 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 minimize resettlement; and the mechanisms established to minimise resettlement, to the extent possible, during project implementation. Objectives and studies undertaken: The main objectives of the resettlement programme and a summary of studies undertaken in support of resettlement planning/implementation, e.g. census surveys, socio-economic studies, meetings, site selection studies, etc. Regulatory framework: Relevant laws of the host country, other policies and procedures, performance standards. Institutional framework: Political structure of the project area, NGOs. Stakeholder engagement: Summary of public consultation and disclosure associated with resettlement planning, including engagement with affected households, local and/or national authorities, relevant CBOs and NGOs and other identified stakeholders, including host communities and Indigenous Peoples.

Description

This should include, at a minimum, a list of identified key stakeholders, the process followed (meetings, focus groups, etc.), issues raised, responses provided, significant grievances (if any) and a plan for ongoing engagement throughout the resettlement implementation process.

7. **Socioeconomic characteristics:** The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including results of household and census surveys, information on vulnerable groups, gender dynamics, 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.
8. **Eligibility matrix and entitlement framework:** Definition of the different categories of affected persons (such as landowners, tenants, forest occupants without formal tenure, owners of permanent and non-permanent infrastructures, people potentially losing livelihood and access to resources, etc.) and criteria for determining their eligibility for compensation, for example providing consideration to formal legal rights, with leased rights, without legal rights, those arriving after the cut-off dates, etc. and other resettlement assistance.
9. **Valuation of and compensation for losses:** The methodology used in valuing losses to determine their replacement cost; and a 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. In establishing the applicable compensation rates, an independent valuation expert may be engaged to advise on the market values of affected land, crops and other economic assets in the Project area.
10. **Scale of displacement:** Summary of the numbers of persons, households, structures, public buildings, businesses, crops, religious and spiritual assets, etc. impacted
11. **Entitlement framework:** Categorisations of persons impacted and options offered, preferably summarized in tabular form.
12. **Livelihood restoration measures:** The various measures to improve or restore the livelihoods of displaced people.
13. **Resettlement sites:** Including site selection, site preparation, and relocation, alternative relocation sites considered and explanation of those selected, impacts on host communities.
14. **Housing, infrastructure, and social services:** 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.
15. **Grievance procedures:** Affordable and accessible procedures 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.
16. **Organizational responsibilities:** The organizational 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.
17. **Implementation schedule:** 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 implementation of the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.
18. **Costs and budget:** Tables showing itemised cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources

Description	
	of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
19.	Monitoring, evaluation and reporting: Arrangements for 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.
20.	Records and Documentation: Details of all transactions and transfer of rights and ownership along with compensation payments and relocation activities and arrangements.

Table A1.7.5 Principles for Sustainable Livelihood Restoration

Livelihood Restoration	
	<ul style="list-style-type: none"> • Project Companies shall adopt a sustainable approach to livelihood restoration by adopting the following principles: • Livelihoods are multi-faceted strategies, and a combination of approaches is required to support the restoration of income and the re-establishment of community support networks; • Livelihood restoration for vulnerable affected peoples should be focused on the characteristics of the vulnerability and potential sources of livelihood assets owned by each household • The design of livelihood restoration should refer to the ecological conditions, livelihoods and socio-cultural characteristics of the affected people; • Active participation of intended beneficiaries in planning and decision-making is vital for ensuring that the proposed support reflects local realities and priorities; • Affected people should be provided with choices so that they can self-determine how their household will best benefit from the livelihood restoration options; • Transition allowances are necessary, but require clear eligibility and end points; • Capacity building should be incorporated into livelihood restoration activities to develop skills, including in agricultural practices. The choice of capacity building method shall acknowledge the different needs of women, men, youth, and vulnerable groups with respect to skills development; and • Livelihood restoration should be able to support Project-affected people to gain a similar or even better livelihood, independently.

A1.8 E&S Management Standard: Biodiversity Conservation and Sustainable Use of Natural Resources

A1.8.1 Introduction

All Projects funded by the CI3 Funds are required to put arrangements in place for managing impacts and risks associated with biodiversity conservation and sustainable use of natural resources in accordance with legal requirements and international standards including IFC PS6 and the associated Guidance Note. 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.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.8.2 Key References

Table A1.8.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of biodiversity and natural resources impacts and risks, and should be referred to as applicable to the nature of Project activities.

Table A1.8.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> • IFC Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management (IFC, 2012). • IFC Guidance Note 6: Biodiversity Conservation and Sustainable Natural Resource Management (IFC, 2019).

A1.8.3 General Requirements

While the scope and level of detail of the arrangements for management of biodiversity and ecosystem services should be commensurate with the potential impacts of the Projects, the general requirements detailed in **Table A1.8.2** must be adhered to.

Table A1.8.2 General Requirements

Topics	Standard Requirements
Impact assessment	<ul style="list-style-type: none"> The Project shall commission competent professions with experience in IFC PS6 to conduct an assessment of significant potential impacts on biodiversity and all types of habitat (natural, modified, critical), legally protected areas, areas of High Conservation Value²¹ (HCV), and ecosystem services. This may be done as part of the ESIA process, or as a standalone study. Where potential significant impacts are identified, additional specialist studies may be required.
Mitigation and management planning	<ul style="list-style-type: none"> If deemed necessary on the basis of the impact assessment, a biodiversity management plan (BMP) shall be developed which details the mitigation, management and monitoring activities based on the mitigation hierarchy (IFC PS6 GN10) and the concept of adaptive management²² (ref. IFC PS6 GN20). In accordance with IFC PS6, the Project shall identify potential options to avoid adverse impact in accordance with the mitigation hierarchy. This shall include consideration of alternative locations and adjustments to Project design. If the impact cannot be avoided, mitigation and management measures shall be identified. Biodiversity offsets shall be considered only as a last resort. Where biodiversity offsets are required, a biodiversity offset feasibility assessment and management plan shall be developed. Opportunities to partner with credible conservation organisations and academic institutions should be explored to gain access to local expertise and ongoing support.
Critical habitat	<ul style="list-style-type: none"> Where critical habitat (as defined by IFC PS6 GN53) is present in the Project area of influence, a specialist critical habitat assessment shall be conducted by suitably qualified experts with local/regional experience. The CHA shall be aligned with IFC PS6 and the associated Guidance Note. A documented biodiversity action plan (BAP) shall be developed by suitably qualified experts which is designed to achieve net gains along with an accompanying biodiversity monitoring and evaluation programme (BMEP), both of which shall be implemented by the Project. The BAP will describe: <ul style="list-style-type: none"> the composite of actions and a rationale for how the project’s mitigation strategy will achieve net gain (or no net loss); the approach for how the mitigation hierarchy will be followed, and the roles and responsibilities for internal staff and external partners.
Legally protected and internationally recognised areas	<ul style="list-style-type: none"> If the Project cannot avoid being located in a legally protected or internationally recognised area, it will be necessary to obtain all necessary permits as defined by law and shall adopt and/or align with management plans recognised by the host government. The Project shall consult with relevant stakeholders including, <i>inter alia</i>, local government agencies, local communities, Indigenous Peoples, and civil society organisations in the formulation and implementation of a documented programme or plan to promote and enhance existing conservation and management efforts.
Invasive alien species	<ul style="list-style-type: none"> Arrangements shall be adopted by the Project to avoid and otherwise minimise the risk of intentional or accidental introduction of alien or non-native species of flora or fauna including genetically-modified organisms (GMOs) and to comply with any applicable legal requirements.

²¹ Although HCV assessments are not a requirement of IFC PS6, they may provide useful additional information. Refer to IFC PS6 Guidance Note GN29 for further guidance). Consideration of areas of HCV is particularly relevant for agriculture and forestry projects and therefore are unlikely to be relevant for CI3 Direct Investments.

²² Adaptive management involves the implementation of mitigation and management measures that are responsive to changing conditions and the results of monitoring throughout the Project’s lifecycle. It should not be seen as a “trial-and-error” process but rather a structured “learning by doing” approach.

Topics	Standard Requirements
Management of ecosystem services	<ul style="list-style-type: none"> • An ecosystem services impact assessment should be conducted when: <ul style="list-style-type: none"> - the Project is likely to have significant impacts on ecosystem services that local communities depend on for their livelihoods, health, or well-being. Typically this shall be determined during the ESIA process, and/or - the Project is located in or near critical habitats, natural habitats, or areas providing key provisioning or regulating services. • The assessment shall involve informed consultation with and participation of relevant stakeholders including local communities, Indigenous Peoples and vulnerable groups. • If deemed necessary on the basis of the assessment, an ecosystem services management plan shall be developed for priority ecosystem services.
Sustainable management of living natural resources	<ul style="list-style-type: none"> • A documented plan detailing arrangements for sustainable management and use of land and natural resources (e.g. natural and plantation forest, freshwater and marine systems including aquaculture) shall be implemented by the Project. • The Project shall ensure that natural forest harvesting or plantation development does not cause any conversion or degradation of critical habitat. • The Project shall adopt procurement and supply chain management practices and endeavour to source only sustainably managed natural resources and certified products (e.g. forest and timber products).
HCV areas and conversion of habitat	<ul style="list-style-type: none"> • If the Project is located in, or may have an impact on, an area of High Conservation Value an assessment shall be conducted which will involve local stakeholders, in particular affected Indigenous Peoples and any affected local communities. • An HCV management plan shall be developed which will include mitigation and monitoring measures based on a precautionary approach and the principle of adaptive management.

A1.9 E&S Management Standard: Indigenous Peoples

A1.9.1 Introduction

All Projects funded by the CI3 Funds are required to put arrangements in place for managing impacts and risks associated with Indigenous Peoples²³ in accordance with legal requirements and international standards including IFC PS7 and the associated Guidance Note. 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.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Management Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.9.2 Key References

Table A1.9.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of Indigenous Peoples impacts and risks, and should be referred to as applicable to the nature of Project activities.

Table A1.9.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 7 and associated Guidance Note: Indigenous Peoples (IFC, 2012)
Security and Human Rights	<ul style="list-style-type: none"> The UN Guiding Principles on Business and Human Rights (UNGP, 2011) Addressing Security and Human Rights Challenges in Complex Environments, 3rd edition (DCAF/ICRC, 2016).
United Nations Conventions	<ul style="list-style-type: none"> There are six UN Conventions directly relevant to Indigenous Peoples: <ul style="list-style-type: none"> Convention against Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment. Convention on the Elimination of All Forms of Discrimination against Women. Convention on the Rights of the Child. International Covenant on Civil and Political Rights • International Covenant on Economic, Social, and Cultural Rights.

²³ There is no universally accepted definition of Indigenous Peoples; they may be referred to in different countries by such terms as "Indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups". In the absence of a universally accepted definition, the description included in IFC PS7 is adopted for use by CI3. 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: (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.

Topic	Description
	- International Convention on the Elimination of All Forms of Racial Discrimination.
United Nations Declaration	• United Nations Declaration on the Rights of Indigenous Peoples (2007).
Other Guidance	• Green Climate Fund Indigenous Peoples Policy

A1.9.3 General Requirements

While the scope and level of detail of the arrangements for assessing and managing Indigenous Peoples impacts and risks should be commensurate with the potential impacts of the Projects, the general requirements detailed in Table A1.9.2 and the exclusion criteria detailed in Table A1.9.3 shall be adhered to.

Table A1.9.2 General Requirements

Topic	Standard Requirements
Due Diligence	<ul style="list-style-type: none"> • The potential for IPs to exist shall be assessed during the Full ESDD step in the investment process. • The Full ESDD will seek to confirm the existence of IPs in the Project’s area of influence and may be conducted by an external IP specialist.
Indigenous Peoples Planning Framework	<ul style="list-style-type: none"> • If the Full ESDD reveals the potential presence of IP communities in the proposed area of the Project, but it is too early to be able to complete a detailed impact assessment (i.e. in those situations where the specific activities or locations of the Project have not yet been confirmed due to the early stage of the Project’s development), the Project Company shall implement an IP Planning Framework (IPPF) in line with the objectives detailed in Table A1.9.4. • The IPPF describes, <i>inter alia</i>, the applicable legal and regulatory requirements pertaining to IPs in the host country, the impact assessment process, the arrangements for consultation and participation; the grievance mechanism and management process, and the scope of a Project-specific IPP,.
Impact Assessment	<ul style="list-style-type: none"> • Once sufficient information is available to confirm the Project activities and location(s), a documented impact assessment shall be prepared by an external IP specialist. If a broader ESIA is also being prepared for the Project, the IP assessment shall be incorporated into this. Refer to Section A1.9.5 for further guidance on the scope of the IP impact assessment. • This assessment will include an evaluation of Project alternatives to avoid adverse impacts including those that would trigger any of the exclusion criteria listed in Table A1.9.3.
Legal and Administrative Framework	<ul style="list-style-type: none"> • In many countries a legal and administrative framework exists pertaining to IP communities. • As part of the formulation of the assessment process, an evaluation shall be undertaken to determine (i) the scope and requirements of any prevailing legal and administrative requirements relating to IPs, and (ii) the extent of alignment with international standards including IFC PS7. The Project Company shall adopt the most stringent requirements applicable whilst remaining compliant with all applicable legal requirements.
Indigenous Peoples Plan	<ul style="list-style-type: none"> • Following completion of the specialist impact assessment and any other required studies, a Project-specific IP Plan (IPP) will be developed in accordance with the requirements detailed in this Management Standard and in line with IFC PS7 and other applicable requirements and international best practice. • Refer to Table A1.9.6 for guidance on the contents of the IPP.

Topic	Standard Requirements
Participation and consent	<ul style="list-style-type: none"> • Arrangements for engagement with the affected communities of IP shall be carried out in accordance with IFC PS1 and involving IP representative bodies and organisations as well as representatives of affected communities of IP. • A documented and structured process of information disclosure shall be established and informed consultation and participation (ICP) shall be undertaken that takes into account existing social structures, leadership and decision-making processes. • The Project Company shall establish and maintain an ongoing relationship based on informed consultation and participation with the IPs affected by a Project throughout its life-cycle.
Mitigation and development benefits	<ul style="list-style-type: none"> • The Project Company shall adopt a participatory process of identification of mitigation measures for adverse impacts in line with the mitigation hierarchy detailed in IFC PS1. • Arrangements shall be established for the determination, delivery and distribution of individual and/or collectively-based compensation and other benefits that are aligned with the laws, institutions and customs of IP communities and their interaction with mainstream society. • Broader community development programme developed in consultation with affected IP communities to deliver culturally appropriate and sustainable development benefits.
Private Sector Responsibilities	<ul style="list-style-type: none"> • In those situations where the prevailing legal and administrative requirements are less stringent but must be followed to demonstrate compliance, the Project Company shall: <ul style="list-style-type: none"> - Collaborate with the responsible government agency, where one exists; - Play an active role in the planning, implementation, and monitoring of activities to the extent permitted by the government agency, with allocation of responsibilities. - Document the regulated, government-led process and the measures taken; - Identify the measures required to address any gaps between the regulated process and IFC PS7; - Incorporate the host government process, requirements and relevant documentation in the IPP, along with the arrangements for complying with this CI3 E&S Management Standard and IFC PS7.

A1.9.4 Project Exclusion Criteria

The CI3 Funds will not proceed with an investment in any Project if any of the criteria detailed in **Table 1.9.3** are triggered. Confirmation that none of the criteria will be triggered requires completion of a specialist impact assessment (see **Section 1.9.6**).

Table A1.9.3 Project Exclusion Criteria

Exclusion Criteria Triggering Avoidance of Adverse Impact
<ul style="list-style-type: none"> • CI3 shall not fund any Project: <ol style="list-style-type: none"> 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. ii) where there is a risk of significant adverse impact on IP communities such that a process to achieve Free, Prior and Informed Consent (FPIC)²⁴ will be required in line with IFC PS7). FPIC is

²⁴ It is recognized that there is no universally accepted definition of FPIC and that the definition and practices related to FPIC are evolving. For the purposes of this E&S Management Standard, the definition included in Paragraph 12 of IFC PS 7 and further elaborated on in the associated Guidance Note is used.

Exclusion Criteria Triggering Avoidance of Adverse Impact

required when any of the following would be expected to occur as a result of the Project (ref. GN27 of IFC PS7 Guidance Note):

- 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.

A1.9.5 Objectives of an Indigenous Peoples Planning Framework

If the Full ESDD reveals the potential presence of IP communities in the proposed area of the Project, but it is too early to be able to complete a detailed impact assessment (i.e. in those situations where the specific activities or locations of the Project have not yet been confirmed due to the early stage of the Project’s development), the Project Company shall implement an IP Planning Framework (IPPF) in line with the objectives detailed in **Table A1.9.4**. The IPPF will be expanded into a Project-specific Indigenous Peoples Plan once more information is available (i.e. following completion of the impact assessment).

Table A1.9.4 Objectives of an IPPF

IPPF Objectives

The objectives of the Indigenous Peoples Planning Framework are to:

1. Detail the legal and regulatory framework and requirements relating to IP communities in the Project’s host country, along with applicable international standards and treaties.
2. Outline the criteria and process for a specialist assessment of the potential presence of and impacts on IP communities along with the details of external IP experts to be retained for the assessment.
3. Ensure that the criteria that would trigger the need for a process of FPIC (refer to **Section A1.9.4**), are understood by the relevant stakeholders and that these are factored into the assessment process.
4. Detail the arrangements to be adopted by the Project Company for avoiding potential adverse impacts in those cases where the need for FPIC would not be triggered, but where potential adverse impacts to IP communities are expected to arise.
5. Describe the process for information disclosure and ongoing engagement in the form of informed consultation and participation (ICP).
6. Outline the process for the identification of opportunities to deliver culturally appropriate development benefits which are commensurate with the degree of Project impacts, aimed at improving the living standards and livelihoods of IPs in a culturally appropriate manner, and will foster the long-term sustainability of the natural resources on which they depend.
7. 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.
8. Outline roles and responsibilities by various stakeholders in the planning, implementation, monitoring and evaluation of activities associated with planning and implementation;
9. Allow grievances to be raised and managed in a manner that is culturally appropriate; and
10. Describe the contents of the Project-specific IPP.

A1.9.6 Impact Assessment

If IPs are identified in the Project area of influence during the Full Due Diligence, further specialist assessment will be required. The assessment may be conducted as part of a broader Environmental and Social Impact Assessment (ESIA) where applicable, or as a standalone undertaking.

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. Whether as part of an ESIA or as a standalone assessment, the mitigation and monitoring 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 A6.9**).

The Independent External Advisor 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 A1.9.5** below.

Table A1.9.5 Scope of Specialist IP Impact Assessment

Topic	Standard Requirements
Scope for IP Impact Assessment	<ul style="list-style-type: none"> • 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. • 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	<ul style="list-style-type: none"> • Engagement with IP communities shall be undertaken in accordance with the standard requirements IFC PS1 and in addition will: <ul style="list-style-type: none"> - 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 followed 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	<ul style="list-style-type: none"> • 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 assessment 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: <ul style="list-style-type: none"> - Economic, social and legal status;

Topic	Standard Requirements
	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> • The assessment shall determine the level and type of collective attachment (refer to clause GN7 of IFC Guidance Note 7) 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. • =
Impacts on Traditional or Customary Lands ²⁵	<ul style="list-style-type: none"> • 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.
Resettlement and Displacement	<ul style="list-style-type: none"> • In accordance with Section A1.9.4, Projects shall avoid the resettlement of indigenous peoples shall be avoided.
Peoples in Voluntary Isolation	<ul style="list-style-type: none"> • The assessment will seek 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 A1.9.4, 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 A1.9.4 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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - their rights under national laws; - the scope and nature of the proposed commercial development; and - the potential consequences of such development.
Consideration of Unintended Consequences	<ul style="list-style-type: none"> • 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.
Consideration of Differential Impacts	<ul style="list-style-type: none"> • Indigenous peoples may be heterogeneous and may comprise multiple groups and different social units within these groups (such as individuals, clans, communities, and

²⁵ 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	Standard Requirements
	<p>ethnic groups). Issues of cultural identity, geographic access, language, governance structures, cohesion and priorities may differ greatly between groups.</p> <ul style="list-style-type: none"> 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 assessment shall identify the different groups and determine the nature and significance of potential impacts on each of them.
Natural Resources and Ecosystem Services	<ul style="list-style-type: none"> Projects can adversely impact indigenous peoples' identity, natural resource-based livelihoods, food security, and cultural survival. The assessment shall consider the extent to which such impacts may arise. CI3 shall avoid such impacts and instead explore viable alternative Project designs in consultation and with the participation of IPs. The assessment shall define the required measures for avoiding (as well as mitigating for) such impacts.

A1.9.7 Contents of an Indigenous Peoples Plan

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). 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 IPP. The scope of the IPP will include as a minimum the content specified in **Table A1.9.5** below and is based on Annex A of IFC PS7 guidance note.

Table A1.7.6 Contents of an IPP

Description of Contents
1. Description of the project: General description of the project and identification of the project area.
2. Objectives and studies undertaken: The main objectives of the IPP and a summary of studies undertaken in support of IPP implementation.
3. Regulatory and Institutional framework: Relevant laws of the host country, other policies and procedures, performance standards, political and administrative structure in the Project area, presence of NGOs and CSOs, etc.
4. 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 along with a description of the methodology used to develop the baseline.
5. Summary of assessment: Overview of the key findings, analysis of impacts, risks and opportunities, and 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.
6. Results of consultations and future engagement: Description of the process of information disclosure, consultation and informed participation, documented agreements with the Affected Communities of Indigenous Peoples, and how issues raised have been addressed. The consultation framework for future engagement should clearly describe the process for ongoing consultations with, and participation by

Description of Contents

Indigenous Peoples (including women and men), in the process of implementing and operating the project.

7. **Arrangements for impact management:** 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 IPs, 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.
8. **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 affected 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.
9. **Measures to enhance opportunities:** Clearly describe measures to enable IPs to take advantage of 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. Such opportunities should be culturally appropriate.
10. **Organizational responsibilities:** Description of the organizational framework for implementing the IPP, including identification of agencies that need to be involved; 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 carry out IPP activities (where appropriate).
11. **Grievance 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 shall 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.
12. **Costs and budget:** Summary of the IPP budget, funding responsibilities, and breakdown of costs for implementation of the IPP, as well as the timing of expenditure and organizational responsibilities in managing and administering Project funds and expenditures.
13. **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 a process for implementing and funding any corrective actions identified in the evaluation process. Participatory monitoring such as community-based monitoring and information systems shall be considered and supported.

A1.10 E&S Management Standard: Cultural Heritage

A1.10.1 Introduction

All Projects funded by the CI3 Funds are required to put arrangements in place for managing impacts and risks associated with cultural heritage in accordance with legal requirements and international standards including IFC PS8 and the associated Guidance Note. 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.

The requirements in this E&S Management Standard should be viewed within the context of any applicable local/national legislation that may be relevant for the Project. In some jurisdictions requirements for environmental management are prescribed in detail and are obligatory. As such, the Project must ensure compliance with the local/national requirements as well as achieving alignment with international standards including the general requirements included in this E&S Management Standard.

This guidance should be read in conjunction with the other CI3 Funds' E&S Management Standards annexed to the CI3 Funds' ESMS Manual.

A1.10.2 Key References

Table A1.10.1 lists some of the key references (as updated from time to time) for further guidance associated with IFC-compliant management of cultural heritage impacts and risks, and should be referred to as applicable to the nature of Project activities.

Table A1.10.1 Key References

Topic	Description
IFC Performance Standard and Guidance Note	<ul style="list-style-type: none"> IFC Performance Standard 8 and Guidance Note: Cultural Heritage (IFC, 2012).
UNESCO Convention and Guidelines	<ul style="list-style-type: none"> UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage Operational Guidelines for the World Heritage Convention

A1.10.3 General Requirements

While the scope and level of detail of the arrangements for management of cultural heritage impacts and risks should be commensurate with the potential impacts of the Projects, the general requirements detailed in **Table A1.10.2** must be adhered to.

Table A1.10.2 General Requirements

Topics	Standard Requirements
Impact assessment and management	<ul style="list-style-type: none"> An assessment of the potential presence of and impacts on tangible and intangible cultural heritage (CH) shall be conducted as part of the ESIA. The identification, impact assessment and ongoing management must be conducted in consultation with affected communities. Where CH has been identified and evaluated as part of the ESIA (refer to CI3 Funds’ E&S Management Standard A1.2), a documented cultural heritage management plan (CHMP) shall be prepared for implementation by the Project Company.
Chance Finds	<ul style="list-style-type: none"> A documented ‘Chance Finds’ Procedure shall be followed by the Project Company to deal with situations where previously unknown and undiscovered tangible cultural heritage is encountered, for example during Project construction, renovation or expansion as well as during operation and decommissioning. This may include, <i>inter alia</i>, archaeological sites, historical sites, remains, objects, graveyards or individual graves, If there is a legally established procedure for accidental discoveries (e.g., of archaeological objects or remains) in the host country, that procedure must be followed. However, if no such procedure exists, the Project Company shall develop a procedure aligned with the requirements detailed in Table A1.10.3.
Access	<ul style="list-style-type: none"> 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.

A1.10.4 General Principles for Dealing with Chance Finds

The scope and scale of the Chance Find Procedure will be proportionate to the nature, scale and type of potential risks and impacts to cultural heritage that may arise from the Projects’ activities. In addition, the Chance Find Procedure will be commensurate with the type and scale of the planned activities. A Chance Find Procedure should align with the general requirements detailed in **Table A1.10.3**.

Table A1.10.3 General Principles for Managing Chance Finds

General Principles
<ul style="list-style-type: none"> The overall aims of the Chance Find Procedure are to: <ul style="list-style-type: none"> protect physical cultural resources from the adverse impacts of physical investment activities and support their preservation; Promote the equitable sharing of benefits from the use of physical cultural resources, and Raise awareness of all Project Company workers regarding the potential for accidental discovery of cultural heritage resources. The Procedure for Chance Finds should: <ul style="list-style-type: none"> Be proportionate to the nature, scale and type of potential risks and impacts to cultural heritage as well as the type and scale of the construction/renovation activities; Be developed in alignment with international best practices, including IFC PS8, the associated IFC PS8 Guidance Note, and host country requirements, and Set out how any Chance Finds will be managed. The procedure should include: <ul style="list-style-type: none"> A stop-work instruction to prevent any further disturbance of the chance find and the broader area in which it is located; Arrangements to secure the area of the chance find to avoid further disturbance;

General Principles

- Assessment by qualified experts which may include the relevant government authorities and civil society organisations, as well as traditional knowledge holders.
- Arrangements for notifying relevant authorities of found objects or sites;
- Training of project personnel on the Chance Find procedure.

Annex 2 CI3 Funds Exclusion List

The CI3 Funds will not invest in climate adaptation and mitigation projects related to the following activities:

- Exploration, extraction, prospecting (including royalties), refining, production, distribution (including pipelines and other facilities projects), processing, storage, transportation, promotion of fossil fuels (including oil, sand oil, natural gas, shale gas), including also:
 - Power generation assets using fossil fuels;
 - Investments in grid that will be used for evacuation of power from fossil fuel plant;
 - Grid expansion for power grids with high emission factor without addition of new renewable energy generation capacity;
 - Investments that extend the lifetime of fossil fuel assets (such as energy efficiency measures in fossil fuel industry);
 - Energy efficiency investments that extend the lifetime of fossil fuel assets;
 - Coal and thermal coal prospecting, exploration, processing or mining, transportation, distribution and use;
 - Construction of new or refurbishment of any existing coal-fired power plant (including dual). Cancellation of projects related to these activities in the pre-construction phase, unless work is already underway; and
 - Construction of new or refurbishment of any existing heavy fuel oil (HFO)-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO₂ emissions.
- Activities or material deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances, PCBs (polychlorinated biphenyls), and other specific or hazardous substances, wildlife or wildlife products regulated under the Convention on International Trade and Endangered Specifics of Wild Fauna and Flora and transboundary trade in waste or waste products;
- Activities violating the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES);
- Activities which could be associated with the destruction or significant impairment of areas worthy of protection, that meet the classification criteria of the High Conservation Value area and of the World Heritage Sites;
- Activities which negatively impact wetlands designated under the Ramsar Convention;
- Activities that may involve contact with Indigenous Peoples “in voluntary isolation,” “isolated peoples” or “in initial contact” or impact their lands and territories;
- Activities which would result in the involuntary resettlement of Indigenous Peoples, and avoid funding activities that may involve physical displacement of Indigenous Peoples (i.e., relocation, including relocation needed as a result of loss of shelter), whether full or partial and permanent or temporary, or economic and occupational displacement (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;
- Brownfield projects (with exception for projects that CI3 refinances after the construction period);
- Cannabis, if is the main activity (primary sector of activity or activity generating more than 50% of revenues). Openness to other companies operating in the sector after reputation and ESG analysis;
- Cross-border trade in waste and waste products unless compliant with the Basel Convention and the underlying regulations;
- Gambling, casinos and equivalent enterprises;
- Guarding prisoners and ownership or operation of prisons or immigration and refugee detention centres including exclusion of any business providing services to inmates if the prison-related activity represents more than 15% of revenues;
- Nuclear plants;
- Pornography and/or prostitution;
- Production and distribution of racist, anti-democratic and/or neo-Nazi media;

- Production in handguns, weapons, including assault weapons and ammunitions for civilian, nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster bomb;
- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour;
- Production or trade in alcoholic beverages (excluding beer and wine) if it forms a substantial part of a project's primary financed business activities;
- Radioactive materials and unbounded asbestos fibers;
- Reprocessing and storage of nuclear waste;
- Retailers for whom the sale of handguns and assault weapons represents more than 15% of revenues;
- Tobacco products and vaping products; and
- Unsustainable fishing methods, e.g., blast fishing or drift net fishing in the marine environment using nets in excess of 2.5 km in length.

Annex 3 Environmental and Social Risk Categorisation

This Annex provides further explanation regarding the E&S risk categorisation of CI3 investment opportunities. The wording is taken from the CI3 Funds' Responsible Investment Code.

1. The CI3 Funds must preliminarily categorise investment opportunities in the acquisition phase according to its potential environmental and social adverse impacts and risks, enabling a presentation of the presumably relevant environmental and social issues and an appropriate E&S Due Diligence process, and based on the E&S Due Diligence outcomes, it must confirm or adjust this category prior to the Investment decision. Categorisation reflects the assessment of the E&S relevance, including potential contextual risks, i.e., the potential E&S adverse impacts and risks of the investment opportunity. The category expressly does not consider the capability of the company to manage such potential adverse impacts and risks.
2. For all investment opportunities, the category levels A, B+, B or C (respectively high, medium-high, medium-low and low impact) are used. These result from the combination of specific E&S criteria:
 - 2.1 Sector and activities of the financed transactions (based on general expectations or specifically definable impacts such as, e.g., consumption of resources, use of hazardous materials, effluents, emissions, wastes, etc.);
 - 2.2 Specific location (site and potential impacts of land use or operations on sensitive areas including impacts on biodiversity, prevalence of gender-based violence, high labour rights risk, etc.);
 - 2.3 Country context (national regulations relevant to the particular project context and their implementation, good governance, conflict patterns, human rights situations, previous E&S experiences with similar projects, etc.);
 - 2.4 Purpose of financing (e.g., greenfield, brownfield, site expansion, modernization, etc.);
 - 2.5 Size of the transactions (large, medium or small scale);
 - 2.6 Sector (e.g., low-wage industries, agriculture, mining, infrastructure-financed business activities);
 - 2.7 Number of Employees (present, newly created jobs, dismissals) and occupational health and safety risks related to the sector;
 - 2.8 Percentage of risk groups as a proportion of total workforce (e.g., temporary workers, migrants, minors, women, disabled persons);
 - 2.9 Affected communities (e.g., physical or economic displacement, impacts on social and economic infrastructure, community health and safety, vulnerable groups, potential human rights violations, etc.);
 - 2.10 Financed business activities with extended Equity activities (e.g., camp needed);
 - 2.11 Sub-contractors (e.g., number of workers hired through sub-contractors, especially in case of core business activities being outsourced to sub-contractors).
3. Activities to be included in the scope of the categorisation depend very much on the nature of the financings and the nature of the main impacts found. The minimum scope should be the legal entity financed or the site of the financed activity.

4. E&S impacts of the supply chain should be included in the scope of the categorisation in cases where the supply chain is integral to the financed business activities—i.e., where it is directly under the control of the company, or where the supply chain is a directly associated facility to the business activities of the company, i.e., where the supply chain would not be viable without the company or vice versa.

Annex 4 Typology of Projects and Impacts

The setting and context of each of the individual Projects into which the Fund will be invested is highly variable due to the diverse geography covered by the Fund’s mandate. 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.

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.

On behalf of the CI3 Funds, 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 Guidelines²⁶ (known as the ‘EHS Guidelines’) among others²⁷.

Table A4.1 provides an illustrative list of typical Category A projects. This list is an abridged version of the full list published by the OECD²⁸ and has been adapted to reflect the types of Project in which CI3 may be invested, or with which it may be associated. Activities included in the CI3 Funds’ Exclusion List have been omitted. This list is for illustrative purposes only; in practice, classification must be undertaken in accordance with the potential environmental and/or social impacts of each project.

The different types of impacts that may be associated with the green hydrogen sector and related infrastructure Projects in which the CI3 Funds may be invested are detailed in **Table A4.2**.

Table A4.1.1 Illustrative List of Category A Projects

Category A Project Types

- The following is an illustrative list containing examples of the types of new projects and major expansion projects that may be classified as Category A.
 - Integrated works for the initial smelting of cast-iron and steel, e.g. installations for the production of primary steel by blast furnace route or direct reduction; installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
 - Installations for the manufacture and/or recovery of chemicals (including but not limited to petrochemicals, fertilisers, pesticides and herbicides, health care products, detergents, paints, adhesives, agro-chemicals, pharmaceuticals, explosives) on an industrial scale using physical, chemical and/or bio-chemical processes and for large scale distribution of such chemicals via pipelines/terminals and associated facilities.
 - Construction of a new road, or realignment and/or widening of an existing road, where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.

²⁶https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

²⁷ 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).

²⁸ OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The “Common Approaches”), OECD/LEGAL/0393.

Category A Project Types

- Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1 350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1 350 tonnes.
- Large²⁹ dams and other impoundments designed for the holding back or permanent storage of water.
- Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
- Operations that involve large scale extraction, via underground or open-pit mining, solution mining, or marine or riverine operations to obtain precious metals, base metals, energy and industrial minerals, or construction materials. It may also include the processing of the extracted material.
- Greenfield cement plants where the project includes a greenfield quarry.
- Municipal waste water treatment plants with a capacity exceeding the equivalent of 150 000 population.
- Municipal solid waste-processing and disposal facilities.
- Construction of overhead electrical power transmission lines with a length of 15 km or above¹⁰ and a voltage of 110 kV or above.
- Projects which are planned to be carried out in sensitive areas or are likely to have a perceptible impact on such areas, even if the project category does not appear in the above list.
- Projects which may result in significant adverse social impacts to local communities or other project affected parties, including those involved in the construction and/or operation of the project.
- Projects involving land acquisition and involuntary resettlement of a significant number of affected people.

Table A4.1.2 Project-Specific E&S Impacts Associated with the Fund’s Investments

Green Hydrogen Production Facility³⁰

- Occupational safety risks arise due to hydrogen not being easily detectable as it is a colourless and odourless gas that burns with an invisible flame. Significant leaks from pressurised systems may also result in autoignition. Additionally, workers may be exposed to intense electromagnetic risk within the electrolyser building.
- Decommissioning of electrolysers and related renewable plants is likely to generate a large amount of electric and electronic waste, containing hazardous substances.
- Potential adverse impacts on human rights are linked to the sourcing of conflict minerals and other critical materials to produce GH technologies, fuel cells, and electrolysers.
- Security-related concerns arise from the fact that green hydrogen facilities are characterised by large volumes of hazardous wastes, and war actions or terror attacks could result in major incidents including explosions and toxic releases that would affect surrounding communities.
- Large-scale GH industrial facilities are typically major hazardous installations (MHI) and often situated in under-developed rural areas with limited availability of public resources for emergency management, resulting in limited support for facility operators in the event of major accidents.

Green Hydrogen Derivatives³¹ e.g., Ammonia, Fertilisers and Methanol³²

- Adverse impacts associated with odours and fugitive emissions due to leaks from pipes, valves, connections etc. including hazardous products such as ammonia.

²⁹ As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m³ are also classified as large dams.

³⁰ Source: IDB (2023), Environmental, Health, Safety, and Social Management of Green Hydrogen in Latin America and the Caribbean.

³¹ Source: IFC (2007), Environmental, Health and Safety Guidelines for LVIC manufacturing and Coal Tar Distillation.

³² Methanol as a reference for a class of different light fuels where the starting point is green hydrogen.

- Environmental incidents resulting from a loss of containment of feedstock, product, waste oils, spent catalysts and sludge from wastewater treatment units etc.
- Significant noise sources from large size rotating machines, emergency depressurization activities and high-pressure steam release or flaring.
- Occupational hazards include chemical hazards due to acute and chronic exposure to toxic gases and other hazardous compounds, and major hazards caused by fires and explosions.
- During construction, communities may be affected by dust, noise, and vibration from construction vehicles in transit, and communicable diseases associated with the influx of temporary construction labour.

Wind Power³³

- 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 Hydropower³⁴

- 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.
- 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 Power

- 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).

³³ Source: World Bank Group (2015), Environmental, Health, and Safety Guidelines for Wind Energy.

³⁴ Source: IFC (2018), Good Practice Note: Environmental, Health, and Safety Approaches for Hydropower Projects.

- Water requirements may be high for large/concentration solar power plants (cooling water is required for solar concentration devices and for cleaning the panels).

Biomass/Waste-to-Energy ³⁵

- Visual impacts from the infrastructure of the energy plant, in particular the air emissions stack(s).
- Air emissions associated with biomass/waste to energy plants may include carbon dioxide (CO₂), CO, NO_x, sulphur dioxide (SO₂), particulate matter, ammonia, amines, acids (HCL, HF), VOCs, dioxins/furans, polychlorinated biphenyls (PCBs), 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.

Bulk Water Supply and Wastewater Treatment ³⁶

- 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.

³⁵ Source: IFC (2007), Environmental, Health, and Safety Guidelines for Waste Management Facilities.

³⁶ Source: IFC (2007), Environmental, Health, and Safety Guidelines for Water and Sanitation.

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.

Ports and Shipping³⁷

- 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 result 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.

³⁷ Source: World Bank Group (2017), Environmental, Health and Safety Guidelines for Ports, Harbours, and Terminals

Annex 5 E&S Screening Assessment

[HOLD: separate document to be inserted in pdf version]

Annex 6 Full ESG Due Diligence

A6.1 Overview

This Annex describes the Terms of Reference for the Full ESDD Assessment for all potential new investments during Phase 3 of the investment process. The scope of the Full ESDD Assessment is detailed in **Table A6.1**. Findings shall be classified according to the definitions in **Table A6.2**.

Table A6.1 ESDD Assessment Scope

Activities	Description
Legal Compliance Assessment	<ul style="list-style-type: none"> Assessment of compliance with all relevant legal requirements including local laws and international treaties, and any necessary approvals from environmental agencies that exist or have been requested.
Compliance with CI3 E&S Requirements	<ul style="list-style-type: none"> Evaluation of alignment with CI3 Funds' E&S Requirements and other relevant international standards, for example those pertaining to the specific economic activity (refer to Section 2.6 of the CI3 Funds' ESMS Manual). The External E&S Expert(s) shall determine the applicability of the reference standards, and the specific aspects that should be included in the scope of the assessment.
Indigenous Peoples	<ul style="list-style-type: none"> The potential for Indigenous Peoples (IP) to exist in the Project's area of influence shall be assessed during the Full ESDD step in the investment process. The External E&S Expert is required to ensure an IP specialist is included in the team to conduct this assessment.
Gender equality and social inclusion	<ul style="list-style-type: none"> Identify gender equality and social inclusion risks and opportunities and include actions as required in the environmental and social action plan (ESAP).
Maladaptation Risk Assessment	<ul style="list-style-type: none"> An assessment will be made of the potential risks of maladaptation³⁸ or unintended consequences that could be caused by the project activities.
Climate Risk and Vulnerability Assessment	<ul style="list-style-type: none"> A climate risk and vulnerability assessment (CRVA) shall be conducted as part of the Full ESDD Assessment. The assessment shall be prepared using an industry standard such as ISO 14091:2021 (Adaptation to climate change - Guidelines on vulnerability, impacts and risk assessment) and IPCC and UNFCCC guidance. The assessment shall be performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios (Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5) consistent with the expected lifetime of the Project. The climate projections and assessment of impacts shall take into account state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent IPCC reports on climate change, scientific peer-reviewed publications, and open source or paying models. An Adaptation Plan shall be prepared in line with the technical screening criteria to address the significant risks identified in the CRVA.

³⁸ Maladaptation risk refers to any action that may lead to increased risk of adverse climate-related outcomes, including via increased greenhouse gas emissions, increased or shifted vulnerability to climate change, more inequitable outcomes, or diminished welfare, now or in the future. Maladaptation occurs when intended positive adaptation measures have unintended consequences and worsen existing and/or future climate risks and vulnerabilities for the target or downstream populations.

Activities	Description
Additional risk assessments, as appropriate	<ul style="list-style-type: none"> Depending on the contextual risks and specific nature of the Project, specialist studies may also be required as part of the full due diligence, for example: <ul style="list-style-type: none"> In circumstances where Human Rights risks are identified by the External E&S Advisor(s) a standalone Human Rights due diligence assessment will be required. Specialist human rights advisors shall be appointed by the Fund Manager to complete this assessment. Depending on the nature of the Project, a specific supply chain risk assessment may be required as part of the Full ESDD Assessment. The External E&S Advisor(s) will be expected to determine if this is needed and to make provision for this within the scope of the Full ESDD Assessment.

Table A6.2 Classification of Compliance Findings

Category	Description
Red Flag Issue (potential fatal flaw)	<ul style="list-style-type: none"> Issues that trigger aspects of the CI3 Funds' Exclusion List; 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; 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	<ul style="list-style-type: none"> 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 or the CI3 Funds 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	<ul style="list-style-type: none"> 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 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	<ul style="list-style-type: none"> 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.

Annex 7 Reporting Requirements

A7.1 Introduction

This Annex sets out the annual and quarterly reporting requirements that apply to CFM and covers both regulatory and investor requirements.

A7.2 Fund E&S Reporting Requirements

A7.2.1 Periodic Disclosure and Statement of Principal Adverse Impacts

In accordance with regulatory disclosure requirements, CFM is required to compile an annual disclosure and a statement of principal adverse impacts (PAI) in line with and using the templates prescribed by the Sustainable Finance Disclosure Regulation (SFDR). *[HOLD: Table 7.1.1 lists the PAI indicators against which performance shall be reported for the purpose of the PAI statement].*

A7.2.2 Annual E&S Performance Report

In accordance with the requirements of the Fund's Responsible Investment Code, the Fund Manager is required to compile an annual E&S Performance Report for submission to the investors. It shall include, as a minimum, the information set out in **Table A7.2.2**.

Table A7.2.1 Fund Annual E&S Performance Report

Contents of Annual E&S Performance Report	
General Fund Manager Information	<ul style="list-style-type: none"> Name of the responsible CI3 Funds' ESG Manager. Status of implementation of the CI3 Funds' E&S Management System (ESMS) and an explanation of any changes to the ESMS. Description of any challenges related to the implementation of the ESMS, actions taken to address these challenges, and the status of any outstanding actions along with a plan to address these. Description of E&S training undertaken/planned. Overview of expected/confirmed E&S risk categorisation of all Projects in the Fund's pipeline (pre-approval) and all approved Projects. Exclusion List: confirmation that no investments have been undertaken in any of the activities listed in the CI3 Funds' Exclusion List.
Consolidated Fund Impact Performance	<ul style="list-style-type: none"> Summary table detailing the consolidated ex-post impact performance of the Fund against the key impact indicators detailed in Table 7.2.2.
Project Company Impact and E&S Performance	<ul style="list-style-type: none"> Ex-post impact performance of each <u>operating Project</u> against the key impact indicators detailed in Table 7.2.2. All data shall be presented on a per Project basis. E&S performance of each approved Project against the key performance indicators detailed in Table 7.2.3. This includes all Projects in construction and in operation. E&S risk profile of each approved Project including: <ul style="list-style-type: none"> Categorisation of each investment and rationale behind that categorisation. Summary assessment of E&S risks identified.

Contents of Annual E&S Performance Report	
	<ul style="list-style-type: none"> - For high-risk investments (category A and B+), summary of external E&S assessment undertaken and reference to qualification of external expert undertaking assessment.
	<ul style="list-style-type: none"> • Narrative description of the E&S performance of each Project detailing: <ul style="list-style-type: none"> - Project Company E&S performance highlights and challenges encountered during the reporting period. - Status of implementation of E&S management system. - Explanation of any Reportable Incidents and status of related • E&S activities planned by the Project Company for the forthcoming reporting period.

A7.2.2 Impact Indicators

The impact indicators used to measure and monitor the CI3 Funds' impact performance are detailed in **Table A7.2.2**. For the purpose of reporting the impact performance of the CI3 Funds as a whole, the data should be consolidated for the entire operating portfolio. At the Project level, the data should be reported for those assets operated by the Project.

Table A7.2.2 Key Impact Indicators

CI3 Impact Indicators	
Green Hydrogen Supply	
Green hydrogen (or derivatives) produced (tonnes)	<ul style="list-style-type: none"> • Green hydrogen (or derivatives) produced in tonnes and split by tonnes exported and by sector.
Green Economic Activity	
Jobs directly supported (#, gender-disaggregated)	<ul style="list-style-type: none"> • Consolidated number of direct jobs supported from the fund's invested activities disaggregated by gender.
Clean Water and Energy Provision	
Renewable energy produced for the grid (MWh)	<ul style="list-style-type: none"> • Renewable energy produced for the grid measured in MWh
Bulk water treated/supplied (m ³ , by end-use)	<ul style="list-style-type: none"> • Bulk water treated/supplied measured in cubic metres and by end-use
Beneficiaries reached (#)	<ul style="list-style-type: none"> • Equivalent number of people receiving improved access to renewable energy/improved water supply
Climate Mitigation	
Avoided emissions due to end use of green hydrogen (tCO ₂ e, by end-use)	<ul style="list-style-type: none"> • Emissions avoided relative to the baseline scenario for each green hydrogen asset. Avoided GHG emissions may only be claimed for projects that are eligible as 'Green transaction' under the criteria adopted by FMO. Calculated using the FMO Energy Impact Scoring Tool.
Local Industry Transformation	
Local use of green hydrogen (% of national production for domestic use, per sector)	<ul style="list-style-type: none"> • Local use of green hydrogen as a percentage of national production for domestic use and sectoral break-down
Well-being (Change in Economic Opportunities)	
Supported employment (#FTE)	<ul style="list-style-type: none"> • Jobs supported in the country by the Project Company's activities, split by direct vs indirect jobs. Indirect employment is calculated as defined by FMO's impact model.

CI3 Impact Indicators	
	<ul style="list-style-type: none"> Indirect jobs are consolidated 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.
Renewable Energy Generation	
Installed renewable energy capacity (MW)	<ul style="list-style-type: none"> Additionally installed capacity of renewable energy generation assets during the reporting period.
Total renewable power production (GWh per year)	<ul style="list-style-type: none"> Renewable energy generated by all operating assets during the reporting period.
Water and Wastewater Treatment and Supply	
Water treatment and supply capacity (litres per day)	<ul style="list-style-type: none"> Additionally installed water treatment and supply capacity of all assets during the reporting period.
Volume of water treated (litres per day)	<ul style="list-style-type: none"> Volume of water treated by all operating assets during the reporting period (disaggregated).
All Sectors	
Total number of jobs created during reporting period	<ul style="list-style-type: none"> Number of new full-time equivalent workers, as per local definition, that are hired as a direct consequence of the implementation of all Projects in the portfolio during the reporting period. Includes individuals hired directly and individuals hired through third party agencies, as long as those individuals provide services related to the operations and maintenance of the Project e.g. catering, cleaning, security, and maintenance of equipment. Also includes new full-time equivalent work by seasonal, contractual and part-time workers. Existing workers on the records of the Project Companies in the portfolio prior to the investment project are not to be included in this indicator, except where the base case establishes that existing jobs are terminating without the investment project. Employment for the purpose of construction activities is not included in this indicator.
Total number of jobs supported during reporting period	<ul style="list-style-type: none"> Number of full-time equivalent workers, as per local definition, working for all Project Companies in the portfolio at the end of the reporting period unless there is seasonal variation. Includes individuals hired directly and individuals hired through third party agencies, as long as those individuals provide services related to the operations and maintenance of the Project. Also includes full-time equivalent jobs filled by seasonal, contractual and part-time workers. Employment for the purpose of the construction of the project is not included in this indicator. Note: 'operations of the project' includes the operation of the Project Company itself, as well as the operation of the asset once built and commissioned. In this context, the Project Company operates across the construction and operating phases of the built asset.
Total number of construction jobs during the reporting period	<ul style="list-style-type: none"> Number of temporary full-time equivalent workers hired for the construction of the built assets of all Project Companies in the portfolio during the reporting period, including those employed by third parties if they are working onsite.

A6.2.3 E&S Performance Indicators

The key performance indicators used to measure and monitor the CI3 Funds' E&S performance are detailed in **Table A7.2.3**. Data is reported for each Project level only and is not consolidated at the Fund level. All Project Companies funded by CI3 Funds are required to collect data with which the E&S performance can be measured and monitored in accordance with these KPIs.

The performance data shall be reported to CFM on behalf of the CI3 Funds on a quarterly basis in a form to be agreed with the Fund Manager. It is the responsibility of all Project Companies 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 A7.2.3 E&S Key Performance Indicators

Indicator	Description
Environmental KPIs	
Environmental incidents	<ul style="list-style-type: none"> 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) (unit: number).
Greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> Scope 1, 2 and 3 greenhouse gas emissions³⁹ calculated annually in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (unit: tonnes CO₂ equivalent, tCO₂e).
Energy consumption	<ul style="list-style-type: none"> Energy consumed by the Project Company expressed in terms of the amount (and sources) of non-renewable energy and renewable energy⁴⁰ (unit: MWh).
Water consumption	<ul style="list-style-type: none"> Volume of water consumed by the Project Company (unit: cubic metres, m³).
Emissions to water	<ul style="list-style-type: none"> Direct emissions to water of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and Council including direct emissions of nitrates, phosphates and pesticides (unit: tonnes).
Hazardous waste generated	<ul style="list-style-type: none"> Hazardous and radioactive waste generated by Project Company (unit: tonnes).
Social and Labour⁴¹ KPIs	
Number of external complaints and grievances	<ul style="list-style-type: none"> Refers to any complaints and grievances received during the reporting period via the Project's external grievance mechanism (unit: number).
Number of internal complaints and grievances	<ul style="list-style-type: none"> Refers to any complaints and grievances received during the reporting period via the Project's internal grievance mechanism (unit: number).
Average working hours	<ul style="list-style-type: none"> Average working hours for full-time equivalent staff (FTE) in the reporting period, disaggregated by management level and sex (unit: hours).
Average wages paid	<ul style="list-style-type: none"> Average wages paid for FTE staff in the reporting period, disaggregated by management level and sex (unit: USD \$).

³⁹ This includes the six greenhouse gases of most concern to the United Nations Framework Convention on Climate Change which are: (i) carbon dioxide; (CO₂); (ii) methane (CH₄); (iii) nitrous oxide (N₂O); (iv) hydrofluorocarbons (HFCs); (v) perfluorocarbons (PFCs) (vi) sulphur hexafluoride (SF₆).

⁴⁰ Non-renewable energy sources means energy sources other than wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas (unit: percentage).

⁴¹ The HIPSO definition shall be used to calculate the full-time equivalent (FTE) numbers of workers. Refer to <https://indicators.ifpartnership.org/indicators/joint-impact-indicators-iii/jobs-iii/>.

Indicator	Description
Unadjusted gender pay gap	<ul style="list-style-type: none"> The difference between average gross hourly earnings of male paid employees and female paid employees as a percentage of average gross hourly earnings of male paid employees (unit: percentage).
Board gender diversity	<ul style="list-style-type: none"> The number of male and female board members. 'Board' means the administrative, management or supervisory body of the Project Company (unit: number)
Cases of underaged workers	<ul style="list-style-type: none"> Includes any reported incident of underage workers (i.e. <18 years old) found to be working directly or indirectly for the Project, including within the supply chain (unit: number).
Total employee headcount	<ul style="list-style-type: none"> Total number of FTE workers in permanent positions (i.e. on a permanent contract and not on fixed term or temporary contracts) in the operation and maintenance of the Project Company (unit: number expressed as FTE and disaggregated by sex and job level⁴²).
Number of employees affected by retrenchment in the reporting period	<ul style="list-style-type: none"> Number of Project 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. (unit: number expressed as FTE and disaggregated by sex).
Health and Safety KPIs	
Number of fatalities	<ul style="list-style-type: none"> Number of work-related fatalities in the reporting period.
Number of days lost to occupational injuries, accidents or illness	<ul style="list-style-type: none"> The number of days lost during the reporting period due to occupational injuries, accidents or illness.
Lost time injury frequency rate	<ul style="list-style-type: none"> 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). Calculated as: number of LTIs in reporting period / 1 million * number of hours worked in reporting period.
Lost time injury severity rate	<ul style="list-style-type: none"> 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). Calculated as: number 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 (Occupational Safety and Health Act) and has been widely adopted.
Number of near misses	<ul style="list-style-type: none"> 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.

A7.2.4 Quarterly E&S Progress Report

In accordance with the requirements of the CI3 Funds' Responsible Investment Code, CFM is required to compile a quarterly E&S Progress Report for submission to CFM in a format to be agreed with CFM. It shall include the information set out in **Table A7.2.4**.

⁴² The following job levels are used for reporting the total employee headcount: senior manager, manager, junior, support staff.

Table A7.2.4 Fund Quarterly E&S Progress Report

Contents of Quarterly E&S Progress Report	
Overview and status of current E&S risk management practices implemented by the Fund Manager.	<ul style="list-style-type: none"> • Status of E&S risk profile of all funded Projects and overarching risk rating (business as usual/close monitoring required/intervention required). • Narrative describing specific E&S risk issues where close monitoring or intervention is required. • Overview of actions being taken to address E&S risk issues where close monitoring/intervention is required.
Progress of each Project Company with the implementation of the ESAP and any corrective actions, as appropriate.	<ul style="list-style-type: none"> • Status of implementation of the ESAP of each funded Project. • Narrative describing specific challenges or issues that are inhibiting or delaying implementation of the ESAP. • Description of the corrective actions required to address any challenges or issues and the status of implementation of each of these actions.

Annex 8 CI3 External Grievance Mechanism

CFM operates a corporate grievance mechanism for effectively receiving, managing, and responding to grievances, complaints and feedback and this is available to the external stakeholders of the CI3 Funds. This Appendix provides a summary of the operation of the grievance mechanism.

The corporate grievance mechanism applies to all CI3 Funds' external stakeholders. It is not designed to manage community complaints or grievances emanating from CI3's funded 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 CFM and this is described in the CFM Group Human Resources Management Policy.

The objectives of the grievance mechanism are to:

- i) provide a predictable, transparent, and credible process to all parties for resolving grievances, resulting in outcomes that are seen as fair, effective, and enduring;
- ii) to build trust as an integral component of broader stakeholder relations activities, and
- iii) to enable more systematic identification of emerging issues and trends, facilitating corrective action and pre-emptive engagement.

The grievance mechanism is operated on the basis of 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 CFM and the CI3 Funds.
- **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.

An overview of the grievance management process is presented in Figure A8.1.

Figure A8.1 CI3 Funds' Grievance Mechanism Process

