

Annex 6: E&S Policy and Procedures

Programme title: Transformation Pathways Initiative (TPI)

PSAA applicant: Finance in Motion Asset Management



Environmental and Social Management System for the Transformation Pathways Initiative (TPI)

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Acronyms

AIFM	Alternative Investment Fund Manager
CLO	Community Liaison Officer
DNSH	Do No Significant Harm
E&S	Environmental and Social
EPRP	Emergency Preparedness and Response Plan
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
EU	European Union
FI	Financial Intermediaries
GHG	Greenhouse Gas
GmbH	Gesellschaft mit beschränkter Haftung (company with limited liability)
IFC	International Finance Corporation
ILO	International Labour Organization
MSS	Minimum Social Safeguards
OHS	Occupational Health and Safety
PAI	Principal Adverse Impact
PS	Performance Standard
SARL	Société A Responsabilité Limitée
SEAH	Sexual Exploitation, Abuse and Harassment
SPV	Special Purpose Vehicle
tCO ₂	metric ton of carbon dioxide
ToR	Terms of Reference
TPI	Transformation Pathways Initiative
UN	United Nations
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples

Definitions

Alternative Investment Fund Manager (AIFM)	The AIFM for the TPI is Finance in Motion Asset Management SARL
Associated Facilities	Facilities that are not funded as part of the Project and that would not have been constructed or expanded if the Project did not exist and without which the Project would not be viable.
Complaints Handling Officer	The person responsible for ensuring that complaints from customers or stakeholders are handled fairly, promptly, and in accordance with legal and regulatory standards as well as international good practice.
Direct Investment	Companies, Projects, or special purpose vehicles that receive financing directly from the Fund for eligible activities.
Financial Intermediaries (FI)	Financial institutions, including and non-bank financial institutions, that will on-lend to clients.
Financial Intermediary Investment	Activities financed by the Fund through FIs, including banks and non-bank financial institutions, which on-lend the Fund's capital to eligible sub-borrowers.
Intermediated lending	Debt to financial institutions, including local banks and non-bank financial institutions, in the form of senior or subordinated loans, bonds, or other debt instruments
Investment Committee	A decision-making body within the AIFM is responsible for reviewing and approving investment proposals.
Investments	Activities financed by the Fund through Corporates, Projects or FIs.
Investees	Entities that receive financing from the Fund and are contractually engaged to implement activities aligned with the Fund's investment objectives. This can include both direct investees, such as companies or Project sponsors receiving debt financing, and FIs, such as banks, leasing companies or microfinance institutions, that on-lend the Fund's capital to eligible end-borrowers.
Project	A Project ("the Project") refers to a specific set of eligible business activities for which TPI funding is sought by the Investee. If financing has already been committed, the Project refers to the defined business activities outlined in the financing documents.
Sub-Borrower	An end-recipient of financing provided through a FI that has received capital from the Fund. Sub-borrowers are typically SMEs, corporates, or individuals who receive loans or credit products funded, in whole or in part, by the Fund's on lent capital.
Investment Advisor ("the Advisor")	Finance in Motion GmbH
The Fund	Transformation Pathways Initiative (TPI)

TPI Environmental and Social Policy

The Transformation Pathways Initiative's (TPI, the "Fund") strategic focus is to support investments that contribute to low-carbon, climate-resilient industry and agrifood systems in select regions, emphasizing both mitigation and adaptation impacts. In alignment with this impact objective, the Fund prioritizes the effective and equitable management of environmental and social (E&S) risks and impacts associated with its financed activities.

The TPI is designed to finance investments that support industrial decarbonization, resource efficiency, and climate resilience across a range of strategic sectors. It focuses on four core investment themes:

- Industrial Renewable Energy
- Efficiency and Circularity
- Electrification and Sustainable Fuels
- Climate-Smart Inputs

Subprojects vary in scale and modality, including direct loans for large-scale industrial upgrades (e.g., energy-efficient production lines, renewable energy installations) and intermediated financing for SMEs (e.g., solar systems, efficient cooling technologies).

The Transformation Pathways Initiative (TPI) primarily finances brownfield investments located in established industrial zones, focusing on upgrades to existing facilities and resource-efficiency improvements. While the Fund may include a limited number of greenfield projects, these will generally be situated in areas already designated for industrial use. Overall, TPI supports a mix of low- and moderate-risk industrial activities across sectors such as renewable energy integration, electrification, and climate-smart inputs. Environmental risks are expected to be site-specific and manageable through robust screening, technical assistance, and mitigation measures. Social risks remain limited, as projects are predominantly industrial and are not anticipated to involve land acquisition or physical displacement. Nevertheless, the ESMS applies international best practice to address any residual risks.

E&S considerations are central to the Fund's objectives, guiding its engagement with Investees, including Financial Intermediaries (FI), Sub-borrowers and companies. This policy outlines the Fund's commitments and establishes the principles and standards to which it will hold itself accountable, supporting TPI financed activities in achieving improved E&S outcomes.

The E&S Policy applies to the Fund, as well as to its Investees and, where applicable, sub-loans. It is structured as follows:

1. Principles	2. Commitments	3. Institutional and Implementation Arrangements
This section outlines the core environmental and social principles that guide the Fund's investment activities and risk management approach, including alignment with international standards, thematic priorities, and cross-cutting goals.	This section outlines the Fund's core E&S policy commitments, including the implementation of its Environmental and Social Management System (ESMS), investment exclusions, minimum and risk-based requirements for all Investees, and grievance mechanisms.	This section describes the institutional arrangements for implementing the Fund's E&S Policy, including resource allocation, internal roles, and reporting commitments.

1.1 Principles

i. Precautionary approach

The Fund adopts a precautionary approach to E&S management, proactively identifying and addressing potential risks and impacts, to minimize harm to people and the environment. This is achieved by avoiding, minimizing, mitigating, or remedying risks, while also identifying opportunities related to E&S performance.

ii. Mitigation hierarchy

The Fund applies the principle of the mitigation hierarchy, seeking to avoid, and where this is not possible, minimize adverse impacts and enhance positive effects on the environment and affected stakeholders, to contribute to the avoidance of any deterioration in the quality of human life, the environment and any net loss of biodiversity and ecosystems.

iii. Stakeholder engagement

Stakeholder identification and engagement will be conducted proportionately to the nature, scale, and potential E&S risks and impacts of the funded activities. The Fund aims to ensure meaningful consultation and inclusive participation, with particular attention to reaching potentially marginalized or vulnerable groups, such as Indigenous Peoples, women and others who may be disproportionately affected.

iv. Paris Agreement Alignment

The Fund's investment objectives are in line with the long-term goals of the Paris Agreement, and in undertaking its operations, the Fund works toward making investments that are aligned with the

objectives of the Paris Agreement, guided by the respective Joint Multilateral Development Bank Paris Alignment Approach¹.

v. EU Taxonomy²

The Fund works toward aligning a share of its investments with the requirements of the EU Taxonomy Regulation (EU) 2020/852, including the relevant Do No Significant Harm (DNSH) and Minimum Social Safeguard criteria.

i. Sustainable Finance Disclosure Regulation (SFDR)³

The Fund makes sustainable investments with an environmental objective in accordance with Art. 9 Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). The Fund considers Principal Adverse Impacts (PAI)⁴ of its investment decisions on sustainability factors and integrates sustainability risks into its investment decision-making process and has published respective disclosures on its website, in line with SFDR requirements.

vi. Use of proceeds approach

The Fund applies a "use of proceeds" or "follow the money" approach to E&S risk categorization, particularly in its investments through Financial Intermediaries (FIs). Under this approach the risk categorization is determined by the intended use of proceeds (i.e., the sub-loans) of the applicable FI. For Direct Investments, the Fund assesses and manages E&S risks and impacts at the activity level and Associated Facilities.

vii. Gender

The Fund integrates a gender-responsive approach across its investment activities and E&S management, aiming to promote gender-responsive financial sector, industry, and agrifood systems. This includes identifying, addressing, and reducing gender-related risks, supporting green jobs, and

¹Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment:

<https://www.worldbank.org/en/publication/paris-alignment/joint-mdb-paris-alignment-approach>

² The taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate. It establishes six key environmental objectives: climate change mitigation, climate change adaptation, sustainable water use, circular economy transition, pollution prevention, and biodiversity protection. For an economic activity to be considered sustainable, it must substantially contribute to at least one objective, do no significant harm (DNSH) to others, and comply with minimum social safeguards (such as human rights and labor standards).

³ The SFDR is an EU regulation that aims to enhance transparency in sustainable investments and prevent greenwashing by requiring financial market participants to disclose sustainability-related information. It applies to asset managers, investment funds, insurance companies, and financial advisors.

⁴ The PAI indicators under SFDR include 9 mandatory environmental indicators: GHG emissions (Scope 1, 2, and 3), carbon footprint, GHG intensity of investee companies, exposure to fossil fuels, non-renewable energy consumption, biodiversity impact, water emissions, hazardous waste generation, and violations of UNGC/OECD guidelines. The 5 mandatory social and governance indicators include board gender diversity, gender pay gap, human rights violations, exposure to controversial weapons, and social violations. Additionally, firms can disclose voluntary indicators related to environmental factors (e.g., land degradation, water usage, renewable energy share) and social/governance factors (e.g., supply chain labor conditions, excessive CEO pay, child labor risks, and discrimination cases).

improving working conditions for women while promoting equitable opportunities and outcomes for all genders. Gender-sensitive E&S due diligence is conducted for all investments. Where material gaps are identified – particularly related to SEAH, GBV, or inadequate working conditions for women – targeted mitigation measures will be taken. Where necessary these measures will be incorporated into the Environmental and Social Action Plan (ESAP) to align investments with SEAH and GBV safeguards.

viii. Human Rights

The Fund is committed to respecting and supporting internationally recognized human rights throughout its investment activities and E&S management, working to avoid infringing on the rights of stakeholders and addressing any adverse human rights impacts linked to its financing.

ix. Indigenous Peoples⁵

The Fund is committed to respecting the rights and cultural heritage of Indigenous Peoples in line with international standards, including the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and GCF's Indigenous People's Policy. It will not finance any activity, directly or through FIs, that is expected to cause significant adverse impacts on Indigenous Peoples. Where Indigenous Peoples are affected by the Fund's Investments, the Fund commits to meaningful consultation, free, prior, and informed consent (FPIC) where required, and the equitable inclusion of Indigenous communities in project planning and decision-making.

Furthermore, where relevant, the Fund aims to promote benefit-sharing mechanisms that enable Indigenous Peoples to access economic, social, and environmental opportunities arising from the transition Projects it supports, allowing for them to contribute to and gain from sustainable development outcomes.

1.2 Policy Commitments

ii. Environmental and Social Management System (ESMS)

The Fund implements and maintains an ESMS that aligns with industry best practices, sector norms, and evolving regulatory and stakeholder expectations. The ESMS serves as a framework to identify, assess, mitigate, and monitor E&S impacts across the Fund's investments.

The Fund is dedicated to the continuous improvement of its ESMS, ensuring it remains dynamic and responsive to emerging sustainability trends, technological advancements, and best practice developments. Through regular review and enhancement of processes, the Alternative Investment Fund Manager (AIFM) strives to uphold high E&S standards, drive positive outcomes, and create long-term value for all stakeholders.

⁵ As defined by the GCF's [Indigenous Peoples Policy](#).

iii. Excluded Investments

Table 1. Excluded Investments

Exclusion list	The financing provided by the Fund shall not be used to (directly or indirectly) finance, invest in or advance funds to any of Projects or activities listed in the Exclusion list (Annex 1: Exclusion list).
E&S Category	The Fund shall restrict its Investments to Category B and C and FI-2 and FI- 3 Investments, as described in the E&S Procedures.

iv. Minimum requirements for all Investments (FI and Direct Investments)

All Investees financed by the Fund shall comply with the Fund's minimum requirements set on Table 2.

Table 2. Minimum requirements for all Investments

National law/legislation	Investees and sub-borrowers shall comply with applicable national E&S laws (including labor laws).
Grievance mechanism	Investees shall establish and maintain a system in local languages, proportionate to risks, for dealing with internal and external communication on E&S matters, including response to complaints and grievances, for example, by establishing a point of contact for dealing with public enquiries.
ESMS	- Investees shall implement an ESMS that is proportionate to the level of risk associated with the (expected) use of proceeds financed by the Fund and in that respect structured in alignment with IFC Performance Standard (PS) 1⁶, serving as a framework for effective E&S risk management (see Annex 12: Indicative ESMS Outline for Direct Investments and Annex 13: Indicative ESMS Outline for Financial Intermediaries) - Investees must designate qualified staff responsible for E&S oversight and implementation of safeguard instruments (such as ESMS, ESIA, ESMP, SEP), as well as disclosure and reporting to the Fund. Additional specialists should be engaged as needed.
Labor and Working Conditions	Complying with the fundamental conventions of the International Labor Organization (ILO), Investees and sub-borrowers shall: - Prohibit the use of forced labor, child labor, and any other abusive labor practices within the workplace. - Ensure wages meet or exceed the legally mandated national minimum standards. - Uphold non-discriminatory practices in recruitment, compensation, working conditions, representation,

⁶ [Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts | International Finance Corporation \(IFC\)](#)

	promotions, termination, and disciplinary actions, where employment decisions are based solely on job-related requirements and not on protected characteristics such as gender, race, ethnicity, caste, disability, political beliefs, sexual orientation, age, religion, social background, marital status, trade union membership, migrant status, or health/HIV status. • Maintain a positive and open approach toward workers' organizations, respecting employees' rights to freely associate, form or join unions, engage in collective bargaining, and exercise their representative functions without interference. • Provide fair and reasonable working conditions, including a safe and healthy work environment, regulated working hours, and clearly documented terms of employment. These standards shall be structured in alignment with IFC PS 2⁷, serving as a framework for effective E&S risk management.
International Bill of Human Rights	• Investees shall respect the rights outlined in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, ensuring that their operations and business practices do not infringe upon fundamental human rights. This includes promoting fair labor conditions, non-discrimination, freedom of association, and the protection of individuals and communities affected by their activities.
Sexual Exploitation, Abuse and Harassment (SEAH)	• Investees shall take appropriate measures to prevent, mitigate, investigate, and remedy SEAH in accordance with the Fund's approach to SEAH (Annex 2: Approach to SEAH), which is developed in alignment with the Green Climate Fund's SEAH Policy.

v. Risk-based E&S requirements for Category B Direct Investments

Direct Investments categorized as B financed by the Fund must comply with the Fund's risk-based requirements set on Table 3.

Table 3. Risk-based requirements for Direct Investments

IFC Performance Standards	• All CategoryB Investees shall meet the relevant IFC PS⁸, according to the risk of the activities, using them as a framework to minimize E&S impacts, particularly in relation to
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⁷ [Performance Standard 2: Labor and Working Conditions | International Finance Corporation \(IFC\)](#)

⁸ Other internationally recognized standards that are demonstrably aligned with the objectives and requirements of the IFC PS may also be accepted, subject to validation by the Fund during the due diligence process.

	resource use, community welfare, and biodiversity. Where national environmental, health, and safety (EHS) legislation is deemed equivalent to the IFC PS, compliance with such national requirements may be considered sufficient, without requiring a separate assessment of IFC PS alignment.
Indigenous Peoples	• If, during the E&S screening, a Direct Investment is identified to have potential impacts on Indigenous Peoples, the Project shall comply with IFC PS 7 on Indigenous Peoples and the Green Climate Fund's Indigenous Peoples Policy. • Where required, the Investees shall conduct meaningful engagement, ensuring Free, Prior, and Informed Consent (FPIC). • Any Direct Investment shall have appropriate mitigation and benefit-sharing measures. • Where relevant, the Project shall align with and apply the Fund's Indigenous Peoples Planning Framework (IPPF) (Annex 3: Indigenous Peoples Planning Framework), ensuring that Indigenous communities are included in decision-making and equitably share in Project benefits.
World Bank Group (WBG) Environment, Health & Safety (EHS) Guidelines	• All investments shall be assessed against the operational standards, emission limits and technical guidelines of the general and sector-specific WBG EHS Guidelines.
ESIA and Relevant E&S Plans	• . • For Category B Direct Investments, relevant E&S studies shall be undertaken by the Investee, appropriate to the nature and scale of the Project's risks and impacts. The Investee should prepare a corresponding ESMP. • For Category B Direct Investments where the ESDD identifies elevated or specific E&S risks (e.g., significant OHS risks; hazardous materials and waste; pollution prevention and emergency preparedness; sensitive receptors such as nearby communities; material supply chain risks; SEAH or other contextual risks), the Investee shall conduct fit-for-purpose Environmental and Social Impact Assessments (ESIAs)⁹ and prepare corresponding Environmental and Social Management Plans (ESMPs)¹⁰ in line with relevant IFC PS and applicable IFC EHS Sector Guidelines.

⁹ Annex 14: Indicative ESIA Outline provides an indicative outline for the ESIA, serving as a reference for the Investees.

¹⁰ Examples can include renewable energy projects that require acquisition and potentially affecting local communities or biodiversity; heating system upgrades that require excavation and may temporarily affect residential areas; regenerative agriculture interventions that change land use practices and may

	• Where applicable, Direct Investments shall develop: ○ Indigenous Peoples Plan (IPP)¹¹ ○ Labor Management Procedure¹² ○ Resettlement Action Plan or Livelihood Restoration Plan¹³ ○ Biodiversity Management Plan (BMP)¹⁴ ○ Emergency Preparedness and Response Plan (EPRP)¹⁵ ○ Chance find procedure¹⁶
Stakeholder Engagement	• Meaningful stakeholder participation and consultation shall be carried out by the Investee. The depth and structure of stakeholder engagement should be commensurate to the level of E&S risk associated with each Investment. • For Category B Direct Investments where the ESDD identifies elevated or specific risks and/or where stakeholder engagement is required to manage impacts, the Investee shall include in the ESIA (or other appropriate E&S assessment) a Stakeholder Engagement Plan (SEP) tailored to the Project's risk level.¹⁷
Supply Chain	• Investees that are exposed to supply chains that are linked to material E&S risks or negative impacts shall assess supply chain risks and seek to mitigate such risks in line with the specific circumstances including through the operation of their ESMS. This will be enforced through contractual obligations.

impact traditional livelihoods or biodiversity. Annex 15: Indicative ESMP Outline provides provides an indicative outline for the ESMP, serving as a reference for the Investees. an indicative outline for the ESMP, serving as a reference for the Investees.

¹¹ Annex 3: Indigenous Peoples Planning Framework provides an outline for an IPP, serving as a reference for the Investees.

¹² Annex 17: Indicative Labor Management Procedure Outline provides an indicative outline for the Labor Management Procedure, serving as a reference for the Investees.

¹³ Annex 18: Indicative Resettlement Policy Framework and Resettlement Action Plan Outline provides an indicative outline for the RAP, serving as a reference for the Investees.

¹⁴ Annex 19: Indicative Biodiversity Management Plan Outline provides an indicative outline for the BMP, serving as a reference for the Investees.

¹⁵ Annex 20: Indicative Emergency Preparedness and Response Plan (EPRP) Outline provides an indicative outline for the EPRP, serving as a reference for the Investees.

¹⁶ Annex 21: Indicative Chance Find Procedure Outline provides an indicative outline for the Chance Find Procedure, serving as a reference for the Investees.

¹⁷ Annex 16: Stakeholder Engagement Plan Outline – Guidance for Direct Investments provides an indicative outline for the SEP, serving as a reference for the Investees.

vi. E&S requirements for FI Investments

FI Investments financed by the Fund must comply with the Fund's requirements set on Table 4.

Table 4. E&S Requirements for all FI Investments

Sub-loan compliance to the minimum standards	- All FI Investments shall demonstrate the capacity and ability to carry out an assessment of the Sub-Borrower's labor practices against the relevant principles of the ILO Fundamental Conventions, and an assessment of the Sub-Borrower's ESMS, each in a manner proportionate to the size and nature of its activities. - All FIs shall screen sub-loans against the Fund's Exclusion List and against relevant national E&S legislation.
Client Protection	All FIs supported by the Fund shall adhere to good industry practices in client protection and responsible finance. They are required to implement good practices, including fair, transparent, and responsible financial services.
E&S risk assessment	All FI-2 Investments shall demonstrate adequate capacity to categorize, assess, and monitor sub-loans according to the E&S risk of the FI's financed activities, using applicable standards as a framework to minimize E&S impacts, particularly in relation to resource use, community welfare, and biodiversity in addition to the minimum standards.

The Fund may proceed with an investment where an investee is not yet fully compliant with the Fund's minimum or applicable risk-based standards. In such cases, the Fund will assess the nature and materiality of any gaps and determine appropriate mitigation measures. Where needed, this may include an Environmental and Social Action Plan (ESAP) agreed with the Investee. The Investee shall demonstrate the capacity, either internally or with support from a qualified consultant, to implement the mitigation measures within a reasonable timeframe.

vii. Grievances

The Fund's AIFM shall maintain a Complaints Mechanism, as described in the Fund's E&S Procedure (Section 2.7) to enable third parties and stakeholders to raise any concerns about the Fund's compliance with this policy and/or the E&S impact of its Investments and Investees.

1.3 Institutional and Implementation Arrangements

TPI's activities consist of providing debt instruments to FIs, companies and Projects for investments in low-carbon climate-resilient industry and agrifood systems according to TPI's eligibility criteria. Throughout the investment cycle, various stakeholders will be involved in the E&S management of TPI, including the Fund's AIFM and Investment Advisor (the "Advisor").

The Fund shall ensure adequate allocation of resources to manage the identified E&S risks and impacts of its investments and ensure the application of this policy. Staff involved in Fund-related activities receive E&S training appropriate to their roles and responsibilities in the ESMS.

The Advisor's E&S team is responsible for the maintenance and implementation of the Fund's ESMS throughout TPI's operations. The E&S team is responsible for assessing the E&S risks and impacts associated with potential Investments and ensuring alignment with the E&S requirements of the Fund, with the support of external consultants when required.

A member of the E&S team will be appointed to serve as E&S Officer for the Fund, having prime responsibility for the Fund's E&S matters and serving as key contact person to the Fund's investors.

The E&S Officer provides operational support to transaction teams and advice to the Fund's Investment Committee (IC). The E&S Officer is also responsible for maintaining and updating the Fund's ESMS and overseeing E&S reporting obligations.

Capacity Building and Training

To ensure effective safeguards implementation and monitoring, staff responsible for the ESMS implementation will receive relevant training, as applicable. At the Fund level, all staff involved in the investment activities will be trained on the ESMS, E&S risk identification, and monitoring requirements. Training will be tailored to specific roles and updated periodically to reflect evolving standards and lessons learned.

At the Investee level, capacity-building efforts will be expected from Investees to develop and operate their own ESMS, including training when needed. Capacity building activities will be proportionate to the needs and E&S risk profile of each Investment and will focus on e.g. strengthening competencies in areas such as stakeholder engagement, grievance mechanisms, and compliance monitoring. Where needed, the Fund's TA will support Investees in addressing training needs.

TPI's Environmental and Social Procedures

2.1 Structure and Scope

The principles and commitments outlined in the E&S Policy (Section 1.2) serve as the guiding framework and core reference for all investment activities of the Fund.

The Environmental and Social Procedures (E&S Procedures) set out how E&S risks, impacts and opportunities are assessed and managed throughout the investment cycle and clarify the respective roles and responsibilities of the Fund, its governance bodies, its services provider, and its Investees.

These Procedures are designed to implement and operationalize the principles, requirements, and objectives set out in the E&S Policy. They provide the framework for applying the Fund's ESMS and are aligned with the IFC PS on Environmental and Social Sustainability (2012) and their accompanying Guidance Notes.

Environmental Social Management System Summary

The Fund's ESMS comprises:

- The Fund's E&S Policy.
- Organizational capacities and resources (section 1.3).
- The E&S Procedures.
- The Fund's Exclusion list (Annex 1: Exclusion list).
- Implementation tools such as guidelines, questionnaires, and reporting templates.

Scope

It applies to the full range of the Fund's business activities, including both Direct Investments and Investments made through FIs, and, where applicable, extends to sub-loans financed with the Fund's capital.

2.1.1 E&S Risks and Impacts

TPI's E&S Policy places a priority on effectively and equitably managing, i.e. avoiding, minimizing, and mitigating, E&S risks and impacts associated with its Investments. The table below exemplifies possible E&S risks and impacts associated with the main technologies and investment focus areas of the Fund, including both general risks and those that are technology-specific. The table below does not provide an exhaustive list of risks and impacts associated with the main investment focus areas of the Fund or an Investment (and additional risks and impacts may apply to them), nor does it imply that such risks and impacts are in each case applicable. Furthermore, specific Investments in different locations may present unique challenges that require tailored approaches. The Advisor will assess the applicable risks and/or impacts on a case-by-case basis and develop appropriate mitigation measures accordingly. All Investments will be required to comply with the Fund's E&S requirements as outlined in the E&S Policy (section 1.2).

As part of the Fund's approach to managing adverse impacts associated with its Investments, the Fund also considers and collects information on the PAI indicators outlined in Table 1/Annex I of the SFDR RTS, in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

Table 5. Common E&S Risks and Impacts

Renewables: Solar, Wind and Battery Storage Systems			
E&S Risk Topics	Description of Potential Risks	Phase	Examples of Typical Project Level Mitigation Measures
Occupational Health & Safety (OHS)	- Workers may face hazards such as high-voltage equipment, heights, and remote work environments. - Risks include inadequate worker accommodation, especially in isolated locations.	Construction, Operation	OHS management system; OHS trainings; PPE requirements; best practice protocols for electrical safety and working from heights; emergency response plans; worker accommodation plans; regular OHS monitoring/audits; and worker's grievance mechanism.
Soil, water and air pollution	Possible negative impacts due to dust, emissions, and hazardous substance releases, affecting environmental quality.	Construction, Operation	Environmental management plans; dust suppression measures, erosion control, spill prevention, and stormwater management protocols; community engagement and grievance mechanism.
Water use	Excessive water use, including for panel cleaning and dust suppression, may place pressure on local water resources, especially in arid regions.	Construction, Operation	Water efficiency measures, sediment control, erosion prevention, and water reuse measures.
Thermal Runaway and Fire (BESS)	Battery energy storage systems may overheat, releasing toxic gases or causing fires.	Pre-construction, Construction, Operation, Decommissioning	Appropriate design and operation; fire detection and prevention measures; suppression protocols; emergency response planning with local authorities; routine maintenance and monitoring.
Waste Management and End-of-Life	- Construction and operations generate waste, including hazardous materials; improper disposal poses health and environmental risks. - Hazardous waste from decommissioned solar panels, turbines, and batteries poses environmental risks.	Construction, Operation, Decommissioning	Waste management plans; certified recycling and take-back schemes for batteries and modules; licensed disposal of hazardous waste.

Community health and Safety	- Projects may cause noise, traffic, and other disturbances impacting nearby communities. - Security and construction activities can lead to conflicts and health/safety risks if not well managed.	Construction	Community health and safety plan; traffic management plan; fencing/signage; community awareness; community liaison officers; grievance mechanism; and security management aligned with the Voluntary Principles.
Glint & glare	For solar PV projects, glint and glare could pose risks to aviation and road receptors, air traffic control towers and nearby communities.	Operation	Glint–glare assessments; micro-siting and panel tilt; anti-reflective coatings; coordination with local airport authorities.
Noise and vibration	- Construction equipment generate noise and vibration, potentially disturbing communities and wildlife. - Operational wind turbines can cause noise and low-frequency disturbances to communities and wildlife.	Construction, Operation	Environmental Management plans; noise barriers; predictive modelling and setback distances; scheduling and curtailment measures; community engagement and grievance mechanism.
Visual impacts	Both solar and wind power projects may alter landscapes, affecting tourism, cultural sites, and property values.	Operation	Visual impact assessment; layout/color optimization; screening/landscaping.
Land acquisition and resettlement	Projects may cause physical and economic displacement, impacting livelihoods and access to resources.	Pre-construction	RPF/RAP; stakeholder engagement; compensation at replacement cost; livelihood restoration; monitoring.
Land-use and biodiversity	- Land clearing can lead to habitat loss,. - For wind energy projects turbine operations poses risks of species collisions, and disrupted migration routes. - Auxiliary infrastructure may further degrade ecosystems and fragment habitats.	Pre-construction, Construction, Operation	Biodiversity assessments, biodiversity management plans; habitat mapping, site-walkovers and monitoring; on-site remediation or offsetting. For collision risks, measures could include baseline surveys; micro-siting; seasonal/conditional curtailment; post-construction fatality monitoring and adaptive management.
Cultural heritage	Construction activities may inadvertently disturb archaeological or culturally	Pre-construction, Construction	Cultural heritage screening; Chance Find Procedure; induction and stop-work protocols.

	significant sites, especially in regions with historical or cultural importance.		
GBV/SEAH	Female workers and community members may face heightened risks of gender-based violence and harassment, especially in remote areas or during the influx of workers for construction projects.	Construction, Operation	Equal opportunity policies; codes of conduct; contractor management; SEAH awareness training; gender-segregated facilities; confidential survivor-centered grievance mechanism.
Supply chain	Risks in relation to labour, poor traceability in critical minerals, and environmental damage from material extraction.	Pre-construction Operation	Supplier code of conduct & contractual clauses (no child/forced labour); screening, traceability and audits where feasible; corrective action where applicable; and documentation of compliance.
Efficiency and Circularity – Energy and resource efficiency, process improvements in manufacturing industry (e.g. textiles, cement, food processing, agro-industry, and metals) including advanced heating & cooling, EE equipment & machinery, Recycling & low-carbon waste management, EE buildings & infrastructure (retrofit/new), among others.			
E&S Risk Topics	Description of Risks	Phase	Typical Project Level Mitigation Measures
Labor and working conditions	- Vulnerable workers, including migrants, seasonal workers, and low-skilled laborers, may be subjected to forced labor, or bonded labor. - These industries also carried heightened risks of child labor, including children employed in dangerous conditions.	Construction, Operation	HR policies and code of conduct; dedicated HR staff; worker grievance mechanisms; and regular monitoring/audits.
OHS	Workers exposed to heat, noise, or hazardous chemicals in efficiency upgrades or retrofits; machinery entanglement or ergonomic stress in industrial settings.	Operation	OHS management system, OHS trainings, PPE requirements; emergency response plans; regular OHS monitoring/audits; and worker's grievance mechanism.
Hazardous Materials (Retrofits)	Retrofits in older buildings may uncover asbestos or lead-based paints posing health risks.	Pre-construction, Construction	Pre-demolition surveys; abatement by licensed contractors; waste tracking per WBG EHS guidelines.

Soil, water and air pollution	Industrial processes, especially in textiles and food processing, produce toxic effluents and pollutants, affecting surrounding soil, water, and air quality.	Operation	Environmental management plans; Effluent treatment & permits; air emission controls; secondary containment; monitoring systems.
Community Health and Safety	- Industrial activities and transport can increase risks of accidents, noise pollution, and chemical exposure, threatening the health of nearby communities. - Poor housing and sanitation for workers can spread disease, while untrained security staff may negatively impact locals.	Operation	Community health and safety plan; traffic management plan; fencing/signage; community awareness; community liaison officers; grievance mechanism; and security management aligned with the Voluntary Principles.
Noise and Dust (Construction Activities)	Building construction and renovation, or equipment installation can generate dust, noise, and traffic impacts on surrounding communities.	Construction	ESMP; dust suppression; traffic management plan; community engagement; and grievance mechanisms.
Land acquisition and resettlement	Large-scale industrial projects can displace people physically or economically, impacting livelihoods and access to resources.	Pre-construction	Apply RPF/RAP; alternatives analysis; compensation & livelihood restoration; ongoing consultation; and grievance mechanisms.
Biodiversity	Industrial expansion can lead to deforestation, habitat fragmentation, water flow disruptions, and wildlife disturbances from light, noise, and excavation.	Operation	Biodiversity management plans; habitat mapping and avoidance of sensitive areas; buffers; restoration.
Cultural heritage risks	Expansion of industrial operations may inadvertently disturb archaeological or culturally significant sites, especially in regions with historical or cultural importance.	Pre-construction	Cultural heritage screening; Chance Find Procedure; induction and stop-work protocols.
Discrimination, GBV and SEAH	Women face sexual harassment, discrimination, and safety risks, particularly in male-dominated or poorly regulated industries.	Construction, Operation	Equal opportunity policies; codes of conduct; contractor management; SEAH awareness training; confidential survivor-centered grievance mechanism.

Supply chain (energy-efficient equipment and components)	Lack of traceability makes it difficult to ensure sustainability and ethical sourcing.	Pre-construction	Supplier code of conduct & contractual clauses (no child/forced labour); screening, traceability and audits where feasible; corrective action where applicable; and documentation of compliance.
Electrification & sustainable fuels including Arc Furnaces; Industrial Heat Pumps; Induction & Microwave Heating; Bioenergy Switch (biomass/biogas);and Electric Vehicles & Infrastructure			
E&S Risk Topics	Description of Risks	Phase	Typical Management / Mitigation Measures
OHS and Electrical Hazards	- Workers exposed to arc flash, electric shock, and burns in electric furnaces, heat pumps, or EV charging systems. - High localized heating can cause burns or ignite flammable materials.	Construction, Operation	OHS management system; OHS trainings; PPE requirements; best practice protocols for electrical safety; emergency response plans; regular OHS monitoring/audits; and worker's grievance mechanism.
Noise, Vibration, and Air Emissions	- Electric furnaces and bioenergy fuel switching can cause noise, vibration, and fume emissions. - Large compressors and pumps may generate noise and vibration affecting workers and nearby communities. - Combustion or digestion processes from bioenergy processes can release particulate matter, NOx, SOx, and odours.	Operation	Environmental management system; noise enclosures; ventilation systems; and best practice emission controls.
Waste Management (biomass / biogas)	Ash, digestate, or sludge may contaminate soil or water if improperly managed.	Operation, Decommissioning	Waste management plans; beneficial reuse program; licensed disposal; and monitoring programs.
Fire, Explosion, and Pressure Risks	High-pressure refrigerants, biogas, or biomass dust present explosion and fire risks.	Construction and Operation	Hazardous area classification; gas detection; dust management; and emergency response plans.

Feedstock Sustainability and Land-use Change	Bioenergy projects may cause land conversion or compete with food production if not well managed.	Pre-construction, Operation	Feedstock certification/traceability protocol; community engagement; and PS6 screening for critical habitats.
Community Health and Safety	Traffic from EV infrastructure or biogas plants and emissions may impact nearby residents.	Construction, Operation	Community health and safety plan; traffic management plan; fencing/signage; community awareness; community liaison officers; and grievance mechanism.
Supply Chain and Critical Minerals	Mining and processing of lithium, nickel, and cobalt for electrification technologies may cause environmental and human rights risks.	Pre-construction, Operation	Supplier code of conduct & contractual clauses (no child/forced labour); screening, traceability and audits where feasible; corrective action where applicable; and documentation of compliance.
Climate-smart Inputs (e.g. climate-smart agriculture, bio-based materials and inputs)			
E&S Risk Topics	Description of Risks	Phase	Typical Project Level Mitigation Measures
Labor and working conditions	- Vulnerable workers, including migrants, seasonal workers, and low-skilled laborers, may be subjected to forced labor or debt bondage. - The agricultural sector has heightened risks of child labor, including children working in hazardous conditions. - New practices and inputs may expose untrained workers to injury or health risks.	Operation	OHS management system; OHS trainings; PPE requirements; evidence of labor contracts and fair wages and working hours; worker accommodation standards; codes of conduct; grievance mechanisms and regular monitoring/audits.
Soil, water and air pollution	Bio-based processing technologies can involve chemicals or waste products that, if not properly managed, can lead to harmful runoff affecting water bodies and soil.	Operation	Environmental management plans; chemical handling protocols; secondary containment; proper storage and disposal of agrochemicals and process waste; wastewater treatment; spill

			prevention measures; worker training; and emergency response plans.
Water use	• Improper irrigation or bio-based processing in water-scarce areas could exacerbate water stress, particularly in regions with already limited water resources. • Growing crops for bio-based materials (e.g., biofuels, bioplastics) can lead to high water consumption, especially in arid or semi-arid regions, where water availability may be already stretched.	Operation	Water stewardship plans; efficient irrigation systems; abstraction permits; grievance mechanisms; and stakeholder engagement.
Community health and Safety	• The diversion of land or resources for bio-based agricultural products may lead to competition with food production, contributing to food insecurity in regions where land and water resources are scarce. • Restricted access to resources can undermine food security and local well-being. • Poor infrastructure and increased traffic may cause accidents; new practices may disrupt traditional systems.	Pre-construction, Operation	Land use assessments; community health and safety plan; traffic management plan; fencing/signage; community awareness; community liaison officers; and grievance mechanism.
Land acquisition and resettlement	• Expansion of agriculture or bio-based projects may lead to physical or economic displacement, especially among vulnerable groups dependent on land and natural resources.	Pre-construction	Apply RPF/RAP; stakeholder engagement; compensation at replacement cost; livelihood restoration; monitoring.
Land-use and biodiversity	• Associated activities may require intensive land-use changes, leading to deforestation, habitat destruction, soil degradation or conversion of natural habitats to agricultural land, resulting in biodiversity loss.	Construction, Operation	Land suitability screening; habitat mapping; avoidance of critical habitats; restoration plans; BMPs; and biodiversity monitoring.

Indigenous Peoples and Traditional Communities	Expansion of agriculture or bio-based projects may affect may impact Indigenous peoples' land rights, particularly if traditional lands are used for agricultural expansion or bio-based material production without proper FPIC.	Pre-construction, Construction, Operation	IPPs; FPIC processes; and inclusive stakeholder engagement.
Cultural heritage	- Agricultural activities may involve significant land disturbance (e.g., land clearing, construction of processing facilities, irrigation infrastructure) that could uncover or destroy archaeological or culturally significant sites. This is particularly a risk in areas with historical or religious importance. - Improperly identified heritage sites or practices may lead to adverse access impacts for stakeholders.	Pre-construction, Construction	Cultural heritage screening; Chance Find Procedure; induction and stop-work protocols.
GBV SEAH	- In remote agricultural areas, migrant workers or seasonal laborers (often women) may face heightened risks of GBV and sexual exploitation, especially in the absence of strong safeguards and worker protections. - Women working in agriculture may also face sexual harassment or abuse, especially where there is economic dependence, limited mobility, or lack of access to legal protections.	Construction, Operation	Equal opportunity policies; codes of conduct; contractor management; SEAH awareness training; gender-segregated facilities; confidential survivor-centered grievance mechanism.
Supply chain	Agricultural supply chains often face challenges with labor abuses, displacement, biodiversity loss, and poor traceability of E&S compliance.	Pre-construction, Operation	Supplier code of conduct & contractual clauses (no child/forced labour); screening, traceability and audits where feasible; corrective action where applicable; and documentation of compliance.

2.1.2 Additional Guidance

The Fund recognizes that E&S risks, impacts and opportunities evolve over time and may require tailored approaches based on sector, geography, or thematic issues. While the IFC PS provide the Fund's overarching E&S framework, the Fund is committed to continuously strengthening its understanding of E&S risks and impacts by drawing on emerging good practices, technical guidance, and sector-specific standards. This is particularly relevant in areas such as agribusiness and supply chains, client protection, occupational health and safety, gender and inclusion, Indigenous Peoples, human rights, and climate change. Where appropriate, the Fund will refer to internationally recognized guidance to inform its due diligence, monitoring, and engagement with Investees, while remaining proportionate to the risk profile of each Investment. Examples of such guidance and reference materials include OSH in the Wind Energy Sector¹⁸ (European Agency for Safety and Health at Work); and Addressing Gender-Based Violence and Harassment (GBVH) in the Agribusiness Sector¹⁹ (IFC).

2.2 Overview of E&S Procedures in the Investment Cycle

The E&S Procedures are embedded within the Fund's investment cycle, making the appraisal and management of E&S issues a core part of the investment decision making. Rather than a standalone activity, E&S integration draws on multiple inputs, including excluded activity screening, categorization, desktop and on-site due diligence, document reviews, ongoing monitoring, and incident reporting.

Figure 1, below, summarizes the process and the E&S considerations in each stage. Each stage is detailed in section 2.4 for Direct Investments and in section 2.5 for FI Investments.

¹⁸ https://research.unl.pt/ws/portalfiles/portal/5518661/OSH_in_Wind_energy_sector.pdf

¹⁹ <https://www.ifc.org/content/dam/ifc/doc/mgrt/sectorbrief-addressinggbvh-agribusiness.pdf>

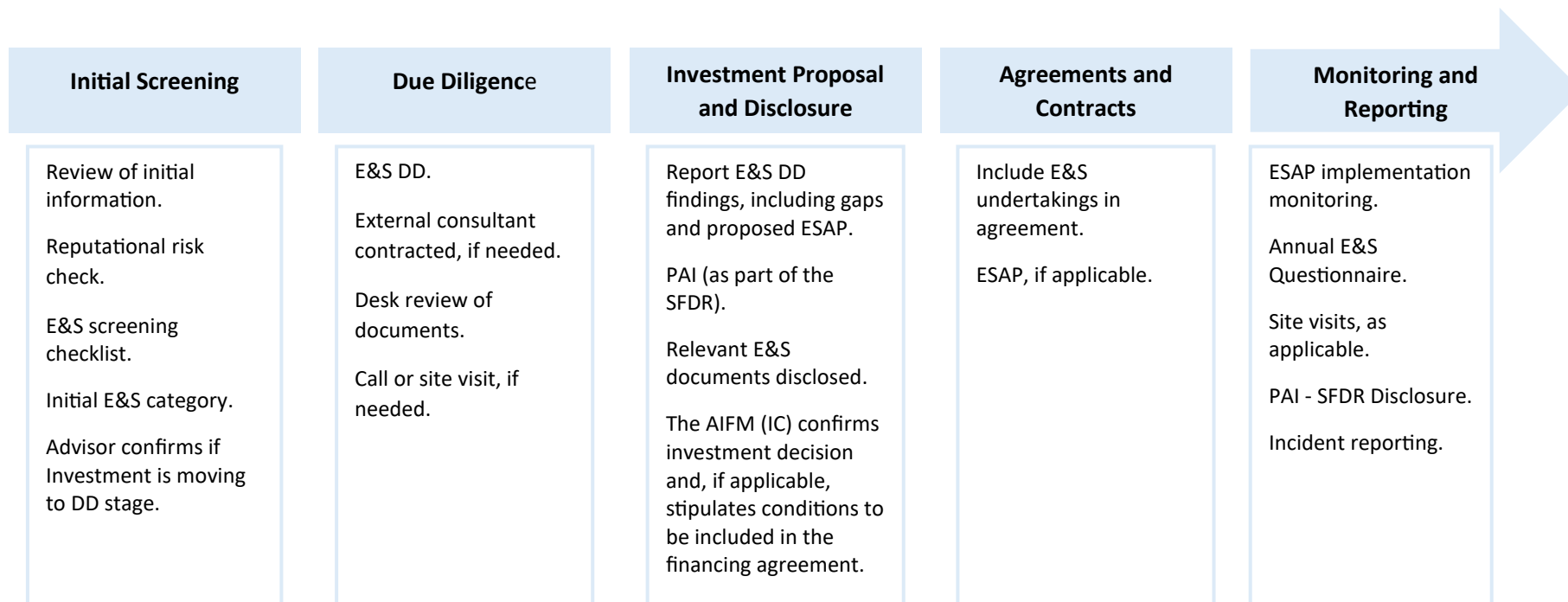


Figure 1. E&S Integration into the Investment Cycle

2.3 Categorization

The Fund's E&S due diligence and monitoring procedures are underpinned by an E&S categorisation system that provides a readily understood broad indication of the scale, significance and complexity of potential E&S risks and impacts that an Investment is likely to pose, as well as the level of effort likely to be involved in on-boarding and monitoring the Investment. The E&S Categorisation system is also important in ensuring that the Fund identifies at an early stage whether a prospective Investment meets the definition of 'Category A' or 'FI-1' and thus is not eligible for further consideration. The E&S Categorisation system (A, B and C for Direct Investments and FI-1, FI-2 and FI-3 for FI Investments) is shown in Table 6.

Table 6. E&S Categorization

E&S Category	Description
Direct Investments	
Category A	An Investment is categorized as “ A ” when it involves activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented. Category A activities may have substantial effects on the physical and biological environment and/or the socio-economic and cultural environment. Category A Investments will not be financed by the Fund.
Category B	An Investment is categorized as “ B ” when it involves moderate-risk activities with potential adverse environmental and/or social risks and impacts that are limited in scale, largely reversible, and readily mitigated through generally accepted measures and good international industry practices. Within Category B, the nature and significance of risks may vary; some Investments may present elevated or specific risks due to factors such as significant occupational health and safety risks (e.g., major industrial retrofits), hazardous materials handling and waste management, pollution prevention and emergency preparedness needs, proximity to communities or other sensitive receptors, material supply chain risks, or contextual risks (e.g., SEAH or conflict sensitivity). In such cases, enhanced due diligence, additional E&S instruments (e.g., a fit-for-purpose ESIA and/or specific management plans), and more frequent monitoring may be required, proportionate to the risk profile.
Category C	An Investment is categorized “ C ” when it is likely to have minimal or no potential adverse environmental and/or social impacts, and can readily be addressed through limited E&S mitigation measures.
Financial Intermediaries	
Category FI	An Investment is categorized as “FI” if the financing structure involves the provision of funds through FIs, which undertake the task of subproject appraisal and monitoring. FI Investments are further divided by sub-categories, reflecting the E&S risks and impacts associated with the existing or proposed TPI sub-loan portfolio:
Subcategory FI-1	An FI Investment is categorized as “ FI-1 ” when an FI's existing or proposed TPI portfolio includes, or is expected to include, financial exposure to Category A activities. Category FI-1 Investments will not be financed by the Fund.
Subcategory FI-2	An FI Investment is categorized as “ FI-2 ” when an FI's existing or proposed TPI portfolio includes, or is expected to include, financial exposure to predominantly Category B activities, and to a minor extent Category C activities.

Subcategory FI-3

An FI Investment is categorized as “**FI-3**” when an FI’s existing or proposed TPI portfolio includes, or is expected to include, financial exposure to predominantly Category C activities.

2.4 Direct Investments

2.4.1 Applicability and Scope

These E&S Procedures cover the requirements, E&S screening and due diligence, agreements and contracts, and monitoring processes for all Direct Investments, i.e., applied to the corporate and project Investments. A Project (“the Project”) refers to a specific set of eligible business activities for which TPI funding is sought by the Investee. If financing has already been committed, the Project refers to the defined business activities outlined in the financing documents.

The requirement and standards, screening and categorization, as well as the Due Diligence (DD) process described below are applicable to the Project and its Associated Facilities.

2.4.2 Requirement and Standards

All Fund’s Direct Investments’ are required to comply with the Fund’s E&S Policy, its commitments, principles and standards, which include the minimum requirements for all Investments and the risk-based requirements applicable to Direct Investments, as detailed in the E&S Policy (Section 1.2, Table 2 and Table 3). Direct Investment Investees shall require that contractors involved in Fund-supported activities comply with the Fund’s minimum E&S requirements and, where applicable, adhere to risk-based requirements.

Direct Investment Investees are required to use the proceeds from the Fund in compliance with the TPI E&S Exclusion list.

Based on the risk of the activities, Category B Direct Investments Investee’s must apply the relevant IFC PS, namely:

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

All E&S related assessments, monitoring and reporting processes carried out by the Fund are based on the IFC PS 2012, which will be used as an overarching framework. In certain cases, the Fund may consider other internationally recognized E&S frameworks as acceptable alternatives, where they are clearly aligned in substance and intent with the IFC Performance Standards, for example the European Bank for Reconstruction and Development (EBRD) Performance Requirements²⁰. This

²⁰ [EBRD Performance Requirements](#).

determination will be made by the Fund based on a review of equivalence during the investment assessment process.

2.4.3 E&S Screening and Initial Categorization

During the E&S screening, the Advisor will conduct a preliminary assessment of the Project and Investee's capacity to meet the Fund's requirements. Through a review of publicly available information and any relevant documentation provided by the Investee, such as policies, management plans, or E&S related reports, the Advisor will assess:

- Compliance with TPI Exclusion list.
- Material E&S risks and impacts, including contextual risks, supply chain risks, SEAH risks and potential impacts on Indigenous Peoples.
- Reputational risks.
- A preliminary evaluation of the Investee's capacity to manage E&S issues in line with the ILO Fundamental Conventions, relevant IFC PS, and the Fund's E&S policies and procedures.

At this stage, the E&S Checklist (template included in Annex 4: Indicative E&S Screening Checklist for Direct Investments) will serve as a guide to identify significant issues and key E&S risks and impacts, as well as to provide an initial overview of the Project and Investee's E&S performance. At screening, the Advisor applies the GCF Indigenous Peoples Policy (GCF IP Policy) definition to identify the presence of Indigenous Peoples and/or collective attachment to lands, territories or resources. If identified, in alignment with the Indigenous Peoples Framework (IPPF - Annex 3: Indigenous Peoples Planning Framework), the Advisor will fill in the relevant section in the E&S Screening Checklist. The Advisor will assign the Project a preliminary E&S category, using the Fund's categorization (section 2.3), based on the nature, location, sensitivity, and scale of the Project, as well as the significance of its potential adverse E&S impacts. This category may be adjusted as further information becomes available during the E&S due diligence process. If the Project is categorized as **Category A**, it will not proceed further.

The information collected during the screening process will support the Advisor in deciding whether the Project will proceed to the DD stage.

2.4.4 Due Diligence

E&S Due Diligence (ESDD)

The ESDD process is the primary tool for assessing E&S risks and impacts, including SEAH risks, associated with the potential Project and ensuring compliance with the Fund's E&S requirements. The ESDD process, which includes scoping, terms of reference, desktop reviews and/or site visits, and reporting, is tailored to the nature and requirements of each potential Project. Where necessary, external experts may be engaged to support the due diligence.

Where Indigenous Peoples are present or potentially affected, the ESDD will be aligned with the Fund's IPPF (Annex 3: Indigenous Peoples Planning Framework), including the engagement of an Indigenous Peoples specialist if applicable.

The ESDD will:

- Identify country-specific and contextual E&S risks, including human rights, supply chain risks, risks to Indigenous Peoples, risks derived from Fragile and Conflict-Affected Situations and SEAH risks, and evaluate mitigation strategies.
- Project-specific E&S risks and impacts.
- Confirm compliance with the Fund's minimum E&S requirements, risk-based E&S requirements, as set in Table 2 and Table 3, and any additional applicable standards.
- Identify any areas of non-compliance, along with appropriate mitigation measures.
- Confirm that the potential Project aligns with the mitigation and adaptation goals (details below) of the Paris Agreement in line with the joint MDB methodological principles for assessment of Paris Agreement Alignment for Direct Investments.
- Assess the Investment's PAIs.
- For Investments with potential EU Taxonomy alignment, the ESDD will assess alignment with the DNSH criteria and adherence to the Minimum Social Safeguards, in line with EU Taxonomy regulations. The contribution to the substantial contribution criteria will be confirmed as part of the impact assessment.
- Include physical climate risk screening of the potential Project to verify alignment with the Paris Agreement's adaptation goals and the EU Taxonomy DNSH criterion on climate adaptation. If potentially material climate risks and insufficient Investee or Project-level resilience are identified, a detailed climate risk and vulnerability assessment will be carried out, including recommendations for appropriate adaptation measures. External consultants may be engaged for these assessments as needed.

As part of ESDD, the Advisor compares applicable national E&S laws and regulations to the Fund's adopted standards defined in tables 2 and 3. Relevant gaps will be documented in the Due Diligence questionnaire and if applicable addressed via (i) project design changes, (ii) targeted management measures, and/or (iii) ESAP actions with timebound deliverables.

Risk-Based Assessment

The preliminary E&S Category assigned during the E&S screening process will determine the scope and depth of the ESDD approach to be undertaken. For all Projects, including Category C, the Advisor and/or external expert collects relevant E&S information (based on Annex 5: Indicative outline for E&S Due Diligence Questionnaire for Direct Investments) and documents. For all Projects, this information will be reviewed and assessed for alignment with the Fund's minimum requirements outlined in Table 2.

For Category B Projects, the Advisor and/or an external expert will review the documentation provided by the Investee, including E&S studies. The Advisor/external expert will evaluate the quality, adequacy, and relevance of the E&S studies to determine whether they accurately reflect current Project conditions or if they require updates. Additionally, the Advisor and/or external expert will determine whether a site visit is necessary based on the nature and level of identified risks. The Advisor or external expert will assess if the Project aligns with the Fund's E&S risk-based requirements outlined in Table 3. The Advisor and/or external expert will prepare an ESDD report, the depth of the report will be proportionate to the level of risk associated with the Investment. The report

should also include any gaps identified and mitigation measures. For Category B projects where elevated or specific risks are identified, a site visit will be conducted and the Advisor and/or external expert will determine whether additional assessment (e.g., a fit-for-purpose ESIA) is required. The Advisor and/or external expert will review the information and documentation provided by the Investee, including a fit-for-purpose ESIA. The Advisor/external expert will evaluate the quality, adequacy, and relevance of the ESIA to determine whether it accurately reflects current Project conditions or if it requires updates. The Advisor or external expert will assess if the Project aligns with the Fund's E&S risk-based requirements outlined in Table 3. The Advisor and/or external expert will compose a detailed ESDD report, with the level of detail proportionate to the level of risk associated with the Investment, including any gaps identified and mitigation measures.

For Direct Investments, the Fund may provide financing through a range of corporate financial instruments, including senior, subordinated, and convertible corporate debt; public and private corporate bonds; and syndicated corporate debt. Where the Fund participates in syndicated debt transactions (involving co-investors that apply comparable E&S standards and have adequate assessment capacities) or invests in publicly listed bonds issued by the Investee, E&S due diligence may rely on information provided by other transaction parties, disclosures from the potential Investee, and/or publicly available data that enable the Advisor to appraise the Investee's capacity to manage E&S risks and impacts and meet the Fund's requirements.

Based on the ESDD findings, the Advisor will confirm the E&S category of the Project and determine whether the Project's E&S impacts and risks, as well as the Investee's capacity and commitment to managing them, aligning with the Fund's E&S Policy requirements.

Where required, mitigation measures will be agreed upon with the Investee and incorporated into the financing documents. Material gaps shall be addressed through an ESAP (template in Annex 10: ESAP Template for Direct Investment).

As high-quality ESIAs and other E&S studies serve as the foundation for thorough due diligence process and the design of mitigation actions, TPI may provide Technical Assistance (TA) to support the development or improvement of ESIAs or E&S studies.

2.4.5 Investment Proposal and Disclosure

The Advisor will prepare an ESDD summary for the Investment Proposal. This input is intended to support the IC in making a well-informed decision on whether to proceed with the proposed investment.

At a minimum, the Investment Proposal will include the following E&S-related information:

- The E&S risk category assigned to the Project and rationale.
- Summary of the identified E&S risks and impacts, including SEAH risks.
- An assessment of how the Project meets the requirements set out in the E&S Policy.
- Where gaps are identified, appropriate mitigation measures will be implemented, including, where necessary, through an ESAP. Mitigation measures will describe the approach and timeline for the Project to align with the E&S requirements.
- Confirmation that the Project aligns with the Fund's applicable standards, including SFDR and the EU Taxonomy, where relevant.

- Identification and analysis of any relevant contextual risks (e.g., political, sectoral, geographic) that could influence the E&S performance of the investment.

For Category B Direct Investments, the Fund will disclose on its website a summary of the ESDD findings at least 30 days prior to the Investment Committee's decision. Where a Category B Direct Investment involves elevated or specific risks and an ESIA (or other substantial E&S assessment) has been prepared, the Fund will also disclose the ESIA (or relevant assessment documentation) at least 30 days prior to the Investment Committee's decision.

This disclosure aims to provide relevant stakeholders with timely access to information on potential E&S risks and impacts, mitigation measures, and the Investee's commitments.

2.4.6 Contract

The financing documentation between the Fund and the Investee will include E&S related undertakings as well as an ESAP (if applicable).

2.4.7 Monitoring and Reporting

Investee Monitoring and Reporting

All Direct Investments are required to submit to the Fund the annual E&S performance report. Investees are responsible for monitoring the E&S performance of the Project, with the scope, frequency, and format of monitoring aligned to the level of E&S risks and impacts. This plan shall outline the monitoring methodology and frequency associated with each indicator.

Fund Monitoring and Reporting

The Fund considers it essential to monitor the E&S compliance of Direct Investments in accordance with the Fund's E&S policy. Monitoring should aim to confirm that Projects are in compliance with E&S undertakings in the financing documents.

The Advisor will review and assess the annual E&S performance report submitted by the Investee. If the Fund participates in a syndicated debt transaction (involving co-investors that apply broadly comparable E&S standards and have adequate assessment capacities) or if the Fund becomes a bondholder, the Fund's E&S monitoring can rely on other information than an annual report to the Fund, such as E&S documentation shared by other transaction parties and/or Investee's public E&S disclosures (if deemed of sufficient detail and quality).

Site visits for Category B Projects will be considered based on the nature and risk profile of the Project, including whether elevated or specific risks have been identified. These visits may be conducted by the Advisor or by qualified external consultants, depending on the complexity and E&S risk and impact of the Project. The visit frequency will be linked to specific E&S undertakings, disbursement schedule, nature and status (construction versus operation) of the Project and ESAP implementation, if applicable. The frequency can be adjusted as the Project progresses and E&S undertakings are closed out.

The Fund reserves the right to conduct random checks of the Projects to check Project performance and compliance with the Fund's E&S Policy.

Ad hoc supervision site visits may be required to review Investee's operations and management approach in certain circumstances such as serious incidents, regulatory compliance issues, etc.

2.5 Financial Intermediaries

2.5.1 Applicability and Scope

These E&S Procedures cover the E&S requirements, E&S screening, due diligence, investment approval, agreements and contracts, and monitoring processes for FIs and on-lending for FI sub-loans.

2.5.2 Requirements and Standards

All FI Investments are required to comply with the Fund's E&S Policy, its commitments, principles and standards, which include the minimum requirements for all Investments (Table 2) and the risk-based requirements applicable to FI Investments (Table 4).

2.5.3 E&S Screening and Investment Categorization Assessment

As part of the E&S screening, the Advisor will conduct a preliminary assessment of the Investee's capacity to meet the Fund's minimum requirements.

During this phase, using the FI E&S screening checklist (Annex 7: Indicative E&S Screening Checklist for Financial Intermediaries), public information will be assessed to provide initial identification of:

- Material E&S risks and impacts.
- Existing E&S policies and procedures.
- Contextual risks relevant to potential sub-loan portfolio, including risks to Indigenous Peoples and Fragile and Conflict-Affected Situations
- Reputational incidents.

Based on the anticipated E&S risks of the FI and the expected sub-loans the Advisor will assign a preliminary E&S risk category, using the Fund's Categorization (section 2.3). This category may be revised as additional information is gathered during the E&S due diligence process. Investments classified as FI-1 will not advance further, as this level of risk falls outside the Fund's investment scope. To guide E&S screening and identify focus areas for a potential E&S due diligence, the Advisor will assess multiple factors, including:

- The primary focus of the FI's business (e.g., lending to micro, small, or medium enterprises; corporate finance; leasing).
- The structure and nature of the proposed use of proceeds (e.g., credit line, leasing facility).
- The types of sub-loans that will be eligible for financing, including size and sectors.
- Exposures to activities with high E&S risks and impacts.
- The environmental, social, and human resources policies, procedures, or management systems currently implemented.
- Previous or parallel engagement with international lenders, particularly DFIs or IFIs.

The information collected during the screening process will support the Advisor in deciding whether the Project will proceed to the DD stage.

2.5.4 E&S Due Diligence

The ESDD process serves as the primary mechanism for assessing E&S risks and impacts, including risks related to SEAH, associated with potential FI Investments. It is designed to support alignment with the Fund's E&S standards and safeguards.

The ESDD process is tailored to the nature, scale, and risk profile of each prospective FI investment and may include:

- Scoping of the E&S context and potential contextual risks.
- Desktop reviews and/or site visits of relevant documentation, such as E&S reporting, policies and procedures, or sub-loan assessments.
- Stakeholder engagement, for example engaging with other investors or regulators.
- Assessing applicable DFI or IFI reporting and/or current ESAPs shared by the FI.

The Advisor will coordinate with the FI's designated E&S personnel to carry out an assessment of the institution's E&S policies, practices, and implementation capacity. The Advisor will collect documentation and information on the FI and proposed FI Investment (based on Annex 8: Indicative E&S FI Due Diligence Questionnaire, and conduct further E&S reviews as needed.

During the DD process, the following confirmations and assessments will be undertaken as applicable:

- Verification of the preliminary E&S risk category of the FI investment.
- Confirmation of alignment with the Fund's minimum E&S requirements and any additional applicable standards.
- Identification of any areas of non-compliance or risk, along with appropriate mitigation measures, such as ESAPs.
- Assessment of the FI's ability to apply the Fund's Exclusion list to its on-lending activities.
- Assessment of material E&S risks related to the FI and its expected sub-loan portfolio, including climate risk, client protection, Indigenous Peoples and Fragile and Conflict-Affected Situations.
- Confirmation of the PAI assessment.
- Confirmation that the FI Investment aligns with the mitigation and adaptation goals of the Paris Agreement in line with the joint MDB methodological principles for assessment of Paris Agreement Alignment for intermediated financing.

As part of ESDD, the Advisor compares applicable national E&S laws and regulations to the Fund's adopted standards defined in tables 2 and 4. Relevant gaps, will be documented in the Due Diligence questionnaire and if applicable addressed via (i) project design changes, (ii) targeted management measures, and/or (iii) ESAP actions with timebound deliverables.

For Investments in Financial Intermediaries, the Fund may provide financing through instruments such as FI senior loans, Tier 2 capital or subordinated debt, bonds, and syndicated loans. Where the Fund participates in syndicated debt transactions (involving co-investors that apply broadly comparable E&S standards and have adequate assessment capacities) or invests in publicly listed bonds issued by the Investee, E&S due diligence may rely on information provided by other transaction parties, disclosures from the potential Investee, and/or publicly available data that

enable the Advisor to appraise the Investee's capacity to manage E&S risks and impacts and meet the Fund's requirements.

The ESDD findings will be documented in a ESDD report which will be aligned with the relevant sections of the ESDD questionnaire (Annex 8: Indicative E&S FI Due Diligence Questionnaire). Based on the ESDD findings, the Advisor will confirm the E&S category of the FI Investment and determine whether the Project's E&S impacts and risks, as well as the Investee's capacity and commitment to managing them, align with the Fund's E&S Policy requirements.

Where relevant gaps are identified, mitigation measures will be agreed upon with the Investee. Material gaps shall be addressed through an ESAP (template in Annex 11: ESAP Template for Financial Intermediary) will be developed. The ESAP will be agreed with the FI and incorporated into the financing documents.

To support the E&S performance of FI Investees, TPI may provide TA where appropriate.

2.5.5 Investment Proposal and Disclosure

Drawing on the E&S information gathered, particularly through the ESDD process, the Advisor will prepare an E&S appraisal summary for the Investment Proposal. This input is intended to support the IC in making a well-informed decision on whether to proceed with the proposed Investment.

At a minimum, the Investment Proposal will include the following E&S-related information:

- The E&S risk category assigned to the FI Investment.
- An assessment of how the FI meets the requirements set out in the E&S Policy.
- Where there are gaps, a plan outlining how and within what timeframe the FI will achieve compliance with the E&S requirements.
- Confirmation that the Investment aligns with the SFDR.
- Indication of the potential for EU Taxonomy alignment of the sub-loans.
- Identification and analysis of any relevant contextual risks (e.g., political, sectoral, geographic) that could influence the E&S performance of the investment.

For FI-2 investments, a summary of the DD report findings on the FI's ESMS and, if applicable, the ESAP will be disclosed on the Fund's website at least 30 days prior to the IC's decision. This disclosure aims to provide relevant stakeholders with timely access to information on potential E&S risks, mitigation measures, and the FI's commitments.

2.5.6 Requirements for Subprojects

FIs are required to on-lend in full alignment with the Fund's E&S Policy, as well as any additional investment-specific E&S requirements. Each FI must integrate relevant E&S components into its internal policies and processes to enable effective identification, assessment, and management of E&S risks and impacts across the sub-loan portfolio.

All FI-2 Investments must assign an E&S risk category to their sub-loan portfolio. Sub-loans categorized as high risk, aligning with the Fund's Category A, will be excluded from the Fund's financing. This includes any sub-loan that involves any of the following E&S risks or impacts:

- Involuntary resettlement.

- Risk of adverse impacts on Indigenous Peoples.
- Significant adverse effects on the environment, community health and safety, biodiversity, or cultural heritage, consistent with the Fund's definition of Category A Projects.
- Significant occupational health and safety risks, consistent with the Fund's definition of Category A Projects.

2.5.7 Contract

The financing documentation between the Fund and the Investee will include E&S related undertakings as well as an ESAP (if applicable).

Exceptions to this section may be allowed if the Fund invests into publicly listed (green) bonds, whereas the Fund's due diligence must have established that the FI fully meets the Fund's E&S requirements, including Category B sub-loans.

2.5.8 Monitoring and Reporting

Investee Monitoring and Reporting

All FI Investments are required to submit to the Fund an annual E&S performance report. Investees are responsible for monitoring the E&S performance of the sub-loans, with the scope, frequency, and format of monitoring aligned to the level of E&S risks and impacts.

Fund Monitoring and Reporting

The Fund considers it essential to monitor the E&S compliance of FIs in accordance with the Fund's E&S policy.

The Advisor will review and assess the annual E&S performance report submitted by the Investee. If the Fund participates in a syndicated debt transaction (involving co-investors that apply broadly comparable E&S standards and have adequate assessment capacities) or if the Fund becomes a bondholder, TPI's E&S monitoring can rely on other information in lieu of an annual report to the Fund, such as E&S documentation shared by other transaction parties and/or FI's public E&S disclosures (if deemed of sufficient detail and quality).

Depending on the level of the E&S risks and impacts, third-party external experts may be engaged during monitoring. Experts may be engaged to conduct regular audits, to do one-off spot checks or evaluations or to advise an FI and its subproject on specific areas (e.g. ESAP implementation, E&S operational risk review).

The Fund may conduct a random check of FIs/subprojects to verify compliance with the Fund's E&S Policy. Ad hoc supervision site visits may be required to review the Investee operations and management approach in certain circumstances such as serious incidents, regulatory compliance issues, site expansion planning/ construction events, etc.

In cases where considerable shortcomings are identified within the E&S monitoring of the FI or its subprojects, an appropriate TA package may be defined in order to strengthen the capacity of the respective FI to address the E&S risks and impacts in accordance with TPI's E&S Policy.

EU Taxonomy Alignment

For sub-loan portfolios that include subprojects with potential EU Taxonomy alignment, the Advisor will engage with the FI to confirm if the applicable DNSH criteria are met per identified sub-loan or if additional assessments are needed (which may be conducted by the Advisor directly or an external consultant). Further, the Advisor will confirm that the FI adheres to the MSS, in line with EU Taxonomy regulations.

2.6 Portfolio Monitoring and Reporting

The Advisor conducts an annual review of the Fund's overall E&S performance and prepares a Portfolio E&S Performance Report (ESPR). This report summarizes the E&S status across all investments and serves as the basis for the Fund's periodic reporting to investors. The ESPR covers the calendar year from January through December and is scheduled for completion by the second quarter of the following year.

Shareholders are updated on the Fund's E&S performance and compliance through an Annual E&S Report to Shareholders (AESRS). This report summarizes key findings from the annual monitoring process and includes aggregate E&S compliance data across the portfolio.

The Advisor will prepare an annual assessment of the portfolio against the SFDR PAI indicators, as part of the Fund's sustainability disclosures.

2.7 Grievance Mechanism

The Fund's AIFM maintains a robust and survivor-centered Grievance Redress Mechanism (GRM) to receive, assess, and respond to concerns or complaints related to E&S risks, including incidents of SEAH, GBV, labor rights violations, environmental incidents, or other integrity-related concerns.

This mechanism is accessible to all stakeholders, including investors, clients, affected individuals and communities, workers, partners, and third parties involved in or impacted by the Fund's activities.

The key objectives of the AIFM's GRM is to:

- Enable safe, confidential, and accessible reporting of grievances.
- Provide a timely, fair, and transparent process for investigation and resolution.
- Promote accountability and uphold the rights, dignity, and well-being of complainants, especially survivors of SEAH or GBV.
- Improve the Fund's E&S management through learning from grievances.

The Fund's AIFM is committed to protect Complainants from acts of harassment, retaliation or adverse consequences arising from filing a Complaint in good faith. The Fund's AIFM will take seriously any credible allegations of reprisals.

The GRM can be accessed via the AIFM's and Advisor's website [here](#). Effective handling of complaints underpins continuous improvement of the Fund's ESMS, thus, no complainant who, in good faith, reports any dissatisfaction shall suffer any harassment, retaliation or adverse consequences.

Grievance Mechanism Processes

Stakeholders may submit complaints or concerns via any of the following channels:

- Email: Complaints may be submitted to AIFMComplaints@finance-in-motion.com. Email senders should be aware that their email address will be visible to the recipient.
- Postal Mail: Attn.: **Finance in Motion Asset Management S.à r.l.**
68 Boulevard de la Pétrusse,
L- 2320 – Luxembourg – Grand-Duché du Luxembourg Attn: Grievance Mechanism: TPI

All complaints are treated as confidential by default. Complaint Information – including the nature of complaint, the identity of the complainant, and supporting evidence – are to be treated on a confidential basis. This includes ensuring that (a) complaint information is shared on a limited basis and with informed consent of the complainant, and (b) information is only shared with individuals or business units that are playing a role in managing or resolving the complaint. For complaints considered sensitive, such as in SEAH or GBV cases, confidentiality, consent and survivor autonomy are prioritized throughout the process.

Anonymous complaints can be received; however, such complaints can be challenging to escalate, investigate, and resolve. Anonymous Complainants should note that:

- Such complaints will be managed according to this procedure to the extent possible, however FiM /Group may be limited in its ability to investigate, communicate, follow-up, or meet all requirements of the procedure due to the complaint's anonymous nature
- Efforts to investigate or follow-up will seek to maintain Complainant anonymity, unless such anonymity is waived.

The AIFM's Complaints Handling Officer holds responsibility to manage the GRM process. Within 10 business days, the complainant receives a confirmation that the complaint has been received.

Each complaint will be investigated through a fair, independent and impartial view of the complaint. Interviews may be conducted with the complainant, witnesses, and respondent(s). After the investigation, the AIFM will inform the complainant of its position regarding the complaint and make them aware of the option to refer the complaint to an alternative dispute resolution body or to pursue civil action. If the processing of the Complaint exceeds one month, the Complaints Handling Officer will send an interim response to the Complainant, informing the Complainant of the reasons for the delay and specifying the anticipated date for completion of the review.

2.7.1 GRM Requirements

All AIFM staff and all Investees are required to:

- Ensure the availability of appropriate GRM channels at the Project or subproject level.
- Follow national laws and applicable international safeguarding standards.
- Maintain confidentiality, neutrality, and non-discrimination in all interactions.
- Avoid pressuring or influencing complainant's and survivors' decisions and respect their autonomy in the process.

2.7.2 Safeguarding and SEAH-Specific Commitments

The Fund is committed to preventing and responding to SEAH and GBV. In addition to the general GRM procedure, the following survivor-centered safeguards are in place:

- Confidential, safe, and accessible reporting options for affected individuals, including those from vulnerable or marginalized groups.
- Protection from retaliation for any individual reporting a complaint.
- Clear accountability procedures, including disciplinary measures for staff or affiliated personnel, found to be in breach of these procedures.
- Survivor support, regardless of whether a formal investigation is pursued. The type of support offered will be guided by the survivor's preferences and needs.

2.7.3 GCF Independent Redress Mechanism (IRM)

Stakeholders can also access the GCF's Independent Redress Mechanism (IRM) for complaints related to GCF-financed projects. Information on how to submit a complaint, including eligibility criteria and procedures, is available on the IRM website: <https://irm.greenclimate.fund>.

Complaints can be submitted via email at irm@gcfund.org or by mail to:

Independent Redress Mechanism, Green Climate Fund
Songdo International Business District, 175 Art Center-daero
Yeonsu-gu Incheon 22004
Republic of Korea.

2.8 Stakeholder Engagement and Disclosure of Information

The Fund is committed to transparency in its operations and will seek to share and facilitate access to relevant information about its operations with stakeholders.

The Fund discloses relevant E&S information to the public through its website. This includes:

- The Fund's E&S Policy.
- Regulatory disclosures, particularly those required under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).
- Summary of ESDD findings and/or ESIA (where applicable) of its Category B Direct Investments at least 30 days before investment decision is made, in English and in the Project location's local language.

The Fund acknowledges that solid and constructive relationships between Investees and stakeholders are essential to successfully manage E&S risks and create positive impacts. For Direct Investments, the Fund aims to have relevant stakeholders, including affected people, and other stakeholders who have an interest in or might influence the Project, identified and appropriately engaged in a timely manner throughout the Project's lifetime. FIs shall meet national regulatory requirements related to public disclosure, reporting and stakeholder engagement.

Annexes

3.1 Annex 1: Exclusion list

The financing provided by the Fund shall not be used to (directly or indirectly) finance, invest in or advance funds to any of the following Projects or activities:

1. Forced labor²¹ and/or child labor²²
2. Activities or materials deemed illegal under national laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals
 - wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5km in length or electric shocks)
3. Cross-border trade in waste and waste products unless compliant with the Basel Convention and the underlying regulations
4. Production or trade in radioactive materials.²³
5. Production or trade in unbounded asbestos fibers (excluding the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent)
6. Pornography and/or prostitution
7. Racist and/or anti-democratic media
8. Production or trade in²⁴: (i) weapons or munitions; (ii) alcoholic beverages (excluding beer and wine); (iii) tobacco; and (iv) gambling, casinos and equivalent enterprises
9. Mining thermal coal and electricity generation from coal

²¹ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

²² Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

²³ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded).

²⁴ This does not apply to Project/subproject sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project/subproject sponsor's primary operations.

10. Extraction of peat and electricity generation from peat
11. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples
12. Production or activities which may potentially affect remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact” or impact their lands and territories
13. 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
14. 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, coke), including also:
 - Upstream oil & gas exploration and production
 - Upstream oil & gas development projects
 - 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 prospection, exploration, processing or mining, transportation, distribution and use; land-based means of transport and related infrastructure essentially used for coal
 - Construction of new or refurbishment of any existing coal-fired power plant, heating stations and cogeneration facilities (including dual). Cancellation of projects related to these activities in the pre-construction phase, unless work is already underway
 - 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
 - Buildings associated with the extraction, storage, transportation or production of fossil fuels
 - Natural gas exploration and production, liquefaction, regasification, transmission, distribution and storage
 - Natural gas-based electricity and heat generation capacity including cogeneration and trigeneration
 - Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands

- Biogas/biomass energy generation without certified proof of sustainable feedstock sourcing
 - Large-scale district heating/ cooling based on unabated oil, natural gas, coal or peat
 - Coal/peat/oil used for industrial heat/ cooling production
15. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products
 16. Activities which negatively impact wetlands designated under the Ramsar Convention
 17. Nuclear energy and manufacturing within the nuclear industry (such as processing of nuclear fuel, uranium enrichment, irradiated fuel reprocessing)
 18. Reprocessing and storage of nuclear waste
 19. Commercial concessions over, and logging on tropical and/or primary natural forest and/or old-growth forests
 20. Conversion of natural forest to a plantation
 21. Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; activities that lead to clear cutting and/or degradation of tropical and/or primary natural forests and/or old growth forest
 22. Production or trade in wood or other forestry products other than from sustainably managed forests
 23. Irrigated forests
 24. Palm oil plantations
 25. Vehicles and infrastructure dedicated to the transport and storage of fossil fuels
 26. Maritime vessels and aircraft using fossil fuels, including HFO, MDO, MGO, kerosene, etc.
 27. Airport capacity expansion

3.2 Annex 2: Approach to SEAH

The Fund is committed to upholding the highest standards of integrity and respect for all individuals involved in the Fund's operations, in alignment with the Green Climate Fund's (GCF) Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH Policy). This will be enabled through the implementation of its ESMS.

1. Zero-Tolerance Policy

TPI maintains a zero-tolerance stance towards all forms of SEAH. This commitment requires all AIFM and Advisor personnel, partners, and stakeholders to refrain from condoning, encouraging, participating in, or engaging in any activities that constitute SEAH.

2. Prevention and Due Diligence

To proactively prevent SEAH, the Fund has integrated SEAH risk assessments into its ESDD to identify potential risks and implement appropriate mitigation measures.

Where material gaps are identified, the Fund will incorporate targeted actions within its engagement with the Investee, through ESAPs, TA, or other appropriate mechanisms, to align the Investment with SEAH requirements. This may include providing specialized training and awareness programs for staff and Partner Institutions to strengthen their capacity to identify, prevent, and respond to SEAH incidents effectively.

3. Reporting and Response Mechanisms

The Fund is committed to establishing and maintaining accessible, confidential, and survivor-centered reporting mechanisms for SEAH incidents.

The AIFM **Grievance Redress Mechanism (GRM)** is sensitive to SEAH concerns, survivor-centered and gender responsive. It aims to allow survivors to report incidents without fear of retaliation. If a SEAH incident is reported, the AIFM commits to implement prompt, thorough, and impartial investigations into all allegations of SEAH.

4. Monitoring and Accountability

To ensure the effectiveness of the SEAH approach, the Fund will:

- **Regular Monitoring:** Include SEAH aspects into its E&S monitoring practices, as well as monitoring the progress and implementation of any SEAH related ESAP measures.
- **Reporting Obligations:** Report any incidents to the GCF and other relevant stakeholders.
- **Continuous Improvement:** Engage in ongoing learning and improvement processes, incorporating lessons learned from SEAH incidents and prevention efforts into future policies and practices.

By embedding these principles and actions into the Fund's ESMS, we affirm our commitment to creating a safe, respectful, and inclusive environment for all individuals associated with the Fund and its financed activities.

3.3 Annex 3: Indigenous Peoples Planning Framework

3.3.1 Introduction

The Fund is committed to respecting the rights, cultures, and livelihoods of Indigenous Peoples in all its Investments. This Indigenous Peoples Planning Framework (IPPF) provides guidance aiming to have Projects that are designed and implemented in a way that respects Indigenous Peoples' rights, mitigates adverse impacts, and promotes benefit-sharing in alignment with GCF IP Policy and IFC PS7.

The Fund will not finance any activities expected to have significant adverse impacts on Indigenous Peoples (Category A Projects).

3.3.2 Recognition of Indigenous Peoples' Diversity

The Fund recognizes that it operates across a diverse range of countries, each with its own historical, legal, and socio-political contexts regarding Indigenous Peoples. Indigenous communities encountered in Projects may differ in their governance systems, cultural practices, land tenure systems, and levels of formal recognition by national governments. This framework ensures that all Projects acknowledge and respect this diversity, adapting approaches to the specific contexts in which they operate.

3.3.3 Key Principles

Projects which impact Indigenous Peoples, shall adhere to the following principles:

- **Respect for Rights and Self-Determination:** Projects must respect Indigenous Peoples' rights, as articulated in UNDRIP, and recognize their right to self-identification.
- **Free, Prior, and Informed Consent (FPIC):** Where Projects are expected to directly impact Indigenous lands, resources, or livelihoods, FPIC is required before implementation.
- **Meaningful Participation:** Indigenous Peoples must be actively engaged in Project design, decision-making, and implementation.
- **Equitable Benefit-Sharing:** Projects should promote mechanisms that allow Indigenous communities to fairly benefit from Project outcomes.
- **Avoidance and Mitigation of Adverse Impacts:** Where potential negative impacts are identified, mitigation measures must be developed in collaboration with Indigenous Peoples.
- **Culturally Appropriate Approaches:** Engagement strategies and grievance mechanisms must be adapted to Indigenous Peoples' languages, traditions, and governance structures.

3.3.4 Screening and Identification of Indigenous Peoples

During the E&S screening phase, it will be identified if Indigenous Peoples are present or affected. While the IPPF recognizes diverse contexts, TPI will operationalize screening through a structured process that (i) applies the GCF IP Policy definition regardless of national recognition status; (ii) considers historical and socio-political dynamics, including any tension or conflict; and (iii) documents any divergence between national positions and GCF requirements.

To inform this process, the Fund will draw on reliable, publicly available sources such as the Minority Rights Group International database, IWGIA's Indigenous World, ILO's Normlex database in relation to Convention 169, and UN Special Rapporteur reports. For African countries, the positions outlined in the 2005 report of the African Commission's Working Group of Experts on Indigenous Populations and Communities will also be considered. This ensures that Indigenous Peoples who meet the GCF

definition are identified even where domestic law does not formally recognize them. The screening will explicitly record sources consulted and rationale for inclusion/exclusion decisions.

When Indigenous Peoples presence and/or collective attachment to lands/territories/resources is detected at screening stage, the Advisor fills in the relevant section in the screening checklist. For Direct Investments this will include:

- Identified Indigenous Peoples and/or collective attachment to lands/territories/resources as per the GCF definition
- Historical, legal, and social context of Indigenous Peoples in the Project area as well as initial vulnerability assessment
- Preliminary potential risks, impacts, and opportunities for Indigenous Peoples' inclusion
- An initial assessment to determine whether FPIC is triggered as per the GCF IP Policy
- General recommendations for the ESDD process

For Financial Intermediaries, if Indigenous Peoples presence and/or collective attachment to lands/territories/resources is detected at screening stage and the sub-loan portfolio is expected to affect said Indigenous Peoples, the Advisor fills in the relevant section in the screening checklist. For FIs this will include:

- Identified Indigenous Peoples and/or collective attachment to lands/territories/resources as per the GCF definition
- Historical, legal, and social context of Indigenous Peoples in expected sub-loan portfolio area as well as initial vulnerability assessment
- Likelihood of sub-loans affecting identified Indigenous Peoples and possible impacts
- General recommendations for the ESDD process

3.3.5 E&S Due Diligence

Where Indigenous Peoples, as defined by the GCF IP Policy, are present in the project's area of influence or have collective attachment to lands, territories, or resources that may be affected by the Project, for Direct Investments the ESDD will:

- Engage an Indigenous Peoples specialist to conduct an assessment of impacts and identify measures to avoid, minimize, mitigate and/or compensate appropriately and equitably for such impacts.
- Require from the Investee a proportionate assessment of risks, impacts, benefits.
- If impact on Indigenous Peoples is confirmed, require from the Investee that an IPP is developed before the start of Project activities with meaningful engagement of the impacted communities.
- Require that the Investee scopes and plans FPIC as an iterative process, where required under the GCF IP Policy.
- Confirm that the Project's budget covers engagement (including translation and facilitation), FPIC, mitigation measures and agreed benefit-sharing measures.

For Financial Intermediaries, if it is identified during screening that the TPI sub-loan portfolio is expected to impact local Indigenous Peoples, the ESDD will:

- Assesses if the financial intermediary has policies, procedures and institutional capacity to manage potential impacts on indigenous peoples in a manner aligned with this IPPF.
- Identify any gaps and necessary mitigation measures.

Findings will be reflected in the ESDD report and, where applicable, in the ESAP.

3.3.6 FPIC

FPIC triggers follow GCF IP Policy §7.2 (e.g., impacts on lands, territories, resources, livelihoods, cultural heritage, or relocation). FPIC is both a process and an outcome. The FPIC process must be:

- Iterative: Beginning before any activities that might affect Indigenous Peoples start and continuing through Project design and implementation.
- Transparent and inclusive: Providing clear, accessible, and culturally appropriate information about the Project.
- Voluntary and without coercion: Ensuring Indigenous Peoples can freely decide on their participation.
- Documented and monitored: Keeping records of consultations and agreements to ensure accountability.

Investees will be required to have a process that:

- Includes the mapping of representative institutions
- Includes an agreement on rules, translators and timeline
- Discloses of information in local languages using culturally appropriate formats
- Ensures freedom from coercion
- Documents outcomes, agreements or lack thereof
- Includes resources for follow-up dialogues as needed (iterative)
- Includes a dedicated budget line (with contingency) to conduct and document FPIC, and to implement any agreed conditions. Where FPIC is required, the IPP will include the FPIC plan, timeline, and budget.

3.3.7 Benefit-Sharing Mechanisms

Projects must establish mechanisms that support Indigenous Peoples in sharing in Project benefits. This can include:

- Employment opportunities and skills training.
- Revenue-sharing models where applicable.
- Support for community-led initiatives.
- Investments in Indigenous cultural and natural heritage conservation.

Benefit-sharing and livelihood enhancement measures are designed in consultation with affected Indigenous Peoples communities, reflected in the IPP/ESAP with specific actions, budgets and timelines, and monitored with indicators agreed with Indigenous Peoples representatives.

3.3.8 Indigenous Peoples Plan (IPP)

When there are potential impacts on Indigenous peoples, Projects must develop an IPP aiming to have Indigenous concerns, rights, and benefits properly integrated into Project design and implementation. The IPP should include key aspects such as:

- **Introduction:** Overview of the Project and its potential impact on Indigenous Peoples.
- **Legal and Institutional Framework:** Summary of relevant national and international policies.
- **Indigenous Peoples' Baseline Profile:** Description of affected Indigenous communities, including their demographics, culture, governance, and livelihoods.
- **Consultation and FPIC Process:** Documentation of engagement with Indigenous Peoples, including the FPIC process where required.
- **Gender assessment:** identify gender-specific risks and opportunities, including GBV/SEAH considerations.
- **Community-based natural resource management:** Strategies for sustainable resource use and benefit-sharing.
- **Tenure arrangements:** Document land and resource rights, including customary and collective tenure systems.
- **Impact Assessment and Mitigation Measures:** Identification of potential positive and negative impacts and strategies to address them.
- **Benefit-Sharing Plan:** Strategies for ensuring Indigenous Peoples receive equitable benefits from the Project.
- **Implementation Arrangements and Organizational Responsibilities:** Define roles and responsibilities for executing the IPP, including Indigenous representation in decision-making.
- **Grievance Mechanism:** Culturally appropriate grievance redress processes.
- **Budget:** Cost estimates and budget allocations for engagement, FPIC, mitigation, and benefit-sharing measures.
- **Timetables:** Agreed timeline for the implementation of actions under the IPP, including consultation processes, assessment, mitigation and benefit-sharing measures, reporting and evaluation.
- **Monitoring, Reporting, and Evaluation:** Framework for tracking IPP implementation and effectiveness.

3.3.9 Project Level Grievance Mechanism

A culturally appropriate Project level Grievance Redress Mechanism (GRM) must be established to address Indigenous Peoples' concerns. This mechanism should:

- Be designed in consultation with Indigenous representatives.
- Allow for traditional dispute resolution processes where applicable.
- Provide multiple, accessible channels (including anonymous options).
- Operate in local languages.
- Protect complainants against retaliation
- Include information on TPI and GCF GRMs for escalation.

3.3.10 Monitoring and Reporting

Projects which impact Indigenous Peoples must include a monitoring system to track Indigenous Peoples' engagement, benefits, and grievances. This may involve:

- Regular progress reports and Indigenous-led monitoring.
- Independent third-party audits where necessary.
- Feedback loops to adjust Project activities as needed.

3.3.11 Roles and Responsibilities

The Fund's advisor will be responsible for maintaining and implementing the IPPF, reviewing and updating tools, screening and due diligence processes, overseeing the FPIC process and outcome, and disclosing IPPs. Where relevant – particularly when it comes to activities under the TA Facility of the Fund, where IPPs might be relevant, the advisor will draw on the expertise and involve UNIDO and the relevant UN entities.²⁵

Direct Investment Investees will be responsible for developing and implementing SEP/IPP/FPIC with qualified Indigenous Peoples specialists, ensure culturally appropriate engagement, and report progress.

FIs will be responsible for maintaining an ESMS that allows for an adequate management of potential impacts to indigenous peoples through sub-loans in line with this IPPF.

²⁵ UNIDO applies its Environmental & Social Safeguards Policies and Procedures, which includes Operational Safeguard 4 addressing Indigenous Peoples.

3.4 Annex 4: Indicative E&S Screening Checklist for Direct Investments

E&S Screening Checklist for Direct Investments		
Name of Investee and/or Project		
- Intended use of proceeds/type of funded activity. - Project location.		
Screening Topic	Yes/No	Comments/Justification
Will the Investment involve one or more activities which are in the Exclusion list?		
Have any reputational risk incidents been identified at this stage?		
At the present stage, is the potential Direct Investment aligned with local legal and regulatory requirements?		
Could the activities increase the risk of GBV or SEAH for local communities and workers?		
Is the investment likely to be aligned with the criteria set by the EU Taxonomy?		
What is the expected impact on PAI?		
Additional Contextual risks		[Including but not limited to: - Fragile and Conflict-Affected Situations if applicable - Supply-chain issues Include findings in the recommended ESDD scope]
IFC Performance Standards	Will the PS be	Comments/Explanation/Documentation

	triggered: Yes/No	
PS1 – E&S management system		
PS2 - Labor and Working Conditions and ILO Fundamental Conventions		
PS3 - Resource Efficiency and Pollution Prevention		
PS4 - Community Health, Safety, and Security		
PS5 - Land Acquisition and Involuntary Resettlement		
PS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources		
PS7 - Indigenous Peoples Are there Indigenous Peoples present in the Project's area of influence, or do they have collective attachment or rights to the area, as defined by the GCF Indigenous Peoples Policy?		[If yes, the questions below must be answered: • Which Indigenous Peoples are affected? • Does the country legally recognize Indigenous Peoples? Any divergence between national position and GCF IP Policy noted? (Explain) • What are the historical, legal, and social context of Indigenous Peoples in the Project's area of influence? • Do Indigenous Peoples face any factors that increase their vulnerability (e.g., economic marginalization, limited access to land or resources, or exposure to climate risks)? • Could activities affect Indigenous Peoples' lands, territories, resources, livelihoods or cultures? • Is FPIC likely to be required? • What are main impacts expected? • What are main benefits expected? Include findings in the recommended ESDD scope]
PS8 - Cultural Heritage		

Initial E&S Category	Rationale
Recommended Scope of the ESDD: Observation - Direct Investments categorized as Category A will not proceed further, as investments with this level of risk are outside the Fund’s investment strategy.	

3.5 Annex 5: Indicative outline for E&S Due Diligence Questionnaire for Direct Investments

Indicative Environmental and Social Due Diligence for Direct Investments	
Name of Investee	
Country:	
Use of proceeds • Direct Investment location	
E&S Due Diligence Topic	Findings
E&S Management	
E&S policy	
Applicable international standards and national regulations	
Identification of risks and impacts	
E&S organizational capacity	
E&S Monitoring	
Grievance mechanism	
Stakeholder engagement and disclosure	
Labor and Working Conditions	
Human resources policies and procedures	
Code of ethics/Code of conduct	
Employee grievance mechanism	
Third-party contractors	
Additional E&S risks and impacts – as applicable	

Climate Strategy, Resource Efficiency, and Pollution Prevention	
Community Health, Safety, and Security	
Land Acquisition and Involuntary Resettlement	
Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Indigenous Peoples	In alignment with the IPPF, when Indigenous Peoples presence and/or collective attachment to lands/territories/resources is detected at screening stage, the ESDD should include: • Assessment of risks, impacts and opportunities • Identification of gaps in investee practices and measures to avoid, minimize, mitigate and/or compensate potential impacts • Local-language, culturally appropriate engagement • Assessment of FPIC applicability and adequacy • Assessment of IPP applicability and adequacy
Cultural Heritage	
GBV and SEAH	
Contextual Risks	[Including but not limited to: • Fragile and Conflict-Affected Situations (see Annex 9: Indicative Conflict Sensitivity Assessment Outline), if applicable • Supply-chain issues Include findings in the recommended ESDD scope]
Final E&S Category	Rationale

Conclusions and recommendations: Observation – Direct Investments categorized as **Category A** will not proceed further, as investments with this level of risk are outside the Fund's investment strategy.

3.6 Annex 6: Indicative Outline for E&S Compliance Audit for Brownfield Investments

This outline lists key elements to assess as part of the ESDD process for brownfield investments. Not all elements will apply to every audit; the scope and level of detail should be tailored to the specificities of each investment.

Environmental Compliance

- Site History and Contamination
- Regulatory Compliance
- Climate Risk and Resilience

Social Compliance

- Labor and Occupational Health and Safety
- Community and Stakeholder Impact
- Human Rights and Land Use
- Cultural and Heritage Considerations

Conclusions and Recommendations

3.7 Annex 7: Indicative E&S Screening Checklist for Financial Intermediaries

E&S Screening Checklist for Financial Intermediaries		
Name of FI		
Country:		
- Expected use of proceeds/composition of sub-loan portfolio. - Expected sub-loan average and sub-loan cap.		
Screening Question:	Yes/No	Comments/Explanation
Will the Investment involve one or more activities which are in the Exclusion list?		
At the present stage, is there any available information on the FI's E&S management policies, processes or capacity?		
Have any reputational risks been identified at this stage?		
Does the country of operation or the anticipated sub-loan portfolio present a higher risk of GBV or SEAH?		
Has the FI previously collaborated with other Development Finance Institutions (DFIs) or International Financial Institutions (IFIs)?		
Which contextual risks need to be taken into consideration?		[Including but not limited to: - Presence of Indigenous Peoples as per the GCF definition or any collective attachment to lands/territories/resources which could be impacted by the sub-loan portfolio - Historical, legal, and social context of Indigenous Peoples in expected sub-loan portfolio area

		• Likelihood of sub-loans affecting identified Indigenous Peoples and possible impacts • Fragile and Conflict-Affected Situations Include findings in the recommended ESDD scope]
Initial E&S Category	Rationale	
Recommended Scope of the ESDD: Observation - Investments categorized as Category FI-1 will not proceed further, as investments with this level of risk are outside the Fund’s investment strategy.		

3.8 Annex 8: Indicative E&S FI Due Diligence Questionnaire

Indicative Environmental and Social Due Diligence for Financial Intermediaries	
Name of FI:	
Country:	
• Use of proceeds/composition of sub-loan portfolio. • Sub-loan average and sub-loan cap.	
E&S Due Diligence Topic	Findings
E&S Management	
E&S policy	
Exclusion list	
Applicable international standards and national regulations	
E&S categorization	
E&S DD procedures	
E&S organizational capacity	
E&S monitoring	
Grievance mechanism	
Stakeholder engagement and reporting	
Labor and Working Conditions	
Human resources policies and procedures	
Code of ethics/Code of conduct	

Employee grievance mechanism	
Third-party contractors	
Gender-based Questions	
Policy/commitments on diversity and gender equality	
Policy/commitments on GBV and SEAH	
Training on GBV and SEAH	
Gender-responsive grievance mechanism	
Responsible Finance	
Client outreach	
Over-indebtedness	
Transparency and lending practices	
Collection practices	
Client grievance mechanism	
Data privacy	
Country Context Risks – FI's Policies, Procedures, Capacity	
Indigenous Peoples	[To be assessed if during screening it is identified that the sub-loan portfolio is likely to include projects which affect Indigenous peoples]
Fragile and Conflict-Affected Situations	[To be assessed if the country/area is in a Fragile and Conflict-Affected Situation, see Annex 9: Indicative Conflict Sensitivity Assessment Outline]
Other E&S contextual risks (such as human rights, supply chain, and deforestation risks)	
Final E&S Category	Rationale

Conclusions and recommendations: Observation - Investments categorized as Category FI-1 will not proceed further, as investments with this level of risk are outside the Fund's investment strategy.	

3.9 Annex 9: Indicative Conflict Sensitivity Assessment Outline

Conflict Sensitivity Assessment identifies both positive and negative impacts of an investee and how it interacts with the conflict dynamics to ensure its actions do not exacerbate tensions and, where possible, support peacebuilding efforts. The assessment should consist of the following key components:

- Analysis of conflict drivers, triggers, and actors
- Assessment of the broader political, social, and economic environment
- Evaluation of how the investee may affect or be affected by conflict dynamics
- Identification of conflict-related risks and definition of mitigation measures
- Assessment of ways to promote inclusion, equity, and social cohesion
- System for monitoring of conflict-related impacts and adaptation of investee activities

3.10 Annex 10: ESAP Template for Direct Investment

Action item	Gap/Issue		Actions to be taken	Completion Indicator /Means of Verification	Completion date	Status
IFC PS1						
#						
IFC PS2						
#						
IFC PS3						
#						
IFC PS4						
#						
IFC PS5						
#						
IFC PS6						
#						
IFC PS7						
#						
IFC PS8						
#						
Gender and SEAH						
#						

3.11 Annex 11: ESAP Template for Financial Intermediary

No.	Action	Evidence	Timeline	Completion Status
1.				
2.				

3.12 Annex 12. Indicative ESMS Outline for Direct Investments

This outline provides the minimum elements an ESMS for a Direct Investment categorized as B. Investees should include:

- E&S policy
- Identification of risks and impacts
- Relevant E&S risk management system and plans (these could include ESIA, ESMP, BMP, RAP, IPP, LMP, Cultural heritage Management Plan, OHS system, Supply Chain and Contractor Management System)
- Emergency preparedness and response plan
- Stakeholder identification and engagement plan
- Internal and external grievance mechanisms
- Organizational capacity and competency
- System for ESMS monitoring and continuous improvement

3.13 Annex 13: Indicative ESMS Outline for Financial Intermediaries

This outline provides the minimum elements an ESMS of a Financial Intermediary should include:

FI-3

- Procedures for Assessing investees' compliance with an exclusion list and national E&S laws and regulations
- External grievance mechanism
- Organizational capacity and competency
- Human Resources Policy
- Code of Conduct
- Employee grievance mechanism
- System to ensure third parties comply with applicable labor laws

FI-2

For FI-2, the following additional elements should be included alongside those listed above.

- E&S policy
- E&S procedures and tools to screen, categorize, assess, mitigate and monitor E&S risks of the investees in alignment with TPI's requirements
- E&S terms and conditions in the loan agreements

3.14 Annex 14: Indicative ESIA Outline

This outline provides the minimum structure and content expected ESIAs submitted to the Fund for Direct Investments requiring detailed E&S risk analysis. The depth and detail should be proportionate to the Project's risks.

- Executive Summary.
- Project Description.
- Policy, Legal, and Institutional Framework.
- E&S Baseline.
- Identification and Assessment of Risks and Impacts.
 - Aligned with IFC PS.
 - Includes GBV and SEAH risks.
- Mitigation and Enhancement Measures.
- ESMP.
- Stakeholder Engagement and Consultation.
- Monitoring and Reporting.

3.15 Annex 15: Indicative ESMP Outline

The ESMP outlines how identified E&S risks and impacts will be managed throughout the Investment's lifecycle. It forms a critical part of the ESIA process and is required for all Category B Investments with elevated or specific risks, with the level of detail proportionate to the Investment's risk profile.

- Introduction and Purpose.
- Summary of Key E&S Risks and Impacts Identified in the ESIA.
- Mitigation Measures.
- Monitoring and Evaluation Plan.
- Institutional Arrangements and Capacity.
- Training and Capacity Building.
- Stakeholder Engagement and Grievance Management.
- Emergency Preparedness and Response (if applicable).
- Reporting and Documentation.
- Budget and Resource Allocation.

3.16 Annex 16: Stakeholder Engagement Plan Outline – Guidance for Direct Investments

This Stakeholder Engagement Plan (SEP) outline serves as a reference for Direct Investments to design and implement a structured and inclusive approach to engaging stakeholders throughout the Investment's lifecycle. The SEP should be proportionate to the nature and scale of the Investment and its potential E&S risks and impacts.

1. Introduction and Purpose

- Purpose of the SEP and how it supports Project objectives and E&S risk management.
- Alignment with IFC PS, national legislation, and Fund E&S requirements.

2. Project Overview

- Brief description of the Project, location, and activities.
- Summary of key E&S risks and impacts that trigger stakeholder engagement.
- Project timeline and key phases.

3. Regulatory and Policy Context

- Applicable national and international standards.

4. Stakeholder Identification and Analysis

- Identification of key stakeholder groups, including:
 - Affected communities.
 - Vulnerable or marginalized groups.
 - Workers and contractors.
 - Local authorities and government entities.
 - Civil society organizations.
 - Other relevant stakeholders.

5. Engagement Strategy and Methods

- Overview of engagement objectives
- Planned engagement activities by Project phase (e.g., planning, construction, operation.)
- Types of engagement methods: public meetings, focus groups, individual interviews, surveys, online platforms.
- Consideration for inclusive and culturally appropriate engagement, particularly for vulnerable groups, including women.

6. Information Disclosure

- Types of information to be disclosed.

- Format and frequency of disclosure.
- Language and accessibility considerations.

7. Grievance Redress Mechanism (GRM)

- Description of the Project-level grievance mechanism.
- Timelines and procedures for response and resolution.

8. Monitoring, Evaluation, and Reporting

- How stakeholder engagement will be tracked and evaluated.
- Internal and external reporting obligations.

9. Roles and Responsibilities

- Assignment of roles for SEP implementation (e.g., Community Liaison Officer).
- Third-party facilitators or consultants, if applicable.

10. Budget and Resources

- Estimated budget for SEP implementation.
- Resource allocation for engagement activities, translation, logistics, and capacity building.

3.17 Annex 17: Indicative Labor Management Procedure Outline

The Labor Management Procedure outlines how a project or organization manages its workforce to ensure fair treatment of workers, safe working conditions, and compliance with labor laws and international standards, including IFC PS2. It should include the following elements:

- Overview of workforce (types of workers, estimated number, and roles)
- Applicable labor laws and international standards
- Contracts and working hours
- Wages and benefits
- Non-discrimination and equal opportunity
- Worker grievance mechanism
- Provisions related to safe working conditions
-
- Management of contractors and sub-contractors
- Monitoring of labor practices
- Performance indicators
- Identification and mitigation of child and forced labor risks in the supply chain

3.18 Annex 18: Indicative Resettlement Policy Framework and Resettlement Action Plan Outline

A Resettlement Policy Framework outlines the principles, procedures, and institutional arrangements for managing resettlement impacts when their exact nature or location is not yet known. Once project details are finalized and specific impacts are identified, a Resettlement Action Plan is developed to guide the implementation of resettlement activities.

Resettlement Policy Framework

- Objectives and guiding principles for resettlement
- Legal and institutional framework
- Eligibility criteria and entitlement matrix
- Methods for asset valuation and compensation
- Procedures for stakeholder engagement and grievance redress
- Implementation arrangements and responsibilities
- Monitoring and evaluation framework

Resettlement Action Plan

- Project Description and Context
- Description of project impacts and affected populations
- Census and inventory of affected assets
- Socioeconomic baseline and vulnerability assessment
- Legal and compensation framework
- Entitlement matrix and eligibility criteria
- Livelihood restoration and improvement measures
- Resettlement site selection and relocation arrangements
- Stakeholder consultation and participation plan
- Grievance mechanism
- Budget and implementation schedule
- Institutional arrangements and responsibilities
- Monitoring and evaluation plan

3.19 Annex 19: Indicative Biodiversity Management Plan Outline

The Biodiversity Management Plan (BMP) outlines how biodiversity-related risks and impacts will be identified, mitigated, and monitored throughout the Investment's lifecycle. It forms a key component of the ESMS and is required for Direct Investments with potential impacts on natural or critical habitats, with the level of detail proportionate to the significance of biodiversity values and risks identified during the ESIA.

- Introduction and Objectives
- Policy, Legal, and Institutional Framework
- Baseline Biodiversity Conditions
- Assessment of Biodiversity Risks and Impacts
- Mitigation and Management Measures
- Biodiversity Monitoring and Reporting
- Roles and Responsibilities
- Stakeholder Engagement
- Implementation Schedule and Budget
- Review and Adaptive Management

3.20 Annex 20: Indicative Emergency Preparedness and Response Plan (EPRP) Outline

This outline provides key elements expected to be included in an EPRP. An EPRP is a set of procedures and resources designed to anticipate, respond to, and manage E&S emergencies that may arise to minimize harm to people, property, and the environment by ensuring timely and coordinated action. The depth and detail should be proportionate to the investee's risks.

- Identification of potential emergencies
- Step-by-step action plans for different types of emergencies
- Roles and responsibilities
- Emergency Response Procedures
- Emergency supplies and protective equipment
- Communication of emergency plans
- Coordination with local authorities, emergency services, and affected communities
- Exercise and drills
- Training and awareness

3.21 Annex 21: Indicative Chance Find Procedure Outline

The Chance Find Procedure outlines the steps to be followed by Investees in the event that previously unknown cultural heritage, archaeological, paleontological, or historical artifacts are discovered during project activities. It ensures that such chance finds are managed in a manner consistent with national heritage laws, international good practice, including IFC PS 8 and the principles of cultural heritage protection. The procedure applies to all Direct Investment activities that involve ground disturbance or construction works.

- Purpose and Scope
- Legal and Policy Framework
- Definition of Chance Finds
- Procedural Steps for Chance Finds
 - Immediate suspension of work in the discovery area
 - Protection and securing of the site
 - Notification of relevant authorities and project management
 - Assessment and documentation by qualified specialists
 - Decision on management measures (preservation in situ, removal, documentation, or other actions)
 - Authorization to resume work after clearance
- Roles and Responsibilities
- Communication and Reporting
- Training and Awareness
- Monitoring and Review

3.22 Annex 22: Indicative Outline of Annual E&S Performance Report for Direct Investments

Indicative Outline of Annual E&S Performance Report for Direct Investments	
Name of the investee:	
Country:	
Report submission date:	
Summary of project status and new operations:	
Updates on Environmental and Social Action Plan (ESAP) implementation:	
Item #	
General Updates	
Did the investee expand or dismantle its operations?	
Did the investee renew or obtain new environmental licenses, permits or certifications during the reporting period?	
Have you identified new environmental and/or social risks or impacts during the reporting period in addition to those identified during the previous environmental and social risk assessments and covered in the ESAP?	
Has any environmental or social incident occurred?	
Have there been any temporary suspensions, reductions or closures of operations, sanctions, fines and/or corrective action plans imposed by authorities on the Institution?	
Have any significant health and safety violations caused by your contractors and/or subcontractors been identified?	
E&S Policy and Environmental & Social Management System (ESMS)	
Have there been any changes in the E&S policy and/or ESMS?	
Have the roles and responsibilities in E&S management changed?	
Has the staff responsible for E&S issues received relevant training?	
Have you received any complaints or claims from affected communities, affected indigenous peoples, members of the public, or civil society organizations?	
Please provide information on the implementation (or any changes) to the stakeholder engagement plan and summarize the interaction with stakeholders:	

Labor and Working Conditions	
Updates in HR/Procedures	
Updates in the Code of Ethics	
Collective retrenchment information (if applicable)	
Employee grievances received during the reporting period	
Breakdown of employees by gender	
OHS incident and fatality breakdown	
OHS training provided to staff, contractors, and subcontractors:	
Resource Use and Efficiency, and Pollution monitoring	
Details on:	
Electricity use:	
Water use:	
Waste Water discharge:	
Air emissions:	
Waste	
Land Acquisition	
Have any land acquisition activities, associated with the Project operations, been conducted during the reporting period?	
Has land acquisition resulted in: (a) loss of housing and other non-land assets, or (b) loss of incomes/livelihoods (including impact to non-titled peoples)?	
Has access to common property resources (e.g. community facilities, public grazing lands, forest, etc.) be restricted by the project construction?	

3.23 Annex 23: Indicative Outline of Annual E&S Performance Report for Financial Intermediaries

Indicative Outline of Annual E&S Performance Report for Financial Intermediaries	
Name of FI:	
Country	
Report submission date	
E&S Topic	Responses
E&S Management	
Does the FI have the following documentation/procedures (ESMS):	
E&S Policy	
Screening against an Exclusion list	
E&S risk categorization	
E&S undertakings in financing agreements	
E&S performance monitoring	
Assigned E&S roles and responsibilities	
Changes to the ESMS during the reporting period	
Plans to develop or update the ESMS during the next reporting period	
E&S organizational capacity	
Oversight of E&S issues	
E&S training	
Stakeholder engagement and E&S reporting	
Grievance mechanism	
Grievances received during the reporting period	
Internal or external stakeholder E&S reporting	
E&S incidents during the reporting period	
E&S risk category breakdown of TPI's sub-loan portfolio:	
Category B (medium E&S risk):	
Category C (low E&S risk):	
Human Resources Management	
Updates in HR/Procedures	
Updates in the Code of Ethics	

Collective retrenchment information (if applicable)	
Employee grievances received during the reporting period	
Breakdown of employees by gender	
Does the FI have the following measures in place to mitigate Gender-based Violence and Harassment (GBVH):	
A stand-alone policy or an explicit commitment on zero tolerance towards sexual harassment and all forms of violence at work	
Training on detecting, preventing and addressing GBVH claims	
Gender-responsive grievance mechanism for GBVH claims	
Responsible Finance	
Does the FI have the following policies and/or procedures that protect clients and customers:	
Client credit history and/or existing debt checks	
Interest rates and/or fees	
Client data protection	
Diversity and inclusion	
Complaints mechanism for clients	
Alignment with Client Protection Standards	
Climate and Sustainability	
Does the FI have a strategy, plan or policy addressing the following topics:	
Sustainability	
Climate objectives	
Does the FI or its parent group publish an Annual Sustainability Report?	
If available, please enter values below:	
Scope 1 Emissions (tonnes of CO ₂ equivalent/year)	
Scope 2 Emissions (tonnes of CO ₂ equivalent/year)	
Scope 3 Emissions (tonnes of CO ₂ equivalent/year)	
Climate risk governance, management and disclosures:	