

CATALYST MENA CLIMATE FUND 2 (CMCF 2)  
CATALYST MENA CLIMATE FUND 2 GP

ENVIRONMENTAL AND SOCIAL MANAGEMENT  
SYSTEM (ESMS)

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Approved and signed by

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Date \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

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## Abbreviations List

CDC	Commonwealth Development Corporation
CMCF	Catalyst MENA Clean Energy Fund
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIC	ESMS Implementation Committee (EIC)
ESAP	Environmental & Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
ESIA	Environmental & Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental & Social Management System
FMO	Netherlands Development Finance Company
IAPs	Interested and Affected Parties
IFC	International Finance Corporation
ILO	International Labour Organization
OPIC	Overseas Private Investment Corporation

## INTRODUCTION

The Environmental & Social Management System (ESMS) is a process that integrates Environmental and Social risk management into the business processes of Catalyst MENA Climate Funds (CMCF). It is a set of actions and procedures that are implemented concurrently with the Fund Manager's existing risk management procedures.

The ESMS ensures that the Fund Manager's activities are in compliance with its Environmental, Social and Governance Policy and Framework and details:

- 1) the Fund's Environmental, Social and Governance policy.
- 2) investment appraisal and supervision procedures.
- 3) monitoring and reporting.
- 4) ESMS internal audits.
- 5) external reporting.
- 6) roles and responsibilities; and
- 7) budget and training that will be integrated into the existing risk management procedures of the Manager to evaluate a project's financial risks.

## 1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

### **Our Mission**

Catalyst MENA Climate Funds (CMCF) mission is to promote sustainable economic development in the MENA region in renewable energy, energy efficiency and water projects and in companies with potential for growth and sustainability. We are a process-led firm and believe that by maintaining investment discipline can reduce the level of risk associated with the funds' investments and deliver strong returns. At CMCF, we firmly believe that responsible investing is complementary to profitability. Being a good corporate citizen and enhancing the social development of the communities in which we invest is integral to our business. In order to achieve these goals, we have created a culture within our company and within our portfolio companies to encourage transparency and accountability.

### **Our Approach**

CMCF's principles of responsible investing are embedded in our Environmental, Social and Governance (ESG) Framework, which provides the structure and guidance for our investment team as well as our portfolio companies.

We encourage our clients to work towards continuous improvement of their environmental and social management and performance. Firms with an environmentally sustainable and socially responsible way of operating significantly lower the risk for their business model, and therefore, achieve greater cost efficiencies and profitability. These principles are integral to our business, both our own operations and those of our portfolio companies.

### **Our Commitment**

Our ESG Framework is guided by internationally recognized Environmental and Social Standards and Guidelines, and is based on IFC's Performance Standards and World Bank Group Environmental Health and Safety Guidelines, UN Principles for Responsible Investing, and ILO's Core Labor Standards as well as relevant sector specific standards, in close cooperation with IFC, FMO, EIB, EBRD and OPIC.

At CMCF, we view our commitment to ESG as a continual process of assessment and evaluation and we are committed to updating our policies and procedures accordingly.

## 2 ESMS FLOWCHART

Figure 1 presents an overview of CMCF Environmental and Social Management System (ESMS) process across the investment lifecycle. It illustrates the steps from initial screening and exclusion list checks through risk categorization, environmental and social due diligence, and decision-making, as well as the integration of Environmental and Social Action Plans (ESAPs) and contractual covenants. The flowchart also highlights monitoring and reporting requirements applicable during the investment and operational phases, proportionate to the level of environmental and social risk.

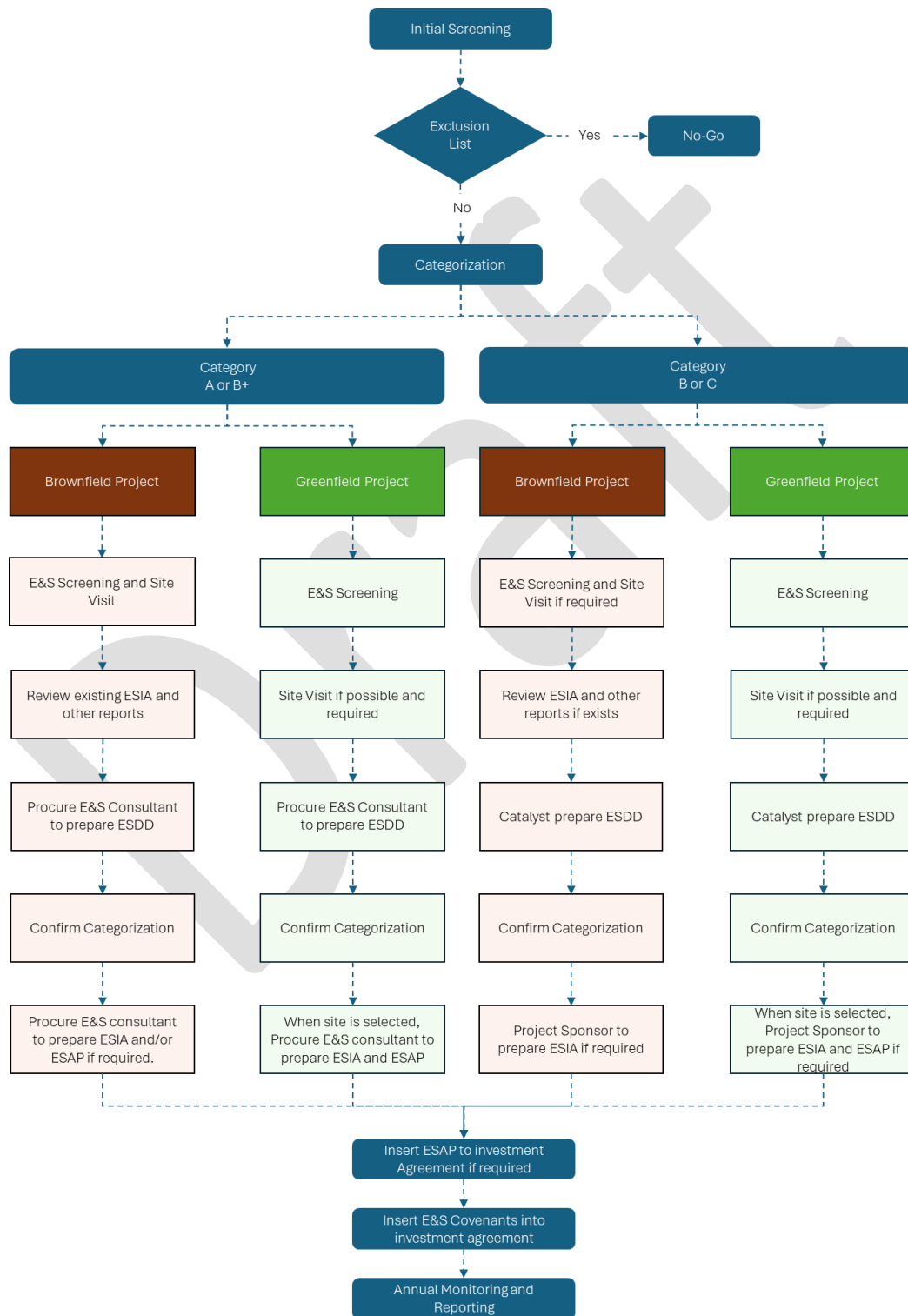


Figure 1. ESMS Flowchart

### 3 INVESTMENT APPRAISAL AND SUPERVISION PROCEDURES

The following will be implemented as key steps of the ESMS process in line with the Fund Manager's deal investment cycle.

#### 3.1 Pre-investment

##### 3.1.1 Initial Screening of Potential Investments

During pre-investment, the appointed Environmental, Social and Governance Lead in the Fund, responsible for oversight of the ESMS, will screen and categorize potential investments based on the E&S risks associated with the project. (Section [4.1 ESG and Impact Lead](#) outlines the roles and responsibilities of the ESG Lead).

The objective of the screening will be to:

- Identify 'no go' issues and 'red flags' against the Fund's Exclusion List [[Appendix A: CMCF's Exclusion list](#)];
- Identify potential social and environmental risks of the targeted investment; (including if possible economic quantification of the risk)
- Determine the project's environmental risk category: Low (C), Medium (B), Medium-High (B+), or High (A);
- Determine the level of environmental and social assessment required to address potential risks and impacts; and
- Enable the Fund manager to plan and budget for the ESG due diligence.

If a project involves an excluded activity as listed in the CMCF Exclusion List, it will not be considered for financing.

During screening the ESG Lead will use the Fund's ESG checklist to assess the technical aspects of the project, including the project site, project activities, environmental issues, community interactions, social issues and labor issues [[Appendix B1: ESG screening Checklists](#)]. These checklists were developed with the aid of IFC's Performance Standards and FMO's Environmental, Social and Governance (ESG) Toolkit<sup>1</sup>.

The use of the checklists will be supplemented by desk-based research and a review of GIS maps and references. If necessary, the Fund may also undertake a site visit. When it comes to water projects, a dedicated list is customized to encompass the distinct requirements and components of water projects [[Appendix B2: Water projects screening Checklists](#)]. This list is employed alongside the screening checklist mentioned earlier.

Screening will include the Checklist in regard to Gender Equality embedded in CMCF Gender Inclusion Policy and Guide to assess and minimize social and gender-related risks as per [Appendix N: CMCF Gender Policy Statement and Checklist for Project Screening](#), while also endeavoring to promote respect for and observance of human rights of all people, including women and men from vulnerable or marginalized communities in all climate change actions; and reduce the gender gap resulting from climate change exacerbated social, economic and environmental vulnerabilities and exclusions through strategic climate investments that mainstream gender equality issues.

##### 3.1.2 Assigning an environmental and social risk category to the project

Based on the initial screening, projects will be assigned an environmental and social risk category [[Appendix C: Risk Categorization](#)] based on the following factors<sup>2</sup>:

- Industry sector.
- Highly significant impacts such as proximity to environmentally sensitive areas or potential involuntary resettlement or economic displacement of Affected Parties;
- Potentially irreversible impacts; and
- Extent of environmental and social issues.

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<sup>1</sup> <https://www.fmo.nl/esg-tools>

<sup>2</sup> FMO's Toolkit, a site visit (if necessary), and other available resources will be used to support the categorization rationale.

### 3.2 E&S Due Diligence

E&S due diligence will be undertaken for potential investments using two different approaches:

#### (a) Investments in brownfield (existing) sites

For investments in brownfield sites, which have been categorized as Category A or B+, the Catalyst ESG Lead will hire a qualified E&S consultant to undertake an Environmental and Social Due Diligence (ESDD) of the site using the ESDD template [[Appendix D: Environmental and Social Due Diligence Template](#)] at least. The ESDD will take into account any existing data or reports such as Environmental Impact Assessments in order to confirm the categorization and prepare a project-specific Environmental and Social Action Plan (ESAP) [[Appendix E: ESAP Template Form](#)]. During the due diligence, project compliance with applicable national laws on environment, health, and safety, as well compliance with Applicable Requirements<sup>3</sup> will be verified.

For Category B and C projects, the ESDD can be undertaken by the Catalyst ESG Lead and an ESAP will be prepared.

The ESAP will be reviewed and approved by the ESMS Implementation Committee (EIC).

Following approval, the ESAP will be attached to the investment/shareholder agreement with the Project Sponsor.

#### (b) Investments in greenfield sites and/or sites which have not been confirmed

For investments in greenfield sites and/or sites which have not been confirmed by the Project Sponsor (ie land purchase or land lease agreements have not been signed), the Fund will undertake an ESDD of the site using the ESDD template.

For Category A or B+ projects, the Fund will hire a qualified E&S consultant to undertake an Environmental and Social Due Diligence of the site using the ESDD template [ToRs are provided in [Appendix F: Consultant TOR – Environmental and Social Due Diligence and Supervision](#)].

For Category B and C projects, the ESDD will be undertaken by the Catalyst ESG Lead.

The ESDD will confirm the categorization of the potential investment and assess whether an Environmental and Social Impact Assessment (ESIA) is required, in accordance with the environmental and labor laws and regulations of the host country. Terms of Reference for an ESIA are provided in [Appendix G: Consultant TOR – Environmental and Social Impact Assessment](#).

Once the ESIA has been completed, submitted and approved by the local Ministry of Environment, the Catalyst ESG Lead will prepare an ESAP for review and approval by the ESMS Implementation Committee. Following approval, the ESAP will be attached to the investment/shareholder agreement with the Project Sponsor.

#### For Solar PV Investment

For any investment involving a solar photovoltaic (PV) component, the Fund will implement specific due diligence measures to address supply chain risks, particularly regarding forced labor. The Fund will utilize the **Guidance for Client Solar Due Diligence** (provided in [Appendix M: Guidance For Client Solar Due Diligence](#)) to screen the PV module supply chain through the EPC contractor of the project. This includes completing the specialized Due Diligence Questionnaire for the supply chain and ensuring the implementation of a Code of Conduct for sourcing policies. This list is employed alongside the [[Appendix D: Environmental and Social Due Diligence Template](#)].

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<sup>3</sup> Applicable Requirements will be defined as follows: IFC's Performance Standards and World Bank Group Environmental Health and Safety Guidelines, UN Principles for Responsible Investing, and ILO's Core Labor Standards as well as relevant sector specific standards, in line with FMO, IFC, EIB, EBRD and OPIC standards.

### 3.3 E&S Conditions of Investment Agreement

Investment agreements will contain appropriate environmental representations, warranties, and covenants requiring that projects are in compliance in all material respects with host country environmental, health, safety and social requirements embodied by state general laws and implementing agencies and conducted in accordance with any Applicable Requirements. The investment agreement will also include the project-specific ESAP to ensure compliance with applicable requirements.

Examples of such representations, warranties and covenants are provided in [Appendix H: Template ESG Clauses for Investment Agreements](#).

### 3.4 Monitoring and Reporting

The environmental and social performance of investees will be monitored and evaluated on a periodic basis to ensure on-going compliance with the Applicable Requirements, including status of implementation of the corrective actions. The benchmark for performance will be the on-going compliance against the Applicable Requirements.

#### 3.4.1 Fund's Portfolio Companies Monitoring and Reporting

- The Fund's portfolio companies will provide **semi-annual reports**, in the form agreed upon, to the Fund Manager, who may follow up as required with further queries or site visits. [Appendix I: Semi-Annual Environmental and Social Monitoring Report](#) provides a sample for the semi-annual reporting.
- The Fund's portfolio companies are required to report on E&S issues in the monthly progress/status reports during both the construction and O&M phases. These progress reports should mention any arising E&S issues in the month being reported, and any expected potential issues and recommended corrective actions to address and manage the issues reported
- The Fund's portfolio of companies will be obliged to report any incidents or fatalities to the Fund within 3 business days. Reporting of incidents should be in compliance with form provided in [[Appendix J: Incident Report Form](#)] to provide description of the accident, persons or plant involved and root cause analysis. Moreover, the report should include information on the measures taken to address and resolve the situation.

#### 3.4.2 Fund Manager Monitoring and Reporting

- The Fund Manager will prepare an Annual Environmental and Social Performance Report to be submitted to the Fund's shareholders. The Report will be based on the environmental and social performance reporting submitted to the Fund by the CMCF portfolio companies. [Appendix K: Information to be reported in the E&S Annual Performance Report to Shareholders](#) includes a list of the minimum requirements needed to be reported in the Annual Environmental and Social Performance.
- It is expected that the investees will be submitting semi-annual reports to the Fund, both during the construction phase and operational phases, outlining the performance of the investee's E&S management system and progress on the corrective action plans. Qualified E&S Consultants may be hired to undertake the supervision of high and medium-high risks projects. Terms of Reference for the E&S Supervision are provided in [Appendix L: Consultant TOR – Environmental and Social Supervision of Portfolio Project](#).
- The Fund Manager will report to its investors within 3 business days of receiving notification from portfolio companies of any incidents or fatalities that have occurred.

#### 3.4.3 Corrective Action Plan

The portfolio company must be able to demonstrate compliance with the Applicable Requirements. Demonstration of compliance must be to the Fund Manager's satisfaction, although the opinion of third parties such as regulatory agencies and shareholders/investors can be sought. Where compliance cannot be demonstrated, a Corrective Action Plan will be developed and agreed with the portfolio company. The plan must specify all of the necessary actions to bring a project into compliance against a target completion date.

#### 4 ROLES AND RESPONSIBILITIES

Ennis Rimawi Managing Director & IC Member				
INVESTMENT TEAM	TECHNICAL TEAM	FINANCE TEAM	CAPITAL MOBILIZATION	ADMINISTRATION
Fadi Makhamreh Senior Investment Director & IC Member	Firas Rimawi Technical Director	Acting-FM Finance Director	Taleen Batshon Sustainability Officer	Bilal Ayasrah Officer
Investment Manager / Senior Analyst	Khaled Al-Saheb Senior Electrical Engineer	Ishraq Al-Natour Financial Accountant		
Investment Analyst	Qusai Alabbassi ESG & Impact Lead			
	Alaa Alqaruti IT & Logistics Officer			

E&S Oversight			
ESG and Impact	ESMS Implementation Committee (EIC)	Deal Team	External Consultants
Qusai Al-Abbassi ESG & Impact Lead	Fadi Makhamreh EIC Lead	Fadi Makhamreh Senior Investment Director	E&S Consultant
	Ennis Rimawi Managing Director	Firas Rimawi Technical Director	Impact Advisor
	Firas Rimawi Technical Director		Gender Expert
	Qusai Alabbassi ESG & Impact Lead		

#### 4.1 ESG and Impact Lead

Catalyst appointed an ESG Lead who will oversee the implementation of the ESMS and ensure that these procedures are integrated with the Fund Manager's business processes for evaluating an investment's financial risks.

The responsibilities of the **ESG Lead** include:

- Overseeing all ESG matters and supporting the implementation of the ESMS.
- Ensuring that the Investment team, Finance Team, Technical Team, and other Fund team members are all trained on ESG Policy and Procedures.
- Conducting site visits once per year for projects classified high-risk and medium-high risk, as part of the monitoring of E&S issues.
- Preparing the Fund's Annual Environmental and Social (E&S) Performance Report to investors and stakeholders.
- Conducting internal annual E&S audits for verification and control processes.
- Overseeing day-to-day environmental and social (E&S) tasks, including the management of E&S due diligence for target investees and the supervision of portfolio companies.
- Leading internal annual audits of environmental, social, and governance (ESG) practices and contributing to the Fund's annual E&S Performance Report.

#### 4.2 Deal Team

The responsibilities of the Senior Members of the **Deal Team** include:

- Conducting site visits once per year for projects classified in low and medium risk, as part of the monitoring of E&S issues; and
- Ensuring that all investment agreements contain covenants requiring that projects are in compliance with applicable national laws on environment, health and safety, as well as international laws and best international standards and practices.

#### 4.3 ESMS Implementation Committee

An ESMS Implementation Committee (EIC) has been established in line with the Fund's existing management structure to play an advisory role and provide on-going management support and approvals.

##### 4.3.1 Committee Structure

The Committee comprises of top Management, the ESG team, and designated Function Departmental Managers. The Fund's Investment Director serves as the EIC Lead and assigns responsibility to the members of the EIC for tasks related to ESMS development and implementation. The EIC Lead will have sufficient authority and management support and will undertake periodic management reviews. Topics to be discussed in the management review shall include but not be limited to:

- Review of the environmental policy and framework, objectives, targets, and programmes.
- Review of legal compliance and compliance with other requirements (including investee compliance with the ESMS).
- Findings of the internal audits.
- Review of nonconformities and the status of corrective/preventive actions.
- Communications from external interested parties, including complaints.
- ESG performance and areas for improvement.
- Adequacy of emergency preparedness and response.
- Changing circumstances, including developments in legal and other requirements related to its environmental aspects,
- Identify the need for modification of the existing ESMS in light of the above items; and
- Follow-up action from previous management reviews.

Findings from the management review shall be recorded in the meeting minutes.

#### 4.3.2 Duties and responsibilities of the Committee Members

The following table provides a description of the duties and responsibilities of the core EIC members:

Title	Responsibilities
<b>Investment Director (Committee Leader)</b>	<ul style="list-style-type: none"> <li>Responsible for establishing appropriate organizational structures, roles and responsibilities, and ensuring that the policies and procedures of the fund’s ESMS will be duly implemented.</li> <li>Undertake an annual management review to periodically ensure that the ESMS is suitable, adequate and effective.</li> </ul>
<b>ESG and Impact Lead</b>	<ul style="list-style-type: none"> <li>Responsible for overseeing all ESG matters and coordination to ensure that the resources are made available for the implementation of the ESMS.</li> <li>Ensure the Investment team, Finance Team, Technical Team, and other Fund team members are all trained on the ESG Policy and Procedures.</li> <li>Prepare the Fund’s Annual Environmental and Social (E&amp;S) Performance Report to investors and stakeholders.</li> <li>Conduct internal annual E&amp;S audits for verification and control processes.</li> <li>Build and maintain a roster of qualified E&amp;S consultants who can be called upon to assist in E&amp;S due diligence or reviews of Category A and B+ projects , and B projects (if needed).</li> <li>Overseeing day-to-day environmental and social (E&amp;S) tasks, including the management of E&amp;S due diligence for target investees and the supervision of portfolio companies.</li> <li>Leading internal annual audits of environmental, social, and governance (ESG) practices and contributing to the Fund's annual E&amp;S Performance Report.</li> </ul>
<b>Investment Executive</b>	<ul style="list-style-type: none"> <li>Ensure relevant E&amp;S Procedures are followed during investment appraisals and reviews.</li> <li>Ensure that relevant E&amp;S clauses and covenants are included in applicable documentations e.g. term sheets, investment/shareholder agreements.</li> </ul>
<b>Technical Director</b>	<ul style="list-style-type: none"> <li>Support the implementation of the Fund’s ESMS at the project level by ensuring that technical activities and engineering decisions are consistent with applicable E&amp;S requirements.</li> <li>Oversee and coordinate the inputs of technical engineers and external technical advisors into Environmental and Social Action Plans (ESAPs), Corrective Action Plans, and related technical mitigation measures.</li> <li>Provide technical support on environment, health, and safety aspects related to project engineering, including occupational health and safety, emergency preparedness and response, and site security considerations, within the scope of technical control and influence.</li> <li>Support the ESG and Impact Lead by contributing technical inputs to E&amp;S due diligence, monitoring reports, and incident reviews, including analysis of root causes and proposed technical corrective measures.</li> </ul>

#### 4 INTERNAL AUDIT

The ESMS needs to be reviewed once every three years by the ESMS Implementation Committee to ensure that it remains relevant and effective over time and incorporates the Fund Manager's evolving needs.

This involves identifying potential difficulties with operational aspects of ESMS implementation and making changes as necessary; reviewing the scope of ESMS procedures to ensure that emerging ESG risks of projects are detected and identified during the due-diligence process; and updating the ESMS to reflect revisions in applicable national laws on environment, health, and safety.

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## 5 BUDGET AND TRAINING

To ensure effective ESMS implementation, it is necessary to (a) allocate resources to prepare and distribute ESMS documentation and materials, (b) train staff and new hires on ESMS procedures, and (c) account for staff time to perform their ESMS responsibilities in their day-to-day duties.

The annual budget for ESMS implementation will cover: E&S related training, procurement of external consultants, and supervision and monitoring of portfolio companies.

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## APPENDIX A: CMCF'S EXCLUSION LIST

CMCF does not finance any activity, production, use of, trade in, distribution of or involving:

**1 Forced labour or child labour.**

Forced labour 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<sup>4</sup>.

Child labour is employment of individual/s under 18 years old.

**2 Any product or activity deemed illegal**

Under host country laws or regulations or international conventions and agreements.

**3 The following products or trade:**

- weapons and munitions.
- tobacco (except solely for a renewable energy or energy efficiency project for such company).
- hard liquor.
- Radioactive materials<sup>5</sup>.
- Gambling, casinos and equivalent enterprises.
- Mining of conflict minerals and materials specifically, (Tin, tantalum, tin, tungsten and gold) (except solely for a renewable energy or energy efficiency project for such company).

Financing of these products or trade is exceptionally possible only after early stage internal approval as long as these are not considered as a substantial part of a project sponsor's primary operation.

**4 Pornography or prostitution and related infrastructure.**

**5 Wildlife or wildlife products regulated under CITES<sup>6</sup>.**

**6 Hazardous materials**

Such unbounded asbestos fibres<sup>7</sup> and products containing PCBs<sup>8</sup>.

**7 Production or trade in unbonded asbestos fibers<sup>9</sup>.**

**8 Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals<sup>10</sup>.**

**9 Cross-border trade in waste and waste products**

Unless compliant with the Basel Convention and the underlying regulations.

**10 Drift net fishing**

In the marine environment using nets in excess of 2.5 km in length.

**11 Pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances, trade in mercury, mercury compounds, and a large range of mercury-added products, production or use of or trade in persistent organic pollutants and other hazardous substances subject to international phase-outs or bans; except solely for a renewable energy or energy efficiency project for such company.**

Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available the United Nations Environment Programme (<https://ozone.unep.org/treaties/montreal-protocol>).

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<sup>4</sup> ILO Fundamental Human Rights Conventions, Minimum Age Convention C138, Art. 2

<sup>5</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.

<sup>6</sup> CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available here: <https://cites.org/eng>

<sup>7</sup> This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

<sup>8</sup> PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

<sup>9</sup> This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

<sup>10</sup> Hazardous chemicals include gasoline, kerosene, and other petroleum products.

**12 Significant conversion or degradation of Critical Habitat.**

Significant conversion or degradation means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

**13 Production or trade in wood or other forestry products other than from sustainably managed forests.**

**14 Racist and anti-democratic media.**

**15 Significant alteration, damage, or removal of any critical cultural heritage.**

Critical cultural heritage consists of (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

**16 Relocation of Indigenous Peoples from traditional or customary lands.**

The term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

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

**17 Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.**

**18 Activities involving live animals for experimental and scientific purposes except when in compliance with the**

Council of Europe's Convention for the Protection of Vertebrate Animals Used for Experimental and other Scientific Purposes (Strasbourg 18.3.86), EU Directives (I.A.Council Directive 86/609/EEC).

**19 Purchase of land or real-estate investment except where it is directly associated with Investments (e.g. land for the construction of a power plant) or Real-estate activities with the aim of making profit on sales in the short or medium term. Housing, except for social housing in connection with programs for urban renewal and/or urban regeneration schemes.**

**20 Any investment that benefits or is related to nuclear power projects.**

**21 Carrying out any lobbying activity.**

**22 Detention facilities e.g. prisons, Police stations, schools with custodial functions.**

**23 Sectors and activities with a strong ethical dimension considered to carry significant reputation risk (and for which the Cornerstone Investors should unanimously agree on their eligibility) such as:**

- Health or research projects involving human embryo testing or cloning.
- Genetically modified plants/organisms.
- Religious organizations.
- Psychiatric hospitals involving custodial functions.
- Abortion clinics, euthanasia services.
- Crematoria.

## APPENDIX B1: ESG SCREENING CHECKLISTS

### I. Initial Environmental and Social Screening Checklist:

Investment	
Investment Name	
Investment stage	
Amount	
Location	
GPS Coordinates	
Investment type	
Sector	
Sub sector	
Risks, Management & Opportunities	
E&S Risk Category	
Rationale	
Applicable IFC Performance Standards	
Performance Standard	Applicable
PS1: Assessment and Management of Environmental and Social Risks and Impacts	
PS2: Labor and Working Conditions	
PS3: Resource Efficiency and Pollution	
PS4: Community, Health, Safety and Security	
PS5: Land Acquisition and Involuntary Resettlement	
PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
PS7: Indigenous People	
PS8: Cultural Heritage	

Natural Resources, Biodiversity and Climate Change	(Yes/No)	Please Describe
1. Does the potential investment pose any risk of causing adverse impacts to habitats and ecosystems?		
2. Is the potential project within close vicinity of critical habitats, environmentally sensitive areas and legally protected areas such as national reserves, Important Bird Area (IBA)?		
3. Does the potential investment involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods?		
4. Does the potential investment pose any risk to endangered species?		
5. Does the potential investment pose any risk of introducing invasive alien species?		
6. Does the potential investment harvesting of natural forests, plantation development, reforestation, harvesting of fish populations or other aquatic species?		
7. Does the potential investment involve significant extraction, diversion or containment of surface / ground water? (Construction of dams, reservoirs)		
8. Will the construction or operation lead to emissions, effluent discharge, odor, or solid waste?		
9. Does the potential investment involve utilization of genetic resources?		
10. Would the potential outcomes of the investment be sensitive or vulnerable to potential impacts of climate change?		
11. Does the potential investment involve activities that might result in significant greenhouse gas emissions?		
12. Is the potential investment located in an area susceptible to potential floods, volcanic activity, or natural disasters?		
13. Has a preliminary ecological survey been done to assess impacts on flora, fauna, or ecosystem services?		
Pollution Prevention and Resource Efficiency	(Yes/No)	Please Describe
1. Will the Project potentially result in the release of pollutants to the environment?		
2. Will the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?		
3. Will the proposed Project potentially involve the manufacture, trade, release, and/ or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs?		
4. Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?		
5. Does the Project include activities that require significant consumption of raw materials, energy, and/or water?		
Community Health, Safety and Working Conditions	(Yes/No)	Please Describe

1. Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?		
2. Does the potential investment pose any risk to community health and safety due to the transport, storage, use, or disposal of hazardous or dangerous materials?		
3. Does the potential investment involve large-scale infrastructure development (e.g. dams, roads, buildings)?		
4. Does the potential investment pose a risk of failure of structural elements of the Project threatening the safety of communities?		
5. Does the potential investment pose the risk of increasing vulnerability to earthquakes, subsidence, landslides, erosion, flooding, drought or extreme climatic conditions?		
6. Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?		
7. Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?		
8. Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?		
9. Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?		
<b>Gender</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Has a gender assessment (including a risk assessment) been conducted? If so, what are the results of such assessment?		
2. Does the Project account for gender-specific needs and address gender-specific conditions?		
3. How does the Project enhance women's empowerment and/or reduce the social exclusion of women?		
4. How does the Project contribute to improve the opportunities and rights of women?		
5. Are women stakeholders included in the consultative process?		
6. Does the Project promote women's participation? How?		
7. Will gender-disaggregated data collection and reporting be possible? Why/why not? What risks or factors may affect data collection and reporting?		
<b>Cultural Heritage</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Will the potential investment involve activities that would		

adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture?		
2. Does the potential investment propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?		
<b>Displacement and Involuntary Resettlement</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Is the land legally owned, leased, or acquired through voluntary transactions? Are there any customary or informal users?		
2. Will the project lead to physical displacement or restrict community access to land, water, or livelihood resources?		
3. Are there unresolved land claims, informal settlements, or risks of land conflict?		
4. Would the Project potentially involve temporary or permanent and full or partial physical displacement?		
5. Is the ownership status and current usage of the land known?		
6. Are there any non-titled people who live or earn their livelihood at the site or affected area?		
7. Would the Project possibly result in economic displacement?		
8. Is there a risk that the Project would lead to forced evictions?		
9. Would the proposed Project possibly affect land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?		
<b>Indigenous Peoples</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Are indigenous peoples present in the Project area (including Project area of influence)?		
2. Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?		
3. Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?		
4. Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples?		
5. Would the Project adversely affect the development priorities of indigenous peoples as defined by them?		
<b>Livelihoods and Wellbeing</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Will the project negatively affect local livelihoods (e.g. fishing, agriculture, grazing, informal water vendors)?		
2. Are economic benefits expected (e.g. jobs, service contracts, local procurement)? Are they accessible to affected communities?		

3. Could the project impact women, youth, or vulnerable groups differently? Have these impacts been considered?		
<b>Community Engagement</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Has the local community been informed about the project? Has engagement been inclusive (e.g. women, farmers, Indigenous Peoples if relevant)?		
2. Is there a functioning grievance mechanism that communities can access before and after investment?		
3. Are there any signs of community resistance, tension, or lack of trust in the project?		
<b>Forced/Child Labour</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Does the company have a written policy prohibiting forced labour and child labour (including a commitment not to employ anyone under 18)?		
2. Are there age-verification procedures (e.g. official IDs) to ensure no worker under 18 is hired (including casuals/apprentices)?		
3. Can workers freely leave employment with reasonable notice, and are IDs/passports not retained and no recruitment/migration fees charged to workers?		
4. Does the investment involve material procurement of equipment/materials or contracted services with potential forced/child labour risk?		
5. If Solar PV is material: Is the IFC Solar PV Forced Labour Screening Tool ( <a href="#">Appendix M: Guidance For Client Solar Due Diligence</a> ) applicable?		
6. Can Tier-I primary suppliers <sup>11</sup> / key contractors for the relevant scope be identified at this stage (at least in principle)?		
7. Does the portfolio company/EPC have a Supplier Code of Conduct / sourcing policy prohibiting forced & child labour?		
8. Are there flow-down obligations in contracts requiring suppliers/contractors (and relevant subcontractors/Tier-II primary suppliers) to comply with forced/child labour prohibitions and cooperate with information requests?		
9. Is there a basic process to screen for credible allegations / sanctions / adverse media for relevant suppliers/contractors?		
10. Is there evidence (supplier list, key contracts/POs, declarations, screening logs, any assurance documents) sufficient for monitoring and investor reporting?		
11. Are there any immediate red flags: refusal to identify Tier-I,		

<sup>11</sup> A primary supplier is a supplier who on an ongoing basis forms part of the supply chain of goods or materials essential for the core business processes of the project. A primary supplier may supply its goods or materials directly to the project (a Tier I primary supplier), to the Tier I primary supplier (a Tier II primary supplier) or may be at a deeper tier of the primary supply chain. [Introduced June 14, 2021].” Guidance Note 1, FN 9.

lack of any policy/controls, inability to provide reasonable evidence, or credible allegations linked to relevant suppliers/contractors with no credible mitigation plan?		
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**II. Governance and Business Integrity Checklist:**

This checklist is developed for initial screening of investments with governance and business integrity checklist. The checklist uses reference from CDC’s Governance and Business Integrity Due Diligence Monitoring Checklist<sup>12</sup>

<b>Country corruption situation</b>	<b>(Yes/No)</b>	<b>Please Describe</b>
1. Does the country of potential investment rank well in Transparency International’s Corruption Perceptions Index?		
2. Is the financial regulatory system of the country operating in line with high international standards?		
<b>Business integrity of company</b>	<b>(Yes/No)</b>	
1. Is there a designated person at the company of potential investment with responsibility for managing compliance issues, ethics and potential conflicts of interest?		
2. Is there evidence of investees’ involvement or association with criminals?		
3. Is there evidence of investees’ involvement or association with money laundering?		
<b>Code of conduct</b>	<b>(Yes/No)</b>	
1. Does the potential investee company have a code of conduct for employees prohibiting bribery?		
<b>Dealings with government</b>	<b>(Yes/No)</b>	
1. Does the potential investee company show evidence of involvement in misuse or misappropriation of public property?		
2. Does the potential investee company show evidence of bribing public officials or use of inappropriate means to influence public decisions or processes?		
3. Does the potential investee company show evidence of major political affiliations or contributions?		
4. Does the potential investee company show evidence of politician or government official involvement in the company?		
5. Does the potential investee company show evidence of tax evasion?		
<b>Commitment to good corporate governance</b>	<b>(Yes/No)</b>	
1. Does the potential investee company have a code of ethics?		
2. Does the company have a corporate governance code and / or policy?		
3. Large or serious law suits for which there is not a satisfactory explanation?		

<sup>12</sup> <http://toolkit.cdcgroup.com/governance-business>

4.	Inappropriate or above-market costs, fees or other company expenses?		
5.	Unknown or suspicious sources of wealth for company staff, management and / or shareholders?		
6.	Reluctance to discuss integrity or corruption issues from company staff, management and / or shareholders?		

### III. Site Visit Checklist

The checklists provided above are mainly conducted on bases of research and questions prior to any site visit conducted. These are mainly completed with the Fund’s staff familiarity with the environmental and social information provided by the client/investee as well as have a general understanding of the environmental and social issues that are typically associated with a particular industry sector.

The Fund’s staffs can then ask more targeted questions, request any necessary documents and focus their observations on particular areas of a facility during their site visit.

The Fund’s staff should meet with site managers including health and safety officers and human resources officers as well as technical staff who are well-informed of the environmental and social implications of processes associated with the client’s/investee’s operations.

The specific focus of the site visit will vary depending on the function of the investee’s business operations however the following form (Checklist) covers general information about the site. This checklist is prepared with guidance from IFC<sup>13</sup> and EBRD’s Site Visit Guidance and Checklist<sup>14</sup>.

Investment	
Investment Name	
Investment stage	
Project Value (Amount)	
Location	
GPS Coordinates	
Map (Photos)	

<sup>13</sup> <https://firstforsustainability.org/risk-management/site-visit/>

<sup>14</sup> <http://www.ebrd.com/downloads/about/sustainability/14-site-visit.pdf>

Investment type	
Sector	
Sub sector	
Date of Visit:	
Name/Position/Contact details of person(s) undertaking the visit	

General Site Information	
1. General characteristics of the site including age and use of facilities and buildings (if existing)	
2. Operations and processes performed on the site	
3. Size of the workforce	
4. Labor practices	
5. Surrounding land use	
Preparation for the Site Visit	(Yes/No)
1. Does the site have all necessary permits and licenses to operate?	
2. Does the site have a history of significant or frequent non-compliance with permits or regulations?	
3. Is the site in compliance with all E&S impact assessment requirements?	
4. Is there appropriate public liability insurance cover in place?	

Observations During Site Visit	Yes/No
<b>I. SAFETY</b>	
1. Risk of falls from height	
2. Movement of vehicles	
3. Road safety	
4. Confined spaces	
5. Excavation safety	
6. Is there a H&S notice board with information on fire wardens and first aiders?	
7. Are there records showing that equipment is regularly inspected, calibrated and maintained?	
8. Are vehicles and pedestrians kept separate?	
9. Have excavation sides been supported effectively? Are vehicles and heavy materials kept away from the edges?	
10. Are ladders fastened at the top and bottom?	
11. Are fixed guard rails in place to prevent a fall?	
12. Are workers being supervised?	
13. Is gas detection equipment being used to monitor confined spaces?	
14. Is PPE readily available and in use?	
15. Is there appropriate signage showing when PPE should be used?	
16. Is firefighting equipment available in working areas?	
<b>II. HEALTH</b>	
1. Physical hazards (e.g. noise, dust, fumes, asbestos, wet-working, vibration, manual handling etc.)	
2. Chemical hazards observed	
3. Biological hazards observed	
4. Radiation hazards observed	
5. Psychosocial hazards (noise, poor lighting, thermal comfort etc.)	
6. Is there sufficient ventilation to prevent working in dust or fume laden air?	
7. Are harmful substances disposed of safely?	
8. Are hazardous materials stored in designated labeled containers when in use?	
9. Are workers operating with enough space and light?	
10. Is there sufficient heating/cooling of indoor environments?	
<b>III. ENVIRONMENT</b>	
1. Are there any records or indications of contaminated land	
2. Is the site free from evidence of leaks or spills around storage tanks/areas and process equipment?	
3. Is waste water discharged away from water courses into proper containment containers or locations?	
4. If there are significant air emissions, is there evidence of the treatment of those emissions, filtration of those emissions to acceptable levels?	
5. Is there adequate on-site storage of waste? Is the site generally clean and free from waste? Is there waste management plan?	

<b>IV. LABOUR AND HUMAN RIGHTS</b>	
1. Are workers provided with a safe and hygienic workplace?	
2. Do workers appear to be able to leave the site of their own free will? Look out for accommodation on site or workers being transported to site.	
3. Is any worker accommodation clean and of sufficient quality?	
4. Do all workers appear to be over the legal working age? And provide evidence (e.g. ID and Birth Certificate).	
<b>V. COMMUNITY</b>	
1. Can management confirm that there is a good relationship with the local community?	
2. Security personnel – Do they pose a risk to the community?	
3. Are vehicle movements and timings considerate to the local community?	
4. Is the site free from any strong odors or significant noise/dust which may affect the local community?	
5. What is the level of local community employment?	
6. Is there a community development program in place (e.g., CSR initiatives)?	

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**APPENDIX B2: WATER PROJECTS SCREENING CHECKLISTS**

Environmental and Social Conditions	(Yes/No)	Please Describe
<b>Physical Conditions</b>		
1. Is the project located near sensitive receptors (e.g. schools, hospitals, residential areas) that could be affected by odors, noise, or traffic?		
2. Does the terrain support gravity-fed systems, or will the project require continuous pumping? What are the energy and backup system plans?		
3. Is the site previously used (brownfield)? If yes, is there any legacy contamination (e.g. oil, chemicals, heavy metals)?		
4. How will sludge or brine be treated, stored, and disposed of? Is the plan compliant with environmental regulations?		
5. Is treated effluent intended for reuse or discharge? If reused, does it meet national standards for the proposed purpose?		
6. Does the renewable energy source (e.g. solar, wind, biogas) provide year-round reliability for system operations? Are backup sources environmentally sound?		
<b>Biological Conditions</b>		
7. Is the project located in or near protected areas, critical habitats, or biodiversity-sensitive zones (e.g. wetlands, coral reefs, forests)?		
8. Will abstraction (for treatment) or discharge (for wastewater/desalination) alter natural hydrology or water levels in rivers, aquifers, or coastal zones?		
9. Is there a risk of effluent or brine affecting aquatic life, soil salinization, or downstream ecosystems?		
10. Could the project introduce or spread invasive species (e.g. through intake/discharge pipelines or construction materials)?		
<b>Community Health, Safety &amp; Traffic</b>		
11. Could construction or operation pose health or safety risks to communities (e.g. noise, dust, waterborne diseases, brine exposure)?		
12. Will increased traffic (e.g. sludge transport, material delivery) affect local roads, schools, or pedestrian safety?		
13. Are hazardous substances (e.g. chlorine, acids) used in the treatment process? Have risk mitigation and emergency measures been planned?		

## APPENDIX C: RISK CATEGORIZATION

As a result of the screening checklists discussed above, the investment opportunity under assessment will be categorized in order to put it in a risk category, and consequently decide on the actions that follow. Categorizing ESG risks during the initial screening, provides us with a rationale for which investments will require more thorough attention from an ESG perspective, and whether to involve specialist technical expertise to enhance the due diligence through tools such as an environmental and social impact assessment.

CMCF's approach to risk categorization differentiates risk based on four levels: **high**, **medium-High**, **medium** and **low**. Risks are primarily sector driven and take into account various other factors which influence the nature and level of risk as outlined below

### Proposed Risk Categorization Screening

CATEGORY OF RISKS RISKS	DRIVERS	EXAMPLES
Inherent / Country Risk	<ul style="list-style-type: none"> <li>Regulatory environment</li> <li>Political environment</li> <li>Environmental performance</li> </ul>	<ul style="list-style-type: none"> <li>Lack of enforcement, inadequate capacity at local government level to monitor (directorate/municipal/etc.)</li> <li>Human rights issues, areas of conflict, influx of refugees, political instability.</li> <li>Environmental performance of a country based on the Environmental Performance Index (EPI) Global Metrics<sup>15</sup>.</li> </ul>

For identifying the sector risk, FMO's Toolkit is primarily used. For further reference and guidance risk categorization will refer back to IFC's Risk Categorization Guidance<sup>16</sup>, and a more comprehensive sector-based E&S Risk Categorization List using EBRD's Environmental and Social Risk Categorization List (2014)<sup>17</sup>

<sup>15</sup> Global Metrics for the Environment published by Yale Centre for Environmental Law and Policy, Columbia University and the World Economic Forum <http://epi.yale.edu/epi>

<sup>16</sup> <https://firstforsustainability.org/risk-management/risk-categorization-table/>

<sup>17</sup> <http://www.ebrd.com/downloads/about/sustainability/ebrd-risk-english.pdf>

CATEGORY OF RISKS	DRIVERS	EXAMPLES
Sector Risk	<ul style="list-style-type: none"> <li>Significance and likelihood of risks</li> <li>Nature of risks associated with the sector</li> </ul>	<p style="text-align: center;"><b>Category A / High Risk</b></p> <ul style="list-style-type: none"> <li>Projects that include activities – either “upstream” or “downstream” activities – with potential significant and/or irreversible adverse social and environmental risks and impacts, or which raise significant concerns among potentially affected communities and individuals as expressed during the stakeholder engagement process.</li> <li>High Risk activities may involve significant impacts on physical, biological, ecosystem, socioeconomic, or cultural resources.</li> <li>Such impacts may more specifically involve a range of human rights, gender, and/or environmental sustainability issues.</li> </ul> <p style="text-align: center;"><b>Category B+ / Medium-High Risk</b></p> <ul style="list-style-type: none"> <li>Projects that include activities with potential social and environmental risks and impacts that are more adverse than medium risk projects. The identification of these risks is somewhat certain but not sufficiently to be placed with the Category B risk. Addressing these risks requires attentive application of standard best practice, and relatively complex mitigation measures and stakeholder engagement during Project implementation.</li> <li>Medium -High Risk activities may include any projects that would normally be considered a Category B project with special circumstances that add elevated risks. Medium risk projects that involve elevated risks such as resettlement of the community, large environmental impacts, dealing with refugees, threatening biodiversity are examples of such elevated risks.</li> </ul> <p style="text-align: center;"><b>Category B / Medium Risk</b></p> <ul style="list-style-type: none"> <li>Projects that include activities with potential adverse social and environmental risks and impacts, that are limited in scale, can be identified with a reasonable degree of certainty, and can be addressed through application of standard best practice, mitigation measures and stakeholder engagement during Project implementation.</li> <li>Moderate Risk activities may include physical interventions (e.g. buildings, roads, protected areas, often referred to as “downstream activities) as well as planning support, policy advice, and capacity building (often referred to as “upstream” activities) which may present risks that are predominantly indirect, long- term or difficult to identify.</li> </ul> <p style="text-align: center;"><b>Category C / Low Risk</b></p> <ul style="list-style-type: none"> <li>Projects that include activities with minimal or no risks of adverse social or environmental impacts.</li> </ul>

**Rationale for Categorization and ESG Actions Required**

Based on these categorizations the following will be done:

Risk Category	Description	Action Needed in next stage of ESG cycle
Category A	Investment is likely to have significant adverse environmental and social impacts that are sensitive, diverse or unprecedented.	<ul style="list-style-type: none"> <li>- The Fund will decide whether the risks are too high to bear, and whether the investment will be pursued.</li> <li>- If the investment is pursued, more thorough attention from an ESG perspective will be needed</li> <li>- The Fund involve specialist technical expertise to enhance the due diligence through e.g. an environmental and social impact assessment and/ or an extended business integrity review</li> </ul> <p>See <a href="#">Appendix F: Consultant TOR – Environmental and Social Due Diligence and Supervision</a> for TOR prepared for consultants for conducting Environmental and Social Due Diligence <a href="#">Appendix L: Consultant TOR – Environmental and Social Supervision of Portfolio Project</a> for TOR prepared for consultant Supervision on ESG matters <a href="#">Appendix G: Consultant TOR – Environmental and Social Impact Assessment</a> for TOR for consultants for conducting Environmental and Social Impact Assessment</p>
Category B+	Investment is likely to have significant adverse environmental and social impacts that are sensitive, diverse or unprecedented. The impacts are more easily identified and mitigated than Category A risks, however still require greater and more thorough ESG care to tackle risks.	<ul style="list-style-type: none"> <li>- If the investment is pursued, more thorough attention from an ESG perspective will be needed</li> <li>- The Fund involve specialist technical expertise to enhance the due diligence through e.g. an environmental and social impact assessment and/ or an extended business integrity review</li> </ul> <p>See <a href="#">Appendix F: Consultant TOR – Environmental and Social Due Diligence and Supervision</a>, <a href="#">Appendix G: Consultant TOR – Environmental and Social Impact Assessment</a> and <a href="#">Appendix L: Consultant TOR – Environmental and Social Supervision of Portfolio Project</a> (Same for Category A)</p>
Category B	Investment’s potential adverse impacts on human populations and the environment are less adverse than those of Category A investments but more adverse than Category C investments. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigation measures can be designed more readily than for Category A investments.	<ul style="list-style-type: none"> <li>- Due diligence can be less thorough than that for category A investments</li> <li>- Due diligence can be conducted internally by the members of the implementation committee unless specific technical expertise is needed then an external consultant can be hired</li> </ul>
Category C	Investment is likely to have minimal or no adverse impacts on human populations or the environment	<ul style="list-style-type: none"> <li>- Minimum resources needed to be employed to administer ESG matters.</li> <li>- Monitoring still needed by ESG Lead of the Fund to ensure compliance.</li> </ul>

APPENDIX D: ENVIRONMENTAL AND SOCIAL DUE DILIGENCE TEMPLATE

Environmental and Social Due Diligence for *Project Name – Project Location*

PROJECT BACKGROUND	
Applicable E&S performance requirements	
Name and address of investee/ company	
Names of persons undertaking the visit	
Date and place of interview/field visit	
Persons interviewed	
Environmental Category (A, B, B+, C)	
Rationale for category	<p>The following Performance Standards are applicable:</p> <p>PS1: Assessment and Management of Environmental and Social Risks and Impacts            PS2: Labour and Working Conditions            PS3: Resource Efficiency and Pollution            PS4: Community, Health, Safety and Security            PS5: Land Acquisition and Involuntary Resettlement            PS6: Biodiversity Conservation and Sustainable Natural Resource Management            PS7: Indigenous Peoples            PS8: Cultural Heritage</p>
Project status (pre-construction, construction, operation)	
Project description	

**FINDINGS OF E&S ISSUES, ASSESSMENT OF GAPS AND RISKS IDENTIFIED**

<b>General Comments</b>
<b>PS1: Assessment and Management of Environmental and Social Risks and Impacts</b>
<i>Health and Safety Management System</i>
<b>PS 2: Labor and Working Conditions</b>
<i>Occupational, health and safety &amp; Gender Equality – equal labor opportunities – security and health concerns – forced Labour – Child Labour</i>
<b>PS3: Resource Efficiency and Pollution Prevention</b>
<b>PS 4: Community Health, Safety and Security</b>
<b>PS 5: Land Acquisition and Involuntary Resettlement</b>
<i>Consider Gender Equality during Acquisition of Land and make sure there is no involuntary resettlement</i>
<b>PS 6: Biodiversity Conservation and Sustainable Natural Resource Management</b>
<b>PS 7: Indigenous Peoples</b>
<b>PS 8: Cultural Heritage</b>

Due Diligence on Social Matters: Health and Safety				Corrective Actions Needed
Key due diligence areas	Questions to ask	Yes	No	
Local communities	What impacts may the company's activities have on local communities and other stakeholders?			
	If there could be significant adverse impacts, has the company conducted a social impact assessment and followed up on its findings and recommendations with mitigating measures?			
	Does the company have good relations with the local communities and NGOs?			
	Does the company employ local workers? If not, why not?			
	Do the company's activities have a direct or indirect impact on marginal or vulnerable social groups with identities distinct from the dominant groups on the basis of race, religion, HIV status or other potential basis for discrimination?			
	Does the company contribute to any community development programmes through financial donations or in other ways?			
Consultations	What systems does the company have in place to consult with persons and groups affected by its operations and / or products?			
Adverse effects and mitigation	If there are any adverse effects on local communities or other stakeholders from the company's operations, how are such effects minimised, reduced or compensated for?			
Involuntary Resettlement or Economic Displacement	Are persons being moved as a result of the company's new or expanded operations?			
	Even if persons are not being moved, might their livelihoods be affected because of a change in land use as a result of the company's operations?			
	If persons are being moved or otherwise negatively affected as a result of company operations, are they adequately compensated by the company, including through provision of new housing and / or financial compensation?			
Cultural matters	Do the company's operations have an impact on a natural or historical location with a local cultural significance? This is particularly relevant for new or expanded operations.			
Security force	Will / does the company employ its own security force?			
	How are company security guards trained?			
	Are proper mental health and criminal record checks carried out for all security guards prior to contracting?			
	What weapon will / do the guards use?			
	Have there been any complaints about the corporate			

	security guards, e.g. for use of force, from local communities?			
	Have there been any accidents and / or fatalities associated with the company's security guards during the last five years?			

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Due Diligence on Business Integrity Matters				Corrective Actions Needed
Key due diligence areas	Questions to ask	Yes	No	
Country corruption situation	How does the country rank in Transparency International's Corruption Perceptions Index?			
	Is the financial regulatory system of the country operating in line with high international standards?			
Business integrity of company	Is there a designated person at the company with responsibility for managing compliance issues, ethics and potential conflicts of interest?			
	Any criminal convictions amongst the company management, staff or board members?			
	Has any management person, staff or board member been, or is, under investigation by law enforcement or regulatory authorities?			
	Evidence or suspicion of company management criminal activity: e.g. intimidation, blackmail, etc?			
	Involvement or association with criminals?			
	Involvement or association with money laundering?			
Code of conduct	Does the company have a code of conduct for employees prohibiting bribery?			
Anti-bribery	How are employees made aware that the company does not condone bribery?			
	Is there regular anti-bribery training for employees?			
	Does the company have a policy on gifts, entertainment and other potential sources of conflict of interest?			
Anti-money laundering	Does the company have appropriate anti-money-laundering training and procedures in place?			
	Have background searches been performed on beneficial owners and others with a significant relationship to the company?			
Accounting and compliance	Are the accounting records fully up to date and complete?			
	Does the company send regular and complete information to the tax authorities?			
Dealings with government	Evidence of company involvement in misuse or misappropriation of public property?			
	Evidence of bribing public officials or use of inappropriate means to influence public decisions or processes?			
	Evidence of major political affiliations or contributions?			
	Evidence of politician or government official involvement in the company? (e.g. beneficial owners, on board of directors, etc).			

<b>Corporate affairs</b>	Persistent rumours of illegal or disreputable activities?			
	Requests for or suggestions of illegal or disreputable actions (e.g. falsification of document, bribes, etc)?			
	Misappropriation, fraud or other crimes against the company or its owners or stakeholders?			
	Any undisclosed or unusual beneficial ownership or carried interests?			
	Sudden or unexplained withdrawal of potential customers, investors or other affiliates to the company?			
	Sudden or unexplained change of shareholders, auditors, accountants, lawyers or other professional advisors?			
	Evidence of tax evasion?			
	Large or serious law suits for which there is not a satisfactory explanation?			
	Reluctance to discuss integrity or corruption issues from company staff, management and / or shareholders?			

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APPENDIX E: ESAP TEMPLATE FORM

Task Title	Description	Anticipated Completion Date

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## APPENDIX F: CONSULTANT TOR – ENVIRONMENTAL AND SOCIAL DUE DILIGENCE AND SUPERVISION

### Introduction

The purpose of this Terms of Reference is to ensure that the Consultant performs the environmental and social review of a prospective investment according to the Catalyst Mena Clean Energy Fund's Environmental and Social management policies and procedures.

It is CMCF's policy to encourage our clients to work towards continuous improvement of their environmental and social management and performance. We believe that firms with an environmentally sustainable and socially responsible way of operating significantly lowers the risk for their business model, and therefore, achieves greater cost efficiencies and profitability. These principles are integral to our business, both our own operations and those of our portfolio companies. It is mandatory that any project that the Fund invests in should comply with all E&S laws and regulations of the host country in which the project is located. Furthermore, all investments should follow good practices as guided by internationally recognized Environmental and Social Standards and Guidelines, that are based on IFC's Performance Standards and World Bank Group Environmental Health and Safety (EHS) Guidelines, UN Principles for Responsible Investing, and ILO's Core Labor Standards as well as relevant sector specific standards, in close cooperation with FMO, EIB, EBRD and OPIC.

### Consultant Qualifications

The Consultant must have substantial experience in the E&S review of projects located in the countries and sectors within the Fund's portfolio, with particular focus on the support of project finance activities. The Consultant must be familiar with CMCF's ESG Policy and the Fund's ESMS which can be accessed on the CMCF website [<http://www.catalystpe.com>] including the international standards that the Fund's ESG policy is guided by.

### Scope of Work

The Consultant will conduct the E&S appraisal of a prospective project consistent with the Fund's policies and procedures. For **new project appraisals**, the scope of the assignment will include:

1. Preliminary Review. Review all available information and documentation related to the project's environmental and social impacts and risks. Prepare a list of additional information and/or questions that will be needed to continue the appraisal.
2. Site Visit and Further Review. Conduct site inspections, review facility-based records, and interview key staff, including both sponsor personnel and relevant stakeholders (regulatory officials, community leaders, suppliers, and customers). Special emphasis should be given to Gender equality when conducting Stakeholder Engagement or Gap Analysis respecting CMCF's Gender Equality Policy and Guide.

3. E&S Performance Gaps and Necessary Corrective Actions Analyses. Analyze the project's environmental and social performance in relation to the Fund's Environmental and Social Policy and Gender Equality Policy, including applicable requirements including IFC Performance Standards and the World Bank Group EHS Guidelines. Identify these gaps and any corresponding corrective actions that will be necessary. Prioritize these and recommend acceptable and justified implementation schedules.
4. Due Diligence Documentation. Prepare a report summarizing the results of the E&S due diligence (ESDD). The ESDD report shall include a summary of the impacts and risks associated with the project, including the related performance gaps and corresponding correction actions that will be necessary in order for the Fund to invest.

### **Schedule**

The Consultant shall submit a draft *[Due Diligence]* Report by *[insert date]*. The final Report shall be submitted within 2 weeks after receiving comments from the Fund Manager on the draft report. All reports should be written and prepared in English and delivered in electronic and hard copy.

## APPENDIX G: CONSULTANT TOR – ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT

### Introduction

The purpose of this Terms of Reference is to ensure that the Consultant undertakes the Environmental and Social Impact Assessment (ESIA) for the Fund's prospective investment according to the host country's environmental permitting requirements and the Catalyst Mena Clean Energy Fund's (CMCF) Environmental, Social and Governance Policy and E&S risk management procedures.

It is CMCF's policy to encourage our clients to work towards continuous improvement of their environmental and social management and performance. We believe that firms with an environmentally sustainable and socially responsible way of operating significantly lowers the risk for their business model, and therefore, achieves greater cost efficiencies and profitability. These principles are integral to our business, both our own operations and those of our portfolio companies. It is mandatory that any project that the Fund invests in should comply with all E&S laws and regulations of the host country in which the project is located. Furthermore, all investments should follow good practices as guided by internationally recognized Environmental and Social Standards and Guidelines, that are based on IFC's Performance Standards (2012) and World Bank Group Environmental Health and Safety (EHS) Guidelines, UN Principles for Responsible Investing, and ILO's Core Labor Standards as well as relevant sector specific standards, in close cooperation with FMO, EIB, EBRD and OPIC.

### Consultant Qualifications

The Consultant must have substantial experience in undertaking ESIA's of projects located in the countries and sectors within the Fund's portfolio, with particular focus on the support of project finance activities. The Consultant must be familiar with CMCF's ESG Policy and the Fund's ESMS as well as the CMCF Gender Policy and Guide which can be accessed on the CMCF website [<http://www.catalystpe.com>] including the international standards that the Fund's ESG policy is guided by

#### 1. Objectives

The aim of the study is to achieve the following objectives:

- Review of existing ESIA reports on sections of to identify and assess potential environmental and social impacts associated with activities of the project;
- To identify all potential significant adverse environmental and social impacts, including Gender related, of the projects and recommend measures for mitigation;
- To review and develop an Environmental and Social Management Plan (ESMP); and
- To prepare an Environmental and Social Impact Assessment and ESMP compliant with the relevant authorities and applicable requirements such as IFC Performance Standards (2012) and the World Bank EHS Guidelines, and detailing findings and recommendations.

#### 2. Scope of the Consultancy Services

The consultant is expected to undertake investigations on environmental, socio-economic activities, and stakeholder engagement. The scope of services to be undertaken by the Consultant shall include, but not be limited to, the following:

**Task-1. Detailed Desk-top Review:** The Consultant is to review all existing documentation, and previous documentation such as ESIA's and ESMP reports on other similar investments. He/she shall further undertake a detailed study of the proposed the project. The Consultant shall then concisely describe each facility assessed, the geographic, ecological, general layout of facilities including maps at appropriate scale, where necessary. Information on size, capacity, facilities and services should also be provided.

**Task-2. Description of the baseline environment:** The Consultant is required to collect, collate and present baseline information on the environmental and socio-economic characteristics of the existing situation for each facility (including ancillary features). This description

should involve but not limited to:

- a) Physical environment (topography, land cover, geology, climate and meteorology air quality, hydrology, etc.),
- b) Biological environment (i.e. flora and fauna types and diversity, endangered species, sensitive habitats and areas of high ecological importance etc.)
- c) Socio-economic and cultural environment, including present and projected. Where appropriate (i.e., population, land use, planned development activities, community social structure, employment and labour market, sources and distribution of income, cultural/religious sites and properties, vulnerable groups and indigenous populations etc.)
- d) Economic activities, agriculture, livestock, fisheries, small scale industries, ancillary features (access roads, transmission lines, labour camps etc.).

**Task-3. Legislative and Regulatory Framework:** The Consultant shall identify and describe the pertinent regulations and standards - both local and international, governing the environmental quality, health and safety, protection of sensitive areas, land use control at the national and local levels and ecological and socio-economic issues. Thereafter, the Consultant shall identify the project activities that should comply with the identified regulations.

**Task-4. Determination of impacts of project facilities and activities:** From the detailed field study, the Consultant shall analyze and describe all significant changes brought about by each facility/activity. These would encompass environmental, ecological and social impacts, both positive and negative, as a result of each facility/activity intervention that are likely to bring about changes in the baseline environmental and social conditions discussed in Task 2. The Consultant will make a prioritization of all concerns identified and differentiate between short, medium, long-term and cumulative impacts during construction, operation and decommissioning. The Consultant shall also identify both temporary and permanent impacts. A detailed outline and discussion of specific conditions that might affect the environment which are unique to the type of facility and/or operation being audited should be provided.

**Task-5. Occupational health and safety concerns:** The Consultant shall analyze and describe all occupational health and safety concerns brought about by activities during all the phases of the project. The Consultant shall make recommendations on corrective and remedial measures to be implemented under the ESMP.

**Task-6. Development of management plan to mitigate negative impacts:** The Consultant shall develop a comprehensive environmental and social management plan. The plan should recommend a set of mitigation, monitoring and institutional measures to eliminate, minimize or reduce to acceptable levels of adverse environmental impacts and/or maximize socio-economic benefits. The Consultant should provide cost outlays for the proposed mitigation measures as well as their institutional and financial support, time frame and responsibility. This shall be provided for all the project phases.

**Task-7. Development of monitoring plan:** The Consultant is required to give a specific description, and technical details, of monitoring measures for the ESMP, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, definition of thresholds that will signal the need for corrective actions

as well as deliver a monitoring and reporting procedure. The Consultant should provide a time frame and implementation mechanism, staffing requirements, training and cost outlays.

**Task-8. Comparison:** The consultant shall undertake a comparison of all the earlier investments considered and studied. These other alternatives shall be compared to the proposed investment; and pros/cons of each selection detailed.

**Task-9. Study Reports:** The output will be an Environmental and Social Impact Assessment report prepared in accordance with the regulatory provisions. The report shall be in the English Language and has to be clear and concise. The reports should be in a format acceptable to local competent authorities, international environmental standards and development partners. The Consultant shall present the reports to relevant environmental authorities for approval in the required number of copies.

**Task-10. Approval:** The Consultant shall present the report prepared under Task 8 for approval by the relevant authorities. The Consultant shall be responsible for making any modifications that the authorities may demand before approval of the report.

**Task-11.** All the comments in the Attachment to this TOR from the various EIA Authorities which are considered vital but not considered on the last Final ESIA and report shall be carefully addressed.

## Study Description

This being a category [A or B+] project, the consultants will conduct a full Environmental and Social Impact Assessment (ESIA) and prepare an Environmental and Social Management Plan (ESMP).

This will comprise all the tasks that are required for a full environmental assessment, as described hereafter. The Consultant will be responsible for gathering, reviewing and analyzing all necessary data and information. Where these are insufficient, the Consultant shall make all practical efforts to produce the missing information/data including professional estimates and predictions based on the most likely conditions at the project area, reliable information and data from similar situations and conditions, etc.

The Consultant shall characterize the extent and quality of available data and describe the key-data gaps and the uncertainties associated with estimates, predictions, and data used from similar situations. The methods of accommodating these gaps and uncertainties in the ESIA should be well stated and presented by the Consultant. When estimated values are used in place of data, the Consultant will be required to provide the uncertainty limits associated with these values and perform an appropriate sensitivity analysis.

The work will also include thorough consultations and meetings with all parties concerned (affected population or their representatives; local, regional, and national authorities; representatives of the scientific community; NGOs; etc.); in strict accordance with the national requirements and international best practices.

The consultant will be responsible to review and update the following tasks:

a) **Inception Report including a detailed work plan**

The consultant will:

- Examine all aspects of the Project and will produce an inception report which will review the tasks to be carried out and agree with the client on any modifications and additions that may be required.
- Prepare a detailed work plan indicating schedules and inputs required to complete the tasks. During this inception period the consultant will carry out a scoping

exercise that will provide the basis for the final report and detailed work plan.

- Prepare a Stakeholder Engagement Plan.

**b) Provide description of the proposed Project**

The consultant will provide a brief description of the Project including maps (at appropriate scales) where necessary.

**c) Public Consultation Process**

The consultant will:

- Identify all affected people (e.g. people affected by construction activities and during operation) and will facilitate dissemination of information to relevant authorities and interested and affected parties (IAPs) concerning the proposed project. NGOs and government departments and agencies that may have a stake in the Project and its effects should be consulted.
- Prepare a Stakeholder Engagement Plan, providing an opportunity for the relevant authorities and IAPs to raise issues and concern pertaining to the proposed Project and allow the identification of the additional alternatives and recommendations. Public consultation should occur, at least, during the inception and collection of baseline information, and at the draft report stage. An annex of ESIA should summarize the Public consultation process and the results of the consultation process.
- Gather more detailed information through which the study team could anticipate issues not raised by the IAPs that will be addressed by the ESIA;
- Focus the study on relevant issues and recommend specific investigations, such that the resulting ESIA is useful to decision makers and it addresses the concerns of IAPs

**d) Legal and Administrative Framework**

- Describe the pertinent regulations and standards governing environmental quality, health and safety, protection of sensitive areas, protection of endangered species, land use control, etc., at national and local levels. Describe the current administrative arrangements for environmental regulation, enforcement and management in *[Country of investment]*
- Provide a general assessment of the utilities and relevant government agencies involved in environmental and social management issues, to ensure that the ESMP will be effectively implemented.

**e) Description of the environment/project setting**

Assemble, evaluate and present baseline data on the relevant environmental and social characteristics of the study area. In addition to the data being used for determining and assessing impacts it will be used as a baseline against which future changes caused by the Project can be measured and monitored. The data should include any information on changes anticipated before the Project commences. The description should contain relevant descriptions of the following.

**f) ESIA Methodology used**

As a chapter of the ESIA report the consultant will describe the methods used for conducting the ESIA (scoping and bounding, impact analysis and public consultation process, etc.). The consultant will include a public participation plan to include stakeholder identification process, stakeholders identified, stages within the ESIA process where stakeholders have participated, and the different levels of participation used. Identification of impacts will include the identification of the important environmental components, and selection criteria used for identifying the significant impacts (positive and negative) whenever possible.

g) **Potential Impacts of the Proposed Project**

Using the collected baseline data and the system or monitoring and evaluation the consultant will take a systematic approach to identification mitigation and evaluation of all impacts and will identify potential changes which the Project may cause.

These would include, but not be limited to, changes in the following:

- Physical environment
- Biological environment.
- Socio-cultural environment.
- Economic activities.
- Employment opportunities.
- Safety issues, such as exposure of residents to radiation, physical harm, health concerns regarding migrant workers (eg. HIV, AIDS)
- Impacts of work camps.
- Waste management for the entire project, including the work camps and construction sites.
- Impacts of access roads and how to manage these impacts and if needed closure or immobilization of access roads.
- Traffic density, safety and dust control.
- Landscape and visual.
- Land acquisition and resettlement.
- Gender (health & security, employment opportunities)

The Consultant will analyze:

- Positive and negative impacts.
- Direct and indirect impacts, short term and long term.
- Impacts those are avoidable/unavoidable, Reversible/irreversible
- Pre-construction actions to avoid or minimize negative impacts.
- Construction and operational phase impacts.
- Cumulative impacts occurring as a consequence of other activities in the project area: existing activities, projects under construction or planned activities within a reasonable time frame.
- Impacts in critical and non-critical habitats.

Wherever possible, the consultant will describe impacts quantitatively.

h) **Environmental and Social Management Plan**

An Environmental and Social Management Plan (ESMP) that addresses the following aspects should be prepared:

- **Activities and impacts:** Predicted adverse environmental and social impacts (and any uncertainties about their effects) for which mitigation is necessary should be identified and summarized. Effective measures to prevent or reduce significant negative impacts to acceptable levels during (i) construction and (ii) operation. Estimate the impacts and costs of those measures. Estimate the costs of any residual impacts. Another area of impacts that could contribute substantially, are the cumulative effects of construction and operational phases of the Project. Most of these, if not all, can be avoided by following a set of best practices that the consultant will prepare (e.g. construction workers not littering, soil stockpiled in such a way as to prevent erosion and waterway sedimentation, only working day shifts to avoid unnecessary noise to adjacent).

- **Description of implementation and monitoring program:** Prepare detailed institutional arrangements (responsibilities) for implementing and for monitoring implementation of mitigation measures and the impacts of the project during construction and operation and maintenance. This will include a description of monitoring methodology, specific operations and features to be monitored, monitoring reporting relationships, and arrangements to ensure that monitoring is effective and leads to modifications where required to ensure minimal impact on the environment. Include in the plan an estimate of costs and description of other inputs to ensure effective monitoring. An indication of what performance indicators to be used is to be provided.

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## APPENDIX H: TEMPLATE ESG CLAUSES FOR INVESTMENT AGREEMENTS

The template clauses<sup>18</sup> in this section are designed to ensure that investment agreements to be signed with portfolio companies cover all ESG matters in a way to buy-in from the Company management and to guarantee compliance to the Fund's ESG policies and procedures and to International good practices and environmental and social laws and regulation of the country of investment. These clauses are general and minimally required clauses in any investment agreement. Reference to more elaborate and in-depth clauses can be taken from industry tool kits such as CDC ESG Legal Drafting Guide for Equity Investments<sup>19</sup> and the Equator Principals Guidance<sup>20</sup>

**Section 1.1** General Definitions: Wherever used in this Agreement, unless the context otherwise requires, the following terms are as defined below

*Semi-Annual Monitoring Report* The report to be submitted to CMCF pursuant to Section 6.3 of this Agreement;

*Environmental And Social Law* All applicable statutes, laws, ordinances, rules and regulations of the Country, including but not limited to any license, permit or other governmental Authorization imposing liability or setting standards of conduct concerning any environmental, social, labor, health and safety or security risks.

*Exclusion List* The list of prohibited activities as defined in [Appendix A: CMCF's Exclusion list](#)

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<sup>18</sup> The template clauses are adopted and modified, and compiled from the Fund's policies and template clauses found in the industry guidance such as in IFC Private Equity Funds Environmental and Social Management System Policies and Procedures framework, <https://firstforsustainability.org/media/Template%20ESMS%20Private%20Equity%20Fund.docx>

And IFC's sample Indicative E&S Covenants for FI Clients

<https://firstforsustainability.org/media/Indicative%20E&S%20Covenants%20for%20FI%20Clients.pdf>

and others referenced below

<sup>19</sup> CDC ESG Legal Drafting Guide for Equity Investments

<http://toolkit.cdcgroup.com/downloads-and-reference-materials>

<sup>20</sup> Equator Principals Guidance For EPFIs On Incorporating Environmental And Social Considerations Into Loan Documentation

[http://www.equatorprinciples.com/resources/ep\\_guidance\\_for\\_epfis\\_on\\_loan\\_documentation\\_march\\_2014.pdf](http://www.equatorprinciples.com/resources/ep_guidance_for_epfis_on_loan_documentation_march_2014.pdf)

## Representations and Warranties

**Section 2.1** The Company represents and warrants that:

- i. to the best of its knowledge and belief after due inquiry, it is not in violation of any of the Environmental and Social Laws of [*Country of Investment*] or any of the Environmental, Health and Safety Guidelines as provided by the CMCF;
- ii. it has not received nor is aware of any existing or threatened complaint, order, directive, claim, citation or notice from any Authority or any material written communication from any Person with respect to any aspect of its compliance with any matter covered by the Environmental and Social Law or the Environmental, Health and Safety Guidelines;
- iii. to the best of its knowledge and belief after due inquiry, it is not in violation of any statute or regulation of any Authority;

## Conditions of Disbursement

**Section 3.1** Conditions of First Disbursement. The obligation of CMCF to make the first Disbursement is subject to the fulfillment prior to or concurrently with the making of that first Disbursement of the following conditions:

- i. Permits
  - a. Certified copies of all government or administrative approvals required for the Project [Environmental and Social Permits]
  - b. Opinion, issued by counsel and acceptable to the Agent, that the Project has obtained all permits and approvals necessary for ownership, construction and operation of the Project
- ii. Reports:
  - a. Environmental and Social Impact Assessment conducted by [Independent Environmental and Social Consultant]
  - b. A report from the [Independent Environmental and Social Consultant] evaluating and confirming that the [Environmental and Social Management Plan] for the construction phase of the Project is operational and complies with all [Environmental and Social Requirements], and to the extent any aspect of the [Environmental and Social Management System] for the construction phase of the Project is to be implemented at a later date
- iii. Monitoring
  - a. the Company and CMCF have agreed on the form of the Semi-Annual Monitoring Report;

Absence of Threat

- b. The Company shall have certified that it has no reason to believe that any [Environmental and Social Permits] could reasonably be expected to be revoked.
- c. No Event of Default: No environmental or social risks or events shall have occurred that would result in an Event of Default or Potential Event of Default.

**Section 4.1** Conditions of All Disbursements. The obligation of CMCF to make any Disbursement, including the first Disbursement, is also subject to the conditions that:

- i. Delivery of a certificate from the Company, certifying that the [Environmental and Social Management Plan] for the Project is operational and complies with all [Environmental and Social Requirements],
- ii. Delivery from the Company of a completeness status for the actions referenced in the [Development Action Plan] that should have been carried out satisfactorily as of the date of the disbursement.

### Particular Covenants

**Section 5.1** *Affirmative Covenants.* Unless CMCF otherwise agrees, the Company shall:

- i. upon CMCF's request, such request to be made with reasonable prior notice to the Company (except no such reasonable prior notice shall be necessary if an Event of Default or Potential Event of Default is continuing or if special circumstances so require), permit representatives of CMCF, during normal office hours, to:
  - a. visit any of the sites and premises where the business of the Company is conducted;
  - b. inspect any of the Company's sites, facilities, plants and equipment;
  - c. Have access to the Company's books of account and all records; and
  - d. have access to those employees, agents, contractors and subcontractors of the Company who have or may have knowledge of matters with respect to which CMCF seeks information;
- ii. through its employees, agents, contractors and subcontractors, design, construct, operate, maintain and monitor all of its sites, plants, equipment and facilities:
  - a. in accordance with the Environmental and Social Law and the Environmental, Health and Safety Guidelines; [and]
  - b. In compliance with applicable environmental, [indigenous peoples, involuntary resettlement, cultural property protection], occupational health and safety requirements, and any child labor and forced labor laws, rules and regulations (including any international treaty obligations, if any) of the Government of the [Country of investment] and the local authorities.
- iii. periodically review the form of the Annual Monitoring Report and advise CMCF as to whether modification of the form is necessary based on any changes in the Project, and revise the form as agreed with CMCF;

**Section 6.1** *Negative Covenants*

- i. The Company shall not support Clients engaged in any of the activities on the Exclusion List;
- ii. Limitations on modification or termination of the major project documents;
- iii. Limitations on material modification of the [Development Plan] and the [Environmental and Social Management Plan], (where relevant) and/or the nature and scope of the Project.

**Section 7.1** *Reporting Requirements.* Unless CMCF otherwise agrees, the Company shall:

- i. Report on E&S Matters as part of every monthly progress/status report including potential adverse impacts predicted in the near future.

- ii. Deliver to CMCF a semi-annual monitoring report in the agreed form consistent with Section 3.1 confirming compliance with the Environmental and Social Law, the Environmental, Health and Safety Guidelines, the applicable [national or local] requirements, or as the case may be, detailing any non-compliance, and setting out the action being taken to ensure compliance;
- iii. as soon as possible but no later than three (3) days after its occurrence, notify CMCF of any incident or accident within the Project area or areas otherwise within the Company's management or control, which has or may reasonably be expected to have a material adverse effect on the environment, health or safety, including, without limitation, explosions, spills or workplace accidents which result in death, serious or multiple injury or major pollution, specifying, in each case, the nature of the incident or accident, the on-site and off-site impacts arising or likely to arise therefrom and the measures the Company is taking or plans to take to address those impacts; and keep CMCF informed of the ongoing implementation of those measures;

### Events of Default

**Section 8.1 *Events of Default.*** It shall be an Event of Default if:

- i. the Company fails to comply with any of its obligations under this Agreement or any other Transaction Document or any other agreement between the Company and CMCF and any such failure continues for a period of thirty (30) days after the date on which [CMCF notifies the Company] of that failure;
- ii. An [Environmental or Social Claim] is brought against the Company which individually or in the aggregate could reasonably be expected to result in a Material Adverse Effect on the implementation or operation of the Project in accordance with the [Environmental and Social Requirements].
- iii. Any of the environmental or social representations and warranties made by or on behalf of the Company is, or proves to have been, incorrect or misleading in any material respect when made or deemed to be made.

## APPENDIX I: SEMI-ANNUAL ENVIRONMENTAL AND SOCIAL MONITORING REPORT

Reporting Period: (dd/mm/yyyy)-(dd/mm/yyyy)

Date of Submission: (dd/mm/yyyy)

*Note: Semi-Annual Environmental and Social Monitoring Report (AMR) is to be submitted to CMCF as part complying with the reporting requirements of the Investment Agreement.*

Section I. Summary	
<b>General Information</b>	
Company Name:	
Project Country:	
Project ID:	
Project:	
<b>Company authorized representative to be contacted by CMCF on the AMR:</b> I certify that the data contained in this AMR completely and accurately represents operations during this reporting period.  Name: [Name] Title: [Title] Contact Information: [Email] [Phone No.] [Fax]  Signature: Date:	
<b>Summary of Compliance Evaluation</b>	
<i>(Note: Please add any useful supporting information as appropriate.)</i> <ul style="list-style-type: none"><li>• <i>Did the Company undertake its operations in compliance with applicable requirements of the Fund's Environmental, health and safety and Social Policies and Procedures, and in consideration to International Standards Good Practice?</i> <b>[Yes or No]</b></li><li>• <i>If no, please summarize the non-compliance status and corrective actions being taken.</i></li></ul>	
<b>Major Environmental and Social Achievements / Challenge and Issues of the Company</b>	
<ul style="list-style-type: none"><li>• Please summarize notable environmental and social achievements of the Company during the reporting year (e.g. awards received, high performance recognized, improved community relationship).</li><li>• Please summarize major environmental and social challenges and issues that the Company faced with during the reporting year (e.g. major incidents, spills, fire, explosion or unplanned releases, ecological damage / destruction, failure of emissions or effluent treatment, legal/administrative notice of violation, penalties, fines, complaints, litigation, protest, negative media attention, chance cultural finds, labor unrest or disputes, local community concerns, corrective actions, rehabilitation / improvement programs).</li></ul>	

## Section II. Compliance with Social and Environmental Laws

- Please list (or attach the list of) the updated environmental, health and safety and social laws, regulations, standards, permits, etc. in the [Country of Project] that are applicable to the operation of the Company:

The following are the updated List of environmental, health and safety and social Laws, Regulations, and standards in the [Country]

No	Year of Issue	Name of Law, Regulation, and standard
1		
2		
3		
4		

- Was the Company in compliance with the above listed (or attached) laws, regulations, standards, permits, etc. applicable to the operation of the Company during the reporting year?  
**[Yes or No]**
- If non-compliance status was observed during the reporting year, please summarize the status and corrective actions being taken.

**Section III. Compliance with the IFC Performance Standards on Social and Environmental Sustainability**

**Performance Standard 1 – Social and Environmental Assessment and Management System**

- Was the Company in compliance with PS 1 including, but not limited to, the requirements for the following areas as described in PS 1?

**The Company's Evaluation of PS 1 Compliance**

(Please add supporting information as appropriate).

Themes	Excellent	Satisfactory	Partly unsatisfactory	Unsatisfactory	Not Applicable
Social and Environmental Management System					
Social and Environmental Assessment					
Management Program (including Action Plan)					
Organization					
Training					
Stakeholder Engagement (including Disclosure, Consultation, Grievance Mechanism)					
Monitoring					
Reporting					

- Please provide resources allocated by the Company during the reporting year for environmental and social management using the tables below.

**Social and Environmental Management Investment by the Company during the Reporting Year (US\$ million equivalent)**

	Investment made (Actual)	Operating cost incurred
Total Investment / Cost		
Investment / Cost relevant to environmental / social management (pollution prevention and control, environmental and social enhancement measures, environmental and social mitigation measures, compensation, training, etc.)		

**Number of Employees Engaged in Environmental and Social Management**

*(Note: Please report with relevant breakdown such as permanent, probationary and contractual employees as appropriate.)*

	Male	Female	Total
Total employees of the Company			
Employees engaged in environmental/ social management			

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**Performance Standard 2: Labor and Working Condition**

- Was the Company in compliance with PS 2 including, but not limited to, the requirements for the following areas as described in PS 2?

**The Company's Evaluation of PS 2 Compliance**

(Please add supporting information as appropriate).

Themes	Excellent	Satisfactory	Partly unsatisfactory	Unsatisfactory	Not Applicable
Human Resource Policy and Management					
Workers' Organization					
Non-Discrimination and Equal Opportunity					
Retrenchment					
Occupational Health and Safety					
Non-Employee Workers					

Note: Excellent (Material compliance and the Company raised industry standard), Satisfactory (Material compliance), Partly unsatisfactory (Not in material compliance but corrective action has been identified and the Company has incorporated into the updated Action Plan), Unsatisfactory (Material non-compliance without realistic corrective action).

- Please provide the relevant information as below:
  - Updated list of human resources policies / collective bargaining agreements.
  - Number of complaints, if any, that the Company handled through grievance mechanism, and summary of those complaints particularly with respect to issues of labor union membership, non-discrimination, involuntary retrenchment, and occupational health and safety.
  - Number of formal complaints, if any, that the Company received through national regulatory agency/courts, and summary of those complaints.
  - Updated percentage of employees represented by independent trade union organization or covered by collective
  - Does the company have policies and/or procedures for any of the following: **[Yes or No]**
    - Gender equality
    - Equal pay for work of equal value
    - Anti-harassment/bullying
    - Promoting family friendly work and the work/life balance
  - Have there been any strikes or other collective disputes related to labour and working conditions at the Institution in the reporting period?
  - Have there been any court cases related to labour issues during the reporting period?
  - Breach and Actions related to forced labour/Child Labour: status, evidence of closure, next steps.

- Please provide occupational health and safety performance of the Company using the table below.

**Occupational Health and Safety Performance of the Company**

No.	Occupational Health and Safety Incidents	Number of Incidents	Occupational Health and Safety Incident Details
1	<u>Fatalities</u>		
2	<u>Total Lost Time Accidents (including vehicular)</u>		
3	<u>Total Number of Lost Workdays Resulting from incidents.</u>		
4	<u>Total Man-hours Worked (total hours worked by all employees) during the reporting period and Incidence calculation.</u>		

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**Performance Standard 3: Pollution Prevention and Abatement**

- Was the Company in compliance with PS 3 including, but not limited to, the requirements for the following areas as described in PS 3?

**The Company's Evaluation of PS 3 Compliance**

(Please add supporting information as appropriate).

Themes	Excellent	Satisfactory	Partly unsatisfactory	Unsatisfactory	Not Applicable
Pollution Prevention, Resource conservation and Energy Efficiency					
Wastes					
Hazardous Materials					
Emergency Preparedness and Response					
Technical Performance Levels (Compliance with host country regulation and relevant requirements of IFC EHS Guidelines (*))					
Ambient Considerations					
Greenhouse Gas Emissions					
Pesticide Use and Management					

Note: Excellent (Material compliance and the Company raised industry standard), Satisfactory (Material compliance), Partly unsatisfactory (Not in material compliance but corrective action has been identified and the Company has incorporated into the updated Action Plan), Unsatisfactory (Material non-compliance without realistic corrective action).

Please provide the relevant information as below:

- Major resource conservation and energy efficiency measures that the Company incorporated into operation during the reporting year.
- Summarize the results of hazardous and non-hazardous waste generation, recovery and reuse, treatment / destruction disposal, and summarize how the Company is working towards improvement.

**Performance Standard 4: Community Health, Safety and Security**

- Was the Company in compliance with PS 4 including, but not limited to, the requirements for the following areas as described in PS 4?

**The Company's Evaluation of PS 4 Compliance**

(Please add supporting information as appropriate).

Themes	Excellent	Satisfactory	Partly unsatisfactory	Unsatisfactory	Not Applicable
Community Health and Safety					
Emergency Preparedness and Response					
Security Personnel Requirements					

Note: Excellent (Material compliance and the Company raised industry standard), Satisfactory (Material compliance or on schedule in the agreed ESAP), Partly unsatisfactory (Not in material compliance but corrective action has been identified and the Company has incorporated into the revised ESAP), Unsatisfactory (Material non-compliance without realistic corrective action).

- Please provide the relevant information as below:
  - Number and nature of incidents / fatalities involving general public if any.

**Performance Standard 5: Land Acquisition and Involuntary Resettlement**

- If the Company's activities involved areas related to PS5, please provide compliance evaluation of PS5.

**Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management**

- If the Company's activities involved areas related to PS6, please provide compliance evaluation of PS6.

**Performance Standard 7: Indigenous Peoples**

- If the Company's activities involved areas related to PS7, please provide compliance evaluation of PS7

**Performance Standard 8: Cultural Heritage**

- If the Company's activities involved areas related to PS8, please provide compliance evaluation of PS8.

**Section IV. Implementation Status of the Environmental and Social Action Plan (Schedule dd/mm/yyyy)**

- Please provide the summary of the implementation status of the ESAP

Item No.	Activity Description	Deadline	Indicator of Completion	Status as of <i>[Date of the document]</i>	Associated Cost (USD)

Draft

## APPENDIX J: INCIDENT REPORT FORM

**Instructions:** Employees of investee companies shall use this form to report all work-related accidents, injuries, illnesses, or “near miss” events (which could have caused an injury or illness). This helps us to identify and correct hazards before they cause serious injuries. And to take corrective action so such incidents are not materialized again. This form shall be completed by company within 3 business days of the incident or accident occurrence and reported to the ESG Lead in CMCF.

Work related incident being reported: <input type="checkbox"/> Injury <input type="checkbox"/> Illness <input type="checkbox"/> Near miss	
Name of Person reporting:	
Job title:	
Supervisor:	
Date of incident	Time of incident
Names of witnesses (if any):	
Where, exactly, did it happen?	
Describe step by step what led up to the injury/near miss.	
Are there physical hazards/unsafe conditions on site that might have led to the accident? Why are these conditions existent?	
Were safety regulations in place and used? If not, what was wrong	
What could have been done to prevent this injury/near miss?	
What immediate actions were taken after the incident occurrence? What actions will be taken in the future to eliminate such incidents?	
Signature of person Reporting:	Date:

## APPENDIX K: INFORMATION TO BE REPORTED IN THE E&S ANNUAL PERFORMANCE REPORT TO SHAREHOLDERS

Format: The Fund can report in its own format, provided that such format includes at minimum the information set out below.

### For the Fund:

- Name of the members of the ESG Implementation Committee;
- Status / Changes in E&S Management System;
- Transactions declined on E&S grounds;
- Difficulties and/or constraints related to the implementation of E&S Management System;
- Overview of current pipeline, status and expected categorization;
- E&S trainings undertaken/planned;
- Exclusion list: confirmation that no investments are undertaken in any of the activities listed in the Exclusion List (or, in cases where a Portfolio Company is found to be partly active in activities included on the Exclusion List, submit a plan to phase out such activities);

### For each Portfolio Company:

- Categorization of each investment and rationale behind that categorization;
- Summary assessment of E&S risks identified;
- For High Risk Activities, summary of qualified external E&S assessment undertaken and reference to qualification of external expert undertaking assessment;
- Status of E&S performance to date, implementation of E&S Management System and agreed E&S Action Plan (if applicable)
- For companies with CO<sub>2</sub> equivalent emissions exceeding 25,000 metric tons annually (report on emissions in accordance with requirements set out in IFC Performance Standard 3)
- Employment data:
  - Total number and breakdown of staff employed: Direct Employment: Total ( ), Permanent: Males: / Females:
  - Has retrenchment of employees taken place in the reporting period? If yes, please specify number of employees affected and attach copy of retrenchment plan.
- Date of the last site visit for E&S purposes

### Optional information on each Portfolio Company:

- Any improvements in performance with a clear environmental benefit (e.g. energy savings, reducing (hazardous) waste, certification of relevant management systems such as ISO 14001, OHSAS 18000)
- Any improvements in performance with a clear social benefit (e.g. improvements in labor conditions, certification of relevant management systems such as SA 8000)

## **APPENDIX L: CONSULTANT TOR – ENVIRONMENTAL AND SOCIAL SUPERVISION OF PORTFOLIO PROJECT**

### **Introduction**

The purpose of this Terms of Reference is to ensure that the Consultant performs the ongoing evaluation and supervision of portfolio projects according to the Catalyst Mena Clean Energy Fund’s Environmental and Social management policies and procedures.

It is CMCF’s policy to encourage our clients to work towards continuous improvement of their environmental and social management and performance. We believe that firms with an environmentally sustainable and socially responsible way of operating significantly lowers the risk for their business model, and therefore, achieves greater cost efficiencies and profitability. These principles are integral to our business, both our own operations and those of our portfolio companies. It is mandatory that any project that the Fund invests in should comply with all E&S laws and regulations of the host country in which the project is located. Furthermore, all investments should follow good practices as guided by internationally recognized Environmental and Social Standards and Guidelines, that are based on IFC’s Performance Standards and World Bank Group Environmental Health and Safety (EHS) Guidelines, UN Principles for Responsible Investing, and ILO’s Core Labor Standards as well as relevant sector specific standards, in close cooperation with FMO, EIB, EBRD and OPIC.

### **Consultant Qualifications**

The Consultant must have substantial experience in the E&S review of projects located in the countries and sectors within the Fund’s portfolio, with particular focus on the support of project finance activities. The Consultant must be familiar with CMCF’s ESG Policy and the Fund’s ESMS which can be accessed on the CMCF website [<http://www.catalystpe.com>] including the international standards that the Fund’s ESG policy is guided by.

For **supervision** of the Fund's portfolio projects, the three tasks include:

1. Review Monitoring Reports. Review periodic documentation submitted by the project sponsor regarding implementation of any corrective actions included as conditions of investment, as well as overall environmental and social performance. Also, review information submitted by the sponsor concerning significant incidents or fatalities. Identify any follow-up corrective actions that might be necessary.
2. Site Visit and Further Review (Optional). Where directed by the Fund Manager, conduct site visit to confirm E&S performance and/or to investigate incidents. Identify any follow-up corrective actions that might be necessary.
3. Supervision Documentation. Prepare a report summarizing the findings of the supervision activity.

### **Schedule**

The Consultant shall submit a draft *[Supervision]* Report by *[insert date]*. The final Report shall be submitted within 2 weeks after receiving comments from the Fund Manager on the draft report. All reports should be written and prepared in English and delivered in electronic and hard copy.

## APPENDIX M: GUIDANCE FOR CLIENT SOLAR DUE DILIGENCE

**Purpose:** Considering challenges and limitations the client may face, this document is intended to support financial institutions (FIs) as part of their environmental and social (E&S) due diligence for different categories of borrowers outlining a due diligence approach for projects involving a solar PV component. This version is to be used as part of a pilot. The screening is expected to be completed by the FI based on information and documentation provided by its borrower and/or external parties. Additional actions may be required on a case-by-case basis.

**Overview of the Solar PV Supply Chain:** The primary suppliers<sup>21</sup> of solar projects include the supply chain tiers upstream to raw material supply. Typically, the sponsor or its contractor will have a contractual relationship with the module supplier. The module supplier, in turn and depending on its level of vertical integration, will have contractual relationships with suppliers of (sub)components (e.g., cells and/or wafers), and those suppliers will in turn have contractual relationships with their sub-suppliers for additional subcomponents (e.g., wafers and/or polysilicon).<sup>22</sup>

### Guidance Includes:

1. Due Diligence questionnaire
2. Outline of code of conduct for procurement/sourcing policies covering forced labor in the solar supply chain
3. Additional resources

*The use of this guidance (a) is not required by the Performance Standards and (b) does not substitute for the need for FIs to exercise sound judgment with respect to E&S due diligence.*

*IFC does not assume responsibility or liability with respect to the use of or failure to use or reliance on any information, methods, processes, recommendations, conclusions, or judgments contained in this guidance, and IFC makes no representations about the alignment or conformity of this guidance with the international, national, or subnational legal requirements of any jurisdiction or any industry standards. IFC expressly disclaims any responsibility or liability for damages of any kind, including special, indirect, incidental, consequential, or compensatory damages, arising from or relating to the use of or reliance upon this guidance or the information contained herein. In making this guidance available, IFC is not rendering professional or other services for, or on behalf of, any person or entity, and is not agreeing to perform any duty owed by any person or entity to another. Professional advice of qualified and experienced persons should be sought before entering (or refraining from entering) into any project activity.*

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<sup>21</sup> “A primary supplier is a supplier who on an ongoing basis forms part of the supply chain of goods or materials essential for the core business processes of the project. A primary supplier may supply its goods or materials directly to the project (a Tier I primary supplier), to the Tier I primary supplier (a Tier II primary supplier) or may be at a deeper tier of the primary supply chain. [Introduced June 14, 2021].” Guidance Note 1, FN 9.

<sup>22</sup> Solar modules – the photovoltaic solar modules that convert photons in light to electricity – and module components – the midstream and upstream components (e.g., ingots, wafers and cells) and materials (e.g., polysilicon, metallurgic grade silicon) used to manufacture solar modules.

## DUE DILIGENCE FOR INVESTMENTS INVOLVING SOLAR PV

	YES	NO
<b>A: TYPE OF SOLAR FINANCING EXTENDED TO</b>		
1. Buyers: individual use (i.e., individual rooftop solar, green mortgage, energy efficiency for individual use)		
2. Buyers: Solar installation is non-core activity (SME & corporates) <ul style="list-style-type: none"> <li>a. Single project</li> <li>b. Multiple solar installations/plants (may also include a single buyer but with multiple projects/locations)</li> </ul>		
3. Distributors and installers (without manufacturing)		
4. Solar modules manufacturers/producers of components		
5. RE asset developers/RE producers/energy companies with Solar PV module manufacturing capabilities		
6. Insurance of solar assets/business		
7. Refinancing of solar assets to be packaged in a debt or bond instrument		
<p><i>If yes for questions 1, 2a, 6 or 7 – no further analysis is needed.</i></p> <p><b>If yes for 2b, 3, 4, 5 – continue with further analysis below</b></p>		
<b>B: SOLAR SUPPLY CHAIN POLICY/CODE OF CONDUCT</b> <i>Please provide explanatory information and attach documentation if possible</i>	YES	NO
<b>1. Policy</b> <ul style="list-style-type: none"> <li>a. Does the client have/ implement a sourcing policy/code of conduct including a supplier code of conduct that addresses forced labor?</li> <li>b. Does the module supplier require its sub-suppliers to sign its code of conduct or an equivalent document?</li> <li>c. Does the client make new and existing suppliers aware that forced labor will not be tolerated?</li> </ul>		
<b>2. Screening</b> <ul style="list-style-type: none"> <li>a. Has the client carried out a supply chain mapping exercise to identify the highest risk areas in the supply chain?</li> </ul>		
<b>3. Assessment</b> <ul style="list-style-type: none"> <li>a. Does the module supplier conduct due diligence on its primary suppliers? If yes please indicate standards or guidance followed?</li> <li>b. Do they evaluate forced labor risks?</li> <li>c. If high risk areas are identified, has the client developed mitigation measures (e.g., technical assistance to suppliers, contract termination, shifting suppliers)?</li> </ul>		

	YES	NO
<b>4. Verification</b> a. Has the client relied on documental evidence, or can it verify (including through on-site audits) the information it receives from contractors and suppliers?		
<b>5. Monitoring</b> a. Has the client maintained (basic / general / accurate) records related to any equipment, components and subcomponents supplied to its work?		
<b>6. Contracting requirements</b> a. Has the client included E&S requirements in its contractors' purchasing practice (if relevant)?		
<b><i>If "no" to any of the above, a solar code of conduct for sourcing policies covering forced labor in the solar supply chain will be required</i></b>		
<b>C: MODULE SELECTION AND PROCUREMENT (For A: 2b and 5) Please provide explanatory information and attach documentation if possible</b>	YES	NO
a. Does the client or if contractor used have existing module supply agreements (or other similar framework agreements) in place? b. Does the client or if contractor used, have a direct contractual relationship with its suppliers and rely on its supplier's due diligence? c. Does the client or if contractor used have a standard process in place to carry out E&S due diligence on its suppliers and identify credible allegations of forced labor utilizing publicly available resources? If yes, pls describe. d. Can the client or if contractor used map its suppliers for the project upstream to polysilicon?		
<b>D: MODULE SELECTION AND PROCUREMENT (for A: 3) Please provide explanatory information and attach documentation if possible</b>	YES	NO
a. Does the client purchase from a wholesaler? <b><i>If yes- then no further analysis</i></b> b. Will the modules be supplied directly by the manufacturer? c. Does the client used/have existing module supply agreements (or other similar framework agreements) in place? d. Does the client have a standard process in place to carry out E&S due diligence on its suppliers and identify credible allegations of forced labor utilizing publicly available resources? If yes, pls describe?		
<b>E: MODULE MANUFACTURER/ ASEMBLERS/COMPONENTS (For A: 4) Please provide explanatory information and attach documentation if possible</b>		
a. Does the client have a direct contractual relationship with the supplier(s)? b. Does it have a standard process in place to carry out E&S due diligence on its suppliers and identify credible allegations of forced labor utilizing publicly available resources? If yes, pls describe?		

	YES	NO
c. Can the client map its suppliers for the project upstream to polysilicon?		

F: IDENTIFIED SUPPLIERS FOR SOLAR FINANCING (add more rows if known)			
	1. TIER 1 [Supplier Name]	2. Tier II [Supplier Name]	3. Tier III [Supplier Name]
If known, please provide details.	<ul style="list-style-type: none"> <li>○ Supplier (Name)</li> <li>○ Location</li> <li>○ Size</li> <li>○ Type of Operation</li> </ul>	<ul style="list-style-type: none"> <li>○ Supplier (Name)</li> <li>○ Location</li> <li>○ Size</li> <li>○ Type of Operation</li> </ul>	<ul style="list-style-type: none"> <li>○ Supplier (Name)</li> <li>○ Location</li> <li>○ Size</li> <li>○ Type of Operation</li> </ul>
Provide any relevant information concerning suppliers that have any links (e.g., via suppliers who provide raw materials, components, goods, or products for use for this project) to entities that have been subject to grave media allegations or appear on any list related to forced labor?			

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## **OUTLINE OF CODE OF CONDUCT FOR SOURCING POLICIES COVERING FORCED LABOR IN THE SOLAR SUPPLY CHAIN**

1. Commitment to zero tolerance of forced labor
2. Due Diligence procedure to demonstrate potential suppliers have no instances of forced labor/ child labor in their operations or their own supply chains:
  - Process to screen for forced labor
  - Process to map the supply chain/identify suppliers across different tiers, beyond tier 1 and 2.
  - Existence of a traceability system including documentary evidence to clearly identify suppliers and countries of origin.
  - Description of any links (e.g., via suppliers who provide raw materials, components, goods, or products) to entities which have been subject to sanctions or grave media allegations related to forced labor
  - Verification practices
3. Outline actions to engage/support suppliers to address potential risks within their own operations and with their own suppliers:
  - Clauses and legal provisions in supplier contracts referring to forced labor /child labor.
  - Disengage from suppliers that are unwilling or incapable of addressing identified issues of forced labor or child labor at Tier 1.
  - Best effort basis to influence primary suppliers to comply with the supplier code of conduct with their suppliers as relevant and possible.
  - Monitor high risk suppliers if necessary.

## Additional resources

The following resources could be useful references. The exclusion of another available resource from the list below does not indicate it is not a suitable resource, and IFC does not necessarily endorse any of the following:

### Europe – related

<https://www.solarpowereurope.org/interests/sustainability>

<https://www.solarpowereurope.org/insights/thematic-reports/solar-sustainability-best-practices-benchmark>

### Others

<https://www.seia.org/research-resources/solar-supply-chain-traceability-protocol>

<https://www.exiger.com/>

<https://www.dowjones.com/professional/risk/riskcenter-financial-crime/>

<https://www.eiq.ai/>

### US – related

<https://www.cbp.gov/trade/forced-labor/withhold-release-orders-and-findings>

<https://sanctionssearch.ofac.treas.gov/>

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## APPENDIX N: CMCF GENDER POLICY STATEMENT AND CHECKLIST FOR PROJECT SCREENING

Women and men must have equal rights, power, responsibilities and opportunities in all areas of the economy and society if real sustainable economic and social development is to be achieved. Furthermore, gender discrimination is a violation of fundamental human rights.

Catalyst recognizes that not all projects will lead to a maximum impact on gender equality. However, the inclusion of gender equality as a cross-cutting issue of the financial investment mechanisms acknowledges the fact that to be effective all investments should include gender equality considerations including equal consideration of interests, needs and priorities of women and men.

The Gender Equality Policy recognizes that gender relations, roles and responsibilities exercise important influences on women's and men's access to and control over decisions, assets and resources, information and knowledge. This Gender Equality Policy also recognizes that the impacts of climate change can exacerbate existing gender inequalities. The Gender Equality Policy further acknowledges that climate change initiatives are more sustainable, equitable and effective when gender equality and women's empowerment considerations are integrated into the design and implementation of projects. Further this Gender Equality Policy recognizes that women and vulnerable communities are also part of the solution to climate change and should therefore be effectively engaged in discussion and decisions that affect them.

Catalyst recognizes that the integration of women's rights and gender equality issues into the mitigation of biodiversity loss, desertification, and climate change is essential.

### **Scope**

The purpose of this policy is to provide guidance as to how the activities carried shall contribute to furthering gender equality.

To minimize social and gender-related and climate-related risks, while also endeavouring to promote respect for and observance of human rights of all people, including women and men from vulnerable or marginalized communities in all climate change actions; and

Reduce the gender gap resulting from climate change exacerbated social, economic and environmental vulnerabilities and exclusions through strategic climate investments that mainstream gender equality issues.

## GENDER MAINSTREAMING CHECKLIST FOR PROJECTS

Date:  
SAP#:

Project Manager:  
Project Name:

Project Component	Question	Yes	No	Partially	Comments*
Analysis/ Justification	1. Does the project explicitly address a gender issue or issues? If so, please describe how and if not, please provide explanation.				
	2. Does the background/context analysis of the project examine: a) the different situations of women and men b) the impacts the project will have on different groups				
Data & Statistics	3. Will the project collect and use sex disaggregated data and qualitative information to analyse and track the gender issues?				
Results Framework	4. Are outcomes, outputs and activities designed to meet the different needs and priorities of women and men? Has a gender marker been assigned at the output-level ('central focus of output', 'significant attention', 'limited attention' or 'no attention to gender')? **				
	5. Does the results framework include gender responsive indicators, targets and a baseline to monitor gender equality results?				
Budget	6. Have adequate financial resources been allocated for the proposed gender activities (vis-à-vis % of total budget)?				
Stakeholders & Participation	7. Are women/gender focused groups, associations or gender units in partner organizations consulted/included in the project?				
	8. Does the project ensure that both women and men can provide inputs, access and participate in project activities (target at least 40 % of whichever gender is underrepresented)?				
Gender Capacities	9. Has a gender expert been recruited <u>OR</u> does the project staff have gender knowledge and have gender related tasks incorporated in their job descriptions?				
	10. Will all project staff be sensitized to gender (e.g. staff will complete basic online course; I Know Gender Course on UN Women's eLearning Campus <a href="https://trainingcentre.unwomen.org/">https://trainingcentre.unwomen.org/</a> )?				
Project Implemen- tation	11. Is there gender balanced recruitment of project personnel and gender balanced representation in project committees?				
Monitoring & Evaluation	12. Will the monitoring and evaluation of the project cover gender issues and monitor behavioural changes towards greater gender equality?				