



THE **Green**
Guarantee
COMPANY

Annex 6 | GGC Environmental & Social Management System and Operational Manual

September 2022

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Acknowledgement

The following document is submitted in accordance with the submission of the Full Funding Proposal by the Green Guarantee Company to the Green Climate Fund in line with their submission of the Project Preparation Facility (PPF) Application dated 13 October 2021 and full funding proposal submitted in 2022. The team responsible for the compilation of the document are as follows:

- Development Guarantee Company
- Green Guarantee Company
- Pegasys Limited
- IBIS Consulting
- SR Consulting

The contributions by each of the organisations as well as the independent consultants was pivotal. Although we cannot specially recognize the individuals named below for their expertise, dedication, energy, and generosity, their role in the compilation of the annex is well noted. The impact of this Annex will be the product of their collective contributions.

1 GGC's E&S Manual, Framework and Policy

1.1 PROJECT CONTEXT

Development Guarantee Group (“DGG”) is a dedicated guarantee product development and management platform focused on developing innovative risk guarantee solutions to solve some of the world’s most pressing development challenges. DGG believes that guarantees can help developing countries access more climate finance from the global green bond market and is therefore seeking to design, build and operate the Green Guarantee Company (“GGC”) to act as a market champion and mobilise greater private sector climate finance into developing countries. GGC will be the first-ever guarantee company to exist in the global capital markets with this specific objective making it a highly innovative and ground-breaking initiative.

GGC will seek to guarantee global investors to catalyse their investments into green bonds and loans that are issued from developing countries. To ensure speed of implementation the GGC proposition is based on working with existing market participants, infrastructure, and standards to deliver a proven solution thereby reducing execution risk and increasing the opportunity to scale at speed.

It is anticipated that GGC will invest USD 4 billion in climate mitigation and/or adaption projects over 10 years, in targeted countries in Africa, developing Asia, South America and the Caribbean.

GGC will support the climate-related Sustainable Development Goals (SDGs) and National Determined Contributions in developing countries, to invest in climate-resilient projects. GGC will also adhere to international best practices in respect to ESG Monitoring and Reporting, and via a bespoke digital platform provide capacity building and reporting services to partner organisations in the value chain, including both the issuers and investors in green and climate bonds and loans.

While there are several existing guarantors, which were started and operated by GGC’s co-founders, GGC stands out as the only guarantor focused exclusively on global capital markets looking to create a bridge between the abundant pools of savings in developed countries and green projects in developing countries.

1.2 BACKGROUND TO THE MANUAL

Green Guarantee Company (herewith referred to as “GGC”), guarantor for green and climate bonds and loans, has developed a comprehensive and holistic approach to environmental and social (E&S) risk management which is made up of the following key framework, policies and operational procedures:

- **GGC E&S Framework** outlines the methodology used by GGC for selecting climate mitigation and / or adaptation bonds and / or loans to guarantee that enables it to meet its overall climate impact

objectives as effectively as possible (Impact/\$) (refer to *Section 2* and エラー! 参照元が見つかりませぬ).

- **GGC E&S Policy** clearly defines, articulates, and demonstrates the organisation's commitments and approach to E&S, and forms the foundation of GGC's E&S approach. This includes the principles and E&S risk standards and requirements that GGC, partners and projects are expected to adhere to (refer to *Section 0*).
- **GGC E&S Management System** (herewith referred to as 'ESMS') has been developed and adopted as part of GGC's day-to-day business activities and processes to operationalise, and achieve compliance with, the E&S Policy (i.e., commitments and requirements set) (refer to *Section 4 to 8* and supporting annexures).

The manual details the GGC E&S Policy as well as the components that make up the ESMS, enabling GGC to ensure sound E&S risk management practices to avoid and / or minimize potential financial and reputational liabilities associated with its financing activities.

For clarity purposes and to ensure the document reads smoothly, the following terms have been used interchangeably:

- **GGC:** Green Guarantee Company / Guarantor or Organisation
- **Bond Issuers:** Partner and / or Issuer (covers both Financial Institutions (FIs) and/or Operating Entities / Projects that have set up a bond issuances, unless otherwise stated in the document)
- **Guaranteed Bond and / or Loan:** Project and / or Transaction

1.3 GGC'S COMMITMENT

The GGC will prioritise the effective management of environmental and social (E&S) risks and effects related to its investments. GGC is encouraged to contribute to the reduction of greenhouse gases (GHG); protection of biodiversity and natural resources; respect for cultural heritage and indigenous peoples; the incorporation of the gender perspective; labor standards and working conditions, as well as the health and safety of workers; community health and safety; pollution prevention; and prevent involuntary resettlement or loss of livelihood. As such, the GGC will not invest in high-risk projects (so-called Category A projects / FI -1), and will limit itself to projects with medium or low risks (Category B/FI-2 and C/FI-3).

2 GGC E&S Framework

The E&S Framework of GGC is made up of five key pillars, which together form the overarching framework, and equally contribute to GGC's overarching goals and objectives as outlined in *Figure 1* below. The framework can be found in エラー! 参照元が見つかりません。 for further reading. This E&S manual builds upon the pillar 1 of the framework, **E&S risks standards and requirements**) and should also be read in conjunction with other policies and procedures developed as part of pillars 2 (Climate Mitigation and Adaptation Impact), 3 (Green and Climate Bond Certification) and 4 (Gender).

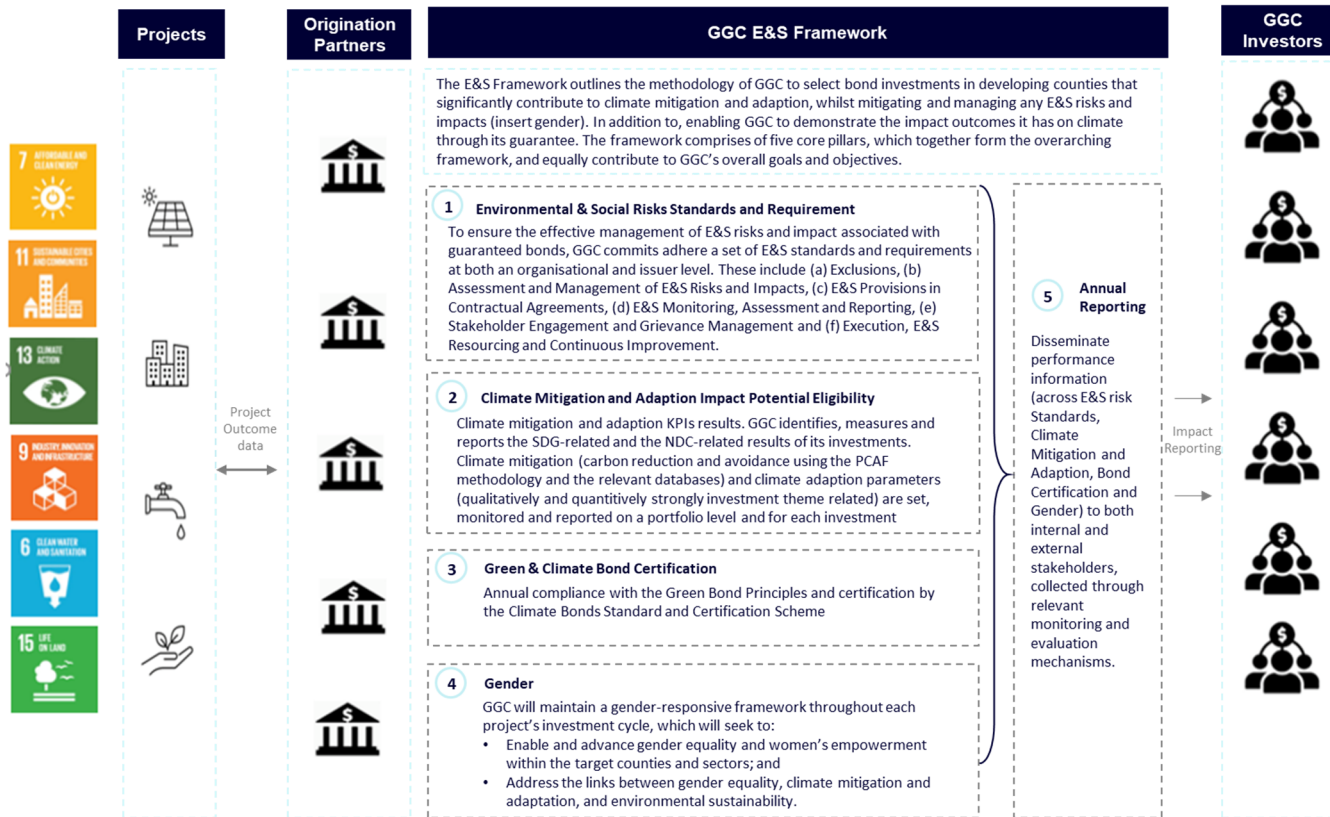


Figure 1: Overview of GGC E&S Framework

3 GGC Environmental and Social Policy

3.1 PURPOSE AND SCOPE

GGC's E&S Policy sets out the organisation's commitment to embedding E&S considerations into its day-to-day business activities and transaction processes. By doing so, this holds GGC accountable to fulfilling its duties as a responsible guarantor, and its commitment to delivering a net zero carbon economy, whilst avoiding harm and potential financial and reputational liabilities.

The policy defines the guiding E&S principles, commitments and E&S Risk Standards and Requirements which underpin GGC's E&S management approach. These have been carefully selected based on their relevance to GGC as an organisation and its investment strategy, taking into account the types of issuers, use of proceeds, sectors and operating jurisdictions, as well as set investor and other good practice requirements.

The GGC E&S Policy applies to all of GGC's financing activities.

3.2 GUIDING E&S PRINCIPLES

GGC, partners and projects will adhere, or seek to adhere to, the following set of guiding E&S principles below. While some partners and projects may not satisfy all of the principles at the time of the guarantee is issued, GGC will encourage all parties to align with these during the course of its financing period.

Environment

- Contribute to environmental protection and the reduction of pollution.
- Reduce our consumption of resources and improve the efficient use of those resources.
- Apply the precautionary principle to avoid or prevent irreversible impacts on biodiversity and ecosystems in cases where the consequences of damage or loss are potentially significant, and the knowledge needed to manage risks and impacts is lacking.
- Adopt climate action where relevant through addressing physical and transition risk management approaches to help reduce our contribution to and impacts from the effects of climate change.
- Understand and manage the physical risks and opportunities from climate change (such as increased temperatures and increased intensity of flood or storm events).
- Understand and manage the transition risks and opportunities from climate change (such as increasing carbon regulation, consumer pressure for low carbon products etc.).

Social

- Support and respect the protection of nationally and internationally proclaimed human rights.
- Support and respect responsible and fair labour and working conditions and practices.

- Protect the health and safety and wellness of all employees, contractors, surrounding communities, and customers.
- Do not engage in or benefit from any use of forced or compulsory labour and / or child labour.
- Eliminate any form of gender-based violence or discrimination in terms of employment and other business practices including SEAH (Sexual, Exploitation, Sexual Abuse and Sexual Harassment) risks or potential adverse impacts on women, men, girls and boys as early as possible.
- Promote gender equity and empowerment in company remuneration, hiring and procurement practices.
- Encourage implementation awareness raising for host communities and project workforces on SEAH to enhance gender equality and to prevent, address and eliminate SEAH.
- Eliminate any form of gender-based violence or discrimination in respect of employment and other business practices.
- Respect local communities and indigenous people.
- Ensure adherence to relevant stakeholder and public participation requirements to ensure that the rights, dignity, culture and way of life of interested and affected parties are respected, observed and maintained.

3.3 E&S RISK STANDARDS AND REQUIREMENTS

GGC, partners and projects are required to act in accordance with the following E&S and guidelines:

- Applicable national and local E&S laws and regulations in applicable operating jurisdictions.
- International Finance Corporation (IFC) Performance Standard 1 to 8 on Environmental and Social Sustainability (2012)¹. The eight Standards are as follows:
 - Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
 - Performance Standard 2: Labor and Working Conditions
 - Performance Standard 3: Resource Efficiency and Pollution Prevention
 - Performance Standard 4: Community Health, Safety, and Security
 - Performance Standard 5: Land Acquisition and Involuntary Resettlement
 - Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
 - Performance Standard 7: Indigenous Peoples
 - Performance Standard 8: Cultural Heritage

¹ https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

GGC shall not guarantee any proposed bond and loan issuances that, in its reasonable opinion, will not meet, over the life of the GGC's transaction, the applicable E&S standards requirements. GGC may invoke other international standards and / or guidelines as deemed appropriate.

3.4 CORE E&S COMMITMENTS

To ensure that E&S forms an integral part of GGC's transactional processes and decision making, the guarantor commits to the following undertakings:

- Ensure that E&S considerations are integral to transactional processes and decision making.
- Develop, implement and maintain a robust ESMS, based on international best practice standards and in line with its E&S Framework and E&S Policy, to ensure the consistent and robust application of E&S across all business activities.
- Allocate sufficient organisational capacity and competencies to support the implementation of GGC's E&S Framework, Policy and associated ESMS.
- Review issuance proposals provided by partners to a) identify any risks and impacts associated with the project, b) assign an appropriate E&S risk categorisation and c) confirm compliance with set E&S requirements. Instances whereby, areas of non-conformances are identified, ensure mitigation measures are defined and incorporated into legal agreements between partners (the issuer of the bond or loan to be guaranteed by GGC) and the project, in the form of an E&S Action Plan (ESAP) (or similar).
- Do not make investments into transactions that trigger any excluded or prohibited activities as stipulated on the GGC Exclusion List and / or any transactions categorised as High Risk (refer to エア
ー! 参照元が見つかりません。).
- Seek appropriate disclosure on E&S management and performance from partners and associated projects in which GGC guarantees.
- Seek continued improvement and progress at guarantor and issuer level through on-going monitoring, evaluation and reporting on progress against set E&S objectives.
- Ensure that specific remedial clauses or mechanisms are in place to address breaches in set E&S risks standards and requirements between GGC and partners.
- Generate regular and transparent disclosures on E&S efforts, activities and progress to investors and other relevant stakeholders.
- Periodically review the GGC E&S Framework, Policy and associated ESMS to ensure alignment with emerging best practice and continual improvement of performance against set objectives and targets.

3.5 EXCLUDED ACTIVITIES

GGC will ensure that no excluded / prohibited activities and / or projects are guaranteed according to the GGC Exclusion list (refer to エラー! 参照元が見つかりません。). In addition to this, GGC will not provide a guarantee to any transaction categorised as Category A or FI-1.

3.6 ACCOUNTABILITY, EXECUTION, AND IMPLEMENTATION

Overall accountability for the execution of GGC's E&S Policy lies with the GGC Senior Leadership Team. As part of this, GGC Senior Leadership Team are responsible for ensuring that adequate resources are provided, whether budgetary, allocation of staff time or availability of appropriate expertise, to ensure that the necessary capacity (internal staff or external expertise) is deployed effectively to oversee and implement the requirements of this E&S Policy and associated ESMS.

All GGC staff members will be responsible for ensuring that transaction processes and business activities are executed in a manner that are socially and environmentally sustainable, responsible, and aligned with the GGC E&S Policy and Framework. As and when required, GGC shall utilise third party expertise and support from competent and qualified service providers.

GGC will make this policy publicly available and disclose any relevant related documents or information.

4 GGC E&S Management System

4.1 BACKGROUND TO THE SYSTEM

The GGC ESMS governs the effective incorporation and management of E&S factors and safeguards throughout its decision making and transactional processes to ensure that E&S risks and impacts are being effectively managed. The ESMS comprises of several components as illustrated in *Figure 2* below which are outlined in further detail in the following sections. This provides information needed to support the implementation and operationalization of the ESMS. **The GGC ESMS applies to all of GGC's activities.**

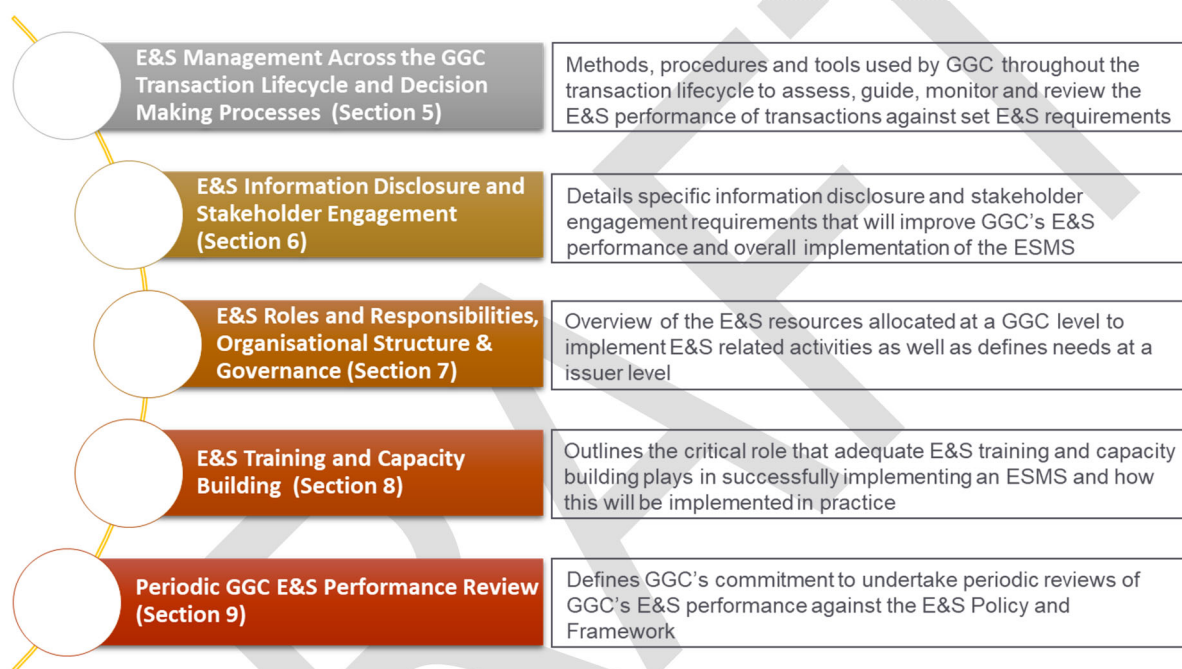


Figure 2: Components of the GGC E&S Management System

This ESMS will be implemented at a GGC (Guarantor) level, of which GGC Senior Leadership Team is responsible for ensuring its establishment and maintenance to assess, oversee and support the management of E&S matters at both a partner (and project) and overall investment portfolio level.

Importantly, the ESMS contains E&S requirements that will be passed down to both the bond issuers and the projects. However, these parties are expected to institute E&S systems, processes, and resourcing to establish and maintain their own E&S performance including managing risk exposures associated with projects, in line with GGC's E&S requirements.

GGC will, where feasible, support partners to ensure adherence with these requirements and / or will refrain from providing a guarantee in instances where non-compliance shall unlikely be achieved in the lifespan of their financing period.

GGC implements a holistic and systematic approach to E&S management across its entire transaction lifecycle (from deal origination, through screening and due diligence, into approval and structuring and

finally, to post-investment monitoring) – this approach is integrated in conjunction with legal, commercial, financial, to name a few, processes.

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4.2 E&S RISKS AND IMPACTS

A more detailed table is attached a standalone document in an excel format.

A high-level overview of the typical E&S risks and impacts associated with the activities that GGC will look to support through its guarantees are provided in *Table 1* below. Transaction specific E&S risks and impacts will be interrogated and possible mitigation and management measures/safeguards that will be implemented to manage these typical risks and impacts during GGC's comprehensive Transaction Selection Process (TSP) as outlined in the subsequent sections.

Target Result Area	Energy generation and access	Low-emission transport	Buildings, cities, industries, & appliances	Health, well-being, food, & water security	Infrastructure & built environment
Cross cutting risks & impacts	<ul style="list-style-type: none"> Labour and Working Conditions Occupational Health and Safety Waste and Effluent Management (production and disposal) 				
Sector specific risks & impacts	<ul style="list-style-type: none"> Water Management (quality, consumption & extraction) Hazardous materials Sustainable resource and materials 	<ul style="list-style-type: none"> Hazardous waste management Emissions, noise, dust and pollution. Habitat and ecosystem destruction Sustainable resource and materials Land Acquisition 	<ul style="list-style-type: none"> Supply Chain Sustainable resource and materials 	<ul style="list-style-type: none"> Extreme weather Habitat and ecosystem destruction Use of pesticides and agrochemicals Water Management (quality, consumption and extraction) 	<ul style="list-style-type: none"> Land Acquisition Emissions, noise, dust, and pollution Habitat and ecosystem destruction Supply chain Sustainable resource and materials

Table 1: Generic E&S risks and impacts associated with GGC's guarantees

Figure 3 Risk and mitigants

#	Nature of Borrower	Geography	Sector	GCF Result Area	Project Description (Example)	Alignment with NDC	Typical Risk	Typical Risk for Indigenous People	Mitigant Measure	Positive outcomes
1	Private Sector	Indonesia	Buildings	Mitigation Results Area 3 (Building, cities, industries, appliances)	Bond raised by local financial institution to fund construction of earthquake resistant low income housing projects	Government of Indonesia has made improvement of human settlements and climate resilient infrastructure development a priority in its NDC.	Poor Air and Water Management (quality, consumption & extraction) Extreme weather Habitat and ecosystem destruction Poor labour and working conditions Cultural heritage sites Land acquisition Limited to no Occupational Health and Safety guidelines Noise, dust and pollution	Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources No free, prior informed consent is obtained Possible displacement of indigenous peoples, including economic displacement Exclusion of indigenous peoples including through inadequate consultation and free, prior and consent processes Mismanagement of relations prior to and during consultation, failure to tailor consultations to indigenous peoples' styles of consensus-building and group decision-making and paying inadequate attention to land rights and cultural traditions Lack of recognition and protection of indigenous people's land or communities through disjointed and fragmented consultation processes	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Workers' codes of conduct, particularly in relation to GBV/SEA prevention Emergency Preparedness and Response Plan Resource Efficiency and Pollution Prevention and Management Establishment of regular control measures of the intensity of noise pollution Respecting national regulations (building safety and prevention of fire and explosion risks) Compliance with national regulations for the protection of historical and cultural property During dry conditions, access roads will be wetted or treated with a biodegradable (e.g. lignin-based) road sealing products to prevent dust generation Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Application of the Indigenous People Framework including participation and consent	Access to affordable and safer housing Reduced number of casualties and injuries during a disaster Lower cost of reconstruction following a disaster Improvements to gender equality through reducing women's greater disaster vulnerability Greater ability of communities to resume work quickly following a disaster Reduced mental health impacts caused by destruction of homes Local job creation More affordable housing can allow remaining capital to be invested in entrepreneurial activities New technical skills, capacity building and technology transfer
2	Sub-National	Laos	Energy	Mitigation Results Area 1 (Energy generation and access)	240 MW floating solar project	Government of Laos is seeking to increase the share of renewable energy (excluding hydro) in its energy mix to 30% by 2025	Poor Air and Water Management (quality, consumption & extraction) Exposure to hazardous materials Poor use of sustainable resources and materials Labour and Working Conditions Occupational Health and Safety	National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Critical ecosystem services are lost, including water for fisheries or to support agriculture	Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Ensure safe disposal of solar panels and battery systems by including provisions in contracts Establishing stakeholder engagement plan for the project Undertaking feasibility assessments prior to undertaking floating solar installation site and technology specific feasibility assessments to ensure it is not situated in areas that have sensitive marine biodiversity documented and well away from protected areas Workers' codes of conduct, particularly in relation to GBV/SEA prevention	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Reduction in evaporation and water loss at the project site, promoting water security
3	Private Sector	Indonesia	Energy	Mitigation Results Area 1 (Energy generation and access)	1 GW of integrated solar and energy projects in Batang, Bidadari and Kanimun regions.	Government of Indonesia is seeking to install circa 22 GW of renewable energy by 2030.	Poor Air and Water Management (quality, consumption & extraction) Hazardous materials Poor use of sustainable resources and materials Poor labour and Working Conditions Limited to no Occupational Health and Safety guidelines Inadequate disposal of batteries Potential to increase pressure on indigenous peoples' lives and livelihoods	Traditional practices / knowledge are sidelined due to new technologies Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Lack of recognition and protection of indigenous people's land or communities through disjointed and fragmented consultation processes	Making provisions for the use of PV rather than lead acid batteries Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Workers' codes of conduct, particularly in relation to GBV/SEA prevention Compliance with national regulations for the protection of historical and cultural property Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Communication programme to inform the population of about ongoing works	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used
4	Private Sector	Philippines	Energy	Mitigation Results Area 1 (Energy generation and access)	Construction of 110MW of solar plants on Luzon Island	Philippines' National Climate Change Action Plan has renewable energy as a stated priority.	Poor Water Management (quality, consumption & extraction) Exposure to hazardous materials Poor use of sustainable resources and materials Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline	Potential to increase pressure on indigenous peoples' land and livelihoods Traditional practices / knowledge are sidelined due to new technologies National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources No free, prior informed consent is obtained Possible displacement of indigenous peoples, including economic displacement	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Workers' codes of conduct, particularly in relation to GBV/SEA prevention Emergency Preparedness and Response Plan Resource Efficiency and Pollution Prevention and Management Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Solid Waste Management plan for hazardous materials Communication programme to inform the population of about ongoing works	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used

#	Nature of Borrower	Geography	Sector	GCF Result Area	Project Description (Example)	Alignment with NDC	Typical Risk	Typical Risk for Indigenous People	Mitigant Measure	Positive outcomes
5	Sub-National	Rwanda	Energy/Buildings	Mitigation Results Area 1 (Energy generation and access), Adaptation Results Area 3 (Infrastructure and built environment)	Green bond/loan raised by a sub-national financial institution to finance a pipeline of small scale distributed renewable energy projects	The Government of Rwanda's Green Growth and Climate Resilience Strategy has sustainable small-scale energy installations in rural areas as a stated priority.	Poor Water Management (quality, consumption & extraction) Hazardous materials No access to sustainable resource and materials Extreme weather Habitat and ecosystem destruction Use of pesticides and agrochemicals Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Noise, dust and pollution	Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Potential to increase pressure on indigenous peoples' land and livelihood National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Traditional practices / knowledge are sidelined due to new technologies	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Protection and conservation of biodiversity at project sites and captured in respective ESIA's, which include measures to avoid, minimize, mitigate or offset any potential impacts to natural habitats and living natural resource Targeted consultation with users and residents in the affected areas Workers' codes of conduct, particularly in relation to GBV/SEA prevention Establishment of regular control measures of the intensity of noise pollution Integrate physical climate risks and adaptation into core business processes.	Large and consistent social benefits off-grid solar systems and mini-grids that would replace lighting systems that are either fossil fuel-based such as diesel generators and kerosene lamps or woody biomass, or non-reusable dry-cell batteries Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Access to solar PV systems No greenhouse gases (GHGs) or air pollutants emitted into the atmosphere during installation and operation of solar PV systems Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used Transition to a low carbon economy
6	Sub-National	Laos	Transport	Mitigation Results Area 2 (Low emission transport)	Installation of EV charging stations	Government of Laos is seeking to increase the share of electric vehicles (EV) to over 30% of the vehicle population by 2030	Hazardous waste management Emissions, noise, dust and pollution Habitat and ecosystem destruction Sustainable resource and materials Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Traffic congestion Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits	Traditional practices / knowledge are sidelined due to new technologies National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Land Acquisition	Road safety management procedure to address potential hazards on communities resulting from construction activities and operationalisation of construction equipment Land acquisition, restrictions on land use and involuntary resettlement policy Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Solid Waste Management plan for hazardous materials Workers' codes of conduct, particularly in relation to GBV/SEA prevention Establishment of regular control measures of the intensity of noise pollution Traffic management plan	Technological innovation Transition to a low carbon economy Reducing pollutants and CO2 emissions caused by burning fossil fuels Reducing major air pollutants like NOx, SO2, PM2.5, and other pollutants, providing health benefits Demonstrable new business model for mitigating negative environment impacts by applying renewables into the auto industry Reducing reliance on imported fossil fuels, thereby improving energy security Opportunity to reduce the running cost of vehicles, improving the accessibility of transport
7	Private Sector	India	Transport	Mitigation Results Area 2 (Low emission transport)	Construction of more than 100,000 EV charging points for two-wheeler electric vehicles	Government of India has set a national target for 30% of all new vehicle sales to be electric by 2030 (with 80% of 2 wheeler sales expected to be electric by 2030).	Hazardous waste management Emissions, noise, dust and pollution. Habitat and ecosystem destruction Poor use of sustainable resources and materials Land Acquisition Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits	Traditional practices / knowledge are sidelined due to new technologies	Road safety management procedure to address potential hazards on communities resulting from construction activities and operationalisation of construction equipment Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Land acquisition, restrictions on land use and involuntary resettlement policy Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention	Technological innovation Transition to a low carbon economy Reducing pollutants and CO2 emissions caused by burning fossil fuels Reducing major air pollutants like NOx, SO2, PM2.5, and other pollutants, providing health benefits Demonstrable new business model for mitigating negative environment impacts by applying renewables into the auto industry Reducing reliance on imported fossil fuels, thereby improving energy security Opportunity to reduce the running cost of vehicles, improving the accessibility of transport
8	Private Sector	Indonesia	Waste Management	Adaptation Results Area 3 (Infrastructure and built environment)	Construction of an Integrated Waste Treatment Facility in Tangerang City in the Greater Jakarta Area. The facility will have the capacity to generate energy from waste as well.	Government of Indonesia has made improvement of human settlements and climate resilient infrastructure development a priority in its NDC.	Land Acquisition/displacement /disturbance Landfills require large areas of land and may have an impact far beyond the actual disposal site Emissions, noise, dust, and pollution Habitat and ecosystem destruction Traditional practices / knowledge are sidelined due to new technologies Poor labour and Working Conditions Recycling processes may be very energy-intensive Access to natural resources Risk Associated with Gender-Based Violence	Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources Possible displacement of indigenous peoples, including economic displacement Exclusion of indigenous peoples including through inadequate consultation and free, prior and consent processes Lack of recognition and protection of indigenous people's land or communities through dispirited and fragmented consultation processes Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights	Integrate physical climate risks and adaptation into core business processes Complete Method Statement outlining how waste will be managed on site, temporary storage areas, waste types to be recycled, as well as methods of disposal No on-site burying, burning or dumping of waste is allowed Different waste types to be stored separately Contractor to investigate options of "take-back" policies for any materials, packaging, etc., not used on site. Examples could include used pallets, plastic wrapping, etc., prior to recycling materials Land acquisition, restrictions on land use and involuntary resettlement policy Labor management framework and procedures Occupational Health and Safety (OHS) management procedures All waste metals generated on site during the construction phase should be collected separately and stored in a suitable, secure location prior to disposal. Contaminated waste metals will require recovery by a suitable waste contractor for decontamination Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Communication programme to inform the population of about ongoing works Application of the Indigenous People Framework including participation and consent	Transition to a low carbon economy Improving access to clean energy, thereby reducing pollution caused by using fossil fuels Reducing reliance on fossil fuel imports, thereby improving energy security Improving recycling and increasing waste collection Reducing plastic pollution, protecting the environment Alleviating pressure on Rawa Kucing landfill site, protecting the water quality of the Cisadane River Anaerobic processes can provide energy benefits from CH4 recovery and use Can destroy pathogens and provide useful soil amendments if properly implemented using source-separated organic waste or collected wastewater Can be aided by NGO efforts, private capital for recycling industries, enforcement of environmental regulations, and urban planning to segregate waste treatment and disposal activities from community life Local job creation New technical skills, capacity building and technology transfer
9	Private Sector	Philippines	Water	Adaptation Results Area 2 (Health, wellbeing, food and water security)	Bulk water supply project in Luzon Island to provide up to 200 million liters per day	Philippines' National Climate Change Action Plan has water sufficiency as a stated priority.	Extreme weather Habitat and ecosystem destruction (fauna and flora) Use of pesticides and agrochemicals Water Management (quality, consumption and extraction) Poor labour and Working Conditions Limited occupational Health and Safety -Heavy machinery may present a health and safety risk to worker Accidents with chlorine gas entail severe risks for health and safety Risk Associated with Gender-Based Violence	Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Traditional practices / knowledge are sidelined due to new technologies	Integrate physical climate risks and adaptation into core business processes. Chlorine gas is stored in containers in a covered area, away from hot sun and other sources of heat Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention Water quality management procedures Communication programme to inform the population of about ongoing works Hazardous material management and an emergency response plans	Improvement of hygiene conditions and reducing the prevalence of waterborne diseases Enhancement of water supply security Increasing access to clean water, improving communities' health Improving availability of water for sanitation Improving water supply for agriculture, supporting income generation Reducing the workload of women and men involved in water collection activities, thereby increasing the time available for income-generating activities Decreasing spend on treatment of water-borne diseases, meaning more capital is available for income-generating activities Local job creation Potential to improve water supply to tourism facilities, supporting employment opportunities New technical skills, capacity building and technology transfer Mitigating against the growing insecurity of water supply, caused by climate change

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4.3 GGC TRANSACTION SELECTION PROCESS (TSP)

In pursuit of achieving its mission GGC will consider the wider positive and negative impacts of the transactions to which it seeks to provide a credit guarantee. Specific consideration will be given to understanding, measuring and managing a transaction’s impact based on the following four core elements:



Figure 4: GGCF Focus areas

In the context of the above, GGC recognizes the importance of ensuring **sound environmental and social (E&S) practices** to avoid and/or minimize potential financial and reputational liabilities. Consequently, the consideration of E&S factors and safeguards forms an integral part of GGC’s Transaction Scorecard (refer to *Appendix III*) which is used to select transactions that ensure key **E&S** risks and impacts have been identified and are effectively managed throughout the transaction lifecycle.

GGC Transaction Scorecard, excel based, is a strategy management tool that supports GGC to assess transactions against specific criteria across four focus areas, **People, Profit, Planet and Purpose**. For each area, the tool comprises of a list of statements which should be scored based on where the transaction lies in terms of its fulfilment of that criterion. An overall transaction score is automatically populated and used to inform GGC’s decision making.

The development of a bankable project is typically a lengthy process, particularly if the infrastructure asset or intervention is sizable. As a guarantor, it is envisaged that GGC will be introduced to a transaction at a later stage of a project’s development, often to assist the project achieve financial close by provide a credit guarantee to senior debt capital providers. The graphic below illustrates this, by showing the ‘Guarantor’ intervening at the ‘Implementation’ and ‘Operation’ phases of the project development cycle.

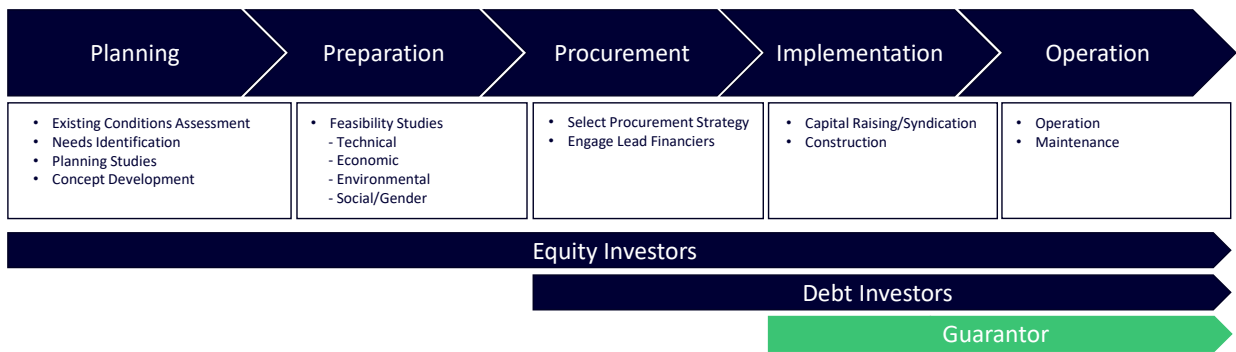


Figure 5: GGC Process Flow Diagram

Therefore, GGC will likely not have the opportunity to influence the **E&S assessment** of a climate project at an early stage in the project development cycle. Instead, GGC relies on having a robust **Transaction Selection Process (TSP)**, which will review and carry out **strategic due diligence** on the borrower’s existing **E&S** documentation, processes and systems to determine if they are compliant with the requirements of GGC’s **E&S Management Framework**. It is against this backdrop that GGC’s robust TSP has been developed, and includes seven (7) strategic steps that GGC will follow in determining whether a project meets the requisite **E&S standards**. Furthermore, the TSP is a **unique process** that seeks to inform the selection of impactful climate projects in the absence of GGC being the project developer or sponsor. A simple illustration of the TSP is provided below in *Figure 6*, and each of the steps are described thereafter.

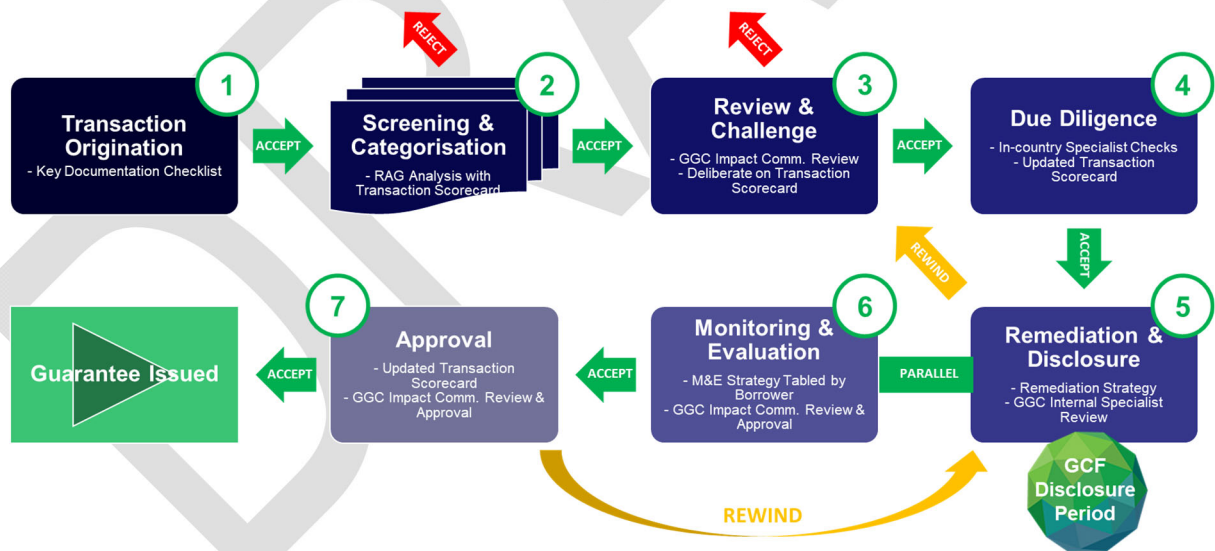


Figure 6: GGC Transaction Selection Process (TSP)

4.3.1 STEP 1: TRANSACTION ORIGATION (1-2 WEEKS)

Transactions will be originated by GGC's Origination Partners (e.g., MUFG, Deutsche Bank, etc.) who will have had training from GGC on its **E&S Management Framework** and what an acceptable project transaction from an **E&S** perspective would look like. GGC's use of the **IFC Performance Standards** as the basis for its **E&S Management Framework** will be very helpful as it is widely disseminated in global credit and capital markets, thus benefiting from a higher degree of awareness than more bespoke standards.

At Transaction Origination, GGC's Origination Partners liaise with the project transaction's borrowers to garner the latest information and documents for the project transaction. Seeing as GGC is likely to be interacting near the end of the project development cycle, it is expected that, at a minimum, the following documents will be made available for further review by GGC's requisite specialists and committees, *inter alia*:

- i. Climate Impact Analyses (mitigation) and/or Climate Impact Assessment (adaptation);
- ii. Gender Policy & Action Plan;
- iii. Environmental & Social Impact Assessment (ESIA), including associated reports/plans such as Resettlement Action Plans, Indigenous Peoples Plans, Biodiversity Action Plans, where relevant. The development of the Indigenous Peoples Plans should be guided by the Indigenous Peoples Planning Framework (see Annex 6 entitled Indigenous Peoples Framework);
- iv. Environmental and Social Policy and Management System (ESMS), including any compliance audit and monitoring reports, where relevant; and
- v. Climate Bond and/or Loan Certification.

4.3.2 STEP 2: SCREENING (1-3 WEEKS)

For all transaction opportunities presented by origination partners, GGC will conduct a screen and review all the relevant information made available to them by the partner to assess:

4. Alignment with GGC Exclusion List (refer to エラー! 参照元が見つかりません。)
5. Alignment with GGC's E&S Framework and E&S Policy (refer to エラー! 参照元が見つかりません。 and Section 3 respectively)
6. Initial E&S risk exposure including high-level sector specific and / or transaction specific E&S risks, opportunities, and impacts (that require further interrogation during the due diligence phase).

During screening, GGC shall use the Transaction Scorecard to conduct a go / no – go assessment of the proposed transaction, based on the RAG Checklist (red, amber or green) (refer to エラー! 参照元が見つかりません。). An example of risk screening using a RAG approach is below (refer to Figure 7).

Any RED responses means the transaction is a "No Go" and rejected immediately. This supports GGC in adhering to investment mandate of not investing into any High-Risk transactions.

RAG CHECKLIST	Red	Amber	Green
Does the proposed borrower/project trigger any excluded/prohibited activities on GGC's Exclusion list?	YES	MAYBE	NO
Has the borrower/project faced controversies (i.e. any material Environmental or Social events such as a labour strike, fines and penalties for non-compliance, environmental pollution, gender-based violence/sexual harassment, etc.) over the last 3 years?	YES	MAYBE	NO
Would the borrower/project owner cause significant negative environmental impact?	YES	MAYBE	NO
Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" that are impacted by the project?	YES	MAYBE	NO
Does the project have an Environmental & Social Policy, Environmental & Social Impact Assessment and Environmental & Social Management System?	NO	MAYBE	YES
The Borrower has a code of conduct/policy in place which includes SEAH and expresses zero-tolerance (e.g. describes standards of staff behaviour and forbids sexual exploitation, abuse and harassment) towards acts of a SEAH nature as defined in GGC's ESMS.	NO	MAYBE	YES
The Borrower's grievance redress mechanism provides a safe opportunity for cases to be reported and people are protected from retaliation	NO	MAYBE	YES
The Borrower's grievance redress mechanism provides a process for cases to be duly reported, recorded and analyzed to improve prevention	NO	MAYBE	YES
The Borrower has identified SEAH risks and mitigant measures in their preparatory documentation	NO	MAYBE	YES

Figure 7: RAG Checklist

If the proposed transaction meets the necessary criteria to proceed, GGC shall assign an initial E&S risk categorisation (Category B/C or FI-2/FI-3) to the proposed transaction, supported by the Transaction Scorecard and the screening checklist contained within. GGC will also draw upon supporting sectorial resources/guidelines during this process including, but not limited to, CDC Sector

Profiles, E&S Briefing Notes, IFC Performance Standards, World Bank General and Sectorial Environmental Health and Safety (EHS) Guidelines, ILO Fundamental Conventions, etc.

The E&S risk categorisation will be used as a basis to plan for and define the scope of the E&S Due Diligence (including the necessary allocation of resources, both monetary and personnel). Please refer to the risk *categorisation* section below for more details.

The programme will identify SEAH risks or potential adverse impacts on women, men, girls, and boys as early as possible as part of GCF-financed activities screening and reflect such risks or impacts in relevant safeguards instruments (including ESIA and ESMP as appropriate), and differentiated by gender and age where relevant, including SEAH (or the similar terms employed by the AE that are equivalent to those of the GCF in all material respects).

The relevant E&S findings from screening will be incorporated into initial Impact Committee papers to inform decision making (refer to エラー! 参照元が見つかりません。). The committee shall deliberate on these findings to support their decision as to whether to proceed to the next stage of the process (i.e., Due Diligence) and / or the necessary resources to be allocated.

E&S Risk Categorisation

To reflect the magnitude of E&S risks and impacts associated with a proposed transaction (and to inform the level of appraisal needed), GGC will categorise every proposed transaction as red, amber or green based on the level of exposure to potentially adverse E&S risks and impacts.

Key contributing factors considered when assigning the risk categorisation includes the use of proceeds (known vs unknown), type of guarantee ('direct' to an Operating Entity/Project vs 'indirect' to a Financial Institution (FI)), size and duration of guarantee, sectorial and geographical exposure, and sensitivity and the magnitude of potential E&S risks and impacts, including direct, indirect, induced, and cumulative impacts.

The risk categorisation system applied is based off the IFC E&S Risk Categorisation Guidelines² and the IFC Interpretation Note on Financial Intermediaries (FIs)³ and differentiates between guarantees being issued to Operating Entities or Projects (Direct – where use of proceeds is known) and Financial Institutions (FIs) (Indirect – where use of proceeds is unknown or known).

The categories used, their implications on the level and scope of the E&S Due Diligence as well as example activities, are outlined below:

Direct Guarantees

² https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-categorization

³ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_interpretationnote-fi

- **Category A (High Risk):** Business activities with potential significant adverse environmental and / or social risks and/or impacts that are diverse, irreversible, or unprecedented.

GGC will not guarantee Category A transactions. The proposed transaction shall be abandoned resulting in no further due diligence requirements. Indeed, all of the bonds defined use of proceeds will exclude category A projects. No general corporate bonds for issuers with Category A exposure will occur.

Example Activities

- Large infrastructure projects (e.g., railways, ports, harbors and terminals, airports, toll roads, long-distance pipelines, large dams, etc.).
- Extractive industries (e.g., oil & gas, mining).
- Large scale primary agriculture & heavy manufacturing (e.g., cement manufacturing, fertilizer production, petroleum refining, etc.).

- **Category B (Medium Risk):** Business activities with potential limited adverse environmental and / or social risks and/or impacts that are fewer in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

The E&S due diligence will assess operating entity or project performance against set E&S requirements, specifically local and national regulations and IFC PS 1 to 8.

This will involve interviews with management, a potential site visit and the review of key documentation to ensure appropriate safeguard instruments are in place and deemed acceptable. At a minimum, Environmental and Social Impact Assessment (ESIA), Management Plans (ESMPs) and / or Environmental and Social Management Systems (ESMS), and associated audit reports. In addition, where applicable, specific assessments like a Resettlement Action Plan, Stakeholder Engagement Plans, Resettlement Policy Framework, Indigenous Peoples Plan, Chance Finds Procedure, and / or Land Acquisition Plan.

The E&S due diligence will be performed internally by the Internal GGC E&S Specialist and supported by an in-country/external E&S expert, where necessary. For example, instances whereby, IFC PS 5 Land Acquisition and Involuntary Resettlement is triggered, GGC shall appoint a Land Resettlement Specialist to support the E&S due diligence.

In addition, for Category B transactions that are co-funded by a DFI or IFI, the assessments will be undertaken jointly and led by the most experienced E&S personnel on similar projects.

Example Activities:

- Smaller scale infrastructure projects (e.g., smaller-scale dams, moderate construction projects, upgrades to existing infrastructure, telecommunications, etc.).
- Hospitals and medical facilities of small to medium scale.
- Medium-scale food and beverage processing.
- Road-based logistics companies for non-hazardous cargo.

- **Category C (Low Risk):** Business activities with minimal or no adverse environmental or social risks and/or impacts.

The E&S due diligence will assess operating entity or project performance against set E&S requirements, specifically local and national regulations and IFC PS 1 to 8. This will involve a desktop review undertaken internally by GGC. This will be focused on compliance with local and national regulations, and IFC PS 1 to 4, with consideration for IFC 5 to 8 in the unlikely event these are triggered and may involve follow up interviews with management.

Category C transactions are not expected to generate significant E&S impacts and therefore do not trigger the requirement for any specific assessments or safeguard instruments, unless otherwise identified during the screening and / or due diligence process.

Example Activities:

- Office-based businesses, professional services, (e.g., law firms, management consultants, accountants).
- Small educational facilities.

Guidance Note: Where the use of proceeds covered by GGC's guarantee at the time of the decision to provide coverage, GGC will determine the E&S risk category based on the project's potential E&S risks and/or impacts. For an existing operation, this will include its known operational impacts. This includes consideration for inherent E&S risks related to a particular sector as well as the context of the project activity's setting.

Indirect Guarantees

Category Financial Institutions (FI): Business activities involving investments in financial institutions or through delivery mechanisms involving financial intermediation.

- **Category FI-1 (High Risk):** when an FI's existing or proposed portfolio includes, or is expected include, financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.

GGC will not guarantee Category FI-1 transactions. The proposed transaction shall be abandoned resulting in no further due diligence requirements.

- **Category FI-2 (Medium Risk):** FI's when an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.

Important Note: For all FI's categorised as FI-2, GGC will only guarantee bonds / loans where the use of proceeds meets GGC's eligibility criteria, as stipulated in the GGC Guarantee Policy. This explicitly excludes guaranteeing any high-risk projects.

The E&S due diligence will assess the proposed project to be guaranteed performance against set E&S requirements, specifically local and national regulations and IFC PS 1 to 8 or the E&S risk exposure of the FI's existing and future profile **and** the adequacy of the FI's E&S policies, systems, and resources to identify, manage and monitor E&S risks and impacts of its sub-projects.

This will involve interviews with management, a potential site visit and the review of key documentation including, but not limited to, FI E&S policy, E&S operational procedures, E&S tools and templates, organisational structure, appointed E&S job descriptions, grievance mechanism, etc. The E&S due diligence will be performed internally by the Internal GGC E&S Specialist and supported by an in-country/external E&S expert, where necessary.

- **Category FI-3 (Low Risk):** FI's with business activities or projects with minimal or no adverse social or environmental impacts or risks.

This will involve a desktop review undertaken internally by GGC to confirm project performance against set E&S requirements, specifically local and national regulations and IFC PS 1 to 4 and the adequacy of the FI's ESMS and resources. This may involve follow up interviews with management, if deemed necessary.

Guidance Note for FI's:

- Instances where GGC provides guarantees intended for a specified end use, the FI category will be based on the risks and impacts associated with that end use activities only.
- Instances where the bonds / loans to be guaranteed are unknown (or not fully defined at this stage), the entire or prospective portfolio of the FI will be considered to assign a risk categorisation.
- No high-risk projects will be guaranteed by GGC through FIs in accordance with GGC Guarantee Policy.

Summary of Minimum Safeguard Instruments

Risk Categorisation	Safeguard Instruments
Direct Guarantees	
Category A	Not Applicable
Category B	At a minimum: <ul style="list-style-type: none"> • Environmental and Social Impact Assessment (ESIA) and audit reports • Management Plans (ESMPs) and / or Environmental and Social Management Systems (ESMS) Where applicable, <ul style="list-style-type: none"> • Stakeholder Engagement Plan • Land Acquisition and Resettlement Plan • Grievance Mechanism • Indigenous Peoples Plan
Category C	At a minimum, relevant E&S permits/licenses, etc as required by local and national regulation.
Indirect Guarantees	
FI-1	Not Applicable
FI-2	At a minimum: <ul style="list-style-type: none"> • E&S Policy and E&S Management System (ESMS) (commensurate to the level of E&S risks in its portfolio, and prospective business activities and in compliance with IFC Performance Standard 1) • Exclusion List • ESDD Reports • Grievance Redress Mechanism
FI-3	At a minimum: <ul style="list-style-type: none"> • E&S Policy and E&S Management System (ESMS) (commensurate to the level of E&S risks in its portfolio, and prospective business activities and in compliance with IFC Performance Standard 1) • Exclusion List • ESDD Reports • Grievance Redress Mechanism

GGC will provide borrowers with a Safeguard Instrument Package comprising of various high level guidance notes to support the development of specific safeguard instruments as outlined in the table above (refer to *Appendix V*).

4.3.3 STEP 3: REVIEW AND CHALLENGE (1-3 WEEKS)

Following a professional review of the available **E&S** information and documentation, in conjunction with discussions with the borrower's senior management team, the **E&S** components of the Transaction Scorecard will be completed by GGC's investment team under the guidance of GGC's internal **E&S** specialist. A screening note is used to outline the analysis and assumptions underpinning their inputs into the Transaction Scorecard.

The draft Transaction Scorecard is then presented for review to the GGC's Impact Committee, which comprises specialists such as an independent **E&S** specialist. These specialists challenge the analysis and assumptions made by the GGC investment team to ensure there has been sufficient rigour in the various assessments' methods, calculations and findings.

Once satisfied the GGC's Impact Committee approve the transaction to move through the formal due diligence and remediation strategy phases.

4.3.4 STEP 4: DUE DILIGENCE (2-5 WEEKS)

GGC's own due diligence process is fundamental to fully understanding any E&S risks, impact and opportunities associated with a proposed transaction, prior to GGC providing any financing. This involves conducting a more detailed interrogation of E&S matters (i.e., existing, and foreseeable risks and impacts, existing policies, systems and resources in place, etc), evaluation of compliance with GGC's set E&S risk standards and requirement and understanding the issuer's level of commitment to E&S management. The findings will define specific E&S conditions for the proposed guarantee and inform GGC's decision making.

Due diligence will be undertaken by an independent in-country E&S consultant whom shall conduct a site visit with GGC's investment team and the borrower. GGC acknowledges that the selection of, and relationship building with, the in-country **E&S** specialist consultant is a critical element of GGC's **internal assurance process**. The in-country **E&S** specialist consultant will also assist GGC in conducting ad hoc monitoring and evaluation (M&E) of a selected transaction project, post financial-close, as well as working with a borrower to improve their **E&S Management** competencies.

Typically, high risk transactions would trigger the appointment of an external consultant, which is **not applicable** in GGC's cases as Category A and FI-1 transactions are excluded for the pipeline.

Medium risk transactions can be performed internally using the E&S Due Diligence Checklist for Direct and Indirect Guarantees (refer to *Appendix VI*) and may require support from in-country/external specialists focusing on certain technical specialist areas which GGC deems necessary to interrogate further. For example, risks associated with IFC PS 5 to 8 have been identified. GGC shall use a standard E&S Due Diligence Terms of Reference (ToR) to commission an independent party to conduct the assessment and prepare the findings and report (refer to *Appendix VII*).

Low risk transactions can adequately be performed internally by qualified personnel using the E&S Due Diligence Questionnaire Checklist for Direct and Indirect Guarantees (refer to *Appendix VI*).

Due to GGC's position in the broader financing cycle, the guarantor heavily relies on issuers to perform and provide accurate and robust E&S information relating to the proposed transaction, to support GGC in sufficiently assessing E&S risks and impacts and obtaining a level of comfort that these will be mitigated and managed in accordance with set E&S requirements.

During the due diligence, GGC shall, supported by the E&S Due Diligence Checklist:

- (i) Review all available information, records, and documentation related to the E&S risks and/or impacts of the project;
- (ii) Conduct site inspection(s) and interview(s) with issue and / or project personnel and relevant stakeholders, where appropriate;
- (iii) Analyse the issuer and / or project E&S performance in relation to GGC's E&S risk standards and requirements (e.g., GGC E&S Policy, local and national regulation and the IFC Performance Standards), as appropriate; and
- (iv) Identifying any gaps between the performance and the requirements and define corresponding corrective measures and actions to address these, in the form of an E&S Action Plan (ESAP). The ESAP contains recommended corrective actions and the associated costs, time frames and responsible parties (refer to エラー! 参照元が見つかりません。).

In summary, GGC shall undertake a review of all available information against the GGC E&S Policy, local and national regulation and IFC PS 1 to 8, determine the projects compliance with these standards based on what E&S assessments, inspections, audits, etc., have been done to date including the status of licenses/permits, resourcing, systems, etc, and identify any gaps and recommended actions to close these gaps.

The E&S due diligence findings will be summarised into a final committee paper as part of the broader transaction documents to facilitate informed decision making, including the ESAP (refer to *Appendix VIII エラー! 参照元が見つかりません。*).

Due Diligence of Direct Guarantees (operating entities / projects – excl financial institutions)

Assessment will be commensurate to the nature, scale, and stage of the project (i.e., design, construction, or operational stage), and with the level of E&S risks and impacts.

- For early-stage projects, specifically project design, depending on the nature of the business activity, GGC may be able to support the Client more effectively in anticipating and addressing specific risks and impacts; in identifying opportunities; and in managing these throughout the life of the project.
- For later stage projects and / or operating entities, assessment will review the ESMS and risk management practices already in place, as well as the E&S assessment and community engagement undertaken by the project and/or any third party before GGC's consideration of the guarantee.

In some cases, the use of proceeds covered by GGC's guarantee, and the associated E&S risks and impacts are known and largely understood at the time of GGC's decision to provide coverage.

In other cases, however, GGC's guarantee is not directed at specific physical assets or will lead to

future investments and the use of proceeds, and the E&S risks and impacts are therefore largely indeterminate at the time of GGC's decision to provide coverage. This also results in different levels of information available at the time of GGC's due diligence.

- **Unknown use of proceeds**

If the proposed use of guarantee is not fully defined at the time of the due diligence, GGC may expand its review to other business activities of the Issuer. In addition, the overall E&S risk category for the transaction will be commensurate to the highest risk business activity.

- **Known use of proceeds**

In cases with a defined use of proceeds for GGC's guarantee and a clearly defined E&S risk profile, GGC's requirements regarding E&S risk management will apply to the business activities covered by GGC's guarantee. However, GGC encourages the project to manage E&S risks consistently across all operations.

Due Diligence of Indirect Guarantees (financial institutions)

Key considerations during the due diligence of FIs is the E&S risk profile associated with the FI's existing profile, the implementation capacity (i.e. resources) and status of E&S policies, systems and procedures (e.g. ESMS) in place, as required by IFC PS 1 and IFC PS Interpretation Note of Financial Intermediaries. This seeks to identify where the FI and GGC could be exposed to risks as a result of their support and define requirements for managing these risks.

- **Requirements for all FIs**

- FIs are required to develop and operate an ESMS that is commensurate with the level of E&S risks in its portfolio, and prospective business activities. The ESMS should incorporate relevant principles of IFC Performance Standard 1.
- FIs are required to apply relevant aspects of IFC PS 2 to their work force.
- FIs will apply the GCC Exclusion List and follow relevant national laws.
- FIs with portfolio and/or prospective business activities that present moderate E&S risks (FI-2) will require the higher risk business activities they support to apply relevant requirements of the IFC Performance Standards 2 to 8.
- FIs will implement risk-based E&S performance monitoring processes, including major incident reporting.
- FIs will assign E&S responsibilities to a representative of senior management and/or board member to take accountability for the FI's overall E&S management as well as allocate appropriate resources for the implementation of the ESMS (human and financial resources).
- FIs will develop and maintain a grievance redress mechanism that allows affected and concerned stakeholders to raise complaints or grievances related to investments of FI.

- **Unknown use of proceeds**

In cases where GGC provides a guarantee to bonds and / or loan which are not fully defined at the time of the due diligence, GGC E&S requirements will apply to the entire portfolio of the FI.

- **Known use of proceeds**

In cases where GGC provides a guarantee to cover a specified end use, GGC's E&S requirements will cover this specifically, and the entire asset class of which the specified end use is a part. GGC will also encourages FI's to manage E&S risks throughout their entire portfolio.

The outcome of the due diligence step will be an updated Transaction Scorecard and a detailed transaction DD report from the investment team, supplemented by the in-country **E&S** specialist consultant. The report provides evidence to validate the various transaction assessments, analyses and their underlying assumptions. Critically, it also highlights any gaps and/or meaningful deviations that have been uncovered during due diligence, which will need to be addressed by the borrower.

4.3.5 STEP 5: REMEDIATION AND DISCLOSURE (2-5 WEEKS)

The remediation and disclosure step dovetails with the due diligence step, drawing directly from the detailed transaction DD report. Where gaps and/or deviations exist the GGC investment team, under the guidance of GGC's internal **E&S** specialist, will work with the in-country **E&S** specialist consultant to assist the borrower to develop a remediation strategy to address the gaps/deviations.

Once the **remediation strategy** has been developed, the borrower is required to commit to delivering on the strategy, within a pre-agreed timeframe. **Where a borrower does not commit, or expresses a clear reluctance to developing and/or delivering a remediation strategy, the transaction will be rejected by the GGC investment team.**

To progress, a remediation strategy must be delivered to the satisfaction of the GGC internal **E&S** specialist, alongside a firm commitment by the borrower to undertake the strategy. This will then be tabled with an updated Transaction Scorecard, the detailed transaction DD report, and an M&E strategy (see Step 6), for the GGC Impact Committee's consideration.

GGC shall also adhere to its investor disclosure requirement by issuing a E&S Disclosure Form to Green Climate Fund (GCF) within thirty (30) days for Category B and / or FI-2 projects before the GCF or GGC Board meeting date, whichever is earlier (not applicable for low-risk transactions). This report will cover basic project information, the status of the ESIA, ESMP, ESMS (if applicable) and other relevant E&S safeguard reports such as e.g. Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF), Indigenous Peoples Plan (IPP), IPP Framework (if applicable), status of disclosure to general public, etc. GCF has 30 days from date of submission to provide comment on the form (refer to *Appendix X*). These reports will made publicly available on the GCF website together with associated

funding proposal. Any comments received via the disclosure process will be considered within the remediation strategy.

In relation to each Sub-Project that is Category B (pursuant to the Environmental and Social Risk Categories), the Accredited Entity will contractually ensure that the Executing Entities disclose the ESIA and ESMP and, as appropriate, inclusive of the Land Acquisition and/or Resettlement Action Plan (“LARAP”) and any other associated information including those relevant to indigenous peoples required to be disclosed pursuant to the Information Disclosure Policy and the Environmental and Social Policy (each, the “Sub-Project Disclosure Package”). The Accredited Entity will contractually ensure that the Executing Entities according to their environmental and social management system, shall disclose the Sub-Project Disclosure Package at least thirty (30) calendar days prior to its approval of the relevant Category B Sub-Project, in English and in local language (if not English), on its website and in locations convenient to the affected peoples, and the Accredited Entity shall submit the Sub-Project Disclosure Package to the Fund, which shall include a link to an Accredited Entity and/or Executing Entity’s website to the Project Disclosure Package, for subsequent distribution to the GCF Board and the Fund’s active observers and for publishing in the GCF website; Pursuant to the procedure to be agreed by the Parties in relation to Category B Sub-Projects, prior to the finalization of each Sub-Project Disclosure Package, the Accredited Entity shall deliver such documentation for the review and comment by the Fund and take into account such comments in the finalization of the Sub-Project Disclosure Packages;"

4.3.6 STEP 6: MONITORING & EVALUATION STRATEGY (2-5 WEEKS)

The M&E Strategy step is carried out in parallel with the remediation step. The M&E Strategy is developed by the GGC investment team in collaboration with the GGC’s in-country specialist consultants and the borrower. The M&E Strategy links directly with GGC’s Theory of Change, as approved by the GCF. Each of the activities, outputs, outcomes and ultimate goal, are expounded upon in the M&E Strategy with clear actions as to how, and by whom, data and information is collected, assessed and reported, in respect of the transaction’s **E&S Management** element.

The M&E Strategy must receive a clear commitment by the borrower, before it is tabled alongside the Transaction Scorecard, the detailed transaction DD report, and the remediation strategy, for the GGC Impact Committee’s consideration. As with the remediation strategy, where a borrower does not commit, or expresses a clear reluctance to developing and/or delivering the M&E Strategy, the transaction will be rejected by the GGC investment team before it is tabled with GGC’s Impact Committee for consideration.

4.3.7 STEP 7: STRUCTURING AND APPROVAL (1-2 WEEKS)

GGC’s Impact Committee, which comprises independent specialists, will review the updated Transaction Scorecard, detailed transaction DD report, remediation strategy and M&E Strategy provided by the GGC investment team. Once satisfied that the transaction is compliant with GGC’s **E&S Management Framework** the Impact Committee will be asked to provide its approval for the transaction to progress to the determination of a guarantee issuance.

However, if the GGC’s Impact Committee has residual concerns regarding the **E&S Management** elements of the transaction, then the GGC investment team will be required to go back to Step 5 (Remediation & Disclosure), and work closely with the borrower to address the concerns of GGC’s Impact Committee.

Once GGC’s Impact Committee has approved the transaction it will progress to GGC’s Investment Committee that will opine on the material, financial and commercial aspects of the transaction. Importantly, the Investment Committee will only approve transactions that have first been approved by the Impact Committee. This ensures that all potential transactions have a clear climate **purpose**, and prioritise **people** and the **planet, before profit is a consideration. The approval a transaction ‘purpose, people and planet’ elements are therefore a prerequisite for profit.**

If GGC’s Investment Committee is comfortable with the financial and commercial aspects of the transaction, it will issue a formal approval to provide a guarantee on behalf of the borrower.

GGC will then define the E&S conditions for the transaction in line with set requirements and expectations to be explicitly highlighted in all relevant shareholder and/or other legal agreements between GGC, and the issuer prior to disbursement. This involves considering the findings gathered through screening and due diligence and define appropriate E&S provisions and clauses using the E&S Clauses Guidance Note (refer to *Appendix XI*). These will cover the E&S risk standards and requirements, clear reporting requirements, including the ESAP, implications of a breach of ES requirements, etc. These requirements must be passed down from the issuer to the projects guaranteed by GGC, to ensure alignment with GGC’s E&S requirements.

4.3.8 PROJECTED TSP TIMEFRAMES

It is anticipated, from the team’s experience gained from similar global guarantor initiatives and organisations (e.g. GuarantCo), the Transaction Selection Process should take between 12 – 24 weeks (or 3 – 6 months). The timeframe illustration below shows that an ‘efficient timeframe’ could take 12 weeks, whereas a ‘protracted timeframe’ could take up to (and potentially longer than) 24 weeks.

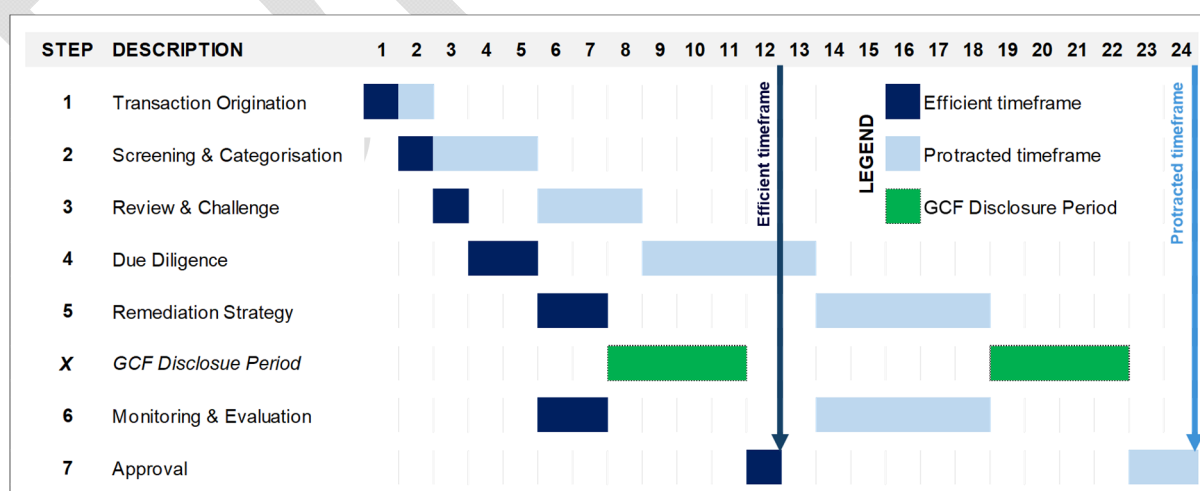


Figure 8: TSP Timeframe

4.4 POST ISSUANCE OF THE GUARANTEE

The following sections details the key elements implemented by GGC during the post issuance phase of the guarantee.

4.4.1 E&S IN CONTRACTUAL AGREEMENTS

GGC shall clearly highlight the E&S conditions of the financing through appropriate E&S covenants and provisions in the legal agreements. This will reflect GGC's applicable requirements and expectations with which borrower undertake to comply, any non-compliances and proposed mitigation measures in writing (e.g., ESAP), E&S monitoring and reporting requirements, consent to monitoring site visits by GGC, etc. If the issuer fails to comply with its E&S conditions expressed in the legal agreements, GGC will work with them to achieve compliance and / or may exercise its rights and remedies, as appropriate.

4.4.2 MONITORING, ASSESSMENT AND REPORTING – POST ISSUANCE OF THE GREEN BOND AND LOAN

During the guarantee period, GGC will engage with the issuer to ensure that responsible business operations and practices are being implemented in accordance with set E&S requirements and encourage improvements, where possible. This involves implementing select monitoring and reporting mechanisms to assess, measure and evaluate the on-going performance of its guarantees and in turn, GGC's overall E&S performance.

As part of this, GGC implements a multi-layer monitoring and reporting approach, between GGC and its issuers as well as GGC and its investors (as outlined in *Figure 9*).

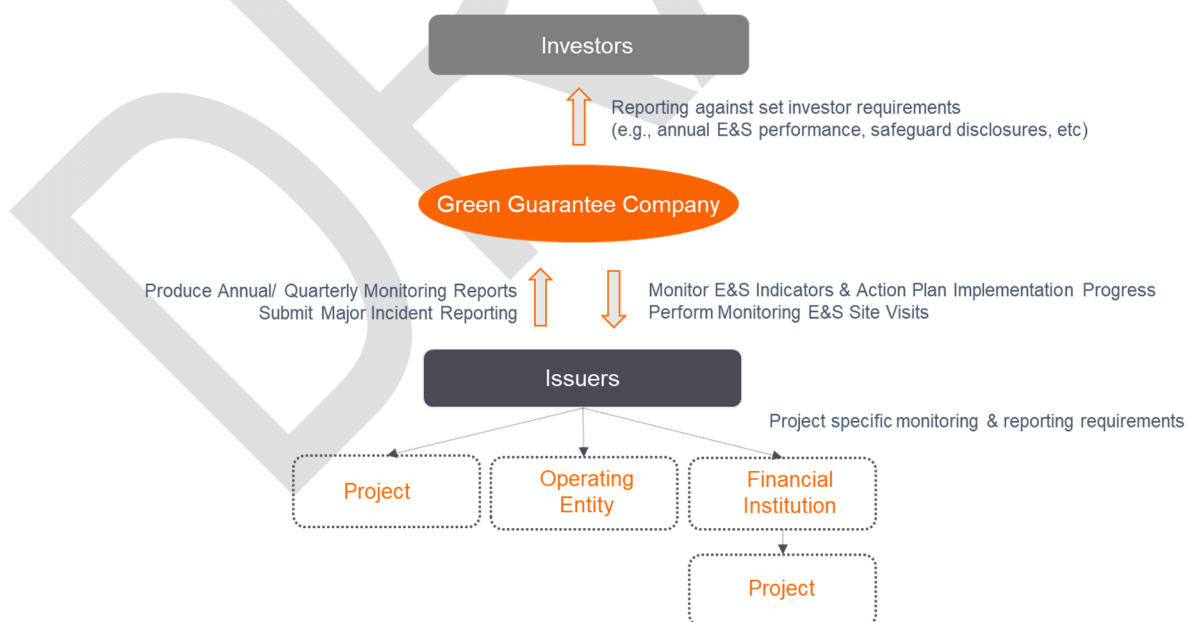


Figure 9: GGC's Multi-layer E&S Monitoring and Reporting Processes

Some of the key E&S monitoring, assessment and reporting mechanism utilised by GGC include (and are described in further detail below):

- E&S Key Performance Indicator Monitoring
- E&S Action Plan Monitoring
- Major Incident and Grievance Monitoring
- E&S Monitoring Site Visit, if applicable

The level and type of E&S monitoring, assessment and reporting applied to each guarantee across the investment portfolio will be commensurate to its E&S risk exposure and hence determined on an individual transaction basis, based on the outcomes of the E&S Due Diligence.

For example, higher risk transactions require more stringent and frequent monitoring compared to lower risk transactions to actively manage and mitigate E&S risks and impacts. In some instances, GGC may increase monitoring requirements applied to a transaction if any new risk exposures are identified during the transaction period. With respect to SEAH, GGC will monitor and report progress and performance on SEAH to GCF through their reporting mechanism. The latter includes continuously improving all measures to mitigate and manage identified SEAH risks and impacts.

Issuer Level

Issuers are responsible for managing and monitoring the E&S performance of their own operations as well as the guaranteed bond and / or loans, and in turn, is responsible for periodically reporting on this performance via select processes to GGC.

E&S KPI Monitoring

Issuers will report periodically to GGC on a defined set of indicators which are considered material to the transaction and its success. This involves collecting, tracking, and reporting on a quarterly and / or annual basis against select indicators (refer to *Appendix XII*). Typically, quarterly reports will provide general updates on E&S matters and issues experienced in the reporting period, including updates on interventions. Whereas annual reporting provides detailed information on the E&S performance of the guaranteed bond or loan.

Indicators will be based off international best practice reporting standards and guidance such as Global Reporting Initiative, and Sustainability Accounting Standards Board (SASB) to ensure robustness, consistency and comparability of the data collected across the GGC's investment portfolio.

GGC will review and monitor the reports provided on an on-going basis to analyse the data and respond to any emerging trends, provide feedback on issues identified and / or inconsistencies observed, and ensure the data is being received in a consistent, accurate and comparable manner.

E&S Action Plan Monitoring

Issuers will provide GGC with regular updates on the implementation performance of their E&S Action Plans to ensure the on-going compliance with GGC's E&S requirements. The frequency of progress updates will be determined against set items / milestone.

In particular for FI issuers, GGC shall seek to determine the effectiveness of the FI's ESMS, through records of implementation, etc., and address shortcomings in the ESMS.

Major Incident and Grievance Monitoring

All issuers are required to report to GGC any major / significant unplanned E&S events or incidents associated with its operations and / or projects, that could materially impact on their operations and / or performance. For example, fatalities, serious injuries, fires, incidents of bribery or money laundering, labour strikes, financial irregularities etc.,

In the event of a major incident/accident/event occurring, issuers management or responsible person must use the GGC Major Incident Reporting Form (or similar) to report incidents, as soon as possible but no later than two (2) days after its occurrence, detailing what happened, what investigation has taken place and what actions have been taken to remedy the situation (refer to *Appendix XIII*). In particular, borrowers are required establish and operate accessible inclusive survivor-centred and gender responsive grievance redress mechanisms (GRMs), with specific procedures for SEAH including confidential reporting with safe and ethical documenting of such cases, that indicate when and where to report incidents, and what follow-up actions will be undertaken; and modalities to provide timely services and redress to survivors, including as appropriate, medical care, psychosocial support, legal support, community driven protection measures, and reintegration.

This mechanism seeks to ensure that GGC is informed in a consistent and timely manner of any incidents occurring within its investment portfolio. GGC shall review the information provided and confirm whether the incident has been dealt with in accordance with its requirements (i.e., local and national regulations, IFC performance standards, etc).

E&S Monitoring Site Visits

GGC will occasionally conduct E&S monitoring site visits to select issuers and their projects to review their E&S performance. As a general rule, site visits may be conducted on an annual basis for medium risk investments, and occasionally visits to lower-risk investments, unless otherwise triggered by significant E&S reasons (e.g., fatalities, change in management, change in project scope, etc).

These monitoring visits seek to ground truth the E&S performance and define recommendations for improvements, if any non-compliances are identified. Material findings, including any new risk exposures or opportunities identified, and recommended actions will be documented in the live ESAP and agreed upon with the issuer post the visit.

GGC Level

Internal Portfolio Performance Monitoring

GGC shall present key E&S information collected from on-going monitoring efforts to GGC management and relevant committees (e.g. risk committee, E&S committee, the board, transaction committees, etc). This aims to provide sufficient updates and highlights on the E&S performance across the investment portfolio, from both a financial and E&S perspective. This involves compiling key E&S monitoring data into suitable formats for discussion during these platforms.

This commonly covers a brief status update on E&S matters, any existing or new E&S risk exposures or E&S non-compliances that may present material implications, any incidents and grievances reported, any E&S initiatives that occurred during reporting period, progress report on ESAP, etc. This ensures that the GGC Senior Leadership team (i.e. partners) and other key stakeholders are alerted of E&S matters in a timely manner.

As part of this, GGC shall aggregate E&S data collected from the portfolio to track the overall E&S risks and impacts in the portfolio and progress against set requirements and objectives.

Annual E&S Disclosures

GGC will disseminate E&S performance information to investors and other relevant stakeholders to demonstrate its E&S efforts and E&S performance. In order to do so, GGC will produce an Annual E&S Report for distribution to relevant parties. This report aims to showcase the work that has been done on E&S related aspects as well as how the GGC is performing from an E&S perspective. Notably, the report content and structure will evolve year-on-year and will align to requirements and / or expectations expressed by investors (as part of side letters).

GGC will endeavour to deliver these reports within 90 days of the end of the financial year, unless otherwise specified in legal agreements with investors.

Investor Specific Reporting

GGC shall provide investors with select E&S information in accordance with investors reporting and disclosure requirements as stipulated in the side letters / legal agreements.

Specifically, GGC shall share E&S safeguards reports associated with opportunities to the Green Climate Fund (GCF) within thirty (30) days for Category B and / or FI-2 projects before the GCF or GGC Board meeting date, whichever is earlier. No advanced disclosures are required for Category C and / or FI-3 projects. These reports will be made publicly available on the GCF website together with associated funding proposal.

5 Stakeholder Engagement

Stakeholder engagement is an essential part of the Framework to facilitate the integration of gender considerations into GGC's financing lifecycle and decision making. In this context, stakeholder engagement denotes proactive ongoing dialogue, information sharing and interactions between GGC and its stakeholders such as women led organisations. As such, GGC commits to developing and implementing effective stakeholder engagement mechanisms (internally and externally and as noted in *Appendix XIV*) to support a culture of transparency and accountability and learning and continual improvement. For example, implementing regular cross-team interactions, function meetings and presentations on gender and E&S topics, direct internal communication via e-mails, newsletters, etc.

Stakeholder engagement in the project level context refers to an ongoing process that may involve stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and reporting to affected communities. The nature, frequency, and level of effort of stakeholder engagement varies considerably according to the project's risks and adverse impacts, and the project's phase of development. This typically includes stakeholder analysis and engagement planning, disclosure and dissemination of relevant information about the project operations, public consultations and stakeholder participation and establishment of effective grievance mechanisms (which are culturally appropriate and transparent).

6 Grievance Mechanism

Concerning external communication mechanisms, an important mechanism that will be implemented and maintained is a grievance mechanism, at both GGC and borrower level. This will support the process to effectively identify, receive, register, screen and evaluate, track and formally address complaints or feedback from internal and external stakeholders regarding GGC business activities and / or subproject activities. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns.

The GGC Grievance Mechanism procedure ensures that formal records are kept, appropriate response and reporting of grievances to relevant GGC Staff and investors, if required. For every grievance received, GGC shall assess the relevance and/or severity of the grievance submitted and determine the level of response necessary, if any, to achieve a fair resolution. The process outlined in *Figure 10* below will be followed, which is explained in further detail in the GGC Grievance Procedure (refer to *Appendix XV*).



Figure 10: GGC's Formal Grievance Mechanism Process

Issuer / Borrower Level

A borrower level grievance mechanism will include but not be limited to the following elements:

- **Borrowers will require an established and operational, accessible and inclusive survivor centred, SEAH relevant and gender responsive grievance redress mechanism that:**
 - Includes stakeholder guidance to identify existing and potential local SEAH to enable effective redress of the matter.
 - Enables consultations with women leaders and those working with adolescent girls and boys and other at-risk groups should be prioritized to enable understanding of SEA/SH risks and trends in the community.
 - Monitors SEAH and GBV indicators to track possible risks or challenges.
 - Offers various methods to lodge complaints include online, email, letters or in-person.
 - Provides confidentiality/anonymity to a complainant or a representative if requested by the complainant.
 - Addresses concerns promptly and effectively at no-cost and without retribution.

- Handles grievances in a culturally appropriate, discreet, objective, transparent, sensitive and responsive manner.
- Different ways in which vulnerable people can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization;
- Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation;
- Provision for interpretation/translation to overcome language barriers/limitations;
- A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants' identities can be kept anonymous if requested. This database should also be shared with the GCF Independent Redress Mechanism;
- Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgement, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures;
- An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved;
- Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities' grievance mechanisms; and
- Measures in place to protect complainants from retaliation.

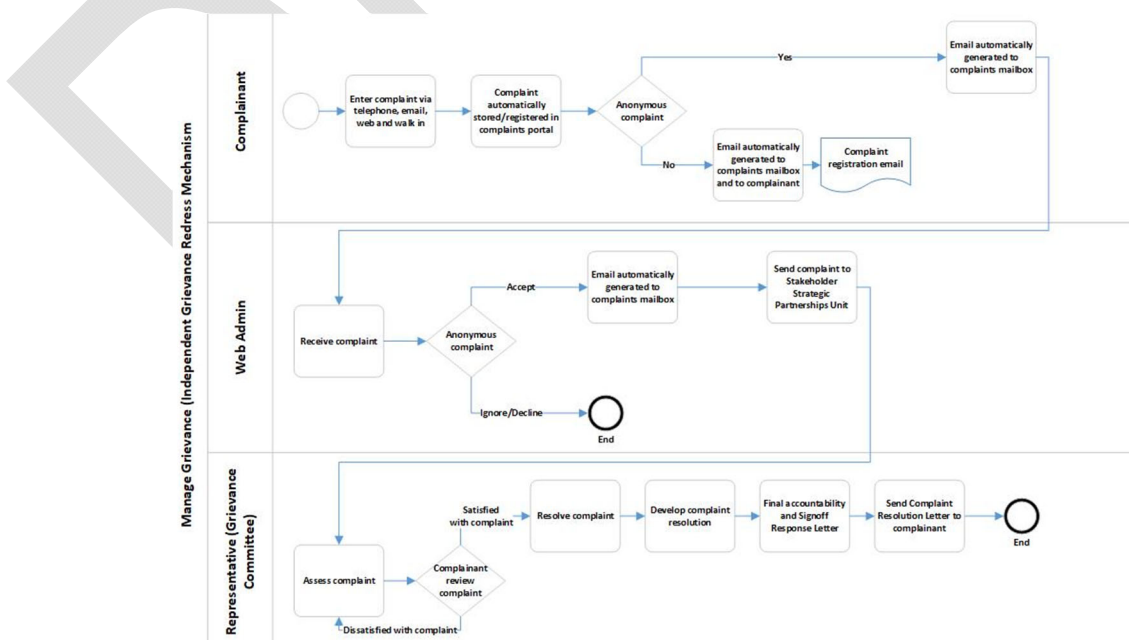


Figure 11: Example of a Grievance Mechanism

The responsibility for establishing and maintaining the grievance mechanism will be with the project owner or sponsor. The project owner will be responsible for meeting with local/stakeholders affected by the project to explain and discuss the different reporting mechanisms and process that the stakeholders agree on the selected methods that are the most appropriate. The details of the discussion will be recorded and included in the stakeholder meeting summary. A central telephonic and email address will be provided that will facilitate complaints and ensure that they are shared by the appropriate persons overseeing the matter. The emails and phone calls received will be treated as confidential. The project owner will be required to maintain a log that contains:

1. Date of the complaint
2. Name of aggrieved party and any affiliation/organization
3. Contact details of the aggrieved party
4. Category of the complaint (environmental, social, government, other)
5. If the complaint is an appeal to a previous result of handling the complaint
6. Recommended investigation of the issue
7. Closing date and information provided to the aggrieved party
8. Record the result of the investigation in the Excel file, including a summary of the action taken or justification for not taking action and the date of response to the party aggrieved

The project owner will acknowledge the complaint in writing in a timely manner and report back to the AE on next steps. Complaint investigations may vary depending on the nature of the complaint, but every effort should be made to ensure that complaints are dealt with promptly. Most investigations should not last longer than 90 days. The content of the complaint register and the management of these must respect the confidentiality of the aggrieved party in to the extent possible, and there should be no retaliation against aggrieved parties or complainants. In some cases, it may be appropriate for the project owner to continue to involve the aggrieved party during the investigation of the complaint. This could take place by inviting the aggrieved party to a meeting, a conference call, or committing more in writing. Any ongoing engagement with the aggrieved party must be noted in the register of complaints

7 E&S Training and Capacity Building

GGC will provide appropriate E&S training and capacity building to staff members annually, on a need-by-need basis, to support the effective implementation and management of the ESMS and ensure personnel are equipped with the necessary skills and expertise to effectively identify, evaluate and manage E&S risks and impacts. This will involve conducting an annual review of GGC's internal training requirements and current skills and competencies and define what training is needed to address any existing gaps identified. The findings will be compiled into an annual E&S training plan, including necessary resources (e.g., budget for external service providers, etc) and timelines, and provided to the Senior Leadership Team for their consideration and approval.

8 Periodic ESMS Performance Review

On a biennial / triennial basis (as deemed necessary), GGC will conduct a periodic review of its E&S efforts to assess the adequacy, effectiveness, and performance of the ESMS and ensure that the ESMS remains up-to-date with emerging E&S trends, best practice and the organisations growth. The success of the periodic reviews are conditional on appropriate records and documentation of E&S related activities and initiatives being stored and filed (e.g., records all E&S processes and outputs for every transaction and any challenges encountered).

This review shall focus on the following key elements, but is not limited to:

- Assess the GGC E&S Framework and E&S Policy against any organisational changes and / or GGC's investment strategy, investment portfolio, investor requirements and / or relevant emerging best practice and norms;
- Evaluate adequacy and performance of internal resources against their assigned E&S roles and responsibilities, including engagement with the ESMS (e.g., actively engaging with screening outputs, due diligence reports, committee materials, legal agreements and monitoring and reporting materials, etc.);
- Source and review feedback from various teams covering challenges faced when implementing the ESMS, recommended areas of improvement, success stories, etc., to derive lessons learnt and improve the effectiveness of the ESMS;
- Assess the extent to which E&S requirements and commitments are being met and the degree to which E&S efforts are contributing to operational performance;
- Define appropriate corrective measures to address any gaps, limitations and improvement areas with the ESMS;
- Determine necessary resources to implement any corrective measures to address any limitations or gaps identified. This may include additional training and awareness raising; improving the oversight of the components and procedures; inclusion of E&S performance into staff members personal objectives; improved E&S procedures, tools, and templates, use of external specialists to advise the team; peer-to-peer learning within and across teams, etc.
- Investigate global trends and competitors' approaches to E&S.

An unplanned periodic review may be triggered by any changes in shareholder agreements; any failures to appropriately manage E&S risks and / or any changes in GGC's policies/investment strategy. Investors and issuers, as relevant, will be informed of any significant changes to the GGC E&S Framework, E&S Policy and ESM

9 Roles and Responsibilities

The implementation of GGC’s E&S Framework, E&S Policy and associated ESMS requires the appointment of competent E&S resources and functions with sufficient capacity to drive E&S efforts within the organisation and its investment portfolio. All GGC investment team members will be given **E&S Management** training on a regular basis to ensure that there is a solid understanding of the requirements of GGC’s **E&S Management Framework**. Team members will also be taught skills on how to determine the key competencies of a borrower to be able to deliver on these multidisciplinary prerequisites.

GGC utilises of a two-tier structure comprising of (i) GGC level E&S resources, support functions and governance and (ii) issuer level E&S resources, as depicted in *Figure 12* below.

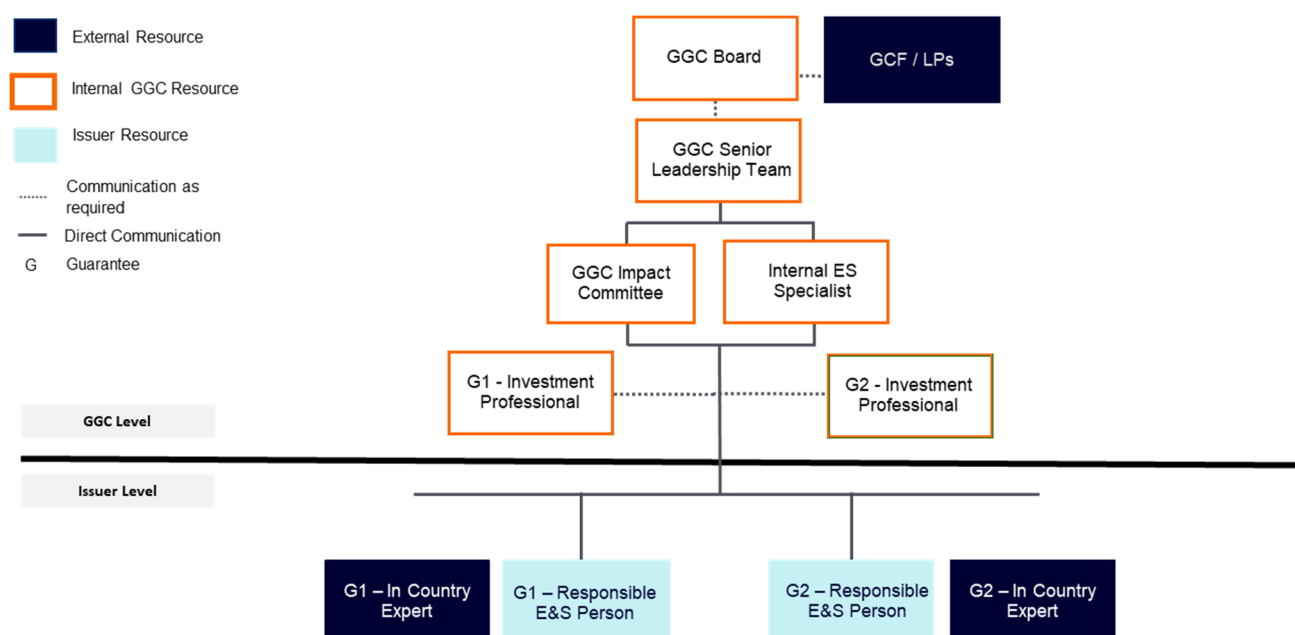


Figure 12: GGC E&S Organogram

A high-level overview of the specific E&S roles and responsibilities associated with various appointments are outlined in the sections below.

9.1 GGC SENIOR LEADERSHIP

Overall responsibility and accountability for the execution of the GGC’s E&S Framework, E&S Policy and associated ESMS lies with GGC Senior Leadership Team. Senior Leadership Team have the obligation to, but not limited to:

- Ensure the E&S Framework and E&S Policy always reflects GGC’s values, business strategy and investment strategy.
- Ensure the ESMS is implemented in accordance with Fund’s investment mandate and investors requirements.

- Ensure that required capacity (internal staff or external expertise) is available to effectively oversee and implement the requirements of the ESMS, including appointing a competent and dedicated E&S resource.
- Review internal capacity on an on-going basis.
- Drive a purposeful E&S culture across GGC.

9.2 IMPACT COMMITTEE

Impact Committee will comprise of a Green Bond Specialist, Climate Specialist, E&S Specialist and Gender Specialist. The experience of the committee include:

Table 2: Impact Committee Requirements

Internal E&S Specialist	The internal E&S specialist is expected to be a mid-senior to senior level hire with at least 10 years of experience of working in the E&S field with a focus on emerging markets.
Impact Committee E&S Specialist	The Impact Committee E&S specialist is expected to be a senior level hire with at least 15 years of experience of working in the E&S field with a focus on emerging markets.
In-Country E&S Consultant	The in-country E&S consultant is expected to be a reputable local or regional E&S consultancy firm which has a credible track record of at least 5 years working with and applying the IFC Performance Standards.

9.3 DEDICATED GGC E&S RESOURCE(S) / INTERNAL SPECIALIST

Dedicated E&S resource(s) is responsible for the day-to-day implementation and management of the GGC ESMS. This individual shall hold a senior position in the business and have the access to necessary resources, whether budgetary or allocation of staff time, to ensure that the necessary capacity (internal staff or external expertise) is available to effectively oversee and implement the requirements of the ESMS. These duties are as follows, but are not limited to:

- Actively engage with investment teams during the pre and post transaction stages to ensure that E&S factors are being consider in accordance with the ESMS, including the use of procedures, checklists and templates.
- Ensure that all transactions decisions are supported by appropriate E&S documentation and represent E&S matters at key decision gates along the transaction process.
- Ensure the appointment of qualified external ESG&I specialists, as and when required;
- Establish sound relationships and collaborative engagement with Issuer E&S point of contacts (i.e. E&S Manager, E&S Officers or alike)).
- Obtain timely (as prescribed in legal agreements) and robust E&S data from issuers to review, collate and aggregate to assess on-going E&S performance, at both individual issuer and portfolio level.

- Appropriately manage and address any significant E&S incidents arising across the portfolio and escalating these matters to Senior Leadership (and Investors, where applicable).
- Produce relevant E&S disclosures for internal and external use (including distribution to fund investors).
- Be the point-person for fielding all questions and answers (Q&A) regarding E&S performance and plans.

9.4 GGC INVESTMENT PROFESSIONALS

GGC investment professionals / analysts are responsible for, but not limited to:

- Adhere to GGC's E&S requirements in all business activities;
- Produce and / or review pre-investment E&S deliverables and outputs;
- Ensure all investment decisions consider E&S factors and are supported by appropriate documentation;
- Ensure legal and investment documents include GGC's E&S requirements and appropriate provisions and clauses; and
- Remain up to date on transaction E&S performance including any E&S issues and infringements, new risk exposures, etc.

9.5 ISSUER E&S RESPONSIBLE PERSON

The responsible person for E&S matters at the Issuer will be responsible for the following, but not limited to:

- Act as main point of contact on all E&S aspects for GGC;
- Maintain sound and appropriate E&S policies, systems and processes, with proper document control and storage, in accordance with GGC's E&S requirements;
- Ensure the business remains in compliance with applicable national legislation and prescribed GGC E&S requirements.
- Ensure that E&S risks and areas of non-conformance are identified, receive suitable attention to be appropriately managed and resolved in a timely manner.
- Implement E&S action plan items and remedial actions, set as part of the GGC's E&S Due Diligence process and/or other monitoring activities;
- Document and report serious incidents, issues and / or infringements to GGC using the prescribed Major Incident Reporting Form (or similar);
- Collect and collate E&S data into regular E&S reports, and submit to GGC on a quarterly / annual basis, using the prescribed formats (or similar);
- Record and manage any grievances related to E&S aspects including immediately notifying relevant internal personnel and GGC; and

- Ensure staff members are regularly trained on E&S issues as they related to the business’s activities and the implementation of the ESMS.

9.6 THIRD PARTY EXPERTS / IN-COUNTRY EXPERT

GGC will appoint third party E&S specialists/experts to support on various E&S efforts, as and when required. This may include, but is not limited to:

- Conduct E&S Due Diligence assessments;
- Review, update and maintain the GGC E&S Framework, E&S Policy and / or associated ESMS;
- Assist with investigations into significant incidents occurring at projects;
- Support training and capacity building on E&S at both GGC and issuer level; and
- Supervise and support on-going E&S monitoring and reporting activities of transactions.

10 GGC E&S Management System – Workplan

GGC will commit to complete the following templates as outlined below:

1. DEVELOPMENT OF ESMS ANNEXES					
Type of ESMS Tool/Template/ Checklist	Status	Responsibility	Completion Indicator	Completion Timeline	
1	GGC E&S Management System (Manual)	Complete	GGC, supported by external qualified E&S Specialist	Complete (unless GCF provides additional feedback to be addressed)	Final versions within 2 months of financial close
2	Appendix I: GGC E&S Framework	Complete		Word Documents Approved by GGC Senior Leadership	
3	Appendix II : GGC Exclusion List	Complete		Complete (unless GCF provides additional feedback to be addressed)	
4	Appendix III: Transaction Scorecard (containing E&S Checklist)	Complete		Word Document Approved by GGC Senior Leadership	
5	Appendix IV: Initial Impact Committee Decision Meeting Paper – Template	Complete		Excel Approved by GGC Senior Leadership	
6	Appendix V: Safeguard Instrument Package	Complete		Word Documents Approved by GGC Senior Leadership	
7	Appendix VI: E&S Due Diligence Checklist for Direct and Indirect Guarantees	Complete			
8	Appendix VII: Terms of Reference (ToR) for E&S Due Diligence	Complete			
9	Appendix VIII: Environmental and Social Action Plan (ESAP) Template	Complete			
10	Appendix IX: Final Investment Decision Meeting Paper – Template	Complete			
11	Appendix X: Green Climate Fund E&S Disclosure Report	Complete	n/a	n/a	Complete
12	Appendix XI: E&S Clauses Guidance Note	Complete	GGC, supported by external qualified E&S Specialist	Word Documents Approved by GGC Senior Leadership	Final versions within 2 months of financial close
13	Appendix XII: Annual / Quarterly Monitoring Report Templates	Complete		Complete (unless GCF provides additional feedback to be addressed)	
14	Appendix XIII: Major Incident Reporting Form	Complete		Word Documents Approved by GGC Senior Leadership	
15	Appendix XIV: GGC Stakeholder Engagement Pan	Complete			
16	Appendix XV: GGC Grievance Mechanism	Complete			

17	Appendix XVI: Chance Finds Procedure	Complete	GGC, supported by external qualified E&S Specialist	Word Documents Approved by GGC Senior Leadership	
18	Appendix XVII: Land Acquisition Plan, Action Plan for Resettlement, Livelihoods Restoration Plan and Plan for Indigenous People	Complete	GGC, supported by external qualified E&S Specialist	Word Documents Approved by GGC Senior Leadership	
19	Appendix XVIII: Environmental and Social Impact Assessment – General Table of Content	Complete	GGC, supported by external qualified E&S Specialist	Word Documents Approved by GGC Senior Leadership	
18	Appendix XIX: Environmental and Social Audit Report – General Table of Content	Complete	GGC, supported by external qualified E&S Specialist	Word Documents Approved by GGC Senior Leadership	

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2. Appointment of E&S Resources

Type of appointment		Status	Responsibility	Completion Indicator	Completion Timeline
1	Internal E&S Specialist	Pending approval of funding proposal	Green Guarantee Company	Appointment Letters / Contractual Agreements	Within 6 months of financial close
2	Impact Committee E&S Specialist				

3. Embedding of ESMS and Capacity Building and Training

Type of training		Status	Responsibility	Completion Indicator	Completion Timeline
1	Training of GGC Senior Leadership	Pending approval of funding proposal	External Specialist / Internal GGC Specialist (conditional on appointment)	Qualified E&S Specialist (conditional on appointment)	Training Materials and Attendance Registers
2	Training of GGC E&S Specialists				

11 Appendices

Appendix I: GGC E&S Framework

Appendix II : GGC Exclusion List

Appendix III: Transaction Scorecard (containing E&S Checklist – Annex 24)

Appendix IV: Initial Impact Committee Decision Meeting Paper – Template

Appendix V: Safeguard Instrument Package

Appendix VI: E&S Due Diligence Checklist for Direct and Indirect Guarantees

Appendix VII: Terms of Reference (ToR) for E&S Due Diligence

Appendix VIII: Environmental and Social Action Plan (ESAP) Template

Appendix IX: Final Investment Decision Meeting Paper – Template

Appendix X: Green Climate Fund E&S Disclosure Report

Appendix XI: E&S Clauses Guidance Note

Appendix XII: Annual / Quarterly Monitoring Report Templates

Appendix XIII: Major Incident Reporting Form

Appendix XIV: GGC Stakeholder Engagement Pan

Appendix XV: GGC Grievance Mechanism

Appendix XVI: Chance finds procedure

Appendix XVII: the land acquisition plan, the action plan for resettlement, livelihoods restoration plan and plan for indigenous peoples

Appendix XVIII: Environmental and Social Impact Assessment – General Table of Content

Appendix XIX: Environmental and Social Audit Report – General Table of Content

Appendix Indigenous Peoples Planning Framework (separate annex)

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