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ENVIRONMENTAL & SOCIAL  
MANAGEMENT SYSTEM

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## Executive Summary

EcoEnterprises Fund (the Fund) has over two decades of experience investing in growth-stage, impact-driven small and medium enterprises across Latin America, with a focus on biodiversity conservation, climate action, and socio-economic inclusion. The Environmental and Social Management System (ESMS) outlined in this document reflects the Fund's commitment to integrating environmental, social, and governance (ESG) considerations throughout the investment lifecycle—from pipeline development and due diligence to post-investment monitoring and exit.

This ESMS is designed to ensure that all investments align with Good International Industry Practice (GIIP), including the IFC Performance Standards, and the Green Climate Fund's (GCF) Revised Environmental and Social Policy (RESP). It details how the Fund identifies and assesses environmental and social risks, implements mitigation and management measures, engages stakeholders, ensures accountability, and monitors portfolio performance. The ESMS also incorporates dedicated tools—including a Pre-screening Tool for risk categorization, ESG Risk Rating, Impact Metrics Tool, Climate Assessment Tool, and Indigenous Peoples Plan Framework—tailored to the Fund's sector focus in sustainable agriculture, agroforestry, aquaculture, ecotourism, and circular economy.

Governance of the ESMS is supported by a dedicated in-house E&S team, an E&S Advisory Panel, and technical experts as needed. The Fund maintains strict adherence to exclusion criteria, integrates stakeholder feedback through a robust engagement framework, and applies dynamic Environmental and Social Action Plans (ESAPs) to its portfolio companies to improve ESG outcomes over time.

Ultimately, this ESMS serves as the Fund's internal system for managing and mitigating any potential environmental and social risks, while maximizing positive impacts across its portfolio.

# Background

For more than two decades, EcoEnterprises Fund has pursued a multi-pronged investment strategy to achieve financial returns concurrent with positive environmental and social impacts. Integral to the process – on a deal-by-deal basis as well as an overall approach to portfolio diversification and risk mitigation – the Fund utilizes a variety of environmental and social management tools honed over 25 years. This experience helped us to build a sound Environmental & Social Management System (ESMS). This document serves to delineate and summarize the components of the ESMS which represent the internal system for measuring and tracking risks and impacts.

An ESMS usually have 9 main features: 1) A set of corporate environmental, social and environmental, health and safety policies; 2) A methodology on how to assess and identify risks and impacts; 3) A set of management programs to tackle risks and impacts; 4) A description of the organizational capacity and competency; 5) A corporate approach with regards to Emergency preparedness response plan (EPRP) ; 6) A framework for stakeholder engagement; 7) A description of the company's approach on external communication and grievance mechanism; 8) The methods to report to affected communities and; 9) A monitoring and review program. Given the nature of the Fund's activities, certain components were regrouped for instance our approach to EPRP is found under our management programs; our stakeholder engagement framework is included in our environmental and social guidelines (part of our corporate policies) and our mechanism to report to affected communities is captured under the Fund's external communication and grievances mechanism processes. Figure 1 illustrates the content of our ESMS.

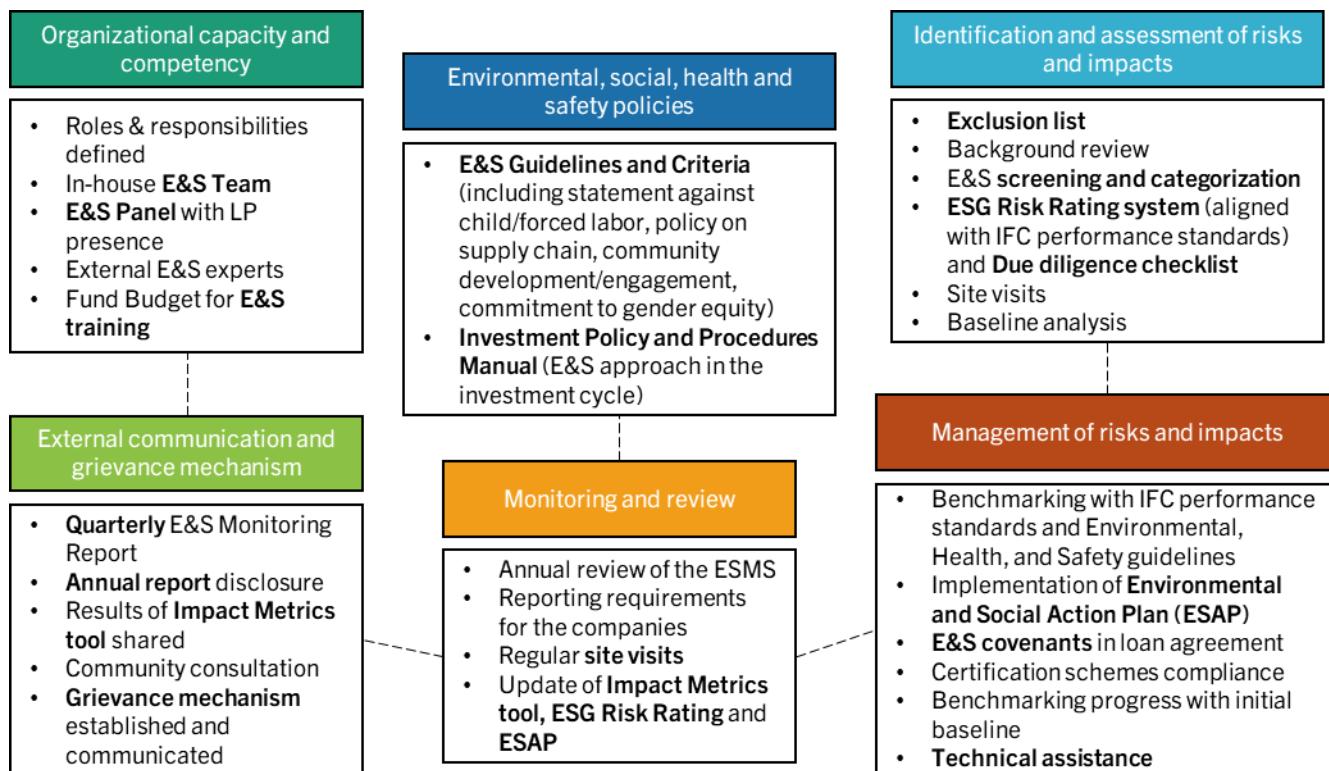


Figure 1. Environmental and Social Management System

# ESMS Content

## 1. Organizational Capacity and Competency

The investment process from pipeline development to exits, is carried out by a team of experienced professionals who take an integrated approach to evaluating and considering the financial, environmental and social factors inherent in an investment opportunity. With oversight by the Fund's CEO & Managing Partner, the investment team is responsible for undertaking initial due diligence of prospective deals, negotiation of the term sheet, preparation of the Investment Memo, presentation to the Investment Committee, and ongoing deal monitoring to exit. The team assesses Environmental, Social and Governance (ESG) risks and associated monitoring objectives of all assigned investments together with the Fund's designated Environmental and Social (E&S) team who leads the overall ESMS process. The E&S team consists of the Managing Director, Compliance and Operations and the Impact & ESG Officer, with leadership and guidance from the COO. The Managing Director, Compliance and Operations is responsible for overseeing the grievance mechanism's functionality and conducting regular reviews of its accessibility and effectiveness. See Annex III for the job descriptions of the designated E&S Team with further refined roles and responsibilities. The Investment Committee, E&S Panel, as well as an external roster of E&S experts are utilized as resources during all stages of the investment process. The team relies on this deep network of experts to supplement the E&S analysis and sectorial considerations. These in-country and international specialists (e.g. scientists, academics, sustainability advisors, accountants, supply chain consultants, gender consultants, agronomists, etc.) have vast knowledge of E&S standards, risk mitigation and monitoring and subjects, such as agro-forestry, marine biology and climate change, among others.

The **E&S Panel** serves to advise the Fund on E&S matters and/or in respect of inquiries received from the Limited Partners (LPs) from time to time. The Manager is responsible for the assessment of E&S risks, impacts, and opportunities, including relevant E&S remedial or improvement actions for the Fund, but, to take advantage of the LPs' inhouse E&S expertise, the General Partner and the LPs decided to establish an E&S advisory panel to support the E&S practices of the Fund. The E&S Panel is composed of the Fund's in-house E&S team, and minimum one and maximum five LP E&S representatives and, if so required, additional members with a maximum of seven members in total.

The frequency of E&S Panel meetings will initially be quarterly, unless otherwise agreed upon with the Fund and the E&S Panel, and which may be changed over time following Fund's or E&S Panel's requests and agreement thereof. The discussions at meetings of the E&S Panel include the state of the E&S risk and impact performance, the compliance with the E&S Requirements and any other relevant provision in the underlying Limited Partnership Agreement, and the Fund's business development and investment plans, for which a pipeline overview will be presented alongside relevant E&S considerations.

The E&S Panel also reviews various reports and information related to the E&S performance of the Partnership and its Portfolio Investments or Companies. This includes Quarterly and Annual E&S Monitoring Reports, and any other relevant E&S information shared by the General Partner. The panel also evaluates E&S risk categorization, due diligence scope, and consultant selection for new or expanded investment. After due diligence, the panel examines the E&S Due Diligence Report and Action Plan, providing comments before investment decisions. Additionally, it reviews the job profile and recruitment procedures for senior E&S staff replacements. Further details can be found in Annex IX - Terms of Reference for the E&S Advisory Panel.

The team's **in-house E&S team** provides support and management to ensure full compliance with the Fund's ESMS. During pipeline evaluation and due diligence review, this is focused on investigation of E&S issues, and the review and ownership of all final E&S due diligence documents, including the E&S sections of the due diligence checklist, the ESG Risk Rating and the Impact Metrics Tool. They also loop in the E&S

Panel as necessary. For the Investment Memo, this manifests in assistance with further research and analysis and the development of the E&S section and the E&S Action Plan (ESAP). During the legal documentation phase, the E&S team identifies potential E&S risks and works jointly with the team and portfolio companies to put in place parameters, covenants or other provisions in the agreement and/or as part of the Fund's ongoing monitoring strategies to generate desired outcomes. Lastly, the E&S function covers the E&S baselines for portfolio companies, including travels with external experts and tracking E&S risk rating performance and impact indicators. The E&S team also manages technical assistance and value-added services, team training and all LP reporting requirements pertaining to E&S metrics and risk assessment per the Limited Partnership Agreement and/or distinct deliverables in LP Side Letters.

The Fund's ESMS approach is embedded in the investment strategy, and thus, the costs of implementation and monitoring is covered by the management fees, baked into the operations and investment functions to varying degrees in the budget. Where appropriate, technical assistance resources may be used to support portfolio companies in building their internal E&S capacity. Companies are expected to allocate their own resources—including staff time and operational costs—for the implementation of the ESMS and Environmental and Social Action Plan (ESAP). The due diligence process, and any post-investment E&S work, including any third-party assessments, is covered by Fund IV as part of its investment process, or technical assistance monies are utilized if available for this purpose.

The Fund values capacity building of its staff and training opportunities are provided to employees through workshops, conference attendance, online courses, etc. A dedicated budget is assigned to this type of activities. The team has completed several trainings on ESG integration in accordance with international standards, including IFC Performance Standards and gender lens specific trainings. Annual training sessions will be conducted to update the team's knowledge and enhance their expertise in areas such as climate change, adaptation and resilience, biodiversity monitoring, gender, ethics, human rights, and anti-corruption.

#### *Climate expertise considerations*

The Fund's Investment Committee (IC) has over two decades of experience executing climate-focused transactions. Additionally, all IC meetings are open to participation from LP observers who contribute sectoral expertise and strategic insight. To further strengthen the Fund's capacity on climate issues, the E&S Panel has been established, comprising E&S specialists from LPs, primarily Development Finance Institutions (DFIs), and other relevant stakeholders to provide technical input and strategic guidance.

The Fund Manager team also brings over 20 years of direct experience and education in climate-related investments and engagements. This includes prior roles at institutions such as the Climate Institute (COO), a strategic eco-innovation studio focused on circular economy, eco-design, and carbon footprint reduction (Impact & ESG Officer), and advanced academic qualifications including a Master's in Sustainable Business and Innovation with coursework in Circular Economy and Climate Change (Impact & ESG Officer), a Master's in Comparative and Regional Studies with a focus on Latin America and global environmental issues (COO), and a University of Cambridge executive course on Business and Climate Change: Towards Net Zero Emissions (Managing Director of Investments).

In recent years, the Fund has deepened its engagement with climate-related initiatives under its current vehicle (Fund III). The Investment and E&S teams have developed targeted expertise through activities such as calculating and offsetting the Fund Manager's travel emissions, supporting portfolio companies in carbon footprint assessments and emission reduction planning, conducting Climate Resilience Assessments for smallholder suppliers in partnership with impact measurement experts, and, most recently, completing a portfolio-wide climate risk assessment. These efforts are part of the Fund's strategic approach to integrate climate considerations throughout the investment lifecycle and to continuously enhance institutional knowledge and impact performance on climate-related dimensions.

## 2. Set of Environmental, Social, Health and Safety Policies

The Fund's policies, position statements, commitments are defined in the Environmental and Social Guidelines and Criteria for Investment (see Annex II). The Fund prohibits any of its portfolio companies to engage in child and/or forced labor. The Fund also has a commitment to adhere to the Good International Industry Practices (GIIP) with regards to the supply chain management of its companies. The Fund uses at its main E&S references the IFC Performance Standards (PS) and the Environmental, Health and Safety Guidelines, GCF's Revised Environmental and Social Policy (RESP), and other relevant documents (see Annex II, Appendix 3). The entire assessment and management of risks approach is built around the IFC PS as well as their key Good Practice Notes, namely the one on Supply chain. The assessment and management also include social diversity and equity considerations, including gender, which are built on industry guidelines of the 2X Global investment community.

## 3. Identification and Assessment of Impacts and Risks

In order to identify and assess potential risks and impacts upfront in the investment process, the Fund had developed an Environmental and Social process containing a series of tools (see Annex II, Appendix 1 for a details on each step of the process, including activities performed, tools utilized and outcomes expected and Figure 4 for brief summary of when each is used). These tools are regularly updated to incorporate latest advancements in the field. Figure 2 below illustrates the investment process, with the inputs and outputs at each stage, including the ESMS tools used. Additional details on EcoEnterprises Fund's investment process can be found in EcoEnterprises Fund's Investment Manual.

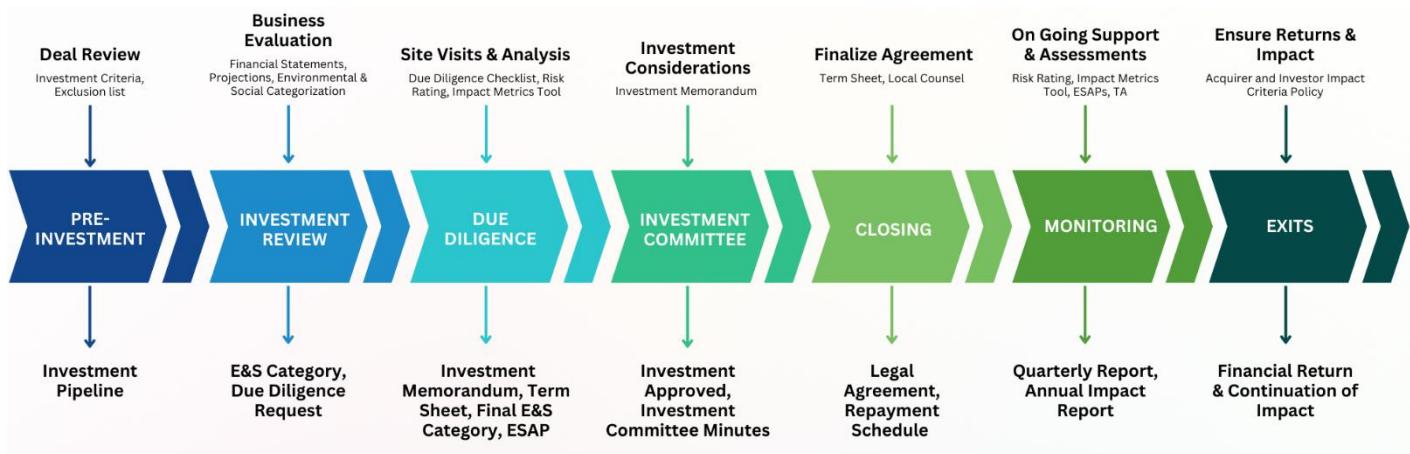


Figure 2. EcoEnterprises Fund Investment Process

### Fund's Exclusion list

The first step is for the Fund is to identify if any of the companies contemplated for an investment falls into one of the activities part of our Exclusion list (see Annex I). Should that occur, the potential investment is excluded.

### Background review

The Fund then conducts a thorough background check of the companies to determine the extent of potential risks and impacts. For environmental checks, different external resources are used such as WRI's Resource Watch. These tools offer rapid visual screening for different aspects, such as protected areas, key biodiversity areas, or water stress. They allow to determine if the company's operations are located within and/or close to sensitive habitats. A search is also made based on publicly available information to identify if there is any media/legal/NGO attention on the company's operations and if there are Indigenous Peoples, social equity, and/or biodiversity critical habitat issues. A track record search is done to identify if there are any environmental/social claims, fines, previous EHS related accidents/incidents. The Fund also reviews, if available, previous annual sustainability reports of the company.

### *Pre-screening and Categorization*

Once the background review is completed, the lead investment officer fills out the information needed in the “Input data” tab of the Pre-screening Tool for E&S Categorization (see Annex X), which is then used by the Fund’s E&S team to determine the company’s preliminary E&S category. The tool includes further guidance on categorization from GCF’s standards and by referencing EcoEnterprises Fund’s investment sectors’ inherent risks. For all investment opportunities, the category levels A, B+, B or C (respectively high, medium-high, medium-low and low impact) are used, based on the categorization of the International Finance Corporation and as defined by the Harmonised EDFI (European Development Finance Institutions) Environmental and Social Standards:

- **High E&S Risk (A):** Activities with significant potential adverse social or environmental impacts or risks that are diverse, irreversible or unprecedented. An indication for categorizing an activity as “A” is that such impacts cannot be mitigated or remedied or only at significant costs.
- **Medium High E&S Risk (B+):** Activities with generally limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through mitigation measures, but having some specific features which can have significantly larger adverse social or environmental impacts.
- **Medium Low E&S Risk (B):** Activities with limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through well-known mitigation measures
- **Low E&S Risk (C):** Activities with minimal or no adverse social or environmental impacts or risks.

For additional support during categorization, guidance on high-risk sectors and projects as defined by EDFIs can be found in Annex XI: EDFI Harmonised List of High Risk Sectors. The categorization will enable a presentation of the presumably relevant environmental and social issues and an appropriate E&S Due Diligence process and based on the E&S Due Diligence outcomes confirm or adjust this category prior to the investment decision. Categorization reflects the assessment of the E&S relevance, including potential Contextual Risks, i.e. the potential E&S adverse impacts and risks of the investment opportunity. The category expressly does not consider the capability of the company to manage such potential adverse impacts and risks.

The categories result from the combination of specific E&S criteria:

- Sector and activities of the financed transactions (based on general expectations or specifically definable impacts such as e.g. consumption of resources, use of hazardous materials, effluents, emissions, wastes, etc.)
- Specific location (site and potential impacts of land use or operations on sensitive areas including impacts on biodiversity, prevalence of gender-based violence, high labour rights risk, presence of vulnerable groups, etc.)
- Country context (national regulations relevant to the particular project context and their implementation, good governance, conflict patterns, human rights situation, previous E&S experiences with similar projects, etc)
- Purpose of financing (e.g. greenfield, brownfield, site expansion, modernization, etc.)
- Size of the transactions (large, medium or small scale)
- Sector (e.g. low wage industries, agriculture, mining, infrastructure financed business activities)
- Number of Employees (present, newly created jobs, dismissals) and occupational health & safety risks related to the sector
- Percentage of risk groups as a proportion of total workforce (e.g. temporary workers, migrants,

- minors, women, disabled persons)
- Affected communities (e.g. physical or economic displacement, impacts on social and economic infrastructure, community health and safety, vulnerable groups, potential human rights violations, etc)
- Financed business activities with extended construction activities (e.g. camp needed)
- Sub-contractors (e.g. number of workers hired through sub-contractors, especially in case of core business activities being outsourced to sub-contractors)

Activities to be included in the scope of the categorization depend very much on the nature of the financings and the nature of the main impacts found. The minimum scope will be the legal entity financed and the site of the financed activity, as well as all activities financed. E&S impacts of the supply chain are included in the scope of the categorization in cases where the supply chain is integral to the financed business activities, i.e. where it is directly under the control of the company, or where the supply chain is a directly associated facility to the business activities of the company, i.e. where the supply chain would not be viable without the company or vice versa.

Potential investments that fall in Category A will be screened out and will not be considered for further analysis and investment<sup>1</sup>. If the pre-screening and categorization returns a Medium(high) risk category (B+) with triggers of IFC PS 6-8 (i.e. technical and/or contextual expertise is relevant), the involvement of an External Qualified Expert is strongly recommended for the conductance of the formal due diligence. PS 5, Land Acquisition and Involuntary Resettlement, will not be triggered as it is directly excluded by Exclusion List point #15 (See Annex I). If Indigenous Peoples are identified during screening, the Indigenous Peoples Plan Framework (Annex VIII) will be triggered and followed throughout the investment cycle, particularly during due diligence. An Indigenous rights experts will be engaged if high risk is identified.

Following the due diligence formal process, this category will be confirmed or adjusted prior to the presentation of the investment to the Investment Committee, based on the E&S due diligence outcomes, particularly from the findings of the due diligence checklist and the ESG Risk Rating.

#### *Due Diligence Checklist*

The Due Diligence Checklist (see Annex V) incorporates IFC Performance Standards and LPs' criteria put forth in Side Letters. This document is applied during the due diligence phase by the lead investment officer, with support from the E&S team for E&S considerations, with the objective to check company's general E&S compliance, evaluate their performance on key E&S issues set by the Fund and to identify any potential risks prior investment and corrective action plan if necessary. The investment team jointly with the E&S team closely assess the information on the questionnaire and work together with the company to identify potential improvement plans to be implemented prior to investment or during the investing period.

#### *ESG Risk Rating*

The ESG Risk Rating is built on the requirements set forth in IFC Performance Standards (PS) and EHS Guidelines, as well as other industry standards, such as B Corp's B Impact Assessment for governance considerations. It consists of 8 main categories with several sub-categories, considering both internal and external risk categories and indicating correlation to the pertinent IFC PS. See Annex VI for an outline of the points evaluated through the tool. The tool has descriptions, sources and details and a scale to guide the evaluation of each point. A yearly benchmarking exercise is done to ensure alignment with industry standards. This tool condenses insight of a company's ESG risk profile as basis for investment decisions, supports the identification of key risk areas and the definition of appropriate risk mitigation action plans,

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<sup>1</sup> GCF investment proceeds will only be deployed to investments with ESS category B and C per the GCF RESP definition.

helps to monitor risk exposure, and enables the team to derive a weighted risk assessment of the portfolio. The Fund's ESG Risk Rating System is tailored for the Fund's portfolio only; the scores are not applicable for comparisons with larger industrial companies in urban areas for instance. All results are weighed for a final risk score. The ESG Risk Rating (as the Business Risk Rating) is applied during due diligence to get an ESG risk profile of the company and then updated yearly and when significant events warrant revisions, allowing for constant monitoring of all ESG risks. The Risk Rating is led by the lead investment officer, with input and final decision power from the E&S team for the ESG risk section.

#### *Climate assessment*

The Climate Assessment Tool (see Annex XII) is applied by the E&S team during the due diligence phase to screen and evaluate climate-related risks and opportunities, including vulnerability to climate change, adaptation potential, and the risk of maladaptation. It supports the identification of climate-relevant risks and opportunities for each potential investee and guides investment decisions by highlighting both exposure to climate risks and the potential for positive climate impact. The tool combines international data sources and site-specific insights to assess whether a project aligns with national climate priorities and meets the Fund's climate investment thesis.

The information gathered through the Climate Assessment Tool is not only used for scoring purposes, but also to understand the climate risk profile of each company, including potential mitigation and adaptation pathways. These insights feed directly into the Environmental and Social Due Diligence and are reflected in the final investment memorandum. Where relevant, findings are used to design mitigation plans or climate-related actions within the Environmental and Social Action Plan (ESAP).

All companies assessed by the Fund depend on strong and sustained relationships with local communities and producers for their long-term success. These are generally small or medium-sized companies where producers and communities play a central role in decision-making and delivery. As such, the risk of maladaptation is inherently limited, though the Fund remains vigilant in ensuring that no project unintentionally exacerbates climate vulnerabilities.

#### *Site visits*

The lead investment officer conducts the site visit, often with another investment- or E&S-team member. Independent members of the E&S Panel or external experts may be invited to participate as well, if needed or as identified in pre-screening. During this visit, company's operations and practices are documented. Communities members are met to gather their views on the company. The team can also gain a better understanding of the habitat surrounding the company's operations. The site visit complements all the data collected to date and reinforces the understanding of potential risks and impacts. It also allows the Fund to identify potential areas of improvements, technical assistance needs and a determination if environmental impact assessment studies are warranted. All documentation pertaining to licenses, insurance, environmental/industrial certification reports (i.e. organic, ISO, Forest Stewardship Council), etc. is also collected and reviewed at that time. Existing environmental and social assessment studies or audits are also consulted, if available. The E&S team, together with the company and the lead investment officer, will also identify indicators particular to the company's E&S efforts to monitor over time and/or identify performance and gaps in the company's business execution and E&S environmental objectives, which are then included in the Environmental and Social Action Plan. If Indigenous Peoples were identified during screening, particular focus will be given to assessing these risks and interactions, per the Indigenous Peoples Plan Framework (Annex VIII).

#### *Investment Memorandum*

At the conclusion of the due diligence process and negotiation of the initial terms, the lead investment officer prepares the Investment Memorandum (IM), the document for consideration and approval by the Investment Committee. The Investment Committee is composed of the Fund Manager's CEO Manager,

who serves as Chair, and three independent members with significant investment and private equity experience and aligned with the Fund's investment thesis. The document provides a summary of the investment proposition and portfolio considerations, business and management analysis including the risk assessment, financial performance KPIs and terms and conditions for financing, E&S findings of the due diligence, including ESG risks with updated category and categorization rationale, climate risk profile, mitigation and adaptation potential and impact rationale. This section is the E&S due diligence report (ESDD), backed-up by the information included in the filled-out tools (Investment Checklist, Impact Metrics Tool and ESG Risk Rating) and any relevant specific studies/action plans such as those for biodiversity and is prepared by the E&S team. A template for the ESDD is provided in Annex XIII to ensure all relevant information is included. The company impact strategy is summarized using the Impact Management Project (IMP) framework and the ESG risks identified are presented through the IFC performance standards (PS). The IFC PS are also used to frame the ESAP, which is included in the IM. Further information on the Investment Committee and other investment process steps can be found in EcoEnterprises Fund's Investment Manual.

## 4. Management of Impacts and Risks

The management of potential impacts and risks is done through 7 main methods.

### *Benchmarking with Good International Industry Practices (GIIP)*

The Fund draws extensively on the measures set forth in the IFC Performance Standards and EHS Guidelines to manage risks and impacts. Those are used to assess the companies and benchmark their environmental and social performance. Other industry standards are also used (see Annex II, Appendix 3). A yearly benchmarking exercise is done. This helps to determine the actions required (if needed) to bring the operations in compliance. The exercise is done by the E&S team with the assistance of the E&S Panel and the external experts in case of complex issues.

### *Elaboration of an Environmental and Social Action Plan (ESAP)*

Based on all the data collected, an ESAP is elaborated by the E&S team. The ESAP is based on gaps identified with the IFC PS and other GIIP (per Annex II, Appendix III) or climate mitigation or adaptation risks per the Climate Risk Assessment Tool and it contains: *i*) the IFC PS triggered, as a framework to organize the gaps identified; *ii*) the specific actions and/or mitigation measures required; *iii*) deliverables expected; *iv*) the person responsible and; *v*) a timeline to undertake the action. The ESAP is built upfront in the investment process and included in the Investment Memo presented to the Investment Committee. It is a dynamic document i.e. some actions will be cleared over time; while others may be added up during the investment period. The ESAP is updated regularly by a member of the E&S team. Compliance with the ESAP is included in the legal investment agreements with the companies. See Annex VII for the template used to construct ESAPs.

### *Environmental and Social Covenants incorporated in the legal agreement*

Compliance with the actions and timeline set forth in the ESAP is incorporated in the legal agreement with the portfolio company. Besides that, numerous other covenants associated with pertinent E&S matters are also part of the agreement, such as the requirement to report E&S incidents or maintaining or achieving a certain certification, if applicable. Reportable E&S incidents include incidents of an environmental nature (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or environmental contamination) or any incident of a social nature (including without limitation any violence, harassment, labor unrest or dispute with local communities), occurring on or nearby any site, plant, equipment or facility of the portfolio companies, which has or is reasonably likely to have a material adverse effect or which has a material negative impact on the environment, the health, safety and security situation, or the social and cultural context. In case of non-compliance, the Fund can

decide to manage the issues by contacting local legal counsel, sending a notice of default, by temporary suspending any further disbursements, requiring a corrective action plan and/or ultimately exiting the company.

#### *Compliance with international certifications schemes*

To manage E&S aspects, the Fund also relies on external certifications obtained by its portfolio companies such as B-Corp, non-GMO, organic, BRC, HACCP, Global GAP, Fair Trade, Forest Stewardship Council, ISO 14 001 and others. The granting of a certification and its maintenance indicates to the Fund that the company is operating according to conditions set in those certification schemes. The Fund considers those as powerful management tools. Many of those certification schemes also requires the company to conduct annual audits. Results of such audits provides useful information on potential gaps and contribute to reinforce the management of impacts towards compliance. If such audits are conducted, the Fund will require that those be presented in the annual reporting (see Annex II, Appendix 2).

#### *Impact Metrics Tool*

The Fund compiles data on specific metrics through the application of its Impact Metrics tool (see Annex V), a checklist of key items applicable for each company refined through use during past funds. The Impact Metrics tool is used by the team upfront in the due diligence in order to build up a baseline of the company. The E&S team is responsible for the completion of this tool, with support from the lead investment officer for input when needed. The Impact Metrics tool is also sometimes applied post-investment by an external consultant to corroborate the baseline findings. Basic metrics including, but not limited to, jobs generated, suppliers supported, gender considerations, economic benefits generated, hectares sustainably managed or directly protected and local persons impacted, are collected. The constitution of the baseline helps to manage potential risks and impacts. Over the course of the investment, impacts and risks are regularly benchmark against the initial baseline. This allows to track performance of the company and appreciate how both negative and positive impacts are managed.

#### *Technical assistance and capacity building*

EcoEnterprises Fund offers technical assistance to provide companies with specialized technical support to enhance financial results and impact outcomes and improve their environmental and social capacity. Technical assistance can be provided by the E&S team and/or the external experts to help the company to manage its impacts and/or maximize its development impact. Sector experts are contracted on a case-by-case basis to provide direct advice in key subject areas, such as ESMS baselines, organic techniques, fair-trade and other certification regimes, carbon and water footprints, and biodiversity management plans. Cost accountants, legal professionals, market commercialization experts, and production technicians are contracted to improve performance. The interventions are short-term assignments though the Fund may continue to offer hands-on support directly. The Fund identifies interventions during due diligence and on an ongoing basis throughout the investment period.

#### *Assessment of existing grievances*

As part of the ESDD process, the Fund will assess whether any current or past grievances, formal or informal, have been raised against the potential investee, including those related to environmental or social harm, labor conditions, Indigenous Peoples rights, or supply chain risks. The review will consider the nature and severity of the grievances, the company's response or resolution process (if any), and any broader patterns or risks that may be relevant for investment decision-making. The presence of unresolved or recurring grievances may trigger further analysis or the inclusion of specific actions in the Environmental and Social Action Plan (ESAP), in line with the criteria outlined in Annex II, section 2.1.1.

### *Ensuring company ESMS management capabilities*

The Fund will identify gaps in portfolio companies' internal practices and compliance with the Fund's E&S requirements to ensure that a realistic budget, and resources in terms of funding and team involvement are allocated. Moreover, the Fund may utilize technical assistance to support companies in the strengthening of their ESMS and its implementation. Aligned with relevant IFC Performance Standards, the companies will have: 1. E&S management coordination in-house (IFC PS1) to oversee planning and compliance; 2. environmental management (IFC PS 3 & 6) to monitor and manage E&S risks and compliance with local laws and Fund requirements; 3. health and safety oversight (IFC PS 2 & 4) focused on labor conditions, occupational health and safety, and security measures; 4. community relations (IFC PS 5, 7 & 8) to be involved in stakeholder engagement, grievance mechanisms, and disclosure. The team assigned to these roles will depend on each company's risk profile and development phase; for higher risk companies, the Fund will monitor implementation and require adjustments to confirm that there are dedicated staff for relevant functions.

## 5. Stakeholder Engagement and Accountability Mechanisms

### *Stakeholder Engagement*

EcoEnterprises Fund has developed a Stakeholder Engagement Plan (SEP) at the Fund level to guide meaningful, inclusive, and culturally appropriate stakeholder engagement throughout the lifecycle of its investments. The SEP outlines principles, methodologies, and tools used by the Fund to engage stakeholders across target geographies and sectors. Portfolio companies are expected to develop and implement their own SEPs, tailored to their specific contexts and aligned with Fund requirements, including identification and analysis of stakeholders, inclusive consultation, ongoing communication, and accessible grievance mechanisms.

For further information and detailed guidance on stakeholder engagement, including templates and procedures for portfolio companies, see Annex 7 of EcoEnterprises Fund's funding proposal to GCF.

### *Information Disclosure Requirements*

EcoEnterprises Fund is committed to ensuring timely, transparent, and accessible information disclosure in line with GCF's RESP, Indigenous Peoples Policy, and Information Disclosure Policy. This commitment is fundamental to meaningful stakeholder engagement, accountability, and informed decision-making.

These procedures apply to all activities that use GCF proceeds classified as E&S Category B or higher, as defined by GCF, and include the following requirements:

- **Disclosure Timeline:** For all Category B investments, the Environmental and Social Due Diligence (ESDD) Report, along with the Environmental and Social Action Plan (ESAP), must be disclosed at least 30 calendar days prior to the Fund's final investment decision.
- **Disclosure Content:** Disclosed documentation must include the Fund-level ESMS, the relevant project-specific ESDD report, the associated ESAP, and a summary of E&S risks and mitigation measures.
- **Language Requirements:** All disclosed materials must be made available in English and in the local language(s) of affected stakeholders, when English is not the primary language spoken.
- **Means of Disclosure:** Disclosure must be both digital and physical:
  - Documents will be posted on the Fund's website.
  - Physical copies will be made available in locations that are accessible and convenient to affected persons and communities, such as local municipal offices, community centers,

or other relevant gathering points.

- **Verification and Recordkeeping:** The Fund will maintain a record of disclosure activities, including:
  - Dates and locations of physical disclosure;
  - Language(s) of the disclosed materials;
  - Confirmation of accessibility by affected stakeholders.
- **Submission to GCF:** The Fund will submit all relevant disclosure documentation to GCF for review and public posting on the GCF website. This includes:
  - The Fund's ESMS;
  - The investment-specific ESDD and ESAP;
  - A verification note confirming public access to physical copies in appropriate locations.

In cases where commercial or proprietary information is deemed sensitive, the Fund will apply the exceptions outlined in Section V of the GCF Information Disclosure Policy and ensure appropriate redactions in consultation with GCF.

The Fund will also ensure that portfolio companies are informed of and comply with these disclosure requirements as part of the E&S due diligence process and stakeholder engagement obligations.

#### *Annual report*

The Fund produces an annual report which contains results of the impact metrics and snapshots of its portfolio companies including their environmental and social practices. It provides a comprehensive evaluation of the Fund's environmental, social, health, safety, and security performance, covering all Portfolio Investments. It includes updates on organizational changes, E&S staff details, and key financial metrics, alongside an investment overview and assessment of E&S risks and actions. The report details interactions with business partners, compliance with international and local standards, and risk management strategies. Additionally, it reviews contextual risks, climate change impacts, human rights issues, and E&S statistics, such as employee, community, health, safety, and environmental data. The report also encompasses corporate social responsibility activities, monitoring regimes, E&S studies, audits, impact scoring on sustainability goals, and a forward-looking E&S management plan, concluding with an overall evaluation of E&S performance and areas for improvement. Annual reports are shared with all Limited Partners and key elements are highlighted on the Fund's website and on a public impact report shared on the Fund's website and LinkedIn.

#### *Quarterly E&S Monitoring Report*

Each quarter the Fund includes in its quarterly LP report, along with the financial updates, a Quarterly E&S Monitoring Report which includes: (i) the status of the Fund's E&S Action Plan implementation; (ii) a description and evaluation of E&S activities undertaken during the prior calendar quarter; (iii) a schedule of planned E&S activities for the next calendar quarter; (iv) the status of compliance with the E&S Requirements; (v) activities performed and opinions, perceptions, or advice issued by third-party advisors (if any); and (vi) any other relevant details regarding E&S performance and monitoring, including reporting on Safeguarding Violations (if any).

#### *Grievance mechanism*

The portfolio companies shall identify a grievance redress mechanism (GRM) that provides people affected by activities supported by the Fund with an accessible, transparent, culturally appropriate, fair and effective process for receiving and addressing their complaints about environmental or social harms caused by any such activities. The mechanism should not impede access to judicial or administrative remedies. The

mechanism will consider customary laws, applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, dispute resolution mechanisms, and justice systems of indigenous peoples (IP) as appropriate and be able to use independent indigenous experts.

The portfolio companies will inform the potentially affected people about the mechanism in the course of the stakeholder engagement process. The GRM shall be available to all stakeholders, including Fund and portfolio company employees, suppliers, contractors, clients/customers, and affected communities or individuals. Stakeholders may submit complaints on a named or anonymous basis, individually or through representation by organizations or community leaders. It must allow for anonymous reporting of SEAH and GBV incidents. Portfolio companies shall ensure that procedures are confidential, survivor-centered, culturally appropriate, and include trained focal points. A clear escalation path and response protocol should be defined. The mechanism should be aligned with IFC Performance Standard 1 and GCF's IP policy.

Each GRM must include:

- An indicative list of eligible complaints, including environmental impacts, labor and working conditions, cultural heritage, FPIC-related violations, SEAH and GBV-related concerns, and access to benefits.
- A clear and time-bound procedure, with indicative steps such as:
  1. Acknowledgment of receipt within 7 days;
  2. Initial screening within 14 days;
  3. Investigation and proposed resolution within 45–60 days;
  4. Feedback and follow-up with complainant;
  5. Appeal and escalation path if unresolved.
- Clear roles and responsibilities for managing the GRM.
- A grievance log maintained and available for sharing with relevant stakeholders.

The Fund will cascade its own GRM and the GCF's Independent Redress Mechanism (IRM) to all portfolio companies. This includes:

- Requiring that the portfolio companies develop their own GRM aligned with Fund standards;
- Ensuring that information about the Fund's GRM and the GCF's IRM is communicated to stakeholders as part of stakeholder engagement activities;
- Including grievance-related expectations in legal agreements;
- Reviewing the effectiveness of company-level GRMs during monitoring and site visits.

The Fund also maintains a direct GRM, available for complaints about its own activities or its portfolio. These grievances could be related, but not limited to:

- Environmental, social, community health, safety, and security impacts;
- Gender bias, Sexual Exploitation, Abuse, and Harassment (SEAH) and Gender-Based Violence (GBV)-related concerns;
- Labor and working conditions or compensation;
- FPIC-related violations with Indigenous peoples.

Complaints may be submitted on a named or anonymous basis, individually or through representation by organizations or community leaders. The following methods of communication are available for lodging a grievance:

- Direct complaints to the Fund's GRM investigator, our Managing Director, Compliance and Operations
- Mailing EcoEnterprises Fund's operating address: 5614 Connecticut Avenue, NW #135; Washington, DC 20015
- Calling EcoEnterprises Fund's phone line: 202.262.7362
- Emailing [info@ecoenterprisesfund.com](mailto:info@ecoenterprisesfund.com)

Any complaint or suggestion submitted directly to the Fund will be addressed in a timely and responsive manner. The Fund will acknowledge receipt within 10 calendar days and will provide a substantive response within 60 days of receipt. If additional time is required due to exceptional circumstances, the complainant will be informed of the delay and the revised timeline. Acknowledgments will be issued in the language in which the complaint or suggestion was submitted, and the Fund will make reasonable efforts to provide its full response in the same language.

If the complaint or suggestion is not anonymous, the Fund will acknowledge receipt and provide a substantive response as outlined above. Should the submission be anonymous, the Fund will still review the matter but may be limited in its ability to provide direct feedback.

Should further action be deemed necessary following the Fund's initial response, this will be outlined clearly, and a member of the Fund's staff may directly engage with the complainant to explore resolution options. In the event that a satisfactory resolution cannot be reached, both the stakeholder and the Fund retain the right to seek independent counsel and, where appropriate, to appoint a neutral mediator to facilitate dispute resolution. Further details on the mechanism can be found in Annex XIV, the Grievance Policy, which is also publicly available on EcoEnterprises Fund's website.

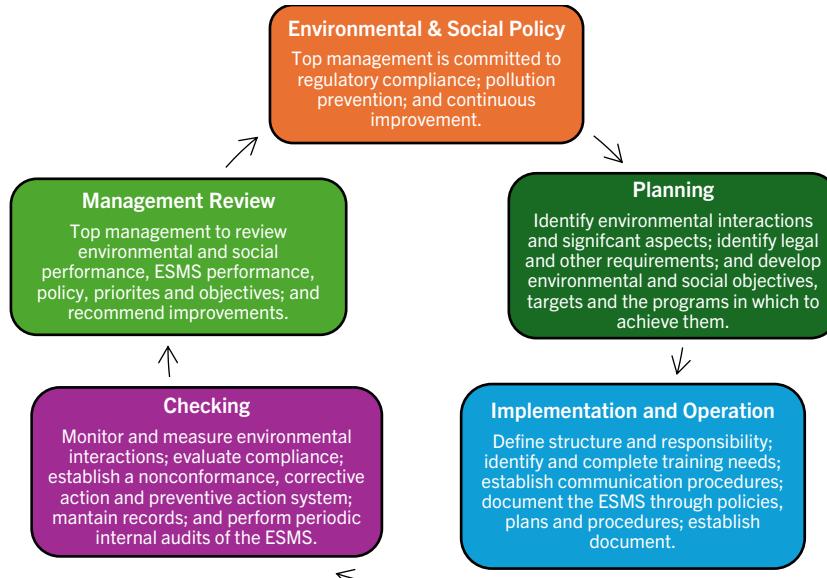
If additional support is needed, GCF's Independent Redress Mechanism and the GCF IP Specialist are available. Contact information is shared below:

Website: <https://irm.greenclimate.fund/case-register/file-complaint>  
E-mail: [irm@gcfund.org](mailto:irm@gcfund.org)

## 6. Monitoring and Review

### *Annual review of the ESMS*

The ESMS is an iterative process with the Fund's stakeholders, governing bodies and team. By design, the Fund's ESMS runs in continuous improvement cycles. To boost its effectiveness, it will be reviewed and updated as needed each year for reporting at the LP/LP Advisory Committee meetings. The tools are adaptive and evolving to encompass practical applications and techniques for analysis and input. However, the Fund will ensure that there are no amendments to this document except with the prior written consent from the GCF Secretariat.



**Figure 3. ESMS Review cycle**

#### *Reporting requirements for the company's portfolio*

All the portfolio's companies are required to send on an annual basis an Environmental and Social Management Report (see detailed content Annex II, Appendix 2). Their E&S performance is monitored at least annually with the updates of their Impact Metrics Tool, their ESG Risk Rating and their ESAP.

#### *Site visits*

Monitoring site visits are conducted throughout the investment. The visits aim to validate compliance with the ESAP and monitor company's relationship with communities and stakeholders. The visits also help to monitor developments, complete the Impact Metrics tool and update the ESG risk ratings and ESAPs.

## ESMS Guiding Principles

The following principles guide how the Fund is implementing its ESMS.

1. Compliance with applicable laws and regulations of countries of operations
2. Integration of E&S sustainability
3. Consistency with IFC Performance Standards, EHS Guidelines, ISO 14001, GCF Revised Environmental and Social Policy and the GCF Information and Disclosure Policy
4. Adoption of a scaled risk-based approach
5. Application of a mitigation hierarchy (avoid, minimize, mitigate, compensate/offset)
6. Continuous improvements and alignment with GIIP
7. Stakeholder engagement and public disclosure of impacts results
8. Adoption of a gender inclusive approach to company leadership, workforce, and supply chain
9. Fair work practices and non-discrimination
10. Promotion, protection and respect of human rights
11. Protection and conservation of biodiversity

The Annex II - Environmental and Social Guidelines and Criteria for investment provides more information on each of the items listed above.

## ESMS Tools during the investment cycle

Figure 4 provides an overview of when the different ESMS tools and documents are used throughout the investment cycle.

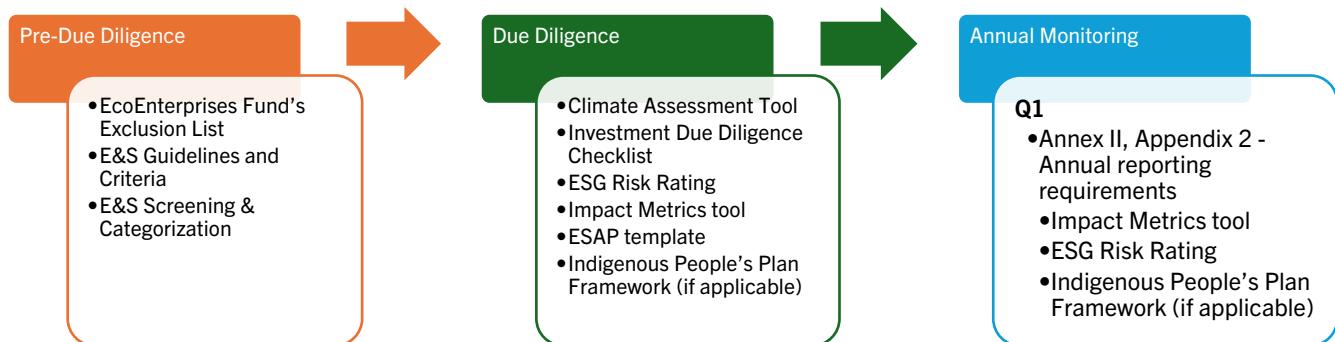


Figure 4. ESMS tools usage in the investment cycle

## Annexes

- **Annex I:** EcoEnterprises Fund Exclusion List
- **Annex II:** Environmental and Social Guidelines Criteria for Investment
- **Annex III:** Job Descriptions, designated E&S Team
- **Annex IV:** Investment Due Diligence Checklist
- **Annex V:** Impact Metrics Tool
- **Annex VI:** ESG Risk Rating System
- **Annex VII:** ESAP Template
- **Annex VIII:** Indigenous People's Plan Framework
- **Annex IX:** Terms of Reference for the E&S Advisory Panel
- **Annex X:** Pre-screening Tool for E&S Categorization
- **Annex XI:** EDFI Harmonised List of High Risk Sectors
- **Annex XII:** Climate Assessment Tool
- **Annex XIII:** E&S Due Diligence Report Template
- **Annex XIV:** Grievance Policy
- **Annex XV:** List of Acronyms and Abbreviations

## Annex I: EcoEnterprises Fund Exclusion List

No investment in any entities whose principal business is involved in the following; all investments must adhere to the investment criteria and purpose presented in EcoEnterprises Fund's Policies & Procedures Manual: Investment:

1. Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceutical, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES.<sup>2</sup>
2. Production or trade of tobacco or tobacco products,
3. Manufacture of armaments, ammunition and weapons, military/police equipment or infrastructure and all military equipment in general or activities in which any production output or turnover of the investee is derived from military related purposes.
4. Production or trade of beverages with an alcoholic content exceeding 15 percent.
5. Production of radioactive materials.<sup>3</sup>
6. Production of hazardous materials such as unbonded asbestos fibres and products containing PCBs.
7. Ownership or management of casinos, or activities in which the principal source of income is gambling,
8. Speculative investment in real estate or commodities.
9. Forced labour<sup>4</sup> or child labour.<sup>5</sup>
10. Any business relating to pornography or prostitution.
11. Production and distributions of racist, anti-democratic and/or neo-Nazi media.
12. Significant adverse impacts on cultural heritage, including its alteration, damage, or removal.
13. Relocation of Indigenous Peoples from lands, territories and natural resources subject to traditional ownership or under customary use or occupation, regardless of whether such lands are formally titled or legally recognized.
14. In case of activities which could potentially affect remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact”, no investment shall be made unless all appropriate measures are taken to recognize, respect and protect their lands and territories, environment, health, and culture, as well as measures to avoid all undesired contact with them. The aspects of the activities that would result in such undesired contact will not be processed further for investment.
15. Any involuntary resettlement or economic displacement of local communities.
16. Unsustainable fishing methods (i.e. drift net fishing in the marine environment using nets in excess of 2.5 km. in length and blast fishing).
17. Projects leading to destruction of High Conservation Values areas.<sup>6</sup>
18. Cross-border trade in waste and waste products unless compliant with Basel Convention and the

<sup>2</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.

<sup>3</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where the radioactive source is trivial and/or adequately shielded.

<sup>4</sup> Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by the ILO Convention.

<sup>5</sup> Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

<sup>6</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

underlying regulations.

19. Activities that result in the violation of human rights, limiting people's individual rights and freedoms or that give rise to conflicts or intensify existing conflicts.
20. Any business with a political or religious content.
21. Commercial concessions over, and logging on tropical natural forests and/or conversion of natural forest to plantations;
22. Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and/or degradation of tropical natural forests or high nature value forest; production or trade in wood or other forestry products other than from sustainably managed forests.
23. New palm oil plantations.
24. Coal and fossil fuel prospection, exploration, mining or processing; oil exploration, production or refineries; standalone fossil gas exploration and/or production; transport and related infrastructure primarily<sup>7</sup> used for coal for power generation; crude oil pipelines; construction or refurbishment of coal-fired power plant (including dual); construction of new or refurbishment of any existing HFO-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO<sub>2</sub> emissions<sup>8</sup>; any business with planned expansion of captive coal used for power and/or heat generation.<sup>9</sup>
25. Live animals for scientific and experimental purposes, including the breeding of these animals.
26. Immoral (as deemed by the Fund and the governing body) or illegal activities; or items or processes which are harmful to the environment or local populations as defined by the Fund's Policies and Procedures Manual: Investment.

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<sup>7</sup> "Primarily" means more than 50% of the infrastructure's handled tonnage.

<sup>8</sup> I.e. where energy efficiency measures do not compensate any capacity or load factor increase.

<sup>9</sup> This does not apply to coal used to initiate chemical reactions or as an ingredient mixed with other materials.

## Annex II: Environmental and Social Guidelines and Criteria for Investment



# Environmental and Social Guidelines and Criteria for Investment

## EcoEnterprises Fund

EcoEnterprises Fund  
5614 Connecticut Avenue, NW, #135  
Washington, DC 20015

[www.ecoenterprisesfund.com](http://www.ecoenterprisesfund.com)



## Introduction

### Our Mission

*We partner with and finance growing community businesses to enhance biodiversity, promote climate action and create socio-economic opportunities concurrent with generating financial returns.*

For over two decades, EcoEnterprises Fund has pioneered investing in small businesses which preserve the integrity of natural resources, while contributing to local economies. The Fund's purpose is to contribute to the conservation of vulnerable ecosystems and biodiverse areas under threat; to enhance the sustainable use and conservation of natural resources, to support jobs and livelihoods for local people, contributing to greater diversity, social justice and equity, including gender; to contribute to the mitigation of climate risks; and to achieve a market return for investors.

We focus on creating development impact on expanding sectors, such as sustainable/regenerative agriculture, aquaculture, agro-forestry, ecotourism and sustainable forestry. Emerging opportunities in carbon and biodiversity offsets, ecosystem services, agri-technology, watershed management and climate adaptation, etc. are also considered. We look for progressive companies which make social and environmental sustainability integral to their business ethos.

Our portfolio companies face many challenges common to most small growing enterprises in emerging economies: identifying and capitalizing on markets, managing day-to-day to pay the bills and keep people employed, and operating in complex social and political contexts. Companies continually have to balance underlying social and environmental imperatives with financial objectives to achieve the right mix of performance and risk mitigation in the face of consistent resource constraints.

We provide tailored financing instruments otherwise unavailable to these businesses. Prior to making an investment decision, we evaluate the company's actual and potential performance using financial, operational, environmental, and social metrics. We work with the company to design and agree on the appropriate financing structure that make sense for their business targets. We discuss the company's environmental and social performance – focusing on its strengths -- and agree on areas where the Fund's direct engagement (i.e. strategic direction, industry expertise, and technical advisory) can enhance development impacts.

Overall, in our partnerships with portfolio companies, we aim to scale impact and innovation and produce results. This collaborative philosophy accelerates our ability to foster transformative business models which address the environmental and social challenges facing our planet.

To steer our investments and ensure impact performance, we use a diverse set of systems and due diligence processes honed over 20 years as an investment manager. The comprehensive environmental and social (E&S) parameters to evaluate, measure and monitor portfolio companies serve as the basis for our Environmental and Social Guidelines hereto. This document provides a clear statement of the Fund's investment approach in order to continue to uphold the integrity of the portfolio. Portfolio environmental and social goals are achieved on an aggregate basis to demonstrate the realization of the Fund's mandate.

What is put forth is incorporated in EcoEnterprises Fund's funds' Limited Partnership Agreements and reflects the general *modus operandi* of the Fund applied by the investment management team, the E&S Panel and Fund governing bodies, including the Limited Partners Advisory Committee and Investment Committee. This document will be reviewed annually in order to incorporate the latest Good International Industry Practices (GIIP) pertaining to the sectors of our investment portfolio.

## 1. Environmental and Social Process

The Fund combines tools and expertise to assure company performance in line with our target impact areas. We have a well-developed internal environmental and social management system (ESMS) for assessing, managing, monitoring and reporting on impacts. To supplement the ESMS, we also rely on external certifications granted to our companies to monitor environmental and social performance. With oversight of an Investment Committee and advisory support from an E&S Panel, composed of LP E&S representatives and foremost experts in environmental and social sectors, and in consultation with industry specialists, we monitor and gain insights on investments to create a diversified portfolio which maximizes return and impact value.

The environmental and social guidelines contained herein aid in the assessment of impact pre-investment, during due diligence and post-investment monitoring phases. Compiling evaluation and monitoring indicators is an ongoing and iterative process and is continually improved upon by the Fund. These guidelines and criteria enable the Fund to identify "red flags"; social and environmental priorities for each portfolio company; and to develop an environmental and social action plan (ESAP) to ramp up companies' capacity.

The table in Appendix I presents our environmental and social process during the investment cycle. This approach is embedded in our ESMS.

We collect information that is most practical and then work with a portfolio company to boost indicators of shared interest – as they arise or stipulated in the legal investment agreement. We compile data on specific metrics through the application of our Impact Metrics tool – a list of key indicators we monitor for each company. Metrics are pulled from each company's tool, including, but not limited to, jobs generated, suppliers supported, hectares sustainably managed or directly protected and local persons impacted, to track progress over time and understand portfolio impact on a combined basis. We apply a gender-lens to some of those metrics. We initially use the tool during due diligence to establish a baseline. If the need is identified during due diligence, we carry-out an E&S assessment post-investment in conjunction with the company and an industry specialist. This exercise identifies actual performance and gaps in the company's business execution and E&S objectives. The Fund and the company then review progress annually, agreeing on changes for continued improvement. Lessons learned are folded back into our overall approach of learning by doing.

Environmental and Social highlights are presented to the Fund's LPs in the LP quarterly updates. Progress-to-date and impact metrics outputs are discussed at yearly LP/LPAC meetings and in the *Annual Environmental & Social Portfolio Report*. Information required to be included annually is put forth in Appendix II. The Investment Committee and the E&S Panel review all these reports.

## 2. Environmental and Social Guidelines and Criteria

The Fund works with each company within a set of Good International Industry Practices (GIIP). Appendix III lists guidelines, initiatives, standards, databases, good practice notes, etc. that the Fund uses as key references. Central to the Fund's approach are the IFC Performance Standards (PS). Those standards are an international benchmark for identifying and managing environmental and social risks. The Fund's tools used during the due diligence are explicitly designed to assess level of compliance with those standards. The Fund also uses as a key reference the IFC Environmental, Health and Safety Guidelines (EHS), and the sector-specific EHS Guidelines (e.g., Forestry, Aquaculture, Food and Beverage Processing) when applicable. These guidelines are technical reference documents with general and industry-specific examples of GIIP and are referred to in the IFC's PS. The EHS Guidelines contain the performance levels and measures that are acceptable to the IFC and that are generally considered to be achievable in new facilities at reasonable costs by existing technology. The guidelines also include social diversity and equity considerations, such as gender, which are built on industry guidelines of 2X Global. Finally, the Fund's guidelines are designed to assure compliance with GCF's Revised Environmental and Social Policy (RESP) and the GCF Information and Disclosure Policy (GCF IDP).

The Fund also has its own Exclusion List which prohibits certain types of investment.

On top of IFC PS, the Fund has its own set of criteria (some of which overlap with the IFC PS). Compliance with those criteria is evaluated during due diligence and adherence to those are monitored during the period of investment. The first section below describes the Fund general criteria while the second one offers industry- specific criteria. For the latter, the Fund also uses the IFC EHS industry-specific guidelines as a reference. Of particular relevancy to our portfolio are the following EHS guidelines: Aquaculture, Crop production (annual and perennial), Forestry, Food and Beverage processing.

### **2.1 General criteria**

#### **2.1.1 Supply chain**

Given the significant reliance of our portfolio companies on suppliers, the Fund will seek that companies (as part of their ESMS and subject to their level of management control and/or leverage over their supply chain), conduct an assessment of risks and impacts of its primary suppliers<sup>10</sup>. This assessment shall be carried out when there is the potential for child/forced labor or significant safety issues. The assessment shall also aim to demonstrate that raw materials are not being purchased from sources where there is significant adverse impact on natural and/or critical habitats. Many certification schemes already incorporate supply chain risks management and as such the Fund considers those as management tools.

#### **2.1.2 Environment**

- All aspects of the company shall respect applicable national and local laws, administrative requirements, and international treaties and agreements to which the country is a signatory.
- The company shall employ low-impact or minimal disturbance methods, maintain biodiversity, husband organic and soil resources, limit the use of chemicals, and support buffer areas of natural habitat.
- Where activities take place in proximity to natural habitats, an investment shall aim to ease pressure on biodiversity resources through for instance, alternative livelihood opportunities, implementation

<sup>10</sup> Primary suppliers are those "who on an ongoing basis provide the majority of living natural resources (where the primary supplier is a primary producer), goods, and materials essential for the core business processes of the project." (Performance Standard 6, footnote 21, paragraph 30.)

of mitigation measures to minimize habitat fragmentation such as extension of biological corridors and/or maintenance of remnants, environmentally sound intensification of agricultural or wood production to avoid encroachment into protected areas.

- New or existing roads, paths or other access points shall be carefully assessed to determine potential impacts on the habitat and local communities resulting from increased access. All roads and trails will conform to GIIP and result in minimal environmental and social impacts. Chemicals restricted or banned in the U.S., Europe or the host country cannot be used. Chemicals will be avoided in favor of integrated pest management, biopesticides or other management techniques (e.g., physical barriers, repellents, and good sanitation). If chemicals are used, proper equipment and training (for proper handling, storage and disposal) shall be provided to minimize health and environmental risks.
- Climate adaptation and mitigation actions to reduce vulnerabilities and increase readiness of the company and local communities shall be encouraged. This includes investment in new technologies, in energy efficiency efforts and into resilient infrastructure.
- Water monitoring and management must be considered. Water conservation efforts shall be implemented commensurate with the magnitude and cost of water use. Measures may include rain/storm water harvesting, zero discharge design, and use of localized recirculation systems. Measures should also be adopted to avoid or reduce water usage so that the company's water consumption does not have significant impacts on local communities' consumption.
- Reduction of GHG emissions and carbon footprint of the company's operations shall be encouraged.
- Adverse impacts on ecosystem services should be avoided, and if these impacts are unavoidable, the company will implement mitigation measures.
- Appropriate environmental monitoring and evaluation methods must be integral to the company, using the Fund's Impact Metrics tool as a minimum requirement, with standardized certification protocols and/or indicators that are applied throughout the life of the investment.

### 2.1.3 Social

- All aspects of the company shall respect applicable national and local labor laws, administrative requirements, and international treaties and agreements to which the country is a signatory.
- The company will engage with its stakeholders to establish and maintain constructive relationships, especially if there are stakeholders affected by their operational activities. Appropriate and ongoing assessments shall be undertaken whenever possible with the participation of local communities, and/or their representative associations or non-profit organizations, in order to determine that company's activities are in line with aggregate local needs and interests. The company that actively involves local communities in the decision process and creation of benefits are strongly encouraged. The Fund will support the company to develop a Stakeholder engagement plan.
- A gender inclusive working environment in the company's operations is strongly encouraged.
- The company shall adopt and implement policies and practices that ensure fair treatment, non-discrimination, and equal opportunity for migrant workers in accordance with IFC Performance Standards. This includes respecting the rights of migrant workers by providing them with contracts in a language they understand, ensuring they receive fair wages, and protecting them from any form of exploitation or abuse. The company shall respect the cultural backgrounds and customs of migrant workers, taking steps to ensure that its policies and practices are culturally sensitive and inclusive. The involvement of migrant workers in stakeholder engagement processes is encouraged to ensure their concerns and needs are addressed appropriately.

#### 2.1.3.1 Local Communities and Indigenous Peoples

- Any prospective company that causes loss or damage to the legal or customary rights, property, resources, or livelihoods of local peoples shall not be considered. There can be no impact on local cultures that would contribute to the decline of local values.

- The company shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples. Involuntary displacement of local populations is not allowed
- Long-term tenure and use rights to the land and/or resources shall be clearly defined, documented and legally established. Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over operations unless they delegate control with free prior and informed consent to other agencies. Appropriate mechanisms will be established and used to resolve disputes over tenure claims. Compliance with the International Labor organization (ILO) 169 - Indigenous and Tribal Peoples Convention and GCF's Indigenous peoples policy is expected.
- The Fund recognizes the value of Indigenous Peoples' traditional knowledge, innovations, and practices in sustaining biodiversity, managing natural resources, and enhancing climate resilience. Portfolio companies are encouraged to engage Indigenous communities not only as stakeholders, but also as knowledge holders. Where appropriate, such knowledge shall inform project design, risk mitigation, and adaptation strategies in a culturally respectful and mutually agreed manner.
- The legal and customary rights of indigenous peoples to own, use, and manage their lands, territories and resources shall be respected. Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified and recognized.
- The local community will if desired, support and actively participate in the company's activities pertaining to such resource from the planning to implementation stages. More specific training when appropriate shall be provided.
- The company shall provide an accessible, culturally appropriate, confidential, transparent grievance mechanism for local communities and Indigenous Peoples. The use of the mechanism shall be free of cost and without retaliatory measures.

#### *2.1.3.2 Environmental, health and safety and Working Conditions*

- The company shall comply with national and local labor laws as well as International Labour Organization standards (ILO) and adopt a human resources policy appropriate to its size and workforce. The company shall communicate this policy clearly to employees and ensure that they understand and receive the wages and benefits to which they are legally entitled (e.g., social security, health care, vacation, sick leave).
- The company shall have an ESMS in place or commit to develop one at the beginning of the investment.
- The company should ensure non-discrimination practices are in place and that equal treatment and opportunities are provided to all employees, in particular for vulnerable groups.
- The company shall have a zero-tolerance policy on Sexual Exploitation, Abuse, and Harassment (SEAH) and Gender-Based Violence (GBV).
- The company should implement robust monitoring systems to track SEAH and GBV risks and responses. Additionally, it should have regular assessments of the effectiveness of safeguards and adjustments to strategies as necessary. SEAH/GBV prevention training should be conducted, emphasizing gender-sensitivity and survivor-centered responses.
- The company shall not discourage workers from forming or joining workers' organizations of their own choosing or from bargaining collectively and will not discriminate or retaliate against workers who participate, or seek to participate in such activities. Worker organizations are expected to fairly represent the workers in the workforce, and as such, management shall acknowledge and engage with such worker representatives.
- The company shall provide an accessible, culturally appropriate, confidential grievance mechanism for workers (and their organizations) to raise reasonable workplace concerns. Workers shall be made aware of the grievance mechanism at the time of hire. The use of the mechanism shall be free of cost and without retaliatory measures. The mechanism must also allow for anonymous reporting and be designed to address incidents of SEAH and other forms GBV, following survivor-centered principles and ensuring protection and dignity for complainants.

- The company shall take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, so far as reasonably practicable, the causes of hazards. The company should have a system of documenting and reporting all occupational accidents, and emergency preparedness measures should be put in place. Workplace environments must be fitted with adequate health and safety equipment that is routinely tested or inspected (e.g., fire extinguishers, first aid kits). An emergency preparedness and response plan should be delineated, and personnel appropriately trained in its implementation.
- Forced or child labor is prohibited. The company is expected to ensure this standard is upheld by their suppliers as well.
- When applicable and practical, the company shall pursue industry (i.e. B Corp, non-GMO, organic), global production (i.e. BRC, HACCP, GlobalGAP, ISO) and/or Fairtrade certification.

#### *2.1.3.3 Commitment to Diversity, Equity, and Inclusion*

- The company should be aware and committed to diversity in the leadership team and in the workforce.
- The company can make its commitment to diversity in the leadership and workforce clear in several ways, including:
  - Setting specific targets for the percentage of women and men in the leadership team and in the staff overall.
  - Having initiatives or activities - beyond just a written policy - that help the staff make-up be as inclusive as possible; this includes activities that consider all kinds of diversity and how different identities interact such as gender, ethnicity, and abilities.
- There should be policies or procedures related to the protection of the quality work environment, related to gender equality, non-discrimination, anti-sexual harassment, and gender-based violence.
  - Additional policies and practices to foster gender equity in the company shall be encouraged, such as childcare benefits, parental leave, or flexible working hours.

## **2.2 Industry-specific sectors criteria**

### **2.2.1 Sustainable/Regenerative Agriculture**

Sustainable agriculture refers to an agricultural system that has a low environmental impact. The approach minimizes the use of harmful inputs, and employs some combination of organic fertilizers, crop rotation, integrated pest management, minimal or no use of chemical, recycling of waste materials, and more efficient and intensive production. The primary environmental benefit is the reduction or elimination of chemical use causing pollution, and an increase in agricultural productivity of land by improving soil fertility and water retention. We evaluate those companies that pursue these methods through food systems, technologies and production processes with a special interest in partnerships with small producers and local communities. We value those companies which achieve organic standards and certification from an accredited body, such as IFOAM, Demeter Biodynamic, Organic Crop Improvement Association or an in-country organization.

In addition to sustainable agriculture, we also emphasize regenerative agriculture, defined as “a system of principles and practices that generates agricultural products, sequesters carbon, and enhances biodiversity at the farm scale.” Regenerative agriculture not only focuses on reducing environmental impact but also actively works to restore and enhance ecosystems, improve soil health, and increase biodiversity. Companies engaged in regenerative agriculture are highly valued for their contribution to reversing environmental degradation and promoting long-term sustainability.

Sustainable and regenerative agriculture generate environmental benefits through the reduction or elimination of chemical use causing pollution, and an increase in agricultural productivity of land by improving soil fertility and water retention. We aim not to invest when there has been clearing of natural vegetation that affects any biodiversity and wildlife habitats nor when there has been usage of genetically modified organisms or products made from them.

We encourage buffer zones creation, such as vegetation along streams, to reduce land erosion and runoff. Implement soil and water conservation practices including: reducing evaporation and seepage (e.g., by keeping canals narrow and deep, covering canals, etc.) using appropriate techniques (e.g., terracing, contour ploughing, mulching) to slow runoff, replanting trees and vegetation to improve soil and water retention. We promote soil and water conservation practices as well as monitoring programs, especially intended to detect effluents releases by the company's operations.

Inequalities in ownership of natural resources and access to business opportunities has resulted in historic underinvestment in the sustainable and regenerative agricultural solutions by women<sup>11</sup>, indigenous communities, and other marginalized groups. At the same time, members of these groups are often stewards of the environment and can enhance ecosystem restoration. We value those companies who recognize and act on the connection between positive business results, environmental impact, and social impact on underserved groups.

## **2.2.2 Sustainable Forestry**

The Fund pursues investments in which the forestry management plan adheres to certification standards set forth by the Forest Stewardship Council or other well-regarded sustainable forestry regimes. Opportunities in sustainable forestry also may overlap with agriculture (i.e. agroforestry) and the harvesting of forest products. We ensure that the investment will adhere to a comprehensive approach which takes into account all criteria of note.

Sustainable forestry represents a production rate of the forest that does not exceed levels that can be permanently sustained within a natural forest system as well as certified plantation models. We do not invest in forestry practices that jeopardize natural forests and future existence of wild species, such as commercial logging on primary tropical forest, massive clearing of land and conversion of natural forests to plantations.

We support low-impact production methods that also help maintain genetic, species, and ecosystem diversity within forests. The harvesting techniques do not disturb forest canopies, kill the exploited trees, or threaten regeneration of species. Natural regeneration should comprise the primary means of reinitiating a forest stand for the next rotation, however, planting is reasonable when reforesting and restoring a degraded area. Forest management should minimize waste associated with harvesting and on-site processing operations -- with organic waste left in the forest to decay while other waste will be remediated or disposed of safely so not to disturb vegetation near waterways or block streams.

We prefer that communities within, or adjacent to, the forest management area be given opportunities for employment, training, and other services. For this reason, we are interested in value-added processing to enhance company performance concurrent with local community member participation. We require the development and regular updating of management plans to anticipate the scale and intensity of operations.

## **2.2.3 Agro-Forestry**

We emphasize sustainable harvesting of forest products evidenced through a concerted management

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<sup>11</sup> Women form 20% of the agricultural workforce in Latin America.

plan which prohibits massive clearing of land, or forest conversion. Because demand may rise faster than supply once markets have been established, we support products that do not exceed the sustainable yield of an ecosystem.

As with sustainable forestry approaches, we encourage non-destructive collection techniques that do not disturb forest canopies, kill the exploited trees, over harvest, or threaten regeneration of plant species, as well as the community of animals that depend on them. We support companies in which small producers and/or community members are integral stakeholders in the harvesting process. We also are most interested in value-added processing, packaging, and/or marketing of agro-forestry products to increase return and impact metrics.

#### **2.2.4 Ecotourism**

We seek ecotourism investments that have minimum interference with the surrounding ecosystem, take future forest growth and wildlife habitat travel patterns into account, and employ low-impact site development techniques. The sites have been identified through feasibility and impact assessments as having adequate safeguards and mechanisms in place to uphold environmental and social standards. We ensure that monitoring systems are in place to limit visitor impact, pursue local design and management of the facility and that the integrity of the local ecosystem remains intact. Additionally, we encourage minimized energy consumption, energy derived from renewable sources, and waste management systems that provide for environmentally sound removal of waste.

We encourage active participation of local communities at the planning stages, then providing good training and employing local people for construction – utilizing local materials and environmentally sound techniques – staffing, and monitoring of the facility. We believe visitor footprint on local ecosystems and cultures should be minimized. Key is education of the visitor prior to and in conjunction with encounters with local communities and native animals and plants to provide shared understanding in the natural history and culture of the region, and environmental or social challenges. We also support investments that are accredited by certification protocols (i.e. Smart Voyager) and that frequently communicate and engage with local communities. Sourcing of local products is highly desired to generate positive value chains in local economies.

#### **2.2.5 Aquaculture**

Aquaculture refers to the cultivation of marine or freshwater aquatic species in captivity either in ponds or in cages or other structures in open waters. We invest in sustainable growing, harvesting and production techniques with particular interest in certified operations. We look for the preservation of watersheds and fisheries against long-term degradation. We only pursue opportunities in which cultured fish stocks are not released into natural freshwater ecosystems, stocking programs are followed up with regular monitoring, culture grounds are located away from marinas and other areas where chemicals are used. We promote water management strategies to ensure that the quality and quantity of water needed by surrounding communities are maintained and there are no conflicts with local communities due to traditional land use practices. We ensure that the investment upholds local hydrologic conditions, has no impact on natural fisheries or wetland resources, including mangroves; and that use of biocides, such as anti-fouling compounds are not applied.

#### **2.2.6 Food and Beverage processing**

Food and beverages processing refer to the processing of vegetable, and fruit raw materials into value-added food and beverage products for human consumption. Fruit and vegetable production begins with the preparation of the raw food and beverages thorough a variety of methods including cleaning, trimming and peeling to reduce the product to a uniform size before cooking, canning, drying or freezing, as well as pulping and filtration to make soft drinks. The Fund invest in companies who have integrate

sustainability in their business model. Food and beverage is a sector where a lot of waste can be produced, and commitment of the company is critical. The companies in this sector that we sought to invest are certified by international regimes such as Ecocert, BSCI, Global Gap, BRC Food certified, Fair Trade, non-GMO, USDA organic. If certification is not attained yet, we strongly support and encourage the companies in that vein.

## APPENDIX I: Environmental and Social Process

	Pre-investment Phase	Due Diligence Phase	Post-investment phase
Objectives	Identify alignment with EcoEnterprises Fund's investment strategy, assess E&S red flags and positive impacts on prospective investment.	Investigate company under consideration to confirm facts. Assess compliance with GIIP. Develop Environmental and Social Action Plan (ESAP). Identify E&S KPIs.	Monitoring of portfolio company's impacts, risks and performance. Management of risks and maximization of positive E&S outcomes. Track progress on the ESAP.
Tasks	<ul style="list-style-type: none"> <li>▪ Fund's Exclusion List check.</li> <li>▪ Background review.</li> <li>▪ Consultation of:                             <ul style="list-style-type: none"> <li>• <i>WRI's Resource Watch</i></li> <li>• <i>IUCN Red List of Threatened Species</i></li> <li>• <i>Publicly available information (NGO/media attention)</i></li> <li>• <i>Other relevant resources (see Appendix 3 - GIIP list)</i></li> </ul> </li> <li>▪ Identification of possible negative effects on biodiversity and local communities, including Indigenous peoples.</li> <li>▪ Identification of any major sign of non-commitment to diversity, inclusiveness, and gender equity.</li> <li>▪ Screening of E&amp;S risks and preliminary E&amp;S risk categorization with the <b>Pre-screening tool for E&amp;S categorization</b>.</li> <li>▪ Consultation with the E&amp;S Panel for any pertinent sector- or company-specific concerns, if any.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of the company's E&amp;S profile with the <b>Due Diligence Checklist</b> in collaboration with the company.</li> <li>▪ Site visit conducted to assess E&amp;S realities on-the-ground.</li> <li>▪ Baseline KPIs delineated from data collected with the <b>Impact Metrics tool</b>.</li> <li>▪ Determination if additional external E&amp;S impact assessment is warranted.</li> <li>▪ Completion of the <b>ESG Risk Rating</b> score sheet.</li> <li>▪ Elaboration of an ESAP.</li> <li>▪ Company impact strategy summarized using Impact Management Project framework.</li> <li>▪ Drafting of E&amp;S covenants, benchmarks or other provisions for the investment agreement.</li> <li>▪ Identification of technical assistance and capacity building needs to enhance impact outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ If necessary, review of E&amp;S impact assessment studies by external consultant shortly following investment.</li> <li>▪ Regular monitoring site visits.</li> <li>▪ Follow-up on completion of ESAP items.</li> <li>▪ Track E&amp;S progress, impact KPIs and improvements using the <b>Impact Metrics Tool</b> and <b>ESG Risk Rating</b>.</li> <li>▪ Review of the company E&amp;S management reports.</li> <li>▪ Carry out capacity building support to meet agreed upon E&amp;S goals and improve impact outcomes.</li> </ul>
Outcomes	Selection of company aligned with investment strategy and <b>E&amp;S Guidelines</b> to achieve impact results. Initial screening and categorization.	Definition of the approach to manage impacts and maximize benefits to communities and the environment. Production of E&S due diligence section in the Investment Memo.	Improvement of the E&S performance of the company. Contribution to development impacts. Maximization of the sustainability of the investment.

## **APPENDIX II: Requirements for annual reporting on Environmental & Social management and portfolio investments**

All report formats are acceptable as long as the report contains the following information:

### For the Fund:

- Name of the responsible coordinator and senior manager
- Status / Changes in environmental, social and governance management system
- Environmental, social and governance trainings followed
- Exclusion list: explanation if a portfolio company is involved in activities listed on the exclusion list and if so, a plan is submitted to phase out of such activity

### For each portfolio company:

- Environmental and Social Risk Categorization (according to IFC) of the operations and rational
- Assessment of environmental, social and governance risks
- For companies with carbon-intensive operations: reporting on emissions (according to IFC Performance Standards 3)
- Completion of the Impact Metrics tool
- Progress completion on ESAP activities and any specialized plans such as Biodiversity Plan (if applicable)
- Audit results either those conducted by the company or by an external certification body (if such audit was conducted in the given year)
- Report on any fines/claims associated with environmental, EHS and/or social matters, including number of work-related injuries and grievances reported in the last year
- Training activities conducted for staff/communities on environmental, EHS and social matters
- Stakeholder engagements conducted during the reporting period and how feedback was taken into consideration

### Additional information on each portfolio company:

- Any improvements of the performance with a clear environmental benefit e.g. energy savings, reducing (hazardous) waste, reducing carbon footprint, reforestation activities, certification of relevant management systems like ISO 14001, OHSAS 18000.
- Any improvements of the performance with a clear social benefit e.g. improvements of labor conditions, including considerations of the working conditions of indigenous communities, people of all ethnicities and genders, and considerations of other forms of diversity and protected classes, as well as certification of relevant management systems like SA 8000.

### APPENDIX III: Good international Industry Practices - list of references used by the Fund

- International Finance Corporation (IFC) Performance Standards, 2012  
[https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)
- IFC Environmental, Health and Safety Guidelines  
<https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines>
- GCF Revised Environmental and Social Policy  
<https://www.greenclimate.fund/document/revised-environmental-and-social-policy>
- GCF Information and Disclosure Policy  
<https://www.greenclimate.fund/document/information-disclosure-policy>
- GCF Sexual Exploitation, Abuse and Harassment (SEAH) risk assessment guideline  
<https://www.greenclimate.fund/document/sexual-exploitation-abuse-and-harassment-seah-risk-assessment-guideline>
- GCF Indigenous peoples policy - <https://www.greenclimate.fund/document/indigenous-peoples-policy>
- Harmonised EDFI Environmental and Social Standards
- Operating Principles for Impact Management - <https://www.impactprinciples.org/>
- Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets  
[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_stakeholderengagement\\_wci\\_1319577185063](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_stakeholderengagement_wci_1319577185063)
- BII (formerly CDC) and IFC (2020) Private Equity and Value Creation. A Fund Manager's Guide to Gender-Smart Investing  
[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/gender+smart+investing+guide](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender+smart+investing+guide)
- 2X Collaborative Green Toolkit: The Gender-Smart Climate Finance Guide  
<https://www.2xcollaborative.org/2x-green-toolkit>
- Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain  
[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_agrosupplychains](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_agrosupplychains)
- Environmental and Social Management System (ESMS) – Toolkit – General, IFC  
[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_esms-general](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_esms-general)
- ESMS Implementation Handbook for Food & Beverage  
<https://www.ifc.org/en/insights-reports/2014/handbook-esms-implementation-handbook-food-beverage>
- The Integrated Biodiversity Assessment Tool (IBAT). - <https://ibat-alliance.org/>
- The IUCN Red List of threatened species - <https://www.iucnredlist.org/>
- World Resources Institute's Resource Watch - <https://resourcewatch.org/>
- Forest Stewardship Council certification standards - <https://ic.fsc.org/en>
- Occupational safety and health management system certification standards (e.g. OHSAS 18001)
- Environmental management system certification standards (e.g. ISO 14000 series)
- Business and Biodiversity Offsets Programme (BBOP), Standards and Guidelines  
<http://bbop.forest-trends.org/pages/guidelines>

## Annex III: Job Descriptions, designated E&S Team

### E&S Team – Job Descriptions

#### **POSITION TITLE:** Managing Director, Compliance and Operations, EcoEnterprises Fund

**BACKGROUND:** The Fund is committed to recruiting and retaining a diverse workforce without regard to race, color, national origin, religion, sexual orientation, sex, marital or parental status, disability, gender identity or expression, age, or any other basis prohibited by law. We are committed to providing a safe, inclusive, flexible, and enriching work experience for all team members.

**JOB SUMMARY:** The Managing Director, Compliance and Operations (Director) serves as the operational point person for the Fund. She ensures full adherence to the Fund's *Policies & Procedures – Investment and Environmental & Social Management System*. The Director, reporting to the Fund's Chief Operating Officer (COO), confirms compliance of the Fund's environmental and social criteria during the investment period, working in tandem with the Impact & ESG Officer, the investment team, external consultants and the Fund's E&S Panel. She also works with the COO to manage financial and impact reporting to investors and stakeholders jointly.

**JOB RESPONSIBILITIES:** The Director will work with the Impact & ESG Officer and COO to carry out the primary responsibilities of the position, as outlined below, which will also require cooperative cross-functional coordination with members of the investment team and the Chief Executive Officer.

#### 1. Compliance responsibilities

- Ensure compliance with the Fund's *Investment Policies and Procedures Manual* and *Operations Manual*.
- Oversee the Fund's grievance mechanism functionality and conduct regular reviews of its accessibility and effectiveness.
- In the pre-investment process, provide environmental and social guidance to the investment team for full compliance with the Fund's environmental and social criteria.
- During pipeline evaluation and due diligence review, support the investment team in investigating and researching environmental and social issues. This includes looping in the E&S Panel for specific interventions.
- For Investment Memo presentation and written material, assist the investment team on pulling together the information pertinent to these matters.
- During the legal documentation phase, identify potential environmental and social risks and works jointly with the investment team and portfolio companies in order to put in place in the agreement and/or as part of the Fund's monitoring strategies to address risks.
- Coordinate all details of the environmental and social baselines for portfolio companies, travels with external consultants and tracks performance and impact indicators.

- For the Annual Environmental and Social Portfolio Report, provide support to the COO and Impact & ESG Officer for reporting material on the Fund's environmental and social management system.
- Ensure E&S Panel or third parties' recommendations are incorporated in the Fund's monitoring system.
- Develop and track the Fund's Environmental, Social and Governance Risk Rating system.
- Coordinate and propose enhancements and improvements to the processes, including those stipulated in the *Environmental and Social Guidelines and Criteria for Investment and Policies & Procedures – Investment*.
- Arrange and oversee training in this regard, such as the Fund's monitoring and evaluation retreat.
- Oversee various specific LP environmental and social reporting requirements and coordinates the process within the investment team and with portfolio companies.
- Provide additional support to the investment team on special projects, and represent the Fund in regional/or international events related to environmental and social issues, impact investing, and/or training opportunities.

## 2. Control responsibilities

- Coordinate, compile and coalesce all information with the investment team and portfolio companies.
- Provide support for the annual audit, the mid-term audit and tracks financial and other deliverables from portfolio companies.
- Ensure portfolio data is collected and filed appropriately.
- Work in tandem with the Impact & ESG Officer and COO to manage the Technical Assistance (“TA”) Facility as part of the TA Oversight Committee.
- Lead the Fund's legal process during the pre-investment stage serving as a liaison among the Chief Executive Officer (CEO), the investment team and external legal counsel.
- Review legal agreements and other legal documents ensuring that all negotiated terms are incorporated in the legal documents; identify potential risks during the legal drafting and negotiation
- Work jointly with the CEO and investment team to address and minimize any E&S exposure to the Fund.
- During the post-closing process, monitor with the investment team portfolio companies' compliance of the covenants and any other requirements stipulated in the legal documents.

## **KNOWLEDGE/SKILLS:**

- Master's degree in business or finance or a related field (such as economics, agribusiness or engineering); or equivalent experience working with sustainable businesses in Latin America.
- At least 5 years of experience in impact/sustainable investing in compliance and ESG roles.
- Excellent written and verbal communication in English and Spanish; understanding of Portuguese a plus.

- Demonstrated experience in MS Office, Word, Excel and PowerPoint. Database management skills with ability to produce reports. Ability to use advanced computer functions including navigating the Internet.
- Willingness to travel occasionally.

**POSITION TITLE:** Impact & ESG Officer, EcoEnterprises Fund

**BACKGROUND:** The Fund is committed to recruiting and retaining a diverse workforce without regard to race, color, national origin, religion, sexual orientation, sex, marital or parental status, disability, gender identity or expression, age, or any other basis prohibited by law. We are committed to providing a safe, inclusive, flexible, and enriching work experience for all team members.

**JOB SUMMARY:** The Impact & ESG Officer works directly as part of the Fund's Operations Team supporting both the Managing Director for Compliance & Operations ("Managing Director") and the Chief Operating Officer ("COO") in driving the Fund's environmental and social ("E&S") impact management, through execution of the Fund's technical assistance ("TA") grants, continued enhancement of the Fund's Environmental & Social Management System ("ESMS"), and strategic planning and development of the Fund's value-added services and long-term impact objectives.

The role is best served by an individual with strong organizational and analytical skills who enjoys working on multiple projects simultaneously and has experience managing priorities effectively. No prior knowledge of investing is necessary, but experience in impact and/or ESG risk/compliance is required. The position will provide ample opportunity to gain experience and develop knowledge on the job.

**JOB RESPONSIBILITIES:** The Impact & ESG Officer will work with the Managing Director and COO to carry out the primary responsibilities of the position, as outlined below, which will also require cooperative cross-functional coordination with members of the investment team and the Chief Executive Officer.

1. Management of the Fund's TA grants

- Work with the Managing Director and COO to ensure compliance with all program objectives and requirements under the Fund's technical assistance grants.
- Maintain the Fund's TA pipeline and provide support in the TA proposal process, execution of contracts, tracking of timelines and project deliverables, and engagement with portfolio company principals as needed.
- Organize meetings with team members, portfolio company staff, and/or external contractors as necessary to support TA assignments and ensure that grant objectives are met.
- Oversee grant reporting schedules and prepare all required reports for Operations Team review.
- Document payments and track expenditures against grant budgets; prepare financial reports and disbursement requests as needed.

2. Continued enhancement of the Fund's ESMS

- Work with Operations Team on overall ESMS improvements, including investigation of software platform for E&S metrics collection, and improvement, consolidation, and management of E&S tools to create operational efficiencies.
- Conduct ongoing research to stay apprised of industry advancements in E&S impact measurement, monitoring, and reporting and share findings with Operations Team.
- Spearhead the Fund's B Certification process.

3. Support development of the Fund's overall E&S impact programmatic approach

- Track output from the TA program and ensure that all relevant highlights are included in LP communications and Fund marketing.
- Provide updates on TA activities during team conference calls.
- Help educate staff on updates or changes to E&S-related policies and procedures.
- Participate in impact-oriented conferences and workshops as the Fund's representative.
- Provide strategic input on the Fund's E&S program and thematic priorities.

**KNOWLEDGE/SKILLS:**

- Bachelor's degree in business or finance or a related field (such as economics, agribusiness or engineering); or equivalent experience working with sustainable businesses in Latin America.
- At least 2 years of experience in impact and/or ESG positions.
- Excellent written and verbal communication in English and Spanish; understanding of Portuguese a plus.
- Demonstrated experience in MS Office, Word, Excel and PowerPoint. Database management skills with ability to produce reports. Ability to use advanced computer functions including navigating the Internet.
- Willingness to travel occasionally.

## Annex IV: Investment Due Diligence Checklist

**EcoEnterprises Fund**  
**Investment Due Diligence Checklist**  
**June 2025**

Environmental & Social – See Annex for details	Comments
<b>General (IFC PS 1).</b> Does the Company minimize adverse impacts and enhance positive effects on the environment and all stakeholders (including employees and any affected communities)? Does the Business Model allow continuance of positive environmental and social impact as the company grows? Is there an Environmental and Social Management System to ensure this?	
<b>Environmental – General (IFC PS 3, 6).</b> Use of natural resources; management of water, energy and waste. Work to reduce emissions. Presence of pollution (land/water/air). Environmental violations or fines. Payments for environmental services.	
<b>Environmental – Biodiversity (IFC PS 6).</b> Management systems. Type of habitat. Promotion and monitoring of biological corridors. Reforestation or deforestation. Signs of land erosion. Biodiversity offsets. No introduction of new alien species.	
<b>Social – Workers (IFC PS 2).</b> Compliance with national laws and ILO standards. Employee wages and benefits. Onboarding process. Work Environment. Engagement and equal opportunities for protected groups. Commitments to gender equity and supporting women leadership. SEAH and GBV policies. Confidential and anonymous GRM. Trainings conducted. Procedures for collective dismissals.	
<b>Social – Community &amp; Suppliers (IFC PS 4, 5, 7).</b> Communities involved. Open communication. Trainings for community. Other support to local community services (e.g. school, waste management, health center, water access, etc.). Local suppliers. Impact of company on local market prices. Seasonality of demand. No involuntary resettlement or economic displacement of local communities.	
Financial and Accounting	Comments
<b>Debt/Equity.</b> All financing instruments: interest rates, term and repayment provisions, collateral requirements, other security. Short-term financing from vendors and other creditors: amount, terms, interest rate. Valuation of owner/management positions, including terms, amount and nature of equity and shareholder loans.	
<b>Margins/Ratios.</b> Performance as reflected in financial statements. Solvency, liquidity, profitability and other ratios using input from the company's accounting data. Key cost drivers. Margin breakdown per product.	

<b>Policy.</b> Depreciation; valuation of inventory; tax issues; other financial policies and issues. If it is a start-up company, are the financial control systems in place?	
<b>Other line items.</b> What is included in line items like “other expenses/income”, “other liabilities”, etc. if they represent is a significant position.	
<b>Reports.</b> Level of sophistication, form and frequency of financial reporting.	
<b>Legal.</b> Basic company documents, by-laws; shareholder’s agreement, company registration, loan and/or investment agreements, management arrangements, notarial deeds for property to be contributed to the company by the principals. Does the company comply with all national and local laws?	
<b>Other legal matters.</b> Lawsuits, arbitration, contract disputes and related issues; and regulatory documents -- licenses, permits certificates of compliance with national or municipal regulations, and other legal requirements for operating or doing business. Does the company qualify for any tax exemptions?	
Marketing and Sales	Comments
<b>Competitors.</b> Providers of similar or substitutable products or services. Structure of the competition. Market share. Barriers to entry. Influence of competition on pricing, market access and other strategic concerns. What is company’s competitive advantage?	
<b>Customers.</b> Top clients, estimated sales split by client and the channels of distribution to reach them. Structure of the market. Pricing, terms of sale. Advertising campaigns and sales program. Sales volume.	
<b>Product/Service.</b> Nature of product/service. Research and development -- testing of new products.	
<b>Sales capacity.</b> The factor that acts as a constraint on sales: points of sale; number of salespeople; number of physical installations (such as freezers, point-of-sale displays, etc.) or other equipment (delivery vehicles, etc.) that limit the volume of sales. Compare with productivity to evaluate sales efficiency.	

Production and Operations	Comments
<p><b>Inputs.</b> Types and quantities of raw materials; sustainability. Resource efficiency. Vendors; purchasing terms, prices, timing of deliveries; inventory quantities. Human resources – is there enough local talent in the area? Alliances or arrangements with vendors. Structure of supply stream. Whatever is involved with supplying the company and with what it transforms into outputs.</p>	
<p><b>Outputs.</b> Quantity of units produced; timing of output; seasonality; storage and handling of finished goods inventory. Distribution. Transportation types.</p>	
<p><b>Plant and equipment.</b> Productive assets of any type, their nature, use and origin; land, buildings, equipment. Maintenance issues, installation, modification. Capacity. Location of plant. Operation lifetime.</p>	
<p><b>Process.</b> Transformation of inputs into outputs; productive processes; work methods. Handling and storage of inventories in process. Management of production. Accordance with Good International Industry Practices.</p>	
<p><b>Productivity.</b> Measure and monitor productivity in generating units for sale. Define appropriate unit of measurement and identify critical benchmarks or standards. Company may have multiple productivity measurements depending on the critical factors selected (i.e. tons produced per employee, capacity limitations, and kilograms harvested per hectare, etc.).</p>	
<p><b>Quality and controls.</b> Reject rates, waste, shrinkage; inspection; standards; certification compliance.</p>	

Principals and Management	Comments
<p><b>Commitment.</b> What assurance do we have that the principals will not walk away from the project when things get difficult? Are any of the principles in danger of losing decision-making control? Do they have an adequate amount of capital at risk? Use this especially during the early stages of due diligence, to record evidence of adequate commitment if the project is to proceed. What do the environmental or nonprofit organizations and the private sector principals have at stake?</p>	
<p><b>Competence &amp; Depth of Team.</b> How knowledgeable are the principals in the technical aspects of the project? Do they have training or previous experience in the field? Include the whole management team: is it broad enough? Is there a competent financial person? If the company does not have audited financials, do we feel confident in the projections and financial statements?</p> <p>Are other main areas covered - marketing and sales; production; environmental monitoring; and general management? What are the role and responsibilities of the environmental or nonprofit organizations and the private sector partner? What is the organizational structure?</p>	
<p><b>Entrepreneurial character.</b> Do principals exhibit drive, enthusiasm, smarts, etc., to achieve growth? Are they physically, emotionally and temperamentally prepared for the rigors of entrepreneurial activity? Are the principals open to collaboration with others, including the business partners, the community and the Fund?</p>	
<p><b>Integrity.</b> Evaluate the honesty, trustworthiness and reliability of the principals of the project. Cite objective evidence whenever possible (previous business relationships, interviews with former business superiors, etc.)</p>	
<p><b>Intentions.</b> Are the objectives of the principals compatible with ours? Do they intend to create economic value by growing a business, or do they have other reasons for being involved in the project? If equity is appropriate, do they understand how equity investment works, and our need to exit? Are they comfortable with the mandate of the Fund and using their project as a model for learning? How important is the commitment to diversity, including gender equity, of the principals? How has this been demonstrated, at leadership level, for the workforce and possibly with the supply chain?</p>	

## Specific Documentation Requests

### Financial

- Last 3-5 years audited financial statements as well as the audit report. The financial statements must include the income statement, balance sheet, statement of changes in equity and historical cash flow. Quarterly statements.
- Year-to-date financial statements.
- Monthly financial statements.
- Historical margin analysis.
- Current aged listing of accounts receivable and payable.
- Current aged listing of inventory.
- Details of outstanding short and long-term debts.
- Financial projections for the next 7-10 years; assumptions underlying projection showing different scenarios based on price and market fluctuations as well as any other possible fluctuation.
- Explanation of projected capital expenditures, depreciation, and working capital arrangements.
- Budget and investments schedule related to long term financing.
- External financing arrangement assumption.
- For ecotourism businesses, sales and occupancy goals for the next 7-8 years.
- Description of proposed collateral (real property, machinery, preferred or common shares, etc.).
- Valuation of collateral.
- Verification of no liens and/or mortgages for proposed collateral.
- Plan of proceeds.

### Corporate

- Legal registration.
- Bylaws, including any amendments.
- Ownership structure of company and any related businesses.
- Organizational chart, including gender-disaggregated metrics by positions.
- Pay bands (if any).
- List of investments in other corporations or partnerships as well as any related agreement.
- Copy of legal, health and operations permits.
- Copy of social security and payroll payments.
- Proof of tax registration and compliance.
- Documentation that the owners/board have approved the proposed loan, or delegated authority for borrowing.
- Brief CV's of key staff.
- Copies of identification documents for all shareholders.
- Insurance policies.

### Environmental & Social

- Most recent environmental impact studies.
- Carbon footprint studies; additional information regarding use of natural resources.
- Company impact reports and metrics.
- List of raw material suppliers.
- Valid social/environmental certifications and the corresponding reports or proof the organization is undergoing the renewal process.
- Environmental & Social policies and management plans, including HR policies and zero-tolerance SEAH and GBV policies.
- Example contracts with employees and suppliers.
- Names and contacts of community representatives, worker organization and/or supplier association members.

## Annex – Additional Considerations for E&S Due Diligence

### Environmental (general)

#### Special considerations per sector:

***Ecotourism:*** Allows for wildlife habitats and travel patterns. Monitors and limits access of vehicles. Promotes traveler appreciation of local cultures and biodiversity. Minimizes traveler impact. Construction specifications reflect environmental concerns (regarding use of wood products and other flammable materials). Infrastructure has minimal impact on air, soil, water processes. Architecture reflects harmony with nature. Priority given to local construction techniques, materials, management, labor. Proper erosion control measure in place for buildings and trails. Guide to visitor ratio. Maximum # of visitors allowed. # of visitors in past year.

***Non-Timber Forestry Products:*** Does the harvest of product: stay within sustainable yield of ecosystem? disturb forest canopy? kill exploited tree? threaten regeneration of species? Control system in place for natural resource collection and use by community members and company. Interest in value-added processing and involvement by local community.

***Sustainable Forestry:*** Operations located near waterway. % of plantation or forested land certified. % of total final product from certified source. % of logs harvested from plantation. % of logs harvested from native forest. Low impact equipment and production methods used in operations. Natural seedlings/regeneration source of new growth. Incidents of illegal harvesting. Site susceptible to natural fire. Fire prevention plan and training for employees.

***Sustainable and Organic Agriculture:*** Crops rotated to preserve soil vitality. Viability of soil maintained and/or improved.

Efforts taken to improve soil organic matter and micro-organisms. Natural wind breaks (e.g. trees, living fences, bushes, large rocks, etc.). Water usage plan and steps taken for conservation. Hectares owned by the company with production purposes.

***Aquaculture:*** Pollution of nearby aquatic environments by drainage water. Methods to reduce operational pollutant concentrations. Stocking material adverse effects on viability of wild stocks or erosion of capture fishery operations in the area. Conservation of native stocks of farmed species. Careful screening and monitoring of all introduction and stockings. Impacts of fish processing, including smoking or larger industrial processing, are minimized. Prevention of restrictions to fishing communities/artisanal fishing folks to access fishing grounds which their livelihoods depend on.

### Biodiversity

#### Definitions of habitats:

***Modified Habitats:*** Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition. Modified habitats may include areas managed for agriculture, forest plantations, reclaimed coastal zones, and reclaimed wetlands.

**Natural Habitats:** Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.

**Critical Habitat:** Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

**Extra considerations depending on the habitat:**

**Modified Habitat:** Company minimizes impacts on biodiversity and implements mitigation measures as appropriate.

**Natural Habitat:** Company does not significantly convert or degrade natural habitats.

**Critical Habitat:**

- Company does not lead to a net reduction in the global and/or national/regional population of any Critically Endangered or Endangered species.
- A robust, appropriately designed, and long-term biodiversity monitoring and evaluation program aiming at achieving net gain on the biodiversity values (for which the site was designated critical habitat) is integrated into the Company's management program.
  - o Critical habitat assessment is carried out and preparation of a Biodiversity Action Plan is prepared for potential investee companies with activities located in critical habitats including legally protected and internationally recognized areas as indicated in [IFC Guidance Note 6](#).

**Social – Workers**

**Benefits can include:**

- health care
- vacation
- sick leave
- social security
- job training/professional development
- safety orientation/training
- environmental training
- mechanism for addressing grievances
- right to join workers' organizations
- paid transportation
- paid maternity leave (# of weeks?)
- paid paternity leave (# of weeks?)
- paid caregiver time
- care benefits or services (back-up care; on-site childcare facilities, among others)
- paid/subsidized meals
- flexible schedule availability
- teleworking availability

Protected groups can include:

- Migrant workers (whose country of origin differ from their employment location)
- Women
- Indigenous people
- And any other groups that has protected status based on one or more internal dimension of diversity (gender; sexual orientation; ethnicity; disabilities; age)

Extra considerations:

Timeliness of reception of compensation. Salary equal or greater than minimum wage.

Median tenure (in years) of employees, disaggregated by gender.

Channels of communication between management and staff.

Will security personnel be used? Will they be armed? If used, alignment of risk assessment and management with [IFC's Good Practice Handbook: Use of Security Forces: Assessing and Managing Risks and Impacts](#).

Target for women's recruitment, retention, and promotion. Requirement of a gender-diverse slate of candidates for management roles.

If providing accommodation for workers – alignment with [IFC and EBRD guidance note for workers' accommodation](#).

*Work Environment:* Availability of running, potable water. Ratio of bathrooms/employee. First aid kits. Exclusion of sensitive employees from harmful activities. Safety and health protocols against pandemics. Occupational injuries documented.

## Annex V: Impact Metrics Tool

### EcoEnterprises Fund Impact Metrics Tool

Company Name:

Tool applied by:

Date:

Metric	Details	Value	Comments
Land <i>directly</i> sustainably managed or protected (hectares)	Please include all land <b>directly</b> controlled by the company contributing to biodiversity preservation, or being sustainably managed. It can include land set aside as a reserve or for conservation. Please include in <i>Comments</i> considerations taken to calculate this metric.		
Land <i>indirectly</i> sustainably managed or protected (hectares)	Please include all land <b>NOT directly</b> controlled by the Company, but contributing to biodiversity preservation or being sustainably managed because of the Company's influence. It can include land set aside as a reserve or for conservation. This may include land managed by suppliers or clients. Please include in <i>Comments</i> considerations taken to calculate this metric.		
GHG emissions (tCO2-eq)	Please indicate Scopes (1,2 and/or 3) included in the calculation, and, if possible, the method of calculation and entity in charge, if any.		
GHG savings (tCO2-eq)	Please indicate projects or initiatives involved in the emissions reduction or offsetting. Include method of calculation, if known.		
Total non-GHG air pollutants (tons)	Total non-GHG air pollutants by type: 1. Particulate matter (PM2.5 and/or PM10) 2. Nitrogen oxides (NO2, NO and NO3) 3. Volatile organic compounds (VOC or NMVOC) 4. Sulphur oxides (SO2, SO, SO3, SOX) 5. Ammonia (NH3)		
Tons of waste sent to landfill	Amount of waste disposed by the organization in landfills during the reporting period.		
Tons of diverted waste	Diverted waste includes waste that is recycled, composted, or otherwise diverted from landfill. If known, please describe methods used.		
Tons of hazardous waste and radioactive waste generated	Hazardous waste includes explosive, oxidizing, flammable, irritant or toxic waste, among others. Radioactive waste contains radioactive substances that emit ionizing radiation. See <i>References</i> below for more details. Please include any considerations taken in <i>Comments</i> .		
Energy produced/consumed (kWh)	Please indicate source of energy consumed if known (renewable or nonrenewable). Indicate if company produces own energy.		
Water consumed (m <sup>3</sup> )	Amount of water consumed during the reporting period. Please indicate source of water.		
Emissions to water (tons)	Direct emissions of priority substances and direct emissions of nitrates, phosphates and pesticides. See <i>References</i> below for definition of priority substances and more details. Please include any considerations taken in <i>Comments</i> .		

Entrepreneurs supported	# of founders of the company.		
% of women ownership	Percentage of the organization that is <i>directly</i> woman-owned: Shares held by women/ Total shares		
Total senior management positions	C-Suite or equivalent (e.g., Managing Directors, Partners).		
Women in senior management	Idem total senior management.		
Total leadership positions	Leadership positions are defined as any position that has people in charge; employees that report to them. Includes senior management positions counted above.		
Women in leadership positions	Idem total Leadership positions.		
Total Board of Directors members	A Board of Directors is a group of people legally responsible to govern a corporation and responsible to the shareholders, and sometimes to stakeholders as well. Formal boards of directors generally have regular meetings in which board minutes are taken.		
Women at Board of Directors	# of female members of the company's Board of Directors.		
Jobs sustained	Number of people employed by the organization as of the end of the reporting period. Please indicate considerations taken to calculate this metric, including accounting for full-time and part-time hires, seasonal hires, etc.		
# of female employees	Idem Jobs sustained.		
Employed from local community	Local community refers to community in the region of operations of the company. Please include considerations taken in <i>Comments</i> .		
# of promotions in the last year	Number of permanent employees who were promoted from within the organization during the reporting period. Please include any considerations taken in <i>Comments</i> .		
# of promotions in the last year awarded to women	Idem previous, for female employees.		
# of occupational injuries	Number of occupational injuries which affected any full-time, part-time, and temporary employees of the organization during the reporting period. Please include in <i>Comments</i> or in a separate sheet such as: number of serious injuries, details on incident for serious injuries - including month of occurrence, measures taken by Company and current status.		
# of smallholder farmers supported	Number of smallholder farmers supported, either as suppliers or clients. If suppliers are cooperatives, or any other such organization, please count the number of individuals in the organization. Please include any considerations taken in <i>Comments</i> .		
# of local suppliers supported	All local suppliers supported, including smallholder farmers. Geographic threshold for <i>local</i> suppliers may vary per company. Please report definition of this threshold in <i>Comments</i> . Companies should include only those enterprises supplying goods and services that are fundamental to their operations. Include any other considerations for the calculation in <i>Comments</i> .		

Total payments to local suppliers (US\$)	Value of payments made to the suppliers indicated in previous metric that sold goods or services to the company during the reporting period. If possible, please include breakdown between payments to smallholder farmers and other suppliers.		
# of women-owned suppliers	A women-owned business is a legal entity that is more than 51% owned, managed and controlled by one or more women. Please take same considerations as indicated in <i># of local suppliers supported</i> .		
Total payments to W-owned suppliers (US\$)	Value of payments made to the suppliers indicated in previous metric that sold goods or services to the company during the reporting period.		
Communities involved	Please briefly describe the region of influence of the Company and name of all communities involved, use mapping and/or include the total number of communities. Please explain how the communities are involved with the Company's operations in <i>Comments</i> .		
% of Organic/Fair Trade supply	kg of raw material certified/total kg of raw material - in %. Certifications can include Organic, Fair Trade or other. Please specify certification scheme. If known, please indicate % of suppliers certified as well.		
Indigenous groups	Please indicate, besides the number, the names of the Indigenous groups associated or impacted by company's operations and the nature of the association.		
NGOs supported	If there is a formal relationship established between an NGO and the company, please indicate how many NGOs. Also indicate in <i>Comments</i> the name(s) of the NGO(s) and the nature of the relationship.		
Total annual wages (US\$)	Value of wages (including bonuses, excluding benefits) paid to all full-time and part-time employees of the organization during the reporting period.		
Female annual wages (US\$)	Idem Total Annual Wages, paid to female employees.		
Total tax payments (US\$)	Value of all transfers to the government made by the organization during the reporting period. At a minimum, this includes payments to the government in the form of corporate income or profit taxes. Additional forms of transfer to be reported as appropriate include: (i) sales taxes, (ii) net VAT, (iii) royalties, (iv) dividends and related taxes, (v) management and/or concession fees, (vi) license fees, (vii) tax on payment of interest, and (viii) other material payments net of any direct subsidies received.		
<b>To be filled out internally by EcoEnterprises Fund Investment Officer:</b>			
Increased access to capital (US\$)	Total amount of capital (in US\$) accessed by the company in the reporting period, excluding the contribution of EcoEnterprises Fund.		

## References

Metric	Legislation	Article	Relevant Annex, page #
Hazardous waste	<a href="#">Directive 2008/98/EC of the European Parliament</a>	3 (2)	<b>Annex III, page 44</b>
Radioactive waste	<a href="#">Council Directive 2011/70/Euratom</a>	3 (7)	<b>Page 5</b>
Emissions to water: Priority substances	<a href="#">Directive 2000/60/EC of the European Parliament and of the Council</a>	2 (30)	<b>Annex X, page 88</b>

## Annex VI: ESG Risk Rating System

ESG Risk Rating		
External Risks	A.	Environmental external environment 5%
	1	Water stress 25%
	2	Biodiversity hotspots 50%
	3	Legal & regulatory framework 25%
	B.	Social external environment 5%
	4	Collective bargaining 25%
	5	Gender inequality 25%
	6	Social protection coverage 25%
	7	Vulnerable employment 25%
	C.	Governance 10%
Internal Risks	8	Commitment and mission 20%
	9	Social and environmental decision-making 20%
	10	Stakeholder representation 20%
	10.1	Stakeholder engagement 60%
	10.2	Independence of Board 20%
	10.3	Board gender diversity 20%
	11	Ethics policies and practices 20%
	12	Company transparency 20%
	D.	Assessment and management of environmental and social risks (IFC PS 1 & 4) 10%
	13	Environmental and social policy/Management system and plans 40%
	14	Certification schemes 25%
	15	Environmental and social risk assessment 15%
	16	Organizational capacity and competences 10%
	17	Emergency preparedness 10%
	E.	Resource efficiency and pollution prevention (IFC PS 3) 20%
	18	Operational planning and process efficiency 15%
	19	Carbon footprint 20%
	19.1	Emissions 20%
	19.2	Energy source 40%
	19.3	Carbon footprint calculation + mitigation 40%
	20	Energy efficiency 5%
	21	Water management 20%
	22	Waste management 20%
	23	Use of chemicals and pesticides 20%
	F.	Biodiversity conservation and use of ecosystem services (IFC PS 6) 15%
For Modified Habitats:		

	24M	Management of biodiversity	30%
	25M	Habitat fragmentation	20%
	26M	Ecosystem services	20%
	27M	Biodiversity impact of supply chain	30%
<b>For Natural Habitats:</b>			
	24N	Management of biodiversity and ecosystem services	30%
	25N	Conversion of natural habitat	20%
	26N	Habitat fragmentation	10%
	27N	Ecosystem services	20%
	28N	Biodiversity impact of supply chain	20%
<b>For Critical Habitats:</b>			
	24C	Biodiversity monitoring and evaluation program	30%
	25C	Endangered species	10%
	26C	Habitat fragmentation	20%
	27C	Ecosystem services	20%
	28C	Biodiversity impact of supply chain	20%
G.	<b>Labor and working conditions (IFC PS 2)</b>		20%
	29	HR policies and lawful employment	15%
	30	Workers' organizations	10%
	31	Use of contracted labor	10%
	32	Non-discrimination and equal opportunity	10%
	33	Child and/or forced labor	10%
	34	Grievance mechanism	10%
	35	Occupational health and safety	10%
	36	GBV/SEAH safeguards	10%
	37	Labor risks along the supply chain	15%
H.	<b>Supplier and community relationships (including indigenous peoples &amp; women) (IFC PS 5, 7 &amp; 8)</b>		15%
	38	Long-term supplier relationships	25%
	39	Supplier payments	25%
	40	Access to community land	15%
	41	Sites of cultural, ecological, economic, or religious significance	15%
	42	Indigenous Peoples	20%
	42.1	Identification and mitigation of adverse impacts	50%
	42.2	Usage of cultural heritage	30%
	42.3	Compensation	20%
<b>TOTAL RISK SCORE</b>			

## Annex VII: ESAP Template

### Environmental and Social Action Plan (ESAP)

**Instructions:** This Environmental and Social Action Plan (ESAP) should be completed at the end of the due diligence process, particularly after the ESG (Environmental, Social, and Governance) Risk Rating has been completed. Identify a minimum of three action points corresponding to ESG risks or opportunities for impact improvement identified during due diligence. Fill in only the relevant categories in the template provided. Please include realistic, obtainable action points with a clearly defined outcome and a specific timeframe to ensure effective implementation.

Performance Standard	Plan Specific Action	Product/Deliverable	Assigned to	Timeline	Status update
PS1 - Assessment and Management of Environmental and Social Risks and Impacts					
PS2 - Labor and Working Conditions for Employees and Suppliers					
PS3 - Resource Efficiency and Pollution Prevention					
PS4 - Community Health, Safety, and Security					
PS5 - Land Acquisition and Involuntary Resettlement					
PS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources					
PS7 - Indigenous Peoples					
PS8 - Cultural Heritage					
N/A - Miscellanea impact actions					

## Annex VIII: Indigenous People's Plan Framework

### 1. Types of Projects to be Financed by EcoEnterprises Fund

- a. Equity, quasi-equity and mezzanine debt investments in companies focused on regenerative agriculture, sustainable forestry, biodiversity conservation, and eco-tourism, primarily in Latin America.
- b. Technical assistance grants to support investees in boosting their impact outcomes, including improving sustainability practices, strengthening supply chains, and achieving certifications.

### 2. Indigenous Peoples – Definition

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

- a. Self-identification as members of a distinct Indigenous cultural group and recognition of this identity by others;
- b. Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation as well as to the natural resources in these areas;
- c. Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and
- d. An Indigenous language, often different from the official language or languages of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

### 3. Potential Interactions with Indigenous Peoples

#### a. Positive Impacts

- i. Strengthened supply chain relationships with indigenous communities through fair trade and sustainable sourcing practices.
- ii. Enhanced income opportunities and climate resilience for indigenous suppliers participating in regenerative agriculture.
- iii. Support for preserving cultural heritage and biodiversity through eco-tourism initiatives.

#### b. Adverse Impacts

- i. Indirect economic displacement if changes in supply chain dynamics marginalize indigenous producers.
- ii. Potential conflicts over land use if investees expand operations in regions where indigenous groups claim customary rights.
- iii. New business activities such as acquisitions, incorporation of smallholder farms, and expansion into new areas may increase the likelihood of encountering risks related to Indigenous Peoples.

In addition to mitigating potential adverse impacts and enhancing positive impacts, projects may benefit from the incorporation of Indigenous knowledge systems—particularly in areas related to biodiversity conservation, agroecological practices, and climate adaptation. When shared voluntarily and with appropriate consent, such knowledge can enhance the sustainability, effectiveness, and cultural relevance of project interventions.

#### 4. Assessment Plan

- a. For each potential investment, EcoEnterprises Fund will conduct due diligence to evaluate risks and opportunities related to indigenous peoples. Questions shall include:
  - i. Does the company source materials or operate in areas where indigenous peoples are present in the supply chain?
    1. If not, no further action is needed.
    2. If yes, further questions will address:
      - Potential adverse impacts and mitigation measures.
      - Strategies to ensure inclusive and equitable participation of indigenous peoples in the supply chain.
      - Opportunities to enhance positive impacts on indigenous communities.
- b. During post-investment engagement, EcoEnterprises Fund will work with investees to strengthen their policies and practices related to indigenous peoples as needed.
- c. Investees will be required to align with EcoEnterprises Fund's environmental and social (E&S) standards, including relevant aspects of indigenous peoples' protections.

#### 5. Avoiding and Managing Adverse Impacts

EcoEnterprises Fund is committed to ensuring that all potential adverse impacts on Indigenous Peoples are proactively addressed. During due diligence, the Fund will identify all Indigenous communities potentially affected by a portfolio company's activities, including expansion, sourcing, or land-use changes.

Where Indigenous Peoples are present, the Fund and its investees will:

- a. Anticipate and avoid adverse impacts to the extent possible.
- b. Where avoidance is not feasible, minimize or compensate for such impacts in a culturally appropriate manner.
- c. Foster full respect for the human rights, traditional livelihoods, and cultural values of Indigenous Peoples.
- d. Ensure that engagement is based on Informed Consultation and Participation, with Free, Prior, and Informed Consent (FPIC) required in specific circumstances (see Section 6).
- e. Respect Indigenous governance systems, knowledge, and land/resource claims.

Portfolio companies will develop an Indigenous Peoples Plan (IPP), as appropriate, based on meaningful consultation and aligned with EcoEnterprises Fund's environmental and social standards, IFC PS7, the UN Declaration on the Rights of Indigenous Peoples (2007), and GCF's IP policy.

#### 6. Meaningful Consultation and Consent

- a. In cases where investees identify risks of adverse impacts on indigenous peoples, a plan for meaningful consultation will be developed in line with Free, Prior, and Informed Consent (FPIC) principles.
- b. FPIC must be obtained prior to any decision-making that may affect Indigenous Peoples' lands, territories, natural resources, cultural heritage, or traditional livelihoods. This includes but is not limited to:

- i. Relocation or significant changes in land use within Indigenous territories.
- ii. Impacts on critical cultural heritage, sacred sites, or traditional knowledge systems.
- iii. Projects that may limit traditional access to natural resources essential for livelihoods or cultural practices.
- iv. Use of Indigenous knowledge for commercial or conservation purposes

## 7. Monitoring and Reporting

- a. When potential impacts involving indigenous peoples are identified, EcoEnterprises Fund will request annual updates during regular performance reviews of investees.
- b. These updates will focus on mitigation measures, consultation efforts, and progress toward achieving positive outcomes for indigenous communities in the supply chain.
- c. Where Free, Prior and Informed Consent (FPIC) is required, investees must also provide documentation of FPIC processes, including the timing and format of consultations, identification of legitimate Indigenous representatives, the methods used to reach agreement, and evidence of consent or concerns raised.
- d. Records of FPIC implementation will be retained and made available to the Fund and relevant stakeholders.

## 8. Mitigation of Impacts

Effects on Indigenous Peoples will be mitigated through a combination of avoidance, minimization, compensation, and benefit-sharing. This includes strengthening traditional livelihoods, supporting community development initiatives, ensuring inclusive supply chain participation, and enabling culturally appropriate dispute resolution mechanisms. All measures will be developed in consultation with affected communities.

## Annex IX: Terms of Reference for the E&S Advisory Panel

### E&S ADVISORY PANEL

#### TERMS OF REFERENCE

##### 1. Introduction

1.1 The Limited Partner(s) offer to share and contribute E&S experience knowledge and their E&S network(s) to the Partnership through the introduction and establishment of the E&S Panel.

1.2 These Terms of Reference formalize the relationship between the Partnership and the E&S Panel and the relevant duties, responsibilities and operations of the E&S Panel.

##### 2. Purpose of the E&S Panel

2.1 The Manager is responsible for the assessment of E&S risks, impacts, and opportunities, including relevant E&S remedial or improvement actions for the Partnership. To take advantage of the Limited Partners' inhouse E&S expertise, the General Partner and the Limited Partners decided to establish an E&S advisory panel (the "Panel") to support the E&S practices of the Partnership.

2.2 The E&S Panel is an advisory panel to the Partnership.

##### 3. Duties of the E&S Panel

3.1 The E&S Panel has no decision-making powers.

3.2 The E&S Panel will route its collective requests or requests by individual Panel members through its chair or secretary, or any other designated Panel member, to the responsible persons in the Partnership.

3.3 The E&S Panel will, solicited or unsolicited, advise:

- the Partnership on the Partnership's E&S risk and impact management performances, and its approach towards E&S risks, impacts and opportunities related to new or potential investments in new Partnership's Portfolio Companies, or the extension of the premises of existing Partnership's Portfolio Companies (in accordance with the E&S Requirement);
- on all E&S related aspects and matters regarding the monitoring and reporting of E&S risks, impacts and opportunities;

where it, in case of solicited advice render the same to the Partnership within ten (10) Business Days upon request.

3.4 The E&S Panel will review:

- The Quarterly E&S Monitoring Reports regarding the E&S performance of the Partnership and the Partnership's Portfolio Companies;
- A (final) draft of the Partnership's Annual E&S Monitoring Report, and recommend, if need be, any adjustments to the General Partner prior to final distribution;
- The Monthly E&S Monitoring Reports for Construction Projects (whenever relevant);

- Any other report or information that the General Partner determines to share, proactively or upon the E&S Panel's request, regarding the management and monitoring of E&S risk and impact management performances, including compliance with the E&S Requirements;
- The E&S risk and impact categorization rationale, and the scope, focus and consultant selection for the E&S Due Diligence, whenever the Partnership targets any new investment in a prospected Partnership's Portfolio Company, or in an extension of the premises of one of the existing Partnership's Portfolio Companies. The E&S Panel shall review this information in any event no later than ten (10) days before the start of the due diligence. After finalization of the E&S Due Diligence by the Partnership, the E&S Panel will review the E&S Due Diligence Report and proposed E&S Action Plan, and comment, if need be, on the report and plan prior to any investment decision by the Partnership;
- The job profile and recruitment procedure of any successor or replacement of a senior member of the E&S staff, including E&S Manager(s) and E&S Officers within the Partnership and Manager/GP;

and the E&S Panel will report its findings to the Manager within ten (10) Business Days upon receipt of the relevant documents.

3.5 Any member of the E&S Panel may provide the Partnership with E&S recommendations based on his/her findings derived from said E&S monitoring information and report, no later than twenty (20) Business Days after the receipt of the information from the Partnership; provided that such recommendations shall not be binding on the General Partner or the Partnership and the General Partner maintains sole discretion as to which, if any, of the recommendations to implement on behalf of the Partnership.

3.6 The E&S Panel shall be permitted, upon request by the General Partner, to review and comment on any final E&S Action Plan, or any other E&S relevant part of any contractual agreement, agreed with an existing or new Partnership's Portfolio Company, prior to making an investment in that existing (in case of site extension) or new Portfolio Company, within ten (10) Business Days upon reception of the request.

3.7 Any member of the E&S Panel may request a special meeting of the E&S Panel with the General Partner to review and discuss the Partnership's compliance with the E&S Requirements, the operation of the E&S Management System, the performances of the E&S Manager and/or the E&S Officers and the E&S risk management team, or the compliance of any Partnership investment with the E&S Requirements or any agreed E&S Action Plan or Remediation Measures (as applicable).

3.8 The E&S Panel and the General Partner will agree on a template for a Quarterly E&S Monitoring Report regarding the E&S performance of the Partnership and the Partnership's Portfolio Companies.

3.9 The E&S Panel may upon the General Partner's notification to the same directly inform and/or discuss with the LP Advisory Committee its observations, advice, (remedial) recommendations, etc.

3.10 The E&S Panel members will be available to the LP Advisory Committee to elaborate on the E&S Panel's recommendations/advice.

3.11 The General Partner will not prevent the E&S Panel members from being reasonably allowed to obtain information from Employees of the Manager, and Employees from any Portfolio Company, or from a Partnership assigned consultant, who are able to support the E&S Panel. The Partnership shall, on a commercially reasonable effort basis, safeguard this provision in the agreements with their Portfolio Companies.

3.12 Any E&S Panel member may request that the General Partner consider specific E&S risk and impact factors during exit processes of any Portfolio Company, including the full or in-part sale of shares of such Portfolio Company, provided that the General Partner maintains sole discretion as to whether to satisfy or report on such requests.

#### **4. Duties of the General Partner**

4.1 The General Partner is encouraged, but does not have an obligation, to follow the recommendations or advises given by the E&S Panel.

4.2 The General Partner shall:

- Route all solicited and unsolicited documents that the General Partner is obligated to provide to the E&S Panel through the E&S Panel secretary or chair, or any other designated Panel member, or to the E&S Panel members, whereby routing of information to the chair shall be deemed as distributed to the entire Panel, and whereby uploading to a secure virtual data room with automatic notifications of the addition of documents constitutes a notification as well; inform the E&S Panel of all its decisions taken that relate to any Panel recommendation/advice;
- timely reserve and make available a budget for resources required to manage the E&S performances in line with the E&S Requirements, in timely consultation with the E&S Panel;
- inform the E&S Panel on periodic basis, with a minimum during Panel meetings with a frequency as to be agreed upon between the General Partner and the E&S Panel members, on the status and quality of the execution of E&S Action Plan items;
- facilitate a kick-off meeting with the E&S Panel within two (2) months after execution date of the underlying agreement;
- The General Partner shall consult with the E&S Panel regarding any proposed change in the objectives or operations of the Partnership that may change or otherwise affect the management of E&S risks and impacts, including any E&S risk posed by the proposed change. Pursuant to Section 11.4(a) of the Limited Partnership Agreement, if the E&S Panel requests in writing an amendment to the E&S Management System to assess and manage such additional risks in compliance with the E&S Requirements and any other relevant provision in the Partnership Agreement or the General Partner determines in its discretion that such changes are needed, the General Partner may execute such amendment to the Partnership Agreement or to this Undertaking as it determines appropriate after specific approval by the LP Advisory Committee. Notwithstanding the foregoing, the General Partner may make an amendment to the Partnership Agreement or this Undertaking related to the E&S Management System to cure any ambiguity or correct or supplement any provision of the Limited Partnership Agreement or this Undertaking which is incomplete or inconsistent

with any other provision in the Partnership or this Undertaking, respectively, or correct any printing, stenographic or clerical error or omissions. If the General Partner makes any such amendment, the General Partner shall make a copy of any such amendment available to the Limited Partners.

- timely notify the E&S Panel of any need to replace any of the senior E&S staff, including the E&S Manager(s) and/or the E&S Officers. Any successor or replacement of senior E&S staff shall be determined by the General Partner after the General Partner discusses such replacement(s) with, and takes into consideration any recommendations from, the E&S Panel.
- for all investments in new Portfolio Companies or investments in or relating to an existing portfolio company or its affiliates (i.e., a Follow-On Investment), and in any event no later than ten (10) days before the start of the E&S Due Diligence, consult with the E&S Panel on the E&S risk and impact categorization rationale, and the scope, focus and consultant selection for the E&S Due Diligence. Alternatively, the Manager may also agree with the E&S Panel on a standardized approach based on E&S screening outcomes, standard terms of reference for E&S Due Diligence and a set list of qualified E&S advisors, in which case only a notification to the E&S Panel is required, that comes with the rationale on the E&S risk and impact categorization, with a preference for maximum ten (10) days before the start of the E&S Due Diligence, or as soon as otherwise reasonably possible;
- after finalization of the E&S Due Diligence for any investments in new Portfolio Companies, or relating to an existing portfolio company or its affiliates (a Follow-On Investment), promptly share with the E&S Panel the E&S Due Diligence(s) as well as any proposed E&S Action Plan for the potential investment(s), with a preference for maximum ten (10) days before making an investment decision, or as soon as otherwise reasonably possible, but in any case not later than five (5) Business Days prior to making an investment decision;
- no later than ten (10) Business Days after the receipt of the E&S Due Diligence from the General Partner, any member of the E&S Panel may, if it considers appropriate, provide the General Partner its E&S recommendations, and the General Partner will respond to these recommendations by clearly indicating whether or not recommendations will be implemented, together with clear descriptions of reasons to follow or deviate from the recommendations.
- promptly after receipt of the E&S recommendations, consult with the E&S Panel and seek to address the E&S recommendations by delivery of a final E&S Due Diligence and the E&S Action Plan for the proposed investment, thereby striving whenever reasonably possible to perform said tasks before an investment decision is taken.
- for all Dispositions, including the full or in-part sale of a Portfolio Company or its Marketable Securities, and in any event no later than ten (10) days before signing any agreement relevant to such Disposition, consult with the E&S Panel on the Responsible Exit process and any E&S risk and impact consideration relevant to the Disposition. When in doubt, the General Partner shall consult the E&S Panel, as the General Partner determines is reasonably necessary, to determine the relevancy of any agreement to be signed, provided that it is understood that agreements signed at early or initial stages of the General Partner considering disposition or

other exit strategies in respect of the applicable Portfolio Company (including, for example, any non-disclosure agreement, any letter of intent, letter of indication of interest, etc.) are not considered relevant in the sense of this Section and provided further that the General Partner may nevertheless continue with such Disposition so long as the General Partner determines, in its discretion, that not proceeding with such sale or exit will have a Material Adverse Effect. The E&S Panel may thereby be permitted to reasonably request that the General Partner, on behalf of the Partnership, share the Disposition plans with the E&S Panel from time to time, and the General Partner shall use commercially reasonable efforts to provide all available information and relevant details to the E&S Panel in response to such a request.

- notify the E&S Panel of any amendment to the E&S Action Plan agreed with the Partnership and/or a Partnership's Portfolio Company.
- within ninety (90) days (or such longer period as the General Partner and Limited Partners may agree in writing) after the end of each Financial Year, but no later than ten (10) days prior to the first Panel meeting in any given year, deliver copies of the Annual E&S Monitoring Report to the E&S Panel.
- agree with the E&S Panel a template Quarterly E&S Monitoring Report.
- use commercially reasonable efforts to promptly:
  - but in any event within three (3) Business Days, (i) notify the E&S Panel once the General Partner becomes aware of the occurrence of any E&S Incident with respect to the Partnership or any Partnership's Portfolio Company, specifying the nature of the E&S Incident and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent recurrence;
  - in a reasonable timeframe, but in any event, no later than ten (10) Business Days post the date of the respective E&S Incident(s), submit to the E&S Panel an E&S incident report describing the root causes, investigation made and remedial measures taken, together with an action plan for the prevention of incident reoccurrence, that contains clear actions, deliverables, key performance indicators, allocation of responsibilities, budget indication and allocation, and timelines; and
  - keep the E&S Panel informed of the on-going implementation of those measures.
- promptly notify the E&S Panel of any E&S Claim that is to the General Partner's knowledge commenced, pending or threatened against it, or a Partnership's Portfolio Company;
- within ten (10) days of a request by any member of the E&S Panel, provide such information as is reasonably requested by that party to confirm that the Partnership, and/or any of the Portfolio Companies, operates in compliance with the E&S Requirements; and
- if the General Partner becomes aware of additional E&S risks or impacts of an existing Portfolio Company, promptly share with the E&S Panel the results of the relevant reviews.

## 5. Membership, fiduciary duties, liability and indemnity

### Membership

5.1 The E&S Panel will be composed of key senior E&S staff of the Manager, and at least the Partnership's E&S Manager(s), and minimum one (1) and maximum five (5) Limited Partner E&S representatives and, if so required, additional members with a maximum of seven (7) members in total. Each Panel member will receive a copy of these Terms of Reference.

5.2 The Limited Partner's representatives should be qualified experts, meaning suitably trained and experienced E&S professionals, and may be Limited Partner's E&S staff or E&S advisors acting on behalf of any Limited Partner.

5.3 The additional members may be E&S Officers/E&S Managers of the Partnership, the Portfolio Companies, provided that the additional member(s) (which may also include an external independent E&S expert) is/are deemed qualified for Panel membership as determined by the Partnership's E&S Manager in close cooperation with the E&S Panel's chair.

5.4 Each Limited Partner will only be eligible for one (1) seat in the E&S Panel and by no means will any Limited Partner have the right to be represented by more than one (1) person at the same time during any Panel meeting or gathering.

5.5 Limited Partners may however change representatives for the E&S Panel as and whenever they deem fit, provided that any new representative complies with the requirements herewith.

5.6 The E&S Panel elects amongst themselves a chair and a secretary. To allow for consistency, the chair and the secretary will be appointed for a period of two (2) executive years. After the said tenure, the E&S Panel members will elect a replacement chair and secretary for the same period.

5.7 The E&S Panel may, by majority vote of the members of the E&S Panel, request in writing that the General Partner invite any expert (as fit for ad-hoc advice, challenging, feedback, (peer) review, etc.) on behalf of the E&S Panel to its meetings, at the expense of the Partnership (provided that such expenses are reasonable and approved by the General Partner), on the terms as agreed by a majority of the E&S Panel and the General Partner to assist the E&S Panel consider issues as and when deemed necessary by the E&S Panel or for which the General Partner has requested the E&S Panel's views pursuant to this Agreement. These may also be experts from the Partnership or Limited Partner institutions, provided that Panel requests are well defined, the invitation is limited to specific occasions, and the expert is no competitor to the Manager or carries possible conflicting interests, does not act in representation of his/her institution but merely provides the requested expertise, and subject to appropriate confidentiality agreements. Access to information for this expert will be limited to such information strictly necessary to provide the solicited input.

5.8 A Panel member shall cease to be a Panel member when the Limited Partner that designated such member is no longer a Limited Partner to the Partnership and will be deemed removed from the E&S Panel if the Limited Partner that designated such member becomes a Defaulting Limited Partner.

5.9 Panel members being representatives of any of the Limited Partners may step out of the E&S Panel at any time. If any representative of a Limited Partner cannot serve, another representative of such Limited Partner may serve on the E&S Panel. Assigning a representative to the E&S Panel remains at the discretion of the Limited Partner, as long as such representative is qualified as described in Section 5.2 of this Annex II. Any vacancy in the E&S Panel from a member representing

the General Partner, whether created by resignation or removal or by the death of any member representing the General Partner in the E&S Panel, shall promptly be filled by the General Partner.

#### Fiduciary duties, liability and indemnity

5.10 To the fullest extent permitted by law, (i) none of the members of the E&S Panel, nor the Limited Partners on behalf of whom such members act as representatives, shall owe any duties (fiduciary or otherwise) to any other Limited Partner in respect of the activities of the E&S Panel, other than the duty to act in good faith and (ii) in taking or omitting to take any action, a member of the E&S Panel may act solely in the interests of the Limited Partner which it represents and the same shall not be deemed (in and of itself) to violate its duty of good faith.

5.11 No member of the E&S Panel (including the Limited Partner represented by such member) shall be liable to any other Partner or the Partnership for any reason related to such member's participation on the E&S Panel (other than actual fraud or willful misconduct on the part of such member) including, without limitation, for any mistake in judgment, any action or inaction taken or omitted to be taken, or for any loss due to any mistake, action or inaction). To the fullest extent permitted by law, the participation by any Limited Partner E&S Panel shall not be construed to constitute participation by such Limited Partner in the management or control of the business of the Partnership so as to make such Limited Partner liable as a general partner for the debts and obligations of the Partnership for purposes of the Act. No Limited Partner who is a member of the E&S Panel shall be deemed to be an Affiliate of the Partnership or the General Partner solely by reason of such membership. To the fullest extent permitted by law, members of the E&S Panel will not be acting in a fiduciary capacity with respect to the General Partner, the Partnership or any Limited Partner.

5.12 The Partnership will indemnify all Panel members for all reasonable amounts the E&S Panel members are liable to pay due to any actions which a Panel member becomes involved as a result of his/her capacity as Panel member, provided that the Partnership is not liable under this indemnity if such amounts payable result from wilful misconduct or conscious recklessness of the E&S Panel member.

#### Meetings

5.13 The Partnership in close cooperation with the E&S Panel chair will facilitate a kick-off meeting with the E&S Panel within two (2) months of the execution date of the underlying agreement.

5.14 The E&S Panel shall at least meet quarterly, based on an annual meeting rota, agreed upon between the E&S Panel members, which rota shall preferably be determined prior to the start of each calendar year. The Secretary shall inform the Partnership of the meeting dates and times as soon as determined.

5.15 Panel members will participate in a Panel meeting in person or by conference call.

5.16 The E&S Panel is encouraged to meet prior to LP Advisory Committee meetings, and provide feedback to the LP Advisory Committee as input to the LP Advisory Committee meetings.

5.17 A Panel meeting may take place if at least the Partnership's E&S Manager and two of the Limited Partner's E&S Representatives are available.

5.18 The E&S Panel secretary will prepare an agenda for each meeting and makes sure that all Panel members have been provided with all relevant materials, in a timely fashion prior to a meeting. Copy of such agenda will be sent to the Partnership timely prior to the relevant meeting.

5.19 The agenda will include at least the following topics:

An update or assessment of:

- recently closed and new / prospected investments, including initial E&S risk and impact screenings, and E&S integration in investment decisions.
- E&S Due Diligence of proposed deals including E&S Due Diligence for expansions of existing sites / assets (if so required), covering the rationale for the E&S risk and impact category, identified key E&S risks and impacts, and suggested risk mitigation approaches.
- any E&S relevant outcome of the LP Advisory Committee meetings;
- the integration of applicable E&S Matters in the strategy and operations of the Partnership;
- reservation, allocation and availability of Partnership budgets for E&S risk and impact management;
- E&S capacity and competence of the Partnership and all Partnership's Portfolio Companies, specifically of the E&S staff members, including staff performance updates and reviews;
- E&S Management System adequacy to identify, manage and monitor risks and impacts;
- the execution of actions and deliverables listed in the E&S Action Plan;
- the progress of the E&S studies including E&S impact assessments;
- the implementation of targeted E&S action plans (e.g. the biodiversity management and action plan, environmental restoration plan, stakeholder engagement plan, etc.);
- the implementation of the monitoring and evaluation plan;
- status, progress and efficacy of E&S related training;
- the content of Annual / Quarterly E&S Monitoring Reports and other information related to the E&S risk and impact management performances;
- Collective or Significant Dismissal of Employees in the Partnership or any Partnership's Portfolio Company;
- existing elevated E&S risks, priorities, accidents/incidents, major events or developments, (potential) litigation.

5.20 At the request of any member of the E&S Panel, the E&S Panel chair will promptly call a special meeting to review and discuss with the General Partner the General Partner's compliance with the E&S Requirements, the operation of the Partnership's E&S Management System, the performances of the E&S Manager and/or the E&S Officers and the E&S risk management team, or the compliance of any Partnership's Portfolio Company with the E&S Requirements or any agreed E&S Action Plan or Remediation Measures (as applicable).

5.21 The Secretary will minute the meeting(s) and the E&S Panel's recommendations/advice and will share the same with the Partnership within ten (10) Business Days after the relevant Panel meeting. The Partnership shall make the minutes and the E&S Panel's recommendations/advice available to all Limited Partners of the Partnership, including those Limited Partners who are not seated in the E&S Panel.

## 6. Access rights

6.1 The General Partner will ensure that the E&S Panel members have the right to visit, upon reasonable notice, any of the premises where the business of a Partnership's Portfolio Company is conducted, have access to Partnership's Portfolio Company's premises and management staff, and to have access to the Partnership's Portfolio Company's books of account and records, in each case, as such Panel members reasonably considers necessary to (i) monitor the Partnership's compliance with the E&S provisions, or (ii) assess the legal or reputational risk posed to the Partnership or its Limited Partners by any E&S Incidents.

## 7. Remuneration and costs

### Remuneration

7.1 All costs incurred by the each of the E&S Panel members shall be for the account of their parent organisation.

### Disputes

7.2 Any conflicts between the E&S Panel members or (each of) the E&S Panel members and the General Partner, the Partnership and the LP Advisory Committee will be resolved in an amicable settlement.

## Annex X: Pre-screening Tool for E&S Categorization

### Guidelines

EcoEnterprises Fund		Pre-screening Tool for E&S Categorization																																				
Categorization reflects the assessment of the E&S relevance, including potential Contextual Risks, i.e. the potential E&S adverse impacts and risks of the investment opportunity. The category expressly does not consider the capability of the company to manage such potential adverse impacts and risks.																																						
For all investment opportunities, the category levels A, B+, B or C (respectively high, medium-high, medium-low and low impact) are used*:																																						
<table border="1"> <tr> <td><b>High E&amp;S Risk (A):</b></td><td colspan="7">Activities with significant potential adverse social or environmental impacts or risks that are diverse, irreversible or unprecedented. An indication for categorizing an activity as "A" is that such impacts cannot be mitigated or remedied or only at significant costs.</td></tr> <tr> <td><b>Medium High E&amp;S Risk (B+):</b></td><td colspan="7">Activities with generally limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through mitigation measures, but having some specific features which can have significantly larger adverse social or environmental impacts.</td></tr> <tr> <td><b>Medium Low E&amp;S Risk (B):</b></td><td colspan="7">Activities with limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through well-known mitigation measures.</td></tr> <tr> <td><b>Low E&amp;S Risk (C):</b></td><td colspan="7" rowspan="3">Activities with minimal or no adverse social or environmental impacts or risks.</td></tr> </table>							<b>High E&amp;S Risk (A):</b>	Activities with significant potential adverse social or environmental impacts or risks that are diverse, irreversible or unprecedented. An indication for categorizing an activity as "A" is that such impacts cannot be mitigated or remedied or only at significant costs.							<b>Medium High E&amp;S Risk (B+):</b>	Activities with generally limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through mitigation measures, but having some specific features which can have significantly larger adverse social or environmental impacts.							<b>Medium Low E&amp;S Risk (B):</b>	Activities with limited potential adverse social or environmental impacts or risks that are site-specific and readily addressed through well-known mitigation measures.							<b>Low E&amp;S Risk (C):</b>	Activities with minimal or no adverse social or environmental impacts or risks.						
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The minimum scope should be the legal entity financed and the site of the financed activity, as well as all activities financed. E&S impacts of the supply chain should be included in the scope of the categorization in cases where the supply chain is integral to the financed business activities, i. e. where it is directly under the control of the company, or where the supply chain is a directly associated facility to the business activities of the company, i. e. where the supply chain would not be viable without the company or vice versa.																																						
<p>*GCF investment proceeds will only be deployed to investments with ESS category B and C per the GCF RESP definition. Further guidance on categorization and GCF definitions can be found in "GCF guidance on categorization" tab.</p>																																						

### Input data sheet

EcoEnterprises Fund		Pre-screening Tool for E&S Categorization					
Company:							
Filled out by:							
Date:							
<b>Topic</b>	<b>Details</b>	<b>Answer</b>	<b>Comments and considerations by E&amp;S team</b>				
<b>Sector and activities</b>	Based on general expectations or specifically definable impacts such as e. g. consumption of resources, use of hazardous materials, effluents, emissions, wastes, etc.						
<b>Country</b>	Include country of main operations and of main suppliers if known and relevant to business and impact model.						
<b>Specific location</b>	Site of operations, and if known, area or region of main suppliers.						
<b>Purpose of financing</b>	E. g. greenfield, brownfield, site expansion, modernization, etc.						
<b>Size of the transactions</b>	Proposed size of deal						
<b>Number of Employees</b>	If known, indicate exact number, otherwise a range.						
<b>Risk groups</b>	Indicate if present in workforce and/or supply chain, and which. Include, if known, percentage as a proportion of total workforce. E.g. temporary workers, migrants, minors, women, disabled persons.						
<b>Affected communities</b>	Indicate if any impact on community is known or expect e.g. physical or economic displacement, impacts on social and economic infrastructure, community health and safety, vulnerable groups, potential human rights violations, etc.						
<b>Construction activities</b>	Will the financed business activities include extended construction activities (e.g. camp needed)? (YES/NO)						
<b>Sub-contractors</b>	E.g. number of workers hired through sub-contractors, especially in case of core business activities being outsourced to sub-contractors.						
		<b>Category at pre-screening</b>					

## E&S Inherent risk examples

EcoEnterprises Fund Pre-screening Tool for E&S Categorization			
Sector	Potential E&S Risks	Applicable IFC PS	Indicative Mitigation Measures
Sustainable/ Regenerative Agriculture	Soil degradation, agrochemical runoff, deforestation risk	PS 1, PS 3, PS 6	Use organic inputs, implement soil conservation, reforestation
Sustainable/ Regenerative Agriculture	Child labor and poor OHS practices in field operations	PS 1, PS 2	Enforce labor policies, provide PPE and training
Agroforestry	Loss of native species from overharvesting; soil erosion	PS 1, PS 6	Adopt sustainable harvest protocols, support replanting
Agroforestry	Community conflict over forest access/land rights	PS 1, PS 5, PS 7	Engage community and Indigenous leaders, FPIC procedures
Aquaculture	Water pollution from effluents; fish escapes to native systems	PS 1, PS 3, PS 6	Install water treatment, avoid exotic species, monitoring systems
Aquaculture	Poor working conditions in fish processing facilities	PS 1, PS 2	Enforce worker protections, training, grievance mechanisms
Circular Economy / ClimateTech	Electronic or packaging waste; resource inefficiency	PS 1, PS 3	Use eco-design, minimize waste, implement circular practices
Circular Economy / ClimateTech	Lack of labor rights enforcement in informal supply chains	PS 2	Audit labor practices, establish codes of conduct
Ecotourism	Pressure on local biodiversity; infrastructure footprint	PS 1, PS 6	Limit site development, use eco-construction, monitor impacts
Ecotourism	Cultural insensitivity or displacement of local populations	PS 1, PS 5, PS 7	Cultural sensitivity training, benefit-sharing programs

## GCF guidance on categorization

EcoEnterprises Fund Pre-screening Tool for E&S Categorization							
To support the categorization process, guidance from the Green Climate Fund (GCF) Sustainability guidance note on screening and categorizing GCF-financed activities is included below. This guidance outlines the key considerations for assigning Environmental and Social (E&S) risk categories—A, B, or C—based on the inherent risks and impacts of an activity before any mitigation measures are applied.							
See here <a href="#">GCF Sustainability guidance note: Screening and categorizing GCF-financed activities</a>							
The environmental and social risk categories of activities supported by GCF are defined as follows:							
<table border="1"> <tbody> <tr> <td><b>Category A</b></td><td>Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.</td></tr> <tr> <td><b>Category B</b></td><td>Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.</td></tr> <tr> <td><b>Category C</b></td><td>Activities with minimal or no adverse environmental and/or social risks and/or impacts.</td></tr> </tbody> </table>		<b>Category A</b>	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.	<b>Category B</b>	Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.	<b>Category C</b>	Activities with minimal or no adverse environmental and/or social risks and/or impacts.
<b>Category A</b>	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.						
<b>Category B</b>	Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.						
<b>Category C</b>	Activities with minimal or no adverse environmental and/or social risks and/or impacts.						
<p><b>Category A</b> activities, often referred to as high-risk activities, include those with potential significant adverse environmental and social risks and impacts as determined by the screening process. Activities considered as Category A may have significant risks for and impacts on the physical and biological environment as well as the socio-economic and cultural environment.</p>							
Examples of features of Category A activities include:							
<ul style="list-style-type: none"> <li>Having large geographic scale</li> <li>Involving large-scale infrastructure</li> <li>Being located in valuable ecosystems and critical habitats</li> <li>Entailing adverse impacts to the rights, resources, and lands of Indigenous Peoples</li> <li>Entailing significant resettlement of affected peoples</li> </ul>							

The significant adverse environmental and social risks and impacts are further analyzed as to whether the impacts are:	
<b>Diverse</b> , where there may be various types of risks and impacts associated with the activities. The diversity of risks and impacts may affect the capacity of the entities to plan and implement measures to manage them (e.g., projects or programmes with several different types of component subprojects that may generate varied risks and impacts).	
<b>Unprecedented</b> , where the activities and identified risks and impacts may not have been experienced in the locality, and therefore there may be limitations in designing and implementing effective mitigation measures. Examples include infrastructure that requires mitigation measures with unique requirements.	
<b>Irreversible</b> , where the activities may lead to permanent impairment of environmental quality, decline of ecosystem services, and adverse effects to communities, including vulnerable groups. Examples include the use of non-renewable resources, reduction in the integrity of natural habitats, and decline in populations of species or ecological communities.	
Other considerations for Category A activities include the large-scale nature of the activities, impacts that may extend beyond the project's footprint, complex implementation arrangements, duration of impacts, manageability of risks and impacts, and the level of community involvement and support.	
<b>Category B</b> activities, or moderate-risk activities, include those with risks and impacts that are less adverse than Category A activities in terms of magnitude and likelihood of occurrence. Risks and impacts are considered limited in scale, and the magnitude is expected to be low to moderate. These are typically:	
Few in number	
Contained within the footprint of the activities	
Largely reversible	
Readily mitigated through generally accepted mitigation measures and good international industry practices	
In determining Category B activities, it is important to consider the spatial extent of risks and impacts, as well as whether the duration of impacts is temporary or permanent, and whether the entities and proponents have experience designing and implementing mitigation measures.	
<b>Category C</b> activities, or low-risk activities, include those that have minimal to no adverse environmental and social risks and impacts. These are typically activities that have:	
No physical elements or defined footprint	
Small scale	
No physical or economic displacement	
Minimal or no impacts on Indigenous Peoples	
Some examples of Category C activities include:	
Capacity development, planning support, institutional development and strengthening, advisory services, communication and outreach, and early warning or monitoring systems	
Small-scale facilities, smallholder production, and community-based conservation, rehabilitation, or maintenance of existing small-scale infrastructure within an already built-up area with no additional footprint	

## Annex XI: EDFI Harmonised List of High Risk Sectors

### HIGH E&S RISK CLIENTS BY INDUSTRY SECTORS / HIGH RISK PROJECT TYPES<sup>1</sup>

The following sectors are usually considered to be high E&S risk industry sectors, for both new developments (Greenfield) and existing projects (Brownfield), noting that this list is not exhaustive. In addition, irrespective of sector classification, individual projects can have high E&S risk characteristics which make them Environmentally Critical or Socially Critical. However, there will be instances when the project specific E&S risks of projects in high E&S risk sectors or Environmentally Critical or Socially Critical listed projects could be considered to have medium-high or medium E&S risk categorizations. In these cases, detailed rationales for the categorization must be documented.

#### Infrastructure

- Railways
- Ports, ~~harbors~~ and terminals
- Airports
- Toll roads
- Long distance overhead transmission lines
- Large dams (hydro power plants / irrigation/water supply)
- River-run-off hydro power plants (> 50 MW)
- Waste management / Waste treatment facilities
- Thermal power<sup>2</sup> (gas, biomass powered): new plants (> 50 MW)
- Thermal power<sup>2</sup> (gas, biomass powered): existing plants (> 50 MW)
- Wind parks (> 100 MW installed capacity)

Irrespective of sector classification, individual projects can have high E&S risk characteristics. The following Socially Critical Projects and Environmentally Critical projects are usually considered to be high E&S risk<sup>3</sup>.

#### Socially Critical Projects

- Projects with large groups of low-skilled labor, for instance in free trade zones etc. (e.g., textiles manufacturing projects)
- Projects potentially affecting indigenous or tribal populations (e.g., due to land take, limitation of access to natural resources)
- Projects which may affect areas of archaeological or cultural significance
- Projects which cause or have caused (during last 5 years) physical or economic resettlement
- Projects which cause retrenchment of more than 10% of the present work force (or > 50 workers)
- Projects that have or have had transboundary impacts on neighboring countries (e.g., access to water of downstream-users due to hydropower project impacts)

#### Large Scale Primary Production (Plants / Animals)

- Plantation crop production
- Forestry
- Aquaculture
- Animal production

#### Environmentally Critical Projects

- Projects in or bordering ecological sensitive or protected areas (e.g., agriculture in Amazon area, large scale tourism projects)
- Large-scale restoration and/or conservation of natural habitats
- Large-scale land reclamation
- Projects that have potential to heavily impact ecosystem services (e.g., due to intensive use of ground water)
- Projects that have negative long-term impacts on the human environment (e.g., through air pollution, water pollution, noise generation, odor etc.)

#### Heavy Industry

- Cement and lime manufacturing
- Glass manufacturing
- Construction materials extraction
- Integrated steel mills
- Base metal smelting and refining
- Pulp and paper mills
- Foundries
- Pharmaceuticals and biotechnology manufacturing
- Natural gas processing
- Oleo chemicals manufacturing
- Nitrogenous fertilizer manufacturing
- Phosphate fertilizer manufacturing
- Pesticides manufacturing and packaging
- Petroleum-based polymers manufacturing
- Large volume petroleum-based organic chemicals manufacturing
- Large volume inorganic compounds manufacturing and coal tar distillation

#### Mining

- Mining (open pit and underground)

<sup>1</sup> The following sectors are also considered high risk but are now EXCLUDED under the Harmonized [EDFI Fossil Fuel Exclusion List](#) for all new Direct Financing (Debt or Equity), Indirect Equity through new commitments to Investment Funds, and new dedicated lending via Financial Institutions

- Infrastructure: Crude oil and petroleum product terminals, Pipelines
- Oil and Gas: Offshore oil and gas development, On-shore oil and gas development, and Liquefied Natural Gas (LNG) facilities;
- Heavy Industry: Coal processing, Petroleum refining.

<sup>2</sup> The construction of new or refurbishment of any existing HFO-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO<sub>2</sub> emissions (i.e., where energy efficiency measures do not compensate any capacity or load factor increase) is EXCLUDED except for indirect equity investments through investment funds (up to a maximum of 20% of the fund) in countries that face challenges in terms of access to energy and under the condition that there is no economically and technically viable gas or renewable energy alternative.

<sup>3</sup> Socially Critical Projects can also be Environmentally Critical Projects and vice versa. |

## Annex XII: Climate Assessment Tool

### Purpose

This tool is designed to assess climate-related risks and adaptation opportunities of proposed investments during the due diligence process. It supports the Fund in selecting projects that are climate-resilient, aligned with national climate strategies, and do not contribute to maladaptation. It forms part of the first screening steps to determine whether a project qualifies under the Fund's climate impact objectives.

### Step 1: Climate Vulnerability Assessment

#### *Objective*

To assess the national and local climate vulnerability of the project and its potential impact on ecosystems and vulnerable populations.

#### *Information Sources:*

- ThinkHazard!
- Notre Dame Global Adaptation Initiative (ND-GAIN)
- World Bank Climate Risk Tools
- IPCC Interactive Atlas (SSP2 / SSP5 scenarios)
- WWF Water Risk Filter & Aqueduct
- Climate Analytics datasets
- National poverty statistics and small area estimates
- Land degradation/deforestation maps (Open Foris, WOCAT)

#### *Key Questions:*

1. What are the major physical and natural climate risks at the project site?
2. Is the project located in a high-climate-risk or water-stressed region?
3. What is the level of socioeconomic vulnerability in the target population?
4. Does the project intersect with areas experiencing high environmental degradation?

#### *Scoring (0–3):*

0 = No vulnerability considered  
1 = General regional data only  
2 = Site-specific data partially analyzed  
3 = Full local analysis with clear risk categories identified

### Step 2: Climate Impact Assessment

#### *Objective*

To understand the potential impact of climate change on the project and how the intervention may affect GHG emissions and local resilience.

#### *Key Questions:*

1. Has climate modeling been applied to the specific site?
2. Are there projected climate changes that will affect project operations?
3. Does the project reduce or increase GHG emissions over its lifecycle?

**Scoring (0–3):**

0 = No assessment  
1 = High-level or assumed trends  
2 = Modeled data at national level  
3 = Site-specific modeling and impact analysis

**Step 3: Adaptation Potential and Risk of Maladaptation**

**Objective**

To ensure the project supports climate adaptation without contributing to maladaptation.

**Key Questions:**

1. How does the project help communities adapt to climate risks?
2. Have the five maladaptation risks been addressed? ((1) Increases greenhouse gas emissions, (2) Disproportionately burdens the most vulnerable, (3) Has high opportunity costs, (4) Reduces incentives to adapt, (5) Limits future adaptation options)
3. Have alternative adaptation strategies been considered?
4. Are ecosystem-based solutions part of the design?

**Scoring (0–3):**

0 = Adaptation not addressed  
1 = Minimal adaptation relevance  
2 = Clear adaptation logic  
3 = Strong adaptation benefits

**Step 4: Alignment with National Climate Strategies**

**Objective**

To assess whether the intervention aligns with national climate priorities.

**Key Documents to Crosscheck:**

- Nationally Determined Contributions (NDCs)
- National Adaptation Plans (NAPs)
- National Communications (NCs)
- GCF Country Programme

**Key Questions:**

1. Is the intervention aligned with national priorities?
2. Are national agencies involved?

**Scoring (0–2):**

0 = No alignment  
1 = Indirect alignment  
2 = Direct documented alignment

### **Step 5: Impact Indicators and Monitoring**

#### ***Objective***

To ensure the project defines a climate-related impact baseline and clear monitoring indicators.

#### ***Key Questions:***

1. Have baseline values been defined?
2. Are there impact projections?
3. Are indicators disaggregated?

#### ***Scoring (0–2):***

0 = No indicators  
1 = General indicators defined  
2 = Measurable and disaggregated indicators

### **Final Scoring & Investment Decision Support**

Category	Max Score	Project Score
Climate Vulnerability Assessment	3	
Climate Impact Assessment	3	
Adaptation & Maladaptation Screening	3	
Alignment with National Strategies	2	
Impact Indicators & Monitoring	2	

#### ***Investment Recommended Thresholds:***

10–13: Strong climate-aligned investment  
6–9: Medium alignment; ESAP recommended  
<6: Insufficient alignment; do not proceed without remediation

## Annex XIII: E&S Due Diligence Report Template

### 1. Executive Summary

- Overview of the company and investment opportunity
- Summary of key E&S risks and opportunities and main impact rationale
- Final E&S categorization and rationale
- Summary of recommended Environmental and Social Action Plan (ESAP)

### 2. Company Overview

- Company name, sector, and location
- Nature and scale of operations
- Expected impact areas
- Confirmation of no excluded activities

### 3. E&S Screening and Categorization

- Initial and final category assigned
- Categorization rationale
- Indigenous Peoples or vulnerable groups presence (trigger of IP Plan if relevant)

### 4. Legal and Institutional Compliance

- Applicable national E&S regulations and international agreements
- Applicable IFC Performance Standards triggered
- Certifications held (e.g., B Corp, FSC, Fair Trade) and previous audits or assessments

### 5. E&S Risk Assessment

#### a) Environmental Risks

- Land use, biodiversity, pollution, climate, water, waste, energy use
- Climate risk and adaptation analysis using Climate Assessment Tool (Annex XII)
- GHG emissions and carbon footprint data, if applicable

#### b) Social Risks

- Labor and working conditions, OHS, child/forced labor, migrant labor practices
- Community health, safety, and security
- Cultural heritage and Indigenous Peoples, and conclusions of Indigenous People's Plan Framework per Annex VIII, if triggered
- Stakeholder engagement practices and inclusivity

#### c) SEAH & GBV Risks

- Presence of SEAH/GBV policy
- Survivor-centered grievance mechanism availability

- Community and worker awareness and training procedures

#### **d) Governance & Management Systems**

- Internal ESMS capacity and structure
- Policies and enforcement mechanisms
- Transparency, diversity, and gender inclusion in governance

### **6. Stakeholder Engagement**

- Summary of stakeholder identification and consultations
- Community perspectives gathered during site visit(s)
- Indigenous engagement and FPIC process if applicable
- SEP (Stakeholder Engagement Plan) status or need for development

### **7. ESG Performance Snapshot**

- **Impact Metrics Tool** summary (Annex V): key baseline impact metrics
- Impact rationale summary using the Impact Management Project framework
- **ESG Risk Rating System** output (Annex VI): main findings and score
- Benchmarking vs IFC PS and other GIIP

### **8. Site Visit Observations**

- Date, location, and participants
- Summary of key findings and visual observations
- Stakeholder interviews and community feedback

### **9. Summary of Gaps and Recommendations**

- Key findings per IFC PS and GCF RESP and IPP alignment
- Priority risks and mitigation recommendations
- Potential for technical assistance or capacity building
- Full completed ESAP per template in Annex VII

### **10. Disclosure Plan**

- ESDD and ESAP disclosure schedule and locations; with languages and formats
- Record of disclosure plan (per GCF IDP requirements)

### **11. Appendices**

- Appendix A: Completed ESG Risk Rating Tool
- Appendix B: Completed Impact Metrics Tool
- Appendix C: Climate Assessment Tool results
- Appendix D: Site visit photos, maps, or diagrams
- Appendix E: Copy of any referenced environmental audits, studies, or certifications

## Annex XIV: Grievance Policy

### 1. Overview and Scope

EcoEnterprises Fund is committed to the highest standards of ethical conduct, social and environmental responsibility, and gender equity. This Grievance Policy outlines the process by which internal and external stakeholders may raise concerns related to the Fund's activities or those of its portfolio companies, with a focus on ensuring fairness, accountability, and transparency.

This procedure is open to:

- Fund employees, consultants, and advisors
- Affected communities and individuals
- Suppliers, contractors, clients, and other stakeholders
- Representatives acting on behalf of affected individuals or groups

Complaints may be submitted on a named or anonymous basis, and in any language. Anonymous grievances will be reviewed and addressed to the fullest extent possible.

Grievances may relate to (but are not limited to):

- Environmental or social harms
- Community health, safety, or security
- Labor conditions, including compensation and worker rights
- Gender-based violence (GBV), sexual exploitation, abuse, and harassment (SEAH)
- Cultural heritage or FPIC (Free, Prior and Informed Consent) violations
- Discrimination or bias
- Lack of access to project benefits

Grievances submitted more than two years after project closure or after awareness of impact may be considered ineligible unless exceptional circumstances apply. EcoEnterprises Fund also reserves the right to refrain from pursuing complaints that, upon review, are deemed too vague or lacking sufficient detail to allow for meaningful action, are clearly malicious or made in bad faith, or fall outside the Fund's scope of responsibility, for example, matters that are under the jurisdiction of government authorities or unrelated third parties.

### 2. Guiding Principles

The Fund's grievance mechanism is grounded in the following principles:

- **Accessibility:** Open and available to all stakeholders, including vulnerable or marginalized groups, without fear of retaliation.
- **Fairness and Objectivity:** All complaints are assessed impartially and resolved based on clear evidence and fair process.
- **Impartiality and Independence:** The grievance process is managed independently from operational decision-making.

- **Confidentiality:** Identities and personal information of complainants are protected unless disclosure is required by law or agreed upon.
- **Survivor-Centered Approach:** SEAH/GBV-related grievances are treated with particular sensitivity, ensuring anonymity, safety, and culturally appropriate handling.
- **Transparency and Accountability:** Processes are time-bound and well-documented. Complainants are informed throughout.
- **Non-Retaliation:** No one will face retaliation for filing a grievance in good faith.

### 3. Obligation to Report and Use of the Mechanism

Fund employees, consultants, and affiliates are required to report any suspected violations of Fund policies, prohibited practices, or harm to stakeholders. External stakeholders are encouraged to use the mechanism to report grievances directly.

### 4. Roles and Responsibilities

**Managing Director, Compliance and Operations:** is EcoEnterprises Fund’s “Complaints Officer”. They are responsible for the overall accountability for implementation, and decision-making on escalated or unresolved complaints. They are the custodian of the process; managing intake, screening, and coordination of investigations; maintaining the complaint log; and communicating with complainants.

**Managing Directors, Investments:** If the complaint relates to a particular portfolio company, then the Managing Director of Investments who acts as the relationship manager with the specific company in question will inform the company of the issue and coordinate with them to support the resolution process.

**Appeals Reviewer (when applicable):** An Appeals Reviewer will be appointed for unresolved or escalated complaints requiring final determination. This may include the Fund Manager’s senior management or the relevant Fund’s Limited Partners Advisory Committee (LPAC).

### 5. Procedure for Assessment and Investigation

#### 5.1 Submission of Complaints

Complaints may be submitted on a named or anonymous basis, individually or through representation by organizations or community leaders. The following methods of communication are available for lodging a grievance:

- Direct complaints to the Fund’s Complaints Officer, our Managing Director, Compliance and Operations.
- Mailing EcoEnterprises Fund’s operating address:  
5614 Connecticut Avenue, NW #135  
Washington, DC 20015, USA
- Calling EcoEnterprises Fund’s phone line: +1.202.262.7362
- E-mailing [info@ecoenterprisesfund.com](mailto:info@ecoenterprisesfund.com)

## 5.2 Complaints Handling Workflow

Step	Description	Timeline
1. Receive	Complaint is received and recorded by the GRM investigator	Day 1
2. Acknowledge	Receipt is formally acknowledged in writing or verbally, if not anonymous	Within 10 calendar days
3. Screen	Preliminary assessment of eligibility	Within 14 days
4. Investigate	Collection of facts, consultation with relevant parties, and review of evidence	Up to 60 days
5. Respond	Draft resolution is communicated to the complainant, if not anonymous, with opportunity for feedback	Within 60 days
6. Appeal (if applicable)	Unresolved complaints may be escalated to the Appeals Reviewer, to be appointed if applicable.	Within 30 days
7. Resolve	Confirm with complainant that complaint can be closed, or determine what follow-up is necessary.	Case-by-case
8. Close	Final resolution documented; complainant informed	Case-by-case

Acknowledgments will be issued in the language in which the complaint or suggestion was submitted, and the Fund will make reasonable efforts to provide its full response in the same language.

If the complaint or suggestion is not anonymous, the Fund will acknowledge receipt and provide a substantive response as outlined above. Should the submission be anonymous, the Fund will still review the matter but may be limited in its ability to provide direct feedback.

## 5.3 Special Handling: SEAH/GBV-Related Grievances

- May be reported anonymously or through trusted third parties.
- Will be handled using a survivor-centered approach.
- Clear referral pathways for medical, psychosocial, or legal support will be provided if appropriate.

## 6. Monitoring and Learning

- All complaints are logged and tracked to resolution.
- Quarterly summaries of grievances (excluding personal data) may be shared internally to identify trends and inform improvements.
- Lessons learned will be integrated into ESG policy updates, operational guidance, and staff training.

## 7. Link to GCF Independent Redress Mechanism

If a complainant feels that their grievance has not been resolved satisfactorily and pertains to GCF-funded activities, they may contact the Green Climate Fund's Independent Redress Mechanism:

- Email: [irm@gcfund.org](mailto:irm@gcfund.org)
- Website: <https://irm.greenclimate.fund/case-register/file-complaint>

### Annex XV: List of Acronyms and Abbreviations

Acronym	Meaning
BBOP	Business and Biodiversity Offsets Programme
BCR	BCR Global Standard for Food Safety (BRCGS)
BSCI	Business Social Compliance Initiative
CEO	Chief Executive Officer
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CO2	Carbon dioxide
COO	Chief Operating Officer
DFI	Development Finance Institution
E&S	Environmental and Social
EDFI	European Development Finance Institutions
EHS	Environmental, Health and Safety
EPRP	Emergency Preparedness and Response Plan
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
ESMS	Environmental and Social Management System
FPIC	Free, Prior and Informed Consent
GBV	Gender-Based Violence
GCF	Green Climate Fund
GHG	Greenhouse gas(es)
GIIP	Good International Industry Practice
GMO	Genetically Modified Organism
GRM	Grievance Redress Mechanism
HACCP	Hazard Analysis and Critical Control Points
IC	Investment Committee
IDP	Information and Disclosure Policy
IFC	International Finance Corporation
IFOAM	International Federation of Organic Agriculture Movements (IFOAM – Organics International)
IMP	Impact Management Project
IP	Indigenous Peoples
IRM	Independent Redress Mechanism

Acronym	Meaning
ISO	International Organization for Standardization
IUCN	International Union for Conservation of Nature
KPI	Key Performance Indicator(s)
LP	Limited Partner(s)
LPAC	Limited Partners Advisory Committee
NAP	National Adaptation Plan(s)
NC	National Communication(s)
NDC	Nationally Determined Contribution(s)
ND-GAIN	Notre Dame Global Adaptation Initiative
NGO	Non-governmental organization
NH3	Ammonia (chemical formula)
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
PCB	Polychlorinated biphenyl(s)
PS	IFC Performance Standard(s)
PS1	IFC Performance Standard 1 (Assessment and Management of E&S Risks and Impacts)
PS2	IFC Performance Standard 2 (Labor and Working Conditions)
PS3	IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention)
PS4	IFC Performance Standard 4 (Community Health, Safety, and Security)
PS5	IFC Performance Standard 5 (Land Acquisition and Involuntary Resettlement)
PS6	IFC Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources)
PS7	IFC Performance Standard 7 (Indigenous Peoples)
PS8	IFC Performance Standard 8 (Cultural Heritage)
RESP	Revised Environmental and Social Policy
SEAH	Sexual Exploitation, Abuse and Harassment
TA	Technical Assistance
UN	United Nations
USA	United States of America
WRI	World Resources Institute