



Annex 6

Environmental and Social Management Framework

GCF's contribution to the Global Green Bond Initiative (GGBI)*¹

*previously known as Green and Resilience Debt Platform (GRDP)

¹ The Contribution of GCF to the Global Green Bond Initiative (GGBI) consists of a GCF equity investment into GGBI as well as GCF TA contribution. It was called **Green and Resilience Debt Platform (GRDP)** during the project preparation stage



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ACRONYMS

DNSH	Do No Significant Harm
EIB	European Investment Bank
E&S	Environmental and Social
ESG	Environmental, Social and Governance
ESR	Environmental and Social Requirement
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standards
FPIC	Free Prior Informed Consent
GCF	Green Climate Fund
IFC	International Finance Corporation
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NAP	National Adaptation Plan
SES	Social and Environmental Standards
TA	technical assistance
UNDP	United Nations Development Programme



1. EXECUTIVE SUMMARY

The Environmental and Social Management Framework (ESMF) is designed to support the Contribution of GCF to the Global Green Bond Initiative (GGBI) 's commitment to implement robust environmental and social safeguards ensuring that its investments not only contribute to climate mitigation and adaptation but also promote sustainable development. By adhering to stringent E&S standards and engaging stakeholders effectively, the GCF's contribution to the GGB aims to achieve positive environmental and social outcomes, mitigate risks and impacts, and foster resilience in the target countries. The Contribution of GCF to the Global Green Bond Initiative (GGBI) consists of a GCF equity investment into GGBI as well as GCF TA contribution. **It was called Green and Resilience Debt Platform (GRDP) during the project preparation stage, now for consistency, it has been renamed to The Contribution of GCF to the Global Green Bond Initiative (GGBI) or GCF's contribution to the GGBI in short.**

Objectives of the GCF's contribution to the GGBI

The GCF'S contribution to the GGBI aims to invest in bonds in climate action, with a specific focus on climate change adaptation. This project is part of the broader (GGBI, facilitated by a consortium of Development Finance Institutions (DFIs) and backed by the European Commission.

The GCF's contribution to the GGBI aims at channelling €200 million of GCF equity investment into the GGBI, which targets to raise €2-3 billion in total capital. This initiative will target green bond issuances in developing countries, including Kenya, Côte d'Ivoire, Namibia, Senegal, Angola, Cameroon, Uganda, Egypt, Brazil, and Bangladesh.

Scope of the ESMF

The ESMF ensures that the GCF's contribution to the GGBI exclusively supports projects for which the environmental and social (E&S) risk and impacts have been adequately identified, assessed, managed, mitigated and monitored. It includes procedures to prevent investments in projects with significant unmitigated E&S risks and impacts and to ensure that the projects supported by green bond issuances comply with internationally recognised E&S standards.

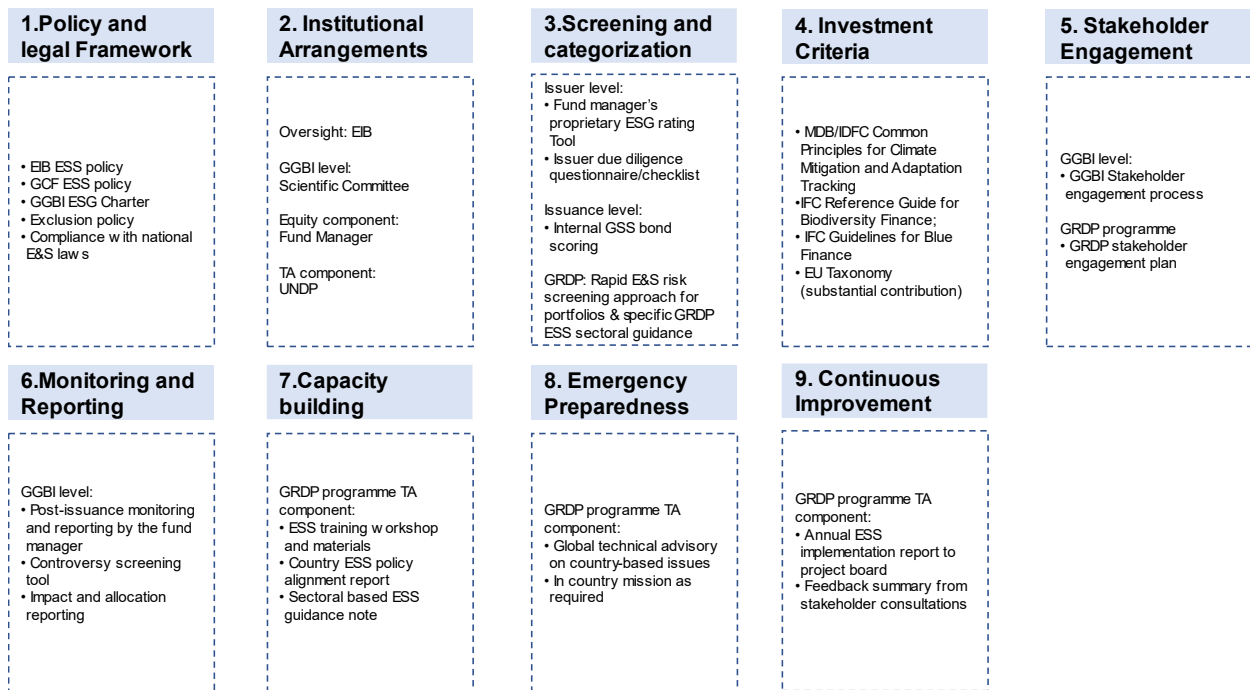
The GCF's contribution to the GGBI will offer technical assistance to help target issuers overcome barriers to green bond issuance. This assistance will include training, capacity building, and alignment with international best practices in terms of E&S risk and impact management.

Key Components of the ESMF



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E&S Standards and Process

The goal of the ESMF is to ensure that projects supported by GCF's contribution to the GGBI are implemented in alignment with GCF's Policy and ESS standards and support sustainable development. To achieve that, the GGBI's, through its ESG charter, will integrate the EIB's E&S standards as part of their investment decision making process.

By means of GCF's assessment for accreditation, it was concluded that EIB's E&S standards, policies and capacities are robust and adequate to ensure that the funded activities effectively comply with GCF's ESS including for the highest risk E&S categories, i.e., category A or Intermediation-1. In terms of process, the GCF's contribution to the GGBI's ESMF relies on the implementation of the GGBI's ESG Charter by means of the Environmental and Social Management System (ESMS) that the Fund Manager will establish. The purpose of the ESMF is three-fold:

- **Risk and impacts identification and assessment:** The fund manager employs a comprehensive E&S risk and impact assessment and management system. This includes issuer-level and issuance-level assessments to evaluate the E&S performance and practices of green bond issuers and the potential projects to be financed by the issuances. The assessments ensure that only projects with acceptable E&S risks and impacts are selected.
- **Integration of Standards to manage and mitigate E&S risks and impacts:** The fund manager integrates the European Investment Bank's (EIB) Environmental and Social Standards into their investment process so as to ensure the identified ECS risks and impacts are adequately managed, mitigated and monitored. EIB's ECS standards are recognized for their robust, systematic, and transparent approach and they cover a wide range of E&S aspects, including stakeholder engagement, resource efficiency, biodiversity, climate change, and social impacts.
- **Grievance Redress Mechanism:** The ESMF includes a grievance redress mechanism to provide stakeholders with a platform to raise concerns and access remedies. This mechanism is crucial for addressing potential E&S issues promptly and effectively.
- **Monitoring and Evaluation:** The GCF's contribution to the GGBI implements a robust monitoring and evaluation framework to track the ESMF implementation. This includes post-issuance monitoring to ensure that green bond issuers report on the allocation and impact of proceeds. Regular reviews and updates of the E&S performance of issuers and projects are conducted to



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maintain compliance with the GGBI ESG Charter (which will include ESMS implementation and monitoring).

Specific Procedures implemented by the Fund Manager

Screening, Categorization and assessment: As part of the ESMS, the fund manager will establish a systematic screening and categorization system to be conducted both at issuer and issuance level. At the issuer level, the risk identification process involves rigorous screening of both corporate issuers and sovereigns to evaluate their environmental, social, and governance (ESG) performance. At the issuance level, there will be detailed use of proceed analysis and a 28-criteria scoring system to apply across labelled bonds from all types of issuers (corporates and sovereigns), with different weights depending on the label (Green, Social or Sustainability Bonds). Both assessments provide the fund manager with comprehensive ESG insights to guide investment decisions, ensuring alignment with sustainability goals across issuers and type of issuances.

Post issuance monitoring: The GGBI fund manager conducts comprehensive post issuance verifications including on controversies, impact report aggregation and review, additional assessments on the issuers or the projects' (financed by the issuance) compliance with the ESG Charter's requirements. GGBI's fund manager also is required to divest any bond issuances that are deemed high risk/controversial and/or cannot be deemed compliant with the requirements of the ESG charter.

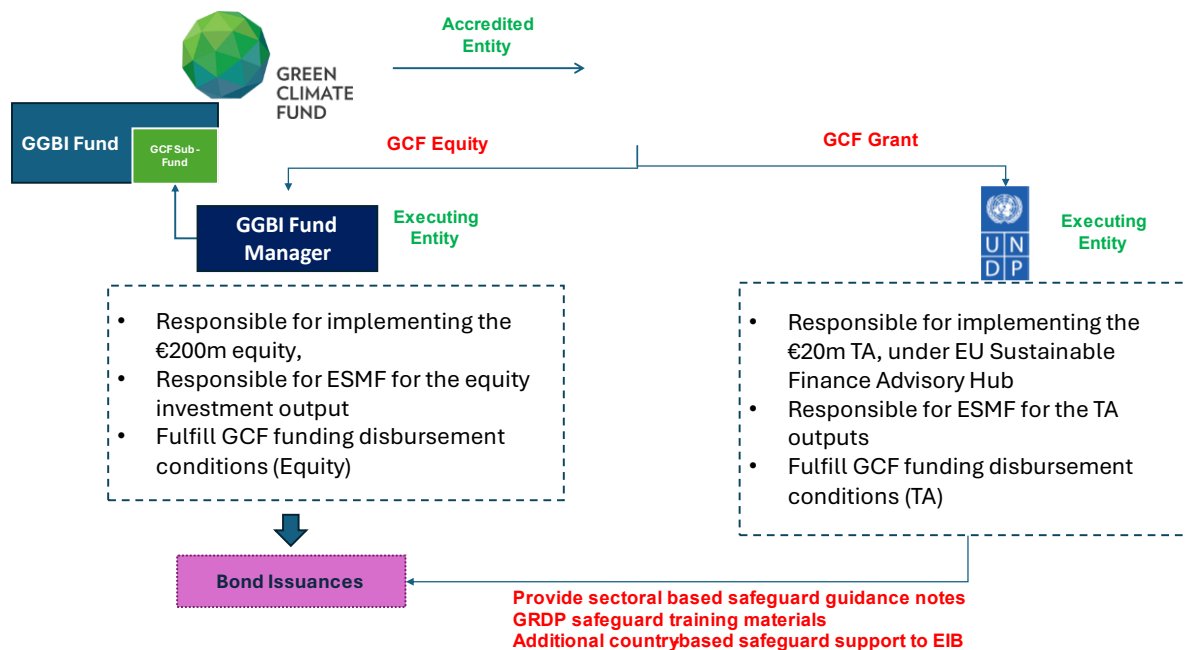
External communication mechanism: The Fund manager will be required to maintain and to request issuers to maintain a mechanism with clear procedures and timelines, providing publicly available and easily accessible channels to receive communications, grievances and/or queries from the public or concerned stakeholders affected by the Fund's activities/operations and by the projects financed with the issuances.

2. INTRODUCTION

The GCF's contribution to the GGBI will facilitate a €200 million GCF equity investment into the Global Green Bond Initiative (GGBI), which is a European Commission initiative to raise €750-800 million in equity capital for the vehicle from a consortium of DFIs, backed by a guarantee from the EU's European Fund for Sustainable Development Plus (EFSD+). The GGBI Fund will also issue debt notes in the capital markets to crowd in private investors at the GGBI Fund level, further increasing its leverage effect. The total capitalization of the GGBI Fund is expected to reach approximately €2-3 billion, including the GCF equity investment.

The GCF's contribution to the GGBI aims to support bonds that finance green, resilient and blue projects to catalyse private investment in climate action, notably for adaptation in Kenya, Cote d'Ivoire, Namibia, Senegal, Angola, Cameroon, Uganda, Egypt, Brazil, and Bangladesh. It specifically aims to provide GCF with a dedicated investment window into the upcoming Global Green Bond Initiative and complimentary technical assistance (TA) to facilitate the GGBI-supported green bond issuance in GCF's contribution to GGBI-target countries.

The implementation arrangement of GCF's contribution to the GGBI is figured in the graph below. EIB as the accredited entity of the GCF programme, shall be responsible for the overall management, implementation and supervision of each Funded Activity in line with its own internal rules, policies and procedures, including administering and managing the use of GCF Proceeds, as well as the monitoring, evaluation and reporting responsibilities as set forth in the relevant Funding Proposal and FAA. The Fund Manager of GGBI, will be the executing entity of the equity component of the GCF's contribution to the GGBI, whereas UNDP will be executing entity of the technical assistance component of the GCF's contribution to the GGBI. The Accredited Entity (EIB) shall monitor and supervise the implementation of the Funded Activity by the Executing Entities (the Fund Manager & UNDP), and ensure that the Executing Entities (Fund Manager & UNDP) will carry out the Funded Activity, with due diligence and efficiency and in conformity with appropriate financial, economic, social, environmental and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Funded Activity.



The GCF's contribution to the GGBI will invest in the same areas as the overall GGBI, which will be guided by the GGBI's eligibility criteria and derogations (see Annexes 1 and 2 for more details). Within this overall



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framework, the GCF's contribution to the GGBI investments will have additional eligibility criteria to ensure that the investments of the GCF's contribution to the GGBI meet the GCF's investment mandate.

GGBI's Eligibility Criteria	<p>Climate mitigation and adaptation:</p> <ul style="list-style-type: none"> • MDB/IDFC Common Principles for Climate Mitigation and Adaptation Tracking; or • The 'Substantial Contribution' criteria of the EU Taxonomy for sustainable activities as per the Climate Delegated Acts². For eligibility purposes, it is not required to show alignment with the 'Do No Significant Harm' criteria nor the Minimum Safeguards under the Taxonomy
	<p>Other environmental objectives:</p> <ul style="list-style-type: none"> • IFC Reference Guide for Biodiversity Finance; or • IFC Guidelines for Blue Finance; or • The 'Substantial Contribution' criteria of the EU Taxonomy for sustainable activities as per the Environment Delegated Act³. For eligibility purposes, it is not required to show alignment with the 'Do No Significant Harm' criteria nor the Minimum Safeguards under the Taxonomy.
	<p><u>Social objectives:</u> Alignment with the ICMA Social Bond Principles. The eligibility criteria for social objectives may be subject to review in line with the development of social finance frameworks, which are accepted internationally by market participants.</p>
	<p><u>Paris Agreement alignment:</u> Through the exclusion list conditions, the Sub-Fund will not invest in activities that are not aligned to the Paris Agreement, following the logic contained in Annex 2 of the EIB Climate Bank Roadmap".</p>
	<p><u>Other criteria:</u></p> <ul style="list-style-type: none"> - <u>Allocation to Sustainability Bonds:</u> The Fund will be able to invest in sustainability use-of-proceeds bonds (subject to a maximum cap of 20% of total Fund size) issued by (sub-)sovereigns where, based on ex-ante analysis and issuer engagement, it is expected that at least 50% of proceeds of the bond are to be allocated to green activities. - <u>Substantial Contribution to the EU Taxonomy Environmental Objectives:</u> The Fund will, on a best-effort basis, invest at least 50% in green bonds which are in line with the Substantial Contribution Technical Screening Criteria of the EU Taxonomy (including outside-EU interpretations).
GCF's contribution to the GGBI Specific Criteria	<p>The capital portion of the GCF's contribution to the GGBI requires additional criteria in order to meet the GCF's mandate. This has been specify under Funding Proposal section - B.3. Project/programme description: Table 4: Additional GCF Sub-Fund investment guidelines</p>

The GCF's contribution to the GGBI's TA will be implemented by UNDP as Executing Entity to help its targeted country regulators, governments, issuers and investors overcome enabling environment and capacity barriers that are critical impediments to the scale-up of green bond issuance. The TA will be fully coordinated with the Pillar 2 of the EU Sustainable Finance Advisory Hub, which aims to offer support to

² Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2022/1214, Commission Delegated Regulation (EU) 2023/2485

³ Commission Delegated Regulation (EU) 2023/2485



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partner LMICs in terms of EU expertise and resources in the area of sustainable finance. In particular, under Pillar 2, the SFA Hub will offer:

Horizontal capacity-building and awareness programme (All implementing partners)

- Capacity building: Design and deliver capacity building activities with an objective to raise awareness and build a foundation for prospective issuers on green bond instruments; and inform potential issuers about the entire GGBI initiative and what it can offer. In carrying out these activities, implementing partners should work, where relevant, with private sector experts such as local or European stock exchanges or other key market authorities to provide dedicated trainings or assistance.

Transaction-based (All implementing partners)

- Preliminary studies: Support potential issuers (sovereign, sub-sovereign and corporate) with preliminary analyses including market opportunities and benefits, particularly in relation to the GGBI fund;
- Sustainability strategies: Assist issuers in developing coherent sustainability strategies to frame sustainable debt issuance.
- Green bond Frameworks: assist prospective issuers in developing and formalizing their relevant framework sharing the EU experience and international practices, as well as promoting close alignment with the GGBI fund investment scope, in close coordination with DG INTPA and DG NEAR of the European Commission, relevant European Union Delegations, and GGBI fund manager;
- Green eligible pipelines: Support potential issuers in developing, identifying and prioritizing bankable projects for green* bond issuance in line with their green bond frameworks, EU policy priorities, promoting close alignment with the Global Gateway strategy and related strategic regional priorities (for LAC the guidance is the EU-LAC Global Gateway Investment Agenda), and in close coordination with DG INTPA and DG NEAR of the European Commission and relevant European Union Delegations. It could include where relevant specific activities to enhance project quality including the potential aggregation of small-sized projects if feasible;
- Increasing attractiveness, including roundtables/outreach with investors: Support in enhancing attractiveness for local and international institutional investors, involving the GGBI fund manager and building on quantitative and/or qualitative analyses and feedback from local and international investors;
- Monitoring, Reporting, external verification: Support issuers with obtaining pre issuance reviews (SPOs), post issuance impact reports, and external reviews from a reputable independent opinion provider/certifier/verifier.
- Conventional aspects of bond issuances: In certain cases, where the beneficiary has not previously issued bonds of any type, support in conventional aspects of bond issuance such as credit ratings, base legal documentation and listing. In carrying out these activities, implementing partners should work, where relevant, with private sector experts such as credit or ESG rating agencies, stock exchanges, and investment banks to provide dedicated assistance.

The GCF's contribution to the GGBI will fully align with the Pillar 2 of SFA Hub, given the GCF investment and its investment mandate, additional support around alignment with GCF investment criteria and support on specific adaptation investment pipeline building, reporting with GCF's IFRM will be provided to the target countries.

Since none of the future investment projects that will be supported by bond issuances in the target countries has yet been identified, there is currently no specific information available on their geographical focus, the type of projects they will focus on (size and technology), and their risks and impacts (negative and positive) on land, ecosystems, local communities, etc.

The ESMF, therefore, can only stipulate a set of standards and procedures to ensure that the use of proceeds of the GCF's contribution to the GGBI will not support projects with potentially significant environmental and social (E&S) risks and adverse impacts and that the supported green bond issuers have the appropriate E&S risk management capacity commensurate to the ES risks of the underlying



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sectors/operations in any issuance. Furthermore, the ESMF ensures that transparency and accountability are integrated at the core of GCF's contribution to the GGBI's activities.

Such standards and procedures are described in the following sections:

- GGBI's ESG Charter
 - Applicable E&S safeguards or standards.
 - Fund Manager's Environmental & Social Risk Management System.
- Specific Arrangements for Managing the Environmental & Social Risks of GCF's contribution to the GGBI-supported Investments.
- External communications, transparency, and reporting
- Monitoring and evaluation of ESMF implementation

The Fund Manager has a team of ESG experts and a dedicated GSS bonds analysts to manage the ESMF of the equity component of the GCF's contribution to the GGBI, under the overall ESG charter of GGBI and ensuring the difference between GGBI ESG charter and GCF's contribution to GGBIESMF are properly managed and aligned when possible.

UNDP will ensure a team of global safeguard specialists will be in place during the programme implementation, with Country Office support for the 10 countries of the GCF's contribution to the GGBI to implement and support EIB with the implementation of GCF's contribution to GGBIESMF and hold the responsibility of implementing the ESMF for the TA component of the GCF's contribution to the GGBI.

3. THE GGBI ESG CHARTER

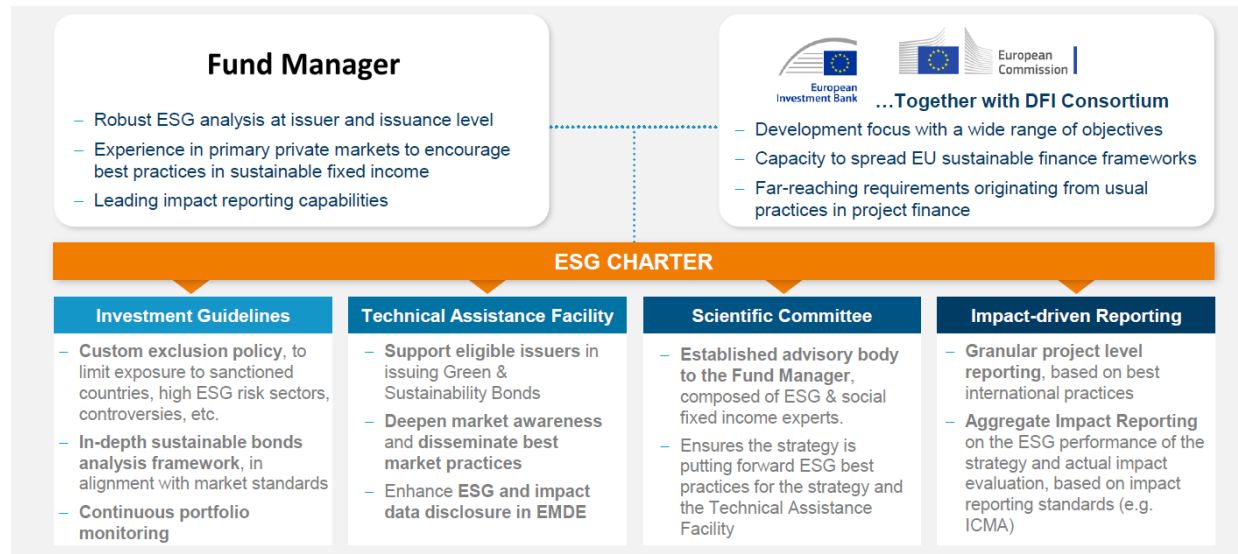
3.1. INTRODUCTION

The ESG charter is a set of guidelines that formally outlines the responsibilities, objectives and limitations of the fund manager in managing the Environmental Climate and Social (ECS) risks and impacts related to the investment fund. It serves as a governing framework and ensures accountability to investors.

Since the GCF’s contribution to the GGBI will effectively operate as a GGBI-nested initiative, it will follow the GGBI’s ESG Charter that, among other things, integrates the requirements of EIB’s E&S standards into the Fund Manager’s ESMS

The GGBI’s ESG Charter relies on four pillars: Investment guidelines, Technical Assistance Facility, Scientific Committee, Impact-driven Reporting. The Fund Manager’s ESMS is the tool that will enable an effective implementation of the ESG Charter, by integrating the standards and procedures require for managing the ECS risks and impacts.

Overview of the ESG Charter



As part of the overall E&S requirements included in the ESG Charter, the Fund Manager will:

- comply with the applicable environmental and social laws;
- not support Green Bond issuances whose use of proceeds includes any of the Excluded or Restricted Activities (see Appendix IV).
- establish and maintain an Environmental and Social Management System (ESMS).

The exact modalities of the ESMS set up by the Fund Manager shall be agreed with investors and further detailed in the overall ESG Charter of the Fund.

3.2. APPLICABLE E&S STANDARDS

The GGBI’s ESG Charter relies on the basic premise that the projects supported by the issuances need to be implemented in line with EIB’s Environmental and Social Standards (E&S Standards). During EIB’s accreditation by the GCF, the EIB’s E&S Standards were deemed as robust and adequate to ensure that



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the funded activities effectively comply with GCF's ESS including for the highest risk E&S categories, i.e., category A or Intermediation-1⁴. EIB's initial accreditation took place in 2017 and was renewed in 2021.

The EIB E&S Standards were revised and updated in February 2022. The revised Standards address the assessment and management of risks and impacts linked with new global environmental, climate and social challenges, strengthening its integrated risk and rights-based approach as well as the environmental and social outcomes and contribution to the SDGs. The Standards were reviewed to ensure consistency in definitions and requirements leading to greater convergence with other MDB peers as well as to clarify the clients' requirements. Good international practices and key legal requirements are now formally stated. In addition, the Standards were restructured to clarify the requirements that apply to projects depending on their location.

EIB's E&S Standards are also materially equivalent to the UNDP Social and Environmental Standards that were also accredited by the GCF for the same purpose.

The EIB's E&S Standards establish the requirements that the promoter and the project must meet throughout the EIB project life cycle. Considering that the specific projects to be supported by the issuances purchased by the GGBI are not identified at the time of purchase, the fund manager will assess the capacity of the issuer to apply the principles of EIB's E&S standards on the projects financed with the issuance. The issuer is expected to have policies, procedures, and/or mechanisms in place to ensure that, for the investments financed by the Green Bonds, are in line with the following principles:

E&S Standards	<u>Key obligations</u>
<p>E&S Impact/risk assessment and management</p> <p>EIB E&S Standard 1 – Environmental and Social Impacts and Risks</p> <p><i>UNDP S&E Standards Part C - Social and Environmental Management System Requirements (provisions on Project-Level Screening, Assessment and Management of S&E Risks and Impacts)</i></p>	<p>The issuer of the Green Bond should ensure that all projects are screened and those that are likely to involve significant (material) environmental and social impacts and risks are subject to an Environmental and/or Social Impact Assessment (ESIA) process, which may be coordinated with and/or complemented by any applicable requirements and/or assessments/studies pertaining to specific topics such as biodiversity and ecosystem services, climate change, cultural heritage, gender, social impacts, as relevant. The ESIA process may involve some or all of the following steps: (i) the identification, assessment of E&S risks and impacts (ii) the scope and level of details of the assessment; (iii) the determination of the need for an ESIA report; and (iii) the preparation of an Environmental and Social Management Plan (ESMP).</p>
<p>Stakeholder Engagement</p> <p>EIB E&S Standard 2 – Stakeholder Engagement</p> <p><i>UNDP S&E Standards Part C - Social and Environmental Management System Requirements (provisions on Stakeholder</i></p>	<p>Whenever the project may cause potentially significant adverse impacts on communities or people, the issuer of the Green Bond should ensure that projects include the proper public consultation and meaningful stakeholder engagement as an integral part of the ESIA process, and more generally throughout the lifecycle of the project. Stakeholder engagement is essential for the effective assessment, management and monitoring of environmental, climate and social impacts and risks and to ensure project's are sustainable and deliver better outcomes. The issuer of the Green Bond should provide the project stakeholders and the</p>

⁴ See Annex 4 of the Accreditation Master Agreement between the GCF and the EIB: [ama-eib.pdf \(greenclimate.fund\)](#)



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<p><i>Engagement and Response Mechanisms)</i></p>	<p>public with effective means to raise grievances and access to remedies.</p>
<p>Resource Efficiency and Pollution Prevention</p> <p>EIB E&S Standard 3 – Resource Efficiency and Pollution Prevention</p> <p><i>UNDP S&E Standard 8 - Pollution Prevention and Resource Efficiency</i></p>	<p>When its relevance is determined during the ESIA process, the issuer of the Green Bond should identify, design and use the appropriate technologies, processes and services to achieve environmental quality objectives by: (i) promoting the sustainable use of resources, including energy, water, and raw materials; (ii) to avoid or minimise adverse impacts on human health and the environment by avoiding or minimising pollution from activities, (iii) to avoid or minimise project-related emissions of short-and long-lived climate pollutants; (iv) to avoid or minimise generation of hazardous and non-hazardous waste and to minimise and manage the risks and impacts associated with pesticide use. The issuer of the Green Bond should have in place effective management plans for resource management, pollution prevention and control, avoidance and minimisation of greenhouse gas emissions, resource recovery creating or deriving usable and valuable products from certain waste materials, all built on the mitigation hierarchy.</p>
<p>Biodiversity and Ecosystems</p> <p>EIB E&S Standard 4 – Biodiversity and Ecosystems</p> <p><i>UNDP S&E Standard 1 - Biodiversity and Sustainable Natural Resource Management</i></p>	<p>When its relevance is determined during the ESIA process, the issuer of Green Bonds should identify, assess, manage and monitor the impacts and risks affecting biodiversity and ecosystems that result from the projects financed with the issuance. The biodiversity assessment should be based on the mitigation hierarchy to avoid, or where unavoidable, minimise further losses, restore and, as a last resort, compensate for any residual impacts on biodiversity and ecosystems. Where significant impacts on critical habitats have been identified such operations will be excluded. The assessment should take into account the views, roles and rights of groups, including Indigenous Peoples groups, NGOs and local communities, affected by the projects involving natural habitats and to involve such people to the extent possible in the management of the site.</p>
<p>Climate Change</p> <p>EIB E&S Standard 5 – Climate Change</p> <p><i>UNDP S&E Standard 2 - Climate Change and Disaster Risks</i></p>	<p>In all cases, the issuer of Green Bonds should assess GHG emissions at the project level and the project’s alignment with pathways to limit global warming to 1.5oC above pre-industrial levels and options to reduce transition risks.</p> <p>The issuer of the Green Bond should review whether the projects are exposed and sensitive to the changing climatic conditions that may occur during their lifetime under the SSP3-7.0 or SSP5-8.5 scenario.</p> <p>Where a project is determined to be at risk from physical climate hazards, it should undertake a Climate Risk and Vulnerability Assessment (see appendix 9 for more details) to (i) assess how climate change may affect the project and the system in which the project takes place, including the natural environment and the people potentially affected, and (ii) identify commensurate adaptation measures to reduce the risks posed by climate change to the project and the system in which it takes place.</p>
<p>Displacement</p> <p>EIB E&S Standard 6 – Involuntary Resettlement</p>	<p>When its relevance is determined during the ESIA process, the issuer of the Green Bond should ensure that all the projects which entail involuntary physical and/or economic displacement, are undertaken in accordance with a Resettlement Policy Framework (RPF) and/or Resettlement Action Plan(s) (RAP) and/or, when relevant, Livelihood</p>



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<p><i>UNDP S&E Standard 5 - Displacement and Resettlement</i></p>	<p>Restoration Plans (LRP). The resettlement planning, including measures for mitigating impacts, should be integrated in the overall ESIA process. All the documentation, and consultation processes carried out, should be clearly recorded by the issuer of the Green Bond.</p>
<p>Vulnerable Groups EIB E&S Standard 7 – Vulnerable Groups, Indigenous Peoples and Gender <i>UNDP S&E Standards Principles - Leave No One Behind, and Gender Equality and Women’s Empowerment</i></p>	<p>When its relevance is determined during the ESIA process, the issuer of the Green Bond should ensure that projects respect the rights and interests of vulnerable, marginalised or discriminated-against persons and groups, women, and Indigenous Peoples, by: (i) identifying and assessing the type, scope, nature and significance of both positive and negative project impacts on these persons and/or groups; and, (ii) identifying appropriate measures needed to avoid, minimise, mitigate or remedy negative impacts and, as appropriate, to reinforce positive effects. The promoter should include new and/or additional differentiated measures targeting these persons and/or groups in the environmental and/or social management plans.</p>
<p>Indigenous Peoples EIB E&S Standard 7 – Vulnerable Groups, Indigenous Peoples and Gender <i>UNDP S&E Standard 6 - Indigenous Peoples</i></p>	<p>For projects affecting indigenous peoples, as recognised in the United Nations Declaration on the Rights of Indigenous Peoples, the issuer of the Green Bond is responsible to engage with Indigenous Peoples in a process of informed consultation and participation to assess the potential project impacts, both cultural and physical, on these groups and gather their views regarding the project. In certain circumstances, the issuer is required to implement the free, prior, and informed consent (FPIC) process.</p>
<p>Labour Standards EIB E&S Standard 8 – Labour Rights <i>UNDP S&E Standard 7 - Labour and Working Conditions</i></p>	<p>For all projects, especially when the ESIA process reveals significant labour-associated risks, the issuer of the Green Bond should: (i) identify labour risks including in the supply chain; (ii) develop and/or maintain written labour management policies and procedures that are commensurate to its size and workforce, which should be non-discriminatory and shall observe equal opportunities; (ii) promote fair working conditions in compliance with national legislation and any collective agreements undertaken with workers’ organisations; (iii) not employ, use or benefit from child labour and/or forced or compulsory labour; (iv) identify the employment of migrant project workers and shall ensure their treatment is not less favourable than that of non-migrant project workers undertaking similar functions; (v) conduct regular monitoring and reviews of the project’s workforce to be able to identify any labour risks or violation of labour standards. These measures should be applicable to all project’s workers, whether concerning workers directly contracted by the issuer and/or workers contracted by primary contractors and/or first-tier suppliers.</p>
<p>Occupational and Public Health, Safety and Security EIB E&S Standard 9 – Health, Safety and Security</p>	<p>For all projects, especially when the ESIA process reveals significant occupational and public health, safety and security risks or impacts associated to the project, the issuer of the Green Bond should implement the necessary actions to mitigate them as an integral part of the issuer’s overall environmental and social management system (ESMS) and/or project specific environmental social management plan (ESMP), health and safety management plan (HSMP) or equivalent in order to comply with the applicable national legislation and any obligations deriving from</p>



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<p><i>UNDP S&E Standard 3 - Community Health, Safety Security</i></p>	<p>the relevant international conventions and multilateral agreements. The issuer of the Green Bond should design and operate the project in alignment with international good practices, such as those established by the International Labour Organization (ILO). Before project construction and operation, the issuer of the Green Bond should establish project level procedures and systems for investigating, recording and reporting any type of accident and incident including those causing harm to people.</p>
<p>Cultural Heritage EIB E&S Standard 10 – Cultural Heritage <i>UNDP S&E Standard 4 - Cultural Heritage</i></p>	<p>When its relevance is determined during the ESIA process, the issuer of the Green Bond should ensure that the project's location and design avoids significant adverse impacts on cultural and/or natural heritage. When impacts cannot be avoided, the issuer of the Green Bond should adequately assess, as part of the ESIA process, if any cultural and/or natural heritage is likely to be significantly affected by the project by considering the views of key relevant stakeholders and engaging professionals with appropriate expertise, experience and qualifications in cultural heritage to assist in the preparation of the assessment. The assessment should include a cultural heritage management plan, as part of the issuer's overall ESMP, to ensure that the necessary mitigation measures are properly implemented, and that the cultural heritage asset is preserved in the desired state.</p>

3.3. FUND MANAGER'S E&S RISK MANAGEMENT SYSTEM

The GGBI will identify, assess, properly manage and monitor the ECS risks and impacts through the Fund's ESMS. The specific approaches that will be used in to implement these processes are currently being defined. The following information must, therefore, be read and treated as a work in progress that will further evolve and is subject to change.

As part of the ESMS, the Fund Manager will notably ensure through appropriate due diligence, and monitoring that issuers and projects financed by the green bond (and end-borrowers and their projects in case of FIs) comply with applicable E&S laws and the fund's E&S requirements, which include alignment with EIB E&S standards. The fund manager is responsible to ensure that issuers:

- have adopted and apply environmental and social policies and/or standards as well as procedures (together considered as E&S processes), that substantially align with EIB E&S standards; and
- have appropriate capacity and resources to implement the E&S processes to adequately evaluate and manage the E&S risks and impacts associated with the use of proceeds of any issuance.

To achieve that, the Fund Manager will implement assessments both at the issuer-level and the issuance-level as well as post-issuance verifications and monitoring. Finally, clear reporting requirements are established in order to provide transparency and accountability to investors.

3.3.1. Issuer level assessments

The first step is to ensure that the country and the issuer are not excluded based on the Fund Manager's exclusion policy dedicated to GGBI. The GGBI's strategy will not invest in:

- a) Any issuer designated by the EU as subject to restrictive measures in the lists provided at www.sanctionsmap.eu (the "EU Restrictive Measures")
- b) Countries and entities under sanctions/embargo as per Credit Agricole Group Policy



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- c) Any sovereign (and associated non-commercial sub-sovereign as defined in the NDICI Regulation⁵) in debt distress or default situation by IMF
- d) Any issuer located in the EU list of non-cooperative jurisdictions for tax purposes (NCJ)⁶

As part of its ESMS, the Fund Manager will assess the issuers' policies, procedures and capacity for implement and operating the projects in alignment with the applicable E&S laws and the principles of EIB E&S standards. For this purpose, the Fund Manager will employ a due diligence questionnaire (Appendix 6) designed to gather information from the issuer.

As explained in section 4.2, it is possible that full alignment with EIB's E&S Standards cannot be verified at the time of purchase of the bonds, due to the lack of information on the specific projects. In such a case, the Fund Manager is allowed to invest in such instruments and should engage as soon as possible with the issuer to obtain and verify information necessary to confirm that proceeds are eligible and are not allocated to excluded activities on an ex-post basis.

If the information necessary to confirm that proceeds are eligible has not been provided within the first allocation report, and in any case no later than one month following the first allocation report of the bond, the Fund Manager should present its engagement results and evidenced assessment of the E&S reputational risk to the GGBI and its investors. In instances where the assessment lacking in terms of justification and evidence quality, the Fund Manager shall present a revised assessment within 3 months. In instances whereby the assessment by the Fund Manager concludes that there is no serious environmental and social reputational risk to the GGBI and its investors, the Fund Manager will continue to monitor the relevant bond's allocation reports and undertake its best efforts to obtain the required information that confirms that the relevant green bond's proceeds are not financing excluded activities. In the instances whereby the assessment by the Fund Manager concludes that a serious E&S reputational risk to the GGBI and its investors exists, the Fund Manager should divest within 3 months following the conclusion of the assessment.

In addition, the Fund Manager will apply its proprietary Environmental Social and Governance (ESG) risk assessment and management approach based on selecting the issuers with the best ESG practices within each sector. For this purpose, the Fund Manager has established an ESG scoring methodology that determines a rating or score for the investments using 38 quantifiable ESG criteria and weights. This internal rating is then combined with the ESG scores obtained from external data providers. Furthermore, the bond issuers are also screened for their alignment with industry standards or certifications as well as for ESG controversies. The methodology includes a specific approach for corporate issuers and for sovereign issuers. Further details on the specific approaches can be found in Appendix 7.

The table below demonstrates a general breakdown of the various environmental, social, and governance risks the Fund Manager has identified at the issuer level, the approach used to assess them, and the data providers used to assess and monitor these risks. The risks can have several types of consequences, including, but not limited to, reputational risks, impairment of asset value, litigation and portfolio underperformance.

Identified risk	Description	Fund Manager's assessment	Data provider used
Environmental risks	Result from the way in which an issuer controls its direct and indirect environmental impact: energy consumption, reduction of greenhouse gas emissions, fight against the depletion of resources and protection of biodiversity, etc.	Proprietary rating from A to G, established on the basis of an analysis framework (criteria and weights) of the risks and opportunities linked to the "Environment" pillar, specific to each business sector. A G rating indicates the highest risk	MSCI, Moody's ESG Solutions, ISS ESG, Sustainalytics

⁵ Available at [NDICI Regulation](#)

⁶ [EU list of non-cooperative jurisdictions for tax purposes - Consilium \(europa.eu\)](#)



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Social risks	<p>Result from the way in which an issuer manages its human capital and its stakeholders (other than shareholders).</p> <p>This covers several concepts: the social aspect linked to human capital (accident prevention, employee training, respect for employees' rights, etc.), those linked to human rights in general, and responsibilities towards stakeholders.</p>	<p>Proprietary rating from A to G, established on the basis of an analysis framework (criteria and weights) of the risks and opportunities linked to the "Social" pillar, specific to each business sector.</p> <p>A G rating indicates the highest risk.</p>	<p>MSCI, Moody's ESG Solutions, ISS ESG, Sustainalytics</p>
Governance risks	<p>Result from the way in which the issuer manages its development or result from the way in which the company organises its operations and its management bodies. This may give rise to unfair commercial practices, fraud or corruption, nondiversified boards of directors, excessive remuneration, etc.</p>	<p>Proprietary rating from A to G, established on the basis of an analysis framework (criteria and weights) of the risks and opportunities linked to the "Governance" pillar, specific to each business sector.</p> <p>A G rating indicates the highest risk</p>	<p>MSCI, Moody's ESG Solutions, ISS ESG, Sustainalytics</p>
Risks of controversy	<p>Possibility that an issuer or investment may become involved in controversy, litigation or events that could damage its reputation or ability to generate profits. May include contested business practices, violations of law, financial scandals, environmental or social problems, or other difficulties that could compromise the issuer's credibility or sustainability.</p>	<p>Proprietary methodology combining a quantitative filter to define the universe to be subjected to a qualitative evaluation. This results in a rating on a scale of 0 to 5 (5 being the worst). Controversies with a score of 3 or more are considered serious.</p>	<p>RepRisk, MSCI, Sustainalytics</p>
Physical risks	<p>Related to adaptation to climate change</p> <p>Result from damage caused by extreme weather and climate events</p>	<p>Exposure score to the physical risks of 7 extreme weather events (fire, cold wave, heat wave, water stress, coastal flooding, hurricane, flooding) on a scale of 0 to 100.</p> <p>The higher the score, the greater the risk</p>	<p>Trucost / IPCC</p>
Transition risks	<p>Related to mitigating the impact of climate change on the business model</p> <p>Result from the difference between the adjustments made to the company's activity with a view to reducing carbon emissions and a scenario consistent with limiting the rise in temperature to 1.5°C compared with pre-industrial levels. This also covers unforeseen or sudden changes.</p>	<ul style="list-style-type: none"> • Metrics on carbon emissions • Metric on the brown share of a company's activity (negative contribution to mitigation objectives) • Metric on carbon reduction targets • Proprietary energy transition rating • Temperature alignment 	<ul style="list-style-type: none"> • Trucost • MSCI / Trucost • CDP/ SBTi • MSCI, Moody' ESG Solutions, ISS ESG, MSCI, Sustainalytics • Iceberg/CDP/Trucost
	<p>Related to the contribution to the transition</p> <p>Result from the company's ability to offer goods and services that are compatible with a trajectory towards low greenhouse gas emissions and development that is resilient to climate change</p>	<p>Metric on the green share of a company's activity (positive contribution to the objectives of the Paris Agreement)</p>	<p>MSCI / Trucost / FTRussell</p>
	<p>Related to the inclusive transition</p> <p>Result from the transformation of the business model by integrating the social aspects of the energy and ecological transition</p>	<p>Proprietary rating of Just Transition on a scale from A to G</p> <p>A G rating represents the highest risk</p>	<p>MSCI/Moodys ESG/ Sustainalytics/ISS-ESG</p>
Biodiversity risks	<p>Result from climate change, soil degradation and habitat destruction, exploitation of unsustainable resources and pollution</p>	<p>"Biodiversity and pollution" rating criterion integrated into the assessment of the Environment pillar.</p> <p>Proprietary rating on a scale from A to G*.</p> <p>A G rating represents the highest risk</p>	<p>MSCI, Moody's ESG Solutions, ISS ESG, MSCI, Sustainalytics</p>
		<p>Biodiversity metric</p>	<p>Carbon4 Finance</p>



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<p>Litigation or liability risk related to environmental factors</p>	<p>Arises from the possibility that the entity may become involved in litigation that could damage its reputation or its ability to deliver performance. May include contested business practices, violations of laws, environmental damage or other events that could compromise the entity's credibility or sustainability</p>	<p>In its risk mapping, the Fund Manager's operational risks include the legal risk arising from the Fund Manager's exposure to civil, administrative or criminal proceedings, the risk of noncompliance arising from failure to comply with the regulatory and legislative provisions or ethical standards that govern its activities, and the reputational risk that may arise.</p>	
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* This metric assesses how issuers are maximising the positive impacts and minimising the negative impacts of the transition to a low-carbon economy in their sectors and industries

These assessments support the internal decision-making process on E&S matters. The Fund Manager proposes a strict exclusion policy for the worst ESG-rated companies and specific sectoral exclusions of controversial industries. The exclusion criteria will prevent the GGBI from investing in any:

- Issuers or affiliates under debarment⁷
- Issuers excluded as part of the Fund Manager's Exclusion Policy included in their Responsible Investment Policy
- Issuers rated G on The Fund Manager's ESG rating scale⁸, as they are considered incompliant with the Fund Manager's Responsible Investment policy.
- Issuers that lack the E&S Capacity commensurate to the E&S risks of the underlying sectors or type of projects to be financed by the issuance, and where use-of-proceeds serve projects with high reputational or E&S risk

3.3.2. Issuance level E&S assessments

In addition to issuer-level screening, the Fund Manager will undertake issuance-level E&S assessments. The first step is a screening at the issuance level to ensure that the issuance should not be excluded based on

- GGBI's list of excluded activities includes the Exclusion Policy in the Fund Manager's Global Responsible Investment Policy and it will be complemented by other investors required exclusions.
- Any activities listed in the GGBI's Excluded Activities List (see Appendix 3)
- Any activities that are part of the "Not Supported" list of activities as per the Paris Alignment Framework in the EIB's Climate Bank Roadmap Annex 2

The Fund Manager plans to carefully screen the bond issuance for their:

- Alignment with the issuer's overall sustainability strategy (i.e., verifying the ESG rating of the issuer)
- Green/Social Funding rationale
- Project analysis and alignment to industry standards
- Transparency assessment

In addition to the internal ESG rating of the issuer, the Fund Manager systematically checks:

- For the presence of a second party opinion or other certification, (e.g., Climate Bond (CBI) certificates)
- If the projects to be financed by the GSS bond contribute to the overall ESG strategy of the issuer to favor the energy and/or environmental transition and to generate social benefits.

If this first screening is not satisfactory, then the Fund Manager will decline the investment.

⁷ Debarred by the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Kreditanstalt für Wiederaufbau (KfW), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement (AFD)/ Proparco and Cassa de Depositi e Prestiti (CDP).

⁸ The Fund Manager's ESG rating scale goes from A for best practices to G for the worst ones.



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Once the green bond issuer has undergone an initial screening, the Fund Manager GSS bonds team conducts a comprehensive analysis of the GSS bond and its issuer across four dimensions:

1	Project analysis	– Assessment of the asset level impact. This is done by <u>analysing</u> the degree of environmental contribution of the project's expected impact, as well as the expected impact relative to the asset's geographical location.
2	Issuer analysis	– Assessment of the GSS bond issuer's overall strategy. This is done by understanding how the GSS bond is linked to the issuer's sustainability strategy and to the issuer's key performance indicators (KPIs).
3	Green/sustainable funding rationale	– Assessment of the rationale for financing green/sustainable projects through GSS Bonds. This is done by assessing the alignment between GSS bonds and green/sustainable assets in terms of purpose and size.
4	Transparency	– Assessment of the level of disclosure that the GSS bond issuer has published or is committed to. For instance, the amount of information available on funded projects, impact data and potential verification.

Moreover, the Fund Manager has developed an internal GSS bond scoring to rate each bond across the aforementioned dimensions.

This **scoring** is applied across labelled bonds from all types of issuers (corporates and sovereigns), with different weights depending on the label (Green, Social or Sustainability Bonds). The Fund Manager scores all new issuances and annually reviews the score when the bond's Allocation & Impact reports are released. The GSS Score results in different shades ranging from very dark (strong) to very light (weak).

In addition, the scoring includes an orange shade that captures bonds that are in the Fund Manager's watch list (meaning the issuer/issuance has issues that are viewed as severe and are escalated) and a red shade that refers to the GSS+ bonds that are not eligible under the Fund Manager's GSS Bond criteria.

If the analysis concludes that the GSS bond is not investable under the Fund Manager's eligibility criteria, portfolio managers are not allowed to buy the bond for inclusion in their portfolios.

3.3.3. Monitoring and Reporting

Post-issuance monitoring and reporting is a key process for the implementation of the ESMS, as it allows to ensure that the ECS performance of the issuers aligns with the commitments in their green bond frameworks, including providing reports on annual allocation and impact data. It also allows the Fund Manager to collect issuer and project data, which in turn feeds the Fund Manager's GSS bond database.

Once the investment is made, the Fund Manager will perform the following actions for each bond:

1. **Use of proceeds:** For bonds for which the Fund Manager has not been able to verify full compliance against the Eligibility Criteria or bonds not fully compliant with the Eligibility Criteria, the Fund Manager needs to ensure that the share of proceeds that can fall outside the Eligibility Criteria may not exceed 20% of the bond value within one month of the publication of the first allocation report. If the share of proceeds allocated to non-eligible activities exceeds 20% of the bond value for the full duration of two reporting years, the Fund Manager will be required to sell the bond within 3 months after the end of the two reporting years. If the share is less than 20% of the bond value, the Fund Manager will follow up annually with the issuer to assess until full allocation of bond proceeds. After that, the Fund Manager will no longer be required to annually monitor the allocation reports and engage with the issuer. The Limited Partner Advisory Committee ("LPAC") can be consulted on an ad-hoc basis to evaluate potential adjustments to the green eligibility framework.
2. **ESG controversies screening:** On a daily basis, the Fund Manager will screen potential controversies (sectors, issuers, geographic areas, etc.) and existing controversies in order for ESG



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Research analysts to initiate engagement on the issue. The Fund Manager's controversy tracking system relies on three data providers (RepRisk, MSCI and Sustainalytics) to systematically track controversies and their level of severity. This quantitative approach is then enriched with an in-depth qualitative assessment⁹ of the controversy, led by ESG Research analysts, and updated quarterly to identify any issuers with a controversy flag. The controversy flag uses third party data and covers any issuers identified:

- i. as the most severe and visible controversy-linked issuers; and
- ii. as a violator to the principles of the United Nations Global Compact.

If an issuer receives a flag, the Portfolio Manager will assess the materiality of the controversy within a reasonable amount of time. If deemed material, the respective issuer will be given a reasonable amount of time to engage and propose an appropriate remediation plan. Upon an inadequate response from the issuer, the Portfolio Manager will divest. In the event a flag relates to a severe controversy resulting in high reputational risk for the Sub-Fund, the Portfolio Manager will assess the materiality of the controversy in a timely manner on a best-efforts basis. If deemed material, the respective issuer will be pressed to provide sufficient information on the matter and the remediation plan as soon as possible. Upon an inadequate response from the issuer, the Portfolio Manager will divest.

3. **Review of the issuer's environmental performance:** On a regular basis, the Fund Manager shall review the issuer's E&S performance to ensure that it is on track or improving and not lagging. If it is the latter, the analysis is updated to reflect these changes. The Fund Manager's internal laggard list is used and is updated once a year by the whole ESG Research Team. The Fund Manager will run a specific engagement process for medium-risk issuers on the areas where the issuer is deemed to be below industry standards. The Fund Manager will engage with issuers to encourage them to integrate better ESG practices: including setting targets for their ESG strategy, improve their E&S policies, get details from the issuer on the remediation plan set to address a controversy.
4. **Allocation and impact reporting:** One year after the issuance, the Fund Manager will check the availability of the allocation and impact report of the green bonds. If the Fund Manager is unable to find it or there are discrepancies in the impact data, the Fund Manager will engage with the issuer to clarify and improve information at the bond level. Some engagement actions may include understanding calculation methodology of problematic data, promoting ICMA harmonised framework for impact reporting, promoting Life Cycle Assessment (LCA) considerations, alignment with the EU Taxonomy, etc.

All of the information or data collected in the above-mentioned actions are gathered into an internal proprietary GSS bond database that allows the Fund Manager to monitor the investable GSS bond universe. All bonds are reviewed once a year to reflect changes in the data. This internal database allows us to feed issuer and issuance level data at the fund level, which allows for a better understating of the allocation and impact of the fund.

To implement its reporting duties, the Fund Manager will convene a regular (at least once a year or whenever a GGBI investor calls such a meeting) E&S committee, where the fund's E&S performance and impact/quality of reporting will be presented and discussed. Furthermore, the Fund Manager will make available to GGBI investors any additional information, which is in their possession or they can reasonably obtain and that the GGBI investors may reasonably request, concerning environmental or social matters related to the investments.

⁹ The qualitative assessment of controversy, include frequency, magnitude and extent of the controversy (s), response provided by the company and any corrective measures taken by the company, potential business impact or impact on stakeholders, source (quality and visibility), duration and relevance.



4. SPECIFIC ARRANGEMENTS FOR MANAGING ENVIRONMENTAL & SOCIAL RISKS AND IMPACTS OF THE GCF'S CONTRIBUTION TO THE GGBI INVESTMENTS

4.1. INTRODUCTION

Upon a formal agreement between EIB, the GCF, the EC, and the Fund Manager and with the objective of supporting the implementation of the ESG Charter, the Fund Manager's ESMS could be further enhanced within the GCF's contribution to the GGBI operations through additional GCF's contribution to the GGBI-funded support, such as:

- E&S risk screening tools.
- Technical Assistance

4.2. E&S RISK SCREENING TOOLS

A rapid E&S risks screening tool for portfolios can create a single list of eligible activities that incorporate activities in the EIB criteria for substantial contributions to climate mitigation and adaptation (see Appendix 1 of this ESMF) and the IFC guidelines for biodiversity and blue finance eligible activities and the eligible activities in the EU Taxonomy Environment Delegated Act (Appendix 2). This list should not be fixed and may be further expanded to include priority investments identified in the country's NDCs, NAPs, and other climate and biodiversity finance investment plans.

This overall list would then clearly divide the eligible activities supported into:

- Activities without potentially significant risks/impacts that may proceed without (or with very limited and easy-to-apply) E&S requirements. These would fall into the GCF ESS category C projects.
- Activities with a limited range of potentially significant risks/impacts that require only partial ESIA and/or partial/targeted assessments of applicable E&S requirements pertaining to specific areas that may require particular attention. These would fall into the GCF ESS category B projects.
- Activities with potentially significant risks/impacts that require detailed assessments through full-fledged ESIA would fall into the GCF ESS category A projects.

The categorisation of these economic activities can be done on a GCF's contribution to the GGBI-wide basis and may be further adjusted for the E&S risk context of each of the GCF's contribution to the GGBI countries (reflecting its regulatory requirements, E&S risk management practice, and compliance factors).

The rapid screening tool could then be supplemented with the elaboration of a more detailed E&S risks screening approach for specific projects, which would provide the relevant green bond issuers (and other potentially interested stakeholders—such as national regulatory bodies, auditing and consulting companies, etc.) with more detailed technical advice to facilitate sound E&S risk management within their operations and practices.

4.3. UNDP TECHNICAL ASSISTANCE DURING IMPLEMENTATION OF THE GCF'S CONTRIBUTION TO THE GGBI

Another avenue of support for the implementation of the ESMF could be the provision of technical assistance in the form of capacity building for the issuers on ESS standards and gender considerations.



5. STAKEHOLDER ENGAGEMENT: EXTERNAL COMMUNICATIONS AND INFORMATION DISCLOSURE

Overall, the stakeholder engagement process will follow the GGBI stakeholder engagement process that, considering the nature of the initiative, boils down to external communications and information disclosure.

For GCF's contribution to the GGBI, there is a specific stakeholder engagement plan designed for the 10 GCF's contribution to the GGBI countries. This is the appendix 7 of GCF funding proposal.

The GGBI is committed to maintaining transparency and accountability in all its operations. As part of this commitment, the GGBI ensures that all relevant stakeholders are adequately informed about the progress, achievements, and challenges of its initiatives, including for the GCF's contribution to the GGBI.

5.1. ROLES AND RESPONSIBILITIES

The Fund Manager (GGBI Fund): The Fund Manager, responsible for managing the equity component of the GCF programme, will regularly communicate investment performance, strategy, and outcomes through regular reports to GCF and other equity investors in the Fund. This includes quarterly and annual reports, press releases, and updates on significant milestones.

UNDP (Technical Assistance Component): The United Nations Development Programme (UNDP), which implements the technical assistance component of the GCF programme, will provide comprehensive updates on capacity-building activities, technical support provided, and progress towards achieving resilience and sustainability goals. This information will be disseminated through detailed reports, case studies, and success stories.

5.2. EXTERNAL COMMUNICATIONS

Grievances redress or complaints mechanism: As part of its ESMS, the Fund Manager is required to maintain an external communication mechanism, with clear procedures and timelines, providing publicly available and easily accessible channels to receive communications, grievances and/or queries from the public or concerned stakeholders affected by the Fund's activities/operations. More details are provided below on the Fund Manager's complaints mechanism.

Website: The GGBI (or EIB) should maintain a dedicated section on its website for the GCF's contribution to the GGBI. This section will include key documents, progress reports, news updates, and contact information for stakeholder inquiries.

Press Releases and Media Engagement: Regular press releases will be issued to inform the public and stakeholders about significant developments, partnerships, and milestones achieved. Media engagements and interviews will be conducted to enhance visibility and transparency.

Stakeholder Meetings and Workshops: Periodic stakeholder meetings and workshops will be organized by UNDP to provide updates, gather feedback, and foster collaborative efforts. These events will be an opportunity for stakeholders to engage directly with the project team and Fund Manager.

Reports and Publications: Comprehensive annual reports detailing financial performance, project impact, and future plans will be published and made available to all stakeholders. Interim reports and publications on specific aspects of the programme will also be released as necessary.

Social Media and Newsletters: Active engagement on social media platforms and through newsletters will ensure continuous and widespread dissemination of information. These channels will be used to share real-time updates, success stories, and important announcements.



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5.3. INFORMATION DISCLOSURE

The GGBI is dedicated to upholding the highest standards of information disclosure. The following principles will guide our disclosure practices:

- **Transparency:** Clear and accessible information will be provided to all stakeholders, ensuring an understanding of the programme's objectives, activities, and outcomes.
- **Timeliness:** Information will be disclosed promptly to keep stakeholders informed of the latest developments and to enable timely decision-making.
- **Accuracy:** All disclosed information will be accurate, comprehensive, and verifiable, ensuring stakeholders have a reliable basis for their engagements and decisions.
- **Accessibility:** Efforts will be made to ensure that information is easily accessible to all stakeholders, including through multiple languages and formats where necessary.

5.4. COMPLAINTS MECHANISM

A dedicated process will be set up for GGBI (including use of a specific mailbox to be used by the public or concerned stakeholders), in line with the Fund Manager's complaints handling policy.

As an overarching policy, the Group to which the Fund Manager belongs to has already developed some guidelines for handling complaints. The complaint handling system allows bad commercial practices or deficiencies to be detected.

As part of the guidelines, it is highlighted the importance to accurately inform customers of the means at their disposal to file complaints and to determine the review and handling process for complaints, in particular if several Group Entities are involved. Regulators usually closely monitor how companies handle complaints.

Usually, a statement expressing dissatisfaction from a client, whether justified or not, filed against a Group Entity, can be identified as a complaint. This approach must be analysed in the light of the local regulations applicable to the customer by the Entity in charge of customer or commercial relations, which receives the complaint, which may then rely on other Entities of the Group to handle the complaint.

In order to be processed and to receive an appropriate response, a complaint must therefore clearly state the subject of the complaint's dissatisfaction and contain factual elements relating to a product or service offered by a Group Entity. This usually involves assessing and analysing the complaints received in order to address customer dissatisfaction, written in a "reasonable" form and tone and with an unambiguous intention.

Each Group Entity must set up an internal process for receiving, handling and monitoring complaints, and inform customers that, if no satisfactory solution is found, a mediation procedure (where applicable) is available to them, free of charge.

When handling complaints, each Group Entity is responsible for identifying deficiencies in respect of sales and customer protection, in order to implement corrective action within the relevant Entity, Group or among employees involved in sales and complaint handling.



Appendices

Appendix 1. List of sectors and activities that meet EIB's criteria for substantial contributions to climate mitigation and adaptation

Appendix 2. List of sectors and activities that meet IFC and EU Taxonomy criteria for substantial contributions to other environmental objectives

Appendix 3. GGBI's List of Excluded or Restricted Activities

Appendix 4. GCF's contribution to the GGBI's Grievance Redress Mechanism

Appendix 5. The Fund Manager's E&S due diligence questionnaire.

Appendix 6. Issuer-level Assessments

Appendix 7. Stakeholder Engagement Plan

Appendix 8. Guidance to Climate Risk and Vulnerability Assessment

Appendix 9: Indigenous People Planning Framework

Appendix 10: SEAH

Appendix 11: Resettlement Policy Framework



Appendix 1. List of sectors and activities that meet EIB’s criteria for climate change mitigation finance

Sector	Activity	Source of Criteria	Source Number	Notes
Forestry	Afforestation	EU Taxonomy Delegated Act	1.1	See note above on greenhouse gas assessment.
	Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event		1.2	
	Forest management		1.3	
	Conservation forestry		1.4	
Environmental protection and restoration activities	Restoration of wetlands	EU Taxonomy Delegated Act	2.1	
Agriculture, Land Use and Fisheries	Reduction in energy consumption in operations	MDB/IDFC Common Principles	Table 5, Activity 1	
	Agricultural projects that contribute to increasing the carbon stock in the soil or avoiding loss of soil		Table 5, Activity 2	
	carbon through erosion control measures			
	Reduction of non-CO ₂ greenhouse gas emissions from agricultural practices or technologies		Table 5, Activity 3	
	Projects that reduce methane or other greenhouse gas emissions from livestock		Table 5, Activity 4	
	Livestock projects that improve carbon sequestration through rangeland management		Table 5, Activity 5	
	Projects that reduce greenhouse gas emissions from the degradation of marine ecosystems or other water-based ecosystems		Table 5, Activity 7	



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	Projects that reduce CO ₂ e intensity in fisheries or aquaculture		Table 5, Activity 8	
	Projects that reduce food losses or waste or promote lower-carbon diets		Table 5, Activity 9	
	Projects that contribute to reduction of greenhouse gas emissions through production of biomaterials		Table 5, Activity 10	
	Greening of urban areas		Table 9, Activity 3	
Manufacturing	Manufacture of renewable energy technologies	EU Taxonomy Delegated Act	3.1	
	Manufacture of equipment for the production and use of hydrogen		3.2	
	Manufacture of lowcarbon technologies for transport		3.3	
	Manufacture of batteries		3.4	
	Manufacture of energy efficiency equipment for buildings		3.5	
	Manufacture of other lowcarbon technologies		3.6	See note above on greenhouse gas assessment.
	Manufacture of cement		3.7	
	Manufacture of aluminium		3.8	
	Manufacture of iron and steel		3.9	
	Manufacture of hydrogen		3.10	See note above on greenhouse gas assessment.
	Manufacture of carbon black		3.11	
	Manufacture of soda ash		3.12	
	Manufacture of chlorine		3.13	
	Manufacture of organic basic chemicals		3.14	
	Manufacture of anhydrous ammonia		3.15	



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Sector	Activity	Source of Criteria	Source Number	Notes		
	Manufacture of nitric acid		3.16			
	Manufacture of plastics in primary form		3.17			
	Highly efficient or low carbon greenfield manufacturing facilities or greenfield supplementary equipment or production lines at an existing manufacturing facility	MDB/IDFC Common Principles	Table 4, Activity 3	These categories apply for manufacturing activities not covered by the EU Taxonomy Delegated Act.		
	Brownfield industrial energy efficiency improvement		Table 4, Activity 1			
	Brownfield replacement of equipment or processes based on fossil fuels with electrical equipment or processes components		Table 4, Activity 4			
	Retrofit of existing industrial infrastructure resulting in avoidance of industrial greenhouse gases, a switch to industrial greenhouse gases with lower global warming potential, or implementation of technologies or practices that minimise leakages		Table 4, Activity 6			
	Improvements to existing industrial processes, new processes or advanced manufacturing technology solutions, leading to a reduction in consumption of non-energy primary resources through changes in processes or process inputs		Table 4, Activity 7			
Energy	Electricity generation using solar photovoltaic technology		EU Taxonomy Delegated Act		4.1	



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	Electricity generation using concentrated solar power technology	EU Taxonomy Delegated Act	4.2	
	Electricity generation from wind power	EU Taxonomy Delegated Act	4.3	
	Electricity generation from ocean energy technologies	EU Taxonomy Delegated Act	4.4	
	Electricity generation from hydropower	EU Taxonomy Delegated Act	4.5	See note above on greenhouse gas assessment.
	Electricity generation from geothermal energy	EU Taxonomy Delegated Act	4.6	See note above on greenhouse gas assessment.
	Electricity generation from renewable non-fossil gaseous and liquid fuels	EU Taxonomy Delegated Act	4.7	See note above on greenhouse gas assessment.
	Electricity generation from bioenergy	EU Taxonomy Delegated Act	4.8	
	Production of electricity and/or heating/cooling from gaseous fuels	MDB/IDFC Common Principles	Table 2, Activity 2	The threshold applied is that facilities must operate at life cycle emissions lower than 100 g CO ₂ e/kWh output.
	Transmission and distribution of electricity	EU Taxonomy Delegated Act /	4.9 / Table 2, Activity 10	The EU taxonomy and MDB/IDFC Common Principles are used according to applicability in particular geographic areas.



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	MDB/IDFC Common Principles		
Storage of electricity	EU Taxonomy Delegated Act / MDB/IDFC Common Principles	4.10 / Table 2, Activity 9	The EU taxonomy and MDB/IDFC Common Principles are used according to applicability in particular geographic areas.
Storage of thermal energy	EU Taxonomy Delegated Act	4.11	
Storage of hydrogen	EU Taxonomy Delegated Act	4.12	
Storage of (other) low carbon gases	MDB/IDFC Common Principles	Table 2, Activity 9	
Manufacture of biogas, biofuels and bioliquids	EU Taxonomy Delegated Act	4.13	
Transmission and distribution networks for renewable and low-carbon gases	EU Taxonomy Delegated Act	4.14	
District heating/cooling distribution	EU Taxonomy Delegated Act	4.15	



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	Installation and operation of electric heat pumps	EU Taxonomy Delegated Act	4.16	
	Cogeneration of heating/cooling and power from solar energy	EU Taxonomy Delegated Act	4.17	
	Cogeneration of heating/cooling and power from geothermal energy	EU Taxonomy Delegated Act	4.18	See note above on greenhouse gas assessment.
	Cogeneration of heating/cooling and power from renewable non-fossil gaseous and liquid fuels	EU Taxonomy Delegated Act	4.19	See note above on greenhouse gas assessment.
		Act		
	Cogeneration of heating/cooling and power from bioenergy	EU Taxonomy Delegated Act	4.20	
	Production of heating/cooling from solar thermal heating	EU Taxonomy Delegated Act	4.21	
	Production of heating/cooling from geothermal energy	EU Taxonomy Delegated Act	4.22	See note above on greenhouse gas assessment.
	Production of heating/cooling from renewable non-fossil gaseous and liquid fuels	EU Taxonomy Delegated Act	4.23	See note above on greenhouse gas assessment.
	Production of heating/cooling from bioenergy	EU Taxonomy	4.24	



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		Delegated Act		
	Production heating/cooling waste heat of using	EU Taxonomy Delegated Act	4.25	
	Energy efficient street lighting	MDB/IDFC Common Principles	Table 9, Activity 3	
Water supply, sewerage, waste management and remediation	Construction, extension and operation of water collection, treatment and supply systems	EU Taxonomy Delegated Act	5.1	
	Renewal of water collection, treatment and supply systems	EU Taxonomy Delegated Act	5.2	
	Construction, extension and operation of waste water collection and treatment	EU Taxonomy Delegated Act	5.3	
	Energy efficiency and demand management in water supply (considered as greenfield activities). Energy efficiency in sewerage systems	MDB/IDFC Common Principles	Table 6, Activities 3 and 4	
	Wastewater reuse	MDB/IDFC Common Principles	Table 6, Activity 8	
	Renewal of waste water collection and treatment	EU Taxonomy Delegated Act	5.4	



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	Collection and transport of waste in source segregated fractions	EU Taxonomy Delegated Act & MDB/IDFC Common Principles	5.5 Table 7, Activity 1	The EIB scope includes hazardous waste collection, which is an eligible activity in the MDB/IDFC Common Principles. Although it is not within the scope of Section 5.5 of the EU Taxonomy Delegated Act, it is mentioned in the Technical Expert Group's taxonomy report as an activity for future consideration in the taxonomy where it enables material recovery.
	Anaerobic digestion of sewage sludge	EU Taxonomy Delegated Act	5.6	
	Anaerobic digestion of bio-waste	EU Taxonomy Delegated Act	5.7	
	Composting of bio-waste	EU Taxonomy Delegated Act	5.8	
	Material recovery from waste	EU Taxonomy Delegated Act & MDB/IDFC Common Principles	5.9 Table 7, Activity 5	The EIB scope includes material recovery from hazardous waste, such as waste electrical and electronic equipment, since it is an eligible activity in the MDB/IDFC Common Principles. Although it is not within the scope of Section 5.9 of the EU Taxonomy Delegated Act, hazardous waste treatment recovery is mentioned in the Technical Expert Group's taxonomy report as an activity for future consideration in the taxonomy where it enables material recovery.
	Landfill gas capture and utilisation	EU Taxonomy Delegated Act	5.10	
	Other types of recovery and valorisation of biowaste	MDB/IDFC Common	Table 7, Activity 8	



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	Principles		
Material recovery from separately collected or pre-sorted waste involving processes other than mechanical processes	MDB/IDFC Common Principles	Table 7, Activity 5	The Delegated Act Activity 5.5 specifies mechanical recycling only. The EIB scope also includes chemical recycling of plastics, since it is recognised in Section 3.17 of the EU Taxonomy Delegated Act as an eligible source of secondary material for the manufacture of primary plastics. The same applies for material recovery of hazardous waste streams using physicochemical, chemical and thermochemical processes (see further justification above).
Carbon Capture of CO ₂	MDB/IDFC Common Principles	Table 2, Activity 8; Table 4, Activity 5	This category complements the EU Taxonomy Delegated Act's separate activities "Transport of CO ₂ " and "Underground permanent geological storage of CO ₂ ," to cover full carbon capture and storage chains. It provides criteria for the carbon capture component of carbon capture and storage projects that are not otherwise covered by the wider economic activities of the EU Taxonomy Delegated Act.
Transport of CO ₂	EU Taxonomy Delegated Act	5.11	
Underground permanent geological storage of CO ₂	EU Taxonomy Delegated Act	5.12	
Transport	Passenger interurban rail transport	EU Taxonomy Delegated Act	6.1
	Freight rail transport	EU Taxonomy Delegated	6.2



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	Act		
Urban and suburban transport, road passenger transport	EU Taxonomy Delegated Act	6.3	
Operation of personal mobility devices, cycle logistics	EU Taxonomy Delegated Act	6.4	
Transport by motorbikes, passenger cars and light commercial vehicles	EU Taxonomy Delegated Act	6.5	
Freight transport services by road	EU Taxonomy Delegated Act	6.6	
Inland passenger water transport	EU Taxonomy Delegated Act	6.7	
Inland freight water transport	EU Taxonomy Delegated Act	6.8	
Retrofitting of inland water passenger and freight transport	EU Taxonomy Delegated Act	6.9	
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	EU Taxonomy Delegated Act	6.10	



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Sea and coastal passenger water transport	EU Taxonomy Delegated Act	6.11	
Retrofitting of sea and coastal freight and passenger water transport	EU Taxonomy Delegated Act	6.12	
Infrastructure for personal mobility, cycle logistics	EU Taxonomy Delegated Act	6.13	
Infrastructure for rail transport	EU Taxonomy Delegated Act	6.14	For criteria related to the need for a plan for electrification, a longer timescale may be defined for some developing countries, where justified in exceptional circumstances.
Infrastructure enabling low-carbon road transport and public transport	EU Taxonomy Delegated Act	6.15	
	Act		
Infrastructure enabling low-carbon water transport	EU Taxonomy Delegated Act	6.16	
Other water transport infrastructure projects	MDB/IDFC Common Principles	Table 8, Activity 5	This category covers elements not covered in 6.16 of the EU Taxonomy Delegated Act, in particular modal shift, which is an area identified in Recital 34 of the Delegated Act as requiring further consideration.
Low-carbon airport infrastructure	EU Taxonomy Delegated Act	6.17	
Transport demand management policy or	MDB/IDFC Common	Table 8, Activity 8	



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	associated intelligent transport systems	Principles		
	Efficient air traffic management	MDB/IDFC Common Principles	Table 8, Activity 10	
Construction and real estate activities	Construction of new buildings	EU Taxonomy Delegated Act	7.1	<p>For outside the European Union, adoption of best energy standards is required as compared to a baseline which is defined on a case-by-case basis. For example, internationally recognised certification schemes with an energy baseline defined through a transparent, practical method (IFC Edge certification, LEED, BREEAM, etc.), and achievement of energy levels 20% below the baseline.</p> <p>Criteria relating to disclosure on airtightness and thermal integrity for buildings over 5000 m² will be applied to new EU projects from 2022. Projects for which the preliminary information note was approved before 2022 are exempt from applying criterion 2, subject to Board approval of the operation by the end of 2022.</p> <p>The EIB is working during 2022 to establish guidance for the implementation of criteria on life cycle global warming potential.</p>
	Renovation of existing buildings	EU Taxonomy Delegated Act	7.2	<p>An alternative approach to major renovation is applied, where the projects outside the EU adopt best energy standards as compared to a different baseline, for example internationally recognised green building certification standards, while retaining the threshold of at least 30% energy reduction. In specific cases outside the European Union where the split of renewable energy is not possible or</p>



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				if the certification schemes used do not implement such split, reductions in net primary energy demand through renewable energy sources may be taken into account.
	Installation, maintenance and repair of energy efficiency equipment	EU Taxonomy Delegated Act	7.3	
	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	EU Taxonomy Delegated Act	7.4	
	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	EU Taxonomy Delegated Act	7.5	
	Installation, maintenance and repair of renewable energy technologies	EU Taxonomy Delegated Act	7.6	
Information and communication	Data processing, hosting and related activities	EU Taxonomy Delegated Act	8.1	
	Data-driven solutions for greenhouse gas emissions reductions	EU Taxonomy Delegated Act	8.2	See note above on greenhouse gas assessment.
	Telecommunications networks with energy efficiency levels that meet best international practices	MDB/IDFC Common Principles	Table 10, Activity 3	
	Digitisation of service delivery or internal operations, leading to a substantial reduction in travel or material use	MDB/IDFC Common Principles	Table 12, Activity 3	



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Professional, scientific and technical activities	Close to market research, development and innovation (RDI)	EU Taxonomy Delegated Act	9.1	See note above on greenhouse gas assessment.
	Research, development and innovation for direct air capture of CO ₂	EU Taxonomy Delegated Act	9.2	See note above on greenhouse gas assessment.
	Other RDI	MDB/IDFC Common Principles	Table 11	To cover early-stage RDI, and RDI in climate change mitigation activities not covered by the EU Taxonomy Climate Delegated Act.
	Professional services related to energy performance of buildings	EU Taxonomy Delegated Act	9.3	
Cross-sectoral	New or replacement stand-alone energy efficient appliances or equipment	MDB/IDFC Common Principles	Table 9, Activity 5	For activities not covered elsewhere.
	Policy action, technical assistance and programmes in support of the eligible activities	MDB/IDFC Common Principles	Introductory text	

EIB criteria for substantial contributions to climate change adaptation

	Sector	Activity	Source of criteria
Adapted activities	Sectors covered by the EU taxonomy	Activities in sectors covered by the EU taxonomy	EU Taxonomy Delegated Act MDB joint methodology for tracking climate change adaptation finance
	Sectors not covered by the EU taxonomy	Activities in sectors not covered by the EU taxonomy	MDB joint methodology for tracking climate



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			change adaptation finance
Activities enabling adaptation	FORESTRY	Afforestation Rehabilitation and restoration of forests Reforestation Forest management Conservation forestry Restoration of wetlands	EU Taxonomy Delegated Act

	INFORMATION AND COMMUNICATION	Programming and broadcasting activities dedicated to climate risk, impacts and adaptation	EU Taxonomy Delegated Act
	ARTS, ENTERTAINMENT AND RECREATION	Creative, arts and entertainment activities Motion picture, video and television programme production, sound recording and music publishing activities	EU Taxonomy Delegated Act
	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	Engineering activities and related technical consultancy dedicated to adaptation to climate change	EU Taxonomy Delegated Act
		Research, development and innovation	EU Taxonomy Delegated Act
	FINANCIAL AND INSURANCE ACTIVITIES	Non-life insurance: underwriting of climate related perils	EU Taxonomy Delegated Act
		Reinsurance	EU Taxonomy Delegated Act
	SECTORS NOT COVERED BY THE EU TAXONOMY	Activities not covered by the EU taxonomy	Technical expert group's final report



Appendix 2. List of sectors and activities that meet IFC and EU Taxonomy criteria for substantial contributions to other environmental objectives tagged against GCF IRMF

Under the Eligibility criteria aspect, the MDB/IDFC Common Principles for Climate Mitigation provided a detailed list of activities that are eligible for mitigation investment, a table summary is provided below.

https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf

Potential eligible investment activities for mitigation

Sector	Potential Investment Activities (non-exhaustive list)	Tag to GCF IRMF
Agriculture	<ul style="list-style-type: none"> Investment in agricultural practices that reduce greenhouse gas emissions, such as precision agriculture, agroforestry, and organic farming. Support for methane capture and utilization technologies in livestock farming operations 	MRA 4: Forests and land use
Buildings	<ul style="list-style-type: none"> Investment in energy-efficient building retrofits including insulation, HVAC systems, and energy-efficient appliances. Support for the adoption of renewable energy systems such as rooftop solar panels and solar water heaters. 	MRA 3: Buildings, cities, industries and appliances
Industrial Energy & Processes	<ul style="list-style-type: none"> Investment in energy-efficient technologies and equipment for industrial processes to reduce fuel consumption and emissions. Support for the adoption of cleaner fuels and technologies such as biomass, biogas, or hydrogen for industrial heating and power generation. Funding for industrial process optimization and waste heat recovery systems to improve energy efficiency. Support for the adoption of low-carbon alternatives in industrial manufacturing such as green cement production methods. 	MRA 3: Buildings, cities, industries and appliances
Power Industry	<ul style="list-style-type: none"> Investment in renewable energy projects such as solar, wind, mini-hydro, biomass, biogas, and geothermal power plants. Funding for energy storage technologies to support the integration of intermittent renewable energy sources. 	MRA 1: Energy generation and access
Transport	<ul style="list-style-type: none"> Investment in electric vehicle (EV) infrastructure including charging stations and battery swapping facilities. 	MRA 2: Low-emission transport



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	<ul style="list-style-type: none"> Support for the adoption of alternative cleaner fuels such as biofuels, hydrogen, and synthetic fuels for transportation. Investment in “green” public transportation systems including buses, trains, and electric mobility solutions. 	
Waste	<ul style="list-style-type: none"> Investment in waste-to-energy projects such as anaerobic digestion, landfill gas capture, and waste incineration with energy recovery. Support for recycling infrastructure and waste management systems to reduce landfill emissions. 	<p>MRA 1: Energy generation and access</p> <p>MRA 4: Forests and land use</p>

The MDB/IDFC Common Principles for Climate Adaptation did not provide such eligible adaptation activities. Therefore, the following table is prepared to replicate the list of activities that are eligible for mitigation investment, aligning to GCF result areas:

GCF results area	Potential Investment Activities	Related climate hazards/impacts
Ecosystems & Ecosystem Services	Afforestation and reforestation as adaptation opportunity	Flooding Drought Extreme Temperature Water scarcity
Ecosystems & Ecosystem Services	Restoration and management of coastal wetlands	Sea Level Rise Drought Storms Flooding
Ecosystems & Ecosystem Services	Groynes and breakwaters	Sea Level Rise Storms Flooding
Ecosystems & Ecosystem Services	Beach and shoreface nourishment	Sea Level Rise Storms Flooding
Ecosystems & Ecosystem Services	Water sensitive forest management	Water Scarcity Storms Droughts Flooding
Ecosystems & Ecosystem Services	Dune construction and strengthening	Sea Level Rise Flooding
Health, Food & Water Security	Improvement of irrigation efficiency	Droughts Water scarcity
Health, Food & Water Security	Rehabilitation and restoration of rivers and floodplains	Droughts Storms Flooding Sea Level Rise



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Health, Food & Water Security	Adaptation of drought and water conservation plans	Water Scarcity Droughts
Health, Food & Water Security	Water recycling	Water Scarcity Droughts
Health, Food & Water Security	Establishment and restoration of riparian buffers	Droughts Storms Water scarcity Flooding Sea Level Rise
Health, Food & Water Security	Improved water retention in agricultural areas	Droughts Water scarcity Flooding
Health, Food & Water Security	Use of adapted crops and varieties	Extreme Temperatures Water scarcity Droughts
Health, Food & Water Security	Conservation agriculture	Water Scarcity Droughts
Health, Food & Water Security	Desalinization	Droughts Water scarcity
Health, Food & Water Security	Adaptation of groundwater management	Droughts Sea Level Rise Water scarcity
Infrastructure & Built Environment	Climate proofed road design, construction and maintenance	Ice and Snow Storms Extreme Temperatures Flooding
Infrastructure & Built Environment	Adaptation options for hydropower plants	Droughts Flooding Water scarcity
Infrastructure & Built Environment	Adaptation options for electricity transmission and distribution networks and infrastructure	Storms Ice and Snow Extreme Temperatures
Infrastructure & Built Environment	Climate proofing of buildings against excessive heat	Extreme Temperatures
Infrastructure & Built Environment	Storm surge gates / flood barriers	Sea Level Rise Storms Flooding
Infrastructure & Built Environment	Floating and amphibious housing	Flooding Sea Level Rise Storms



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Infrastructure & Built Environment		Adaptation or improvement of dikes and dams	Sea Level Rise Storms Flooding
Multiple areas	adaptation	Raising coastal land	Flooding Sea Level Rise Storms
Multiple areas	adaptation	Cliff strengthening and stabilization	Sea Level Rise Storms
Multiple areas	adaptation	Seawalls and jetties	Sea Level Rise Storms Flooding
Multiple areas	adaptation	Green spaces and corridors in urban areas	Extreme Temperatures Flooding Water scarcity
Multiple areas	adaptation	Agro-forestry and crop diversification	Flooding Extreme Temperatures Droughts
Multiple areas	adaptation	Water sensitive urban and building design	Flooding Water scarcity Droughts
Multiple areas	adaptation	Adaptation of integrated coastal management plans	Sea Level Rise Storms Flooding
Multiple areas	adaptation	Adaptation of fire management plans	Droughts Extreme temperatures
Multiple areas	adaptation	Establishment of early warning systems	Water Scarcity Storms Droughts Flooding Ice and snow Extreme temperatures Landslides/ Mud flows Glacial lake outburst floods



Appendix 3. GGBI's List of Excluded or Restricted Activities

The following list of excluded activities is preliminary and serves to inform the members of the GGBI consortium on the state of play of negotiations.

General conditions:

Where the information included in green bond or sustainability-bond frameworks is insufficient to conclude whether specific exclusion criteria – such as energy performance thresholds for certain financed activities – have been met, the Fund Manager may in good faith rely on information that comes directly from the issuer or on other sources of information providing reasonable assurance (such as second-party opinions, audited reporting, existing national sectoral legal requirements) to assess compliance with the exclusion criteria.

Ex-post verification

In the event that information to verify the inclusion or exclusion of the projects is not readily available at the time of issuance, ex-post verification would be set up for certain activities, under specific conditions that will be further elaborated in the final ESG Charter of the Fund.

Excluded activities

1. Projects which result in limiting people's individual rights and freedom, or violation of human rights, including the production or use or trade in, or activities involving, harmful or exploitative forms of forced labour /harmful child labour , as defined by ILO Fundamental Labour Conventions.
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-out or bans such as:
 - a. Production of or use of or trade in products containing PCBs .
 - b. Production, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally .
 - c. Production, use of or trade in ozone-depleting substances and substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides and chemicals .
 - d. Production or use of or trade in persistent organic pollutants .
 - e. Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
 - f. Transboundary movements of waste prohibited under public international law .
3. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources, to projects significantly impacting on protected areas, or to cultural heritage sites (including UNESCO World Heritage Site) without appropriate mitigation/compensation.



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4. Any activities involving significant degradation, conversion or destruction¹⁰ of Critical Habitats¹¹.
5. Sex trade and any related infrastructure, services and media.
6. Unsustainable fishing methods (e.g. drift net fishing in the marine environment using nets in excess of 2.5 km in length, blast fishing, and electric shocks).
7. Production and distribution of racist, anti-democratic and/or neo-Nazi media.
8. Tobacco (production, manufacturing, processing and distribution).
9. Live animals for scientific and experimental purposes, including the breeding of these animals, unless in compliance with the EU Directive 2010/63/EU as amended by Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purpose
10. Ammunition and weapons, military/police equipment or infrastructure, correctional facilities, prisons.
11. Gambling, casinos and equivalent enterprises and related equipment, or hotels hosting such facilities.
12. Any use of proceeds that finance political or religious activities.
13. Commercial concessions over, and logging on tropical and/or primary natural forest; Conversion of natural forest to a plantation.
14. Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; activities that lead to clear cutting and/or degradation of tropical and/or primary natural forests or high nature value forest.
15. Irrigated forests¹².
16. New palm oil plantations
17. Any activities relating to the deliberate release of Genetically Modified Organism (GMO), unless in compliance with EU Directive 2001/18/EC and EU Directive 2009/41/EC and related country acquis, as further amended.
18. Animal cloning, in particular livestock activities
19. Activities involving live animals for scientific and experimental purposes, including the breeding of these animals, unless in compliance with the EU Directive 2010/63/EU as amended by

¹⁰ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost. For avoidance of doubt – destruction of critical habitat does not take into consideration mitigation and compensatory measures.

¹¹ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union ("IUCN") classification, including habitat required for the survival of critically endangered, endangered or vulnerable species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitat. For the purposes of this Agreement, the ESG Policies and Procedures attached hereto as Schedule B are understood and agreed to provide reasonable and satisfactory assurance of the avoidance of destruction of critical habitat. Critical Habitat includes species under strict protection in accordance with Art. 12-16 of the Habitats Directive.

¹² Exception for temporary watering in the first 3 years after planting is allowed in order for the seedlings to develop deep rooting systems to ensure high survival rates.



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Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purposes.

20. Activities relating to gene editing in research animals, unless unless in compliance with Directive 2010/63/EU and Directive 2001/18/EC as further amended, where relevant
21. Any activity that leads to forced evictions¹³ unless the evictions are carried out in accordance with national law and in full compliance with the provisions of international human rights treaties¹⁴;
22. Any actions that amount to retaliation in its operations.
23. Any gender-based violence and harassment in the context of the Projects it finances
24. Extraction, mining of conflict minerals and metals.
25. Nuclear plants;
26. Hydropower plants with a capacity of over 50MW are excluded. Any other greenfield hydropower projects associated with potentially significant environmental and social risks and impacts are also excluded, unless these risks are managed in line with international good practice¹⁵
27. Waste incineration, to the extent that alignment to the Green Eligibility Framework^{Error! Bookmark not defined.} cannot be verified.
28. Manufacturing: coke oven products and refined petroleum products.
29. Energy-intensive industrial manufacturing activities¹⁶ associated with significant CO2 emissions, to the extent that alignment to the Green Eligibility Framework^{Error! Bookmark not defined.} cannot be verified.
30. Activities that, based on the assessment of the fund or the issuer, bear significant environmental and social risks/impacts, significant physical or economic resettlement, or displacement (including due to environmental degradation) involuntary resettlement of indigenous peoples or local traditional communities and/or use of customary traditional or ancestral land, impacts on critical habitats or on critical cultural heritage (both tangible and intangible) sites, and/or traditions or in general activities which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project does not require an ESIA.

Additional excluded activities under Paris Agreement alignment:

ENERGY

- Coal mining, processing, transport and storage.
- Oil exploration and production, refining, transmission, distribution and storage.
- Natural gas exploration and production, liquefaction, regasification, transmission, distribution and storage.
- Large-scale heat production for district heating based on unabated oil, natural gas, coal or peat, with the exceptions shown in heating and cooling above.
- Coal/peat/oil (if natural gas is available) used for industrial heat production.

¹³ Forced eviction: an eviction that is done without the provision of, and access to, appropriate forms of legal or other protection.

¹⁴ Including the procedural protections against forced evictions as outlined in UN Committee on Economic, Social and Cultural Rights (CESCR), General Comment No.7 (the right to adequate housing (Art.11.1): forced evictions, 20 May 1997, E/1998/22) - <http://www.refworld.org/docid/47a70799d.html>); and, the UN Basic Principles and Guidelines for Development-based Evictions and Displacement - <https://www.ohchr.org/EN/Issues/Housing/Pages/ForcedEvictions.aspx>

¹⁵ International good practice means adherence to either of the following guidelines: [EIB Environmental, Climate and Social Guidelines on Hydropower Development](#); [IFC Environmental, Health and Safety Approaches for Hydropower Projects](#) in conjunction with the applicable [IFC Performance Standards 1-8](#); EBRD Environmental and Social Guidance Note for Hydropower Projects; [CBI Hydropower Criteria](#) and associated ESG Gap Analysis.

¹⁶ E.g. cement, aluminium, iron and steel, basic chemicals, fertilizers, plastics.



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- Power generation from unabated fossil fuels (including the energy network connection thereof), exceeding a performance threshold of 250 gCO₂/kWh_e.
- Power generation from geothermal exceeding a performance threshold of 250 gCO₂/kWh_e,
- Hydro-power plants (including the energy network connection thereof), exceeding a performance threshold of 250 gCO₂/kWh_e or an energy density of under 5W/m².
- Biogas/biomass energy generation without certified proof of sustainable feedstock sourcing (i.e., environmental and social impact assessment or internationally accepted sustainability certification issued by a third party).

INDUSTRY

- Greenfield or substantial expansions of EII production predominantly based on traditional high-carbon processes without accompanying abatement technology such as CCS or recourse to renewable energy sources. This would include investments in e.g. greenfield conventional coke-based blast furnace (BF/BOF) primary steel production, fully fossil-based production of chemicals and plastics, fossil-based nitrogen fertiliser synthesis, production of ordinary Portland cement clinker unless the project includes a suitable decarbonisation technology (such as CCS or CCU).
- Research, Development and Innovation, and associated manufacturing:
 - Products dedicated exclusively to the coal, oil and gas sectors including transport/exploration/use/storage.
 - Internal combustion engine (ICE) passenger vehicles, ICE powertrains for passenger cars and dedicated components.
 - Ships and conventional aircraft using carbon-intensive fuels (i.e. HFO, MDO, MGO, kerosene) and dedicated components.
 - Fossil-based power generation, and associated components.

TRANSPORT

- Vehicles and infrastructure dedicated to the transport and storage of fossil fuels (dedicated vessels and railcars, coal and oil terminals, LNG bulk breaking facilities, etc.). Dedicated is defined as built and acquired with the explicit intention to predominantly transport or store fossil fuels over the life of the project.
- Maritime vessels using only conventional fuels (i.e. HFO, MDO, MGO)
- Conventionally-fuelled aircraft
- Airport capacity expansion.
- Mobile assets (e.g. passenger vehicles, busses, heavy vehicles, trains) to the extent that alignment to the Green Eligibility Framework cannot be verified.
- Large new road capacity infrastructure (dual carriageway and larger).

BUILDINGS

- Buildings associated with the extraction, storage, transportation or production of fossil fuels.
- New buildings that do not fall into the top 15% of the national or regional building stock expressed as operational Primary Energy Demand, or new buildings that do not use or comply with a national or international green building certification.

BIOECONOMY

- AFOLU/LULUCF investments and/or other projects that aim to produce or make use of agricultural or forestry products associated with unsustainable expansion of agricultural activity into land that had the status of high carbon stock and high biodiversity areas (i.e. primary and secondary forest, peatlands, wetlands, and natural grasslands) on 1 January 2008 or thereafter.
- Biomaterials and biofuel production that make use of feedstocks that can compromise food security.
- Export-oriented agribusiness models that focus on long-haul air cargo for commercialisation (i.e. investments dependent on the long-haul, intercontinental air-cargo shipment of fresh, perishable agricultural goods).



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- Meat and dairy industries based on production systems that involve unsustainable animal rearing and/or lead to increased GHG emissions as compared to best industry, low-carbon standards/benchmarks.

WATER AND WASTE

- Waste incineration (power) plants, exceeding a performance threshold of 250 gCO₂/kWh.
- Desalination, if associated power generation exceeds a performance threshold of 250 gCO₂/kWh.
- New sanitary landfills or landfill cells that do not include landfill gas abatement and control systems, and that are not included as part of an integrated waste management project.

ICT

- Any new, or substantial expansions of hyper-scale data centres (>5,000 servers or >10,000 square feet or >20MW) in non-EU countries (countries with non-aligned power systems), with electricity not sourced in line with the Bank's Emission Performance Standard (EPS), i.e. 250gCO₂/kWh

HUMAN CAPITAL

- Public research activities or supporting equipment and infrastructure that are directly and exclusively related to unabated fossil fuels.



Appendix 4. GCF's contribution to the GGBI's Grievance Redress Mechanism

The GCF's contribution to the GGBI's Grievance Redress Mechanism will be one and the same as the GGBI Grievance Mechanism, which is based on the following requirements as per EIB's E&S Standards:

As early as possible, the promoter shall establish an effective project-level grievance mechanism to receive and facilitate redress for concerns and grievances of stakeholders throughout the EIB project cycle. This mechanism shall cover aspects related to all Standards, except for employer-workforce relations including occupational health, safety and security aspects, as a separate grievance structure is dedicated to this purpose in line with requirements in Standards 8 and 9. The grievance mechanism sets out a clear step-by-step process with indicative timeframes, outcomes, defined monitoring and performance indicators, and reporting requirements.

The project-level grievance mechanism may use any existing formal or informal mechanisms, provided they are properly designed and implemented, and suitable for project purposes. If deemed necessary by the EIB, these may be supplemented with project-specific arrangements. The mechanism should: (i) address concerns promptly and effectively; (ii) be free from intimidation, coercion and reprisals; and (iii) be inclusive.

The mechanism shall also be gender inclusive and responsive, and address potential access barriers to men and women, non-binary or gender non-conforming persons, young persons and the elderly, illiterate persons, or otherwise vulnerable, marginalised and discriminated-against groups, as appropriate. It should guarantee the privacy of individuals and include the anonymity option. The information about the access to the project's grievance mechanism process should be publicly available in relevant languages and via suitable channels.

The project-level grievance mechanism shall document and address concerns in a timely manner, through dialogue and engagement, using an understandable, fair and transparent process that is culturally appropriate, rights-compatible and readily accessible to all stakeholders at no cost and without retribution. The mechanism shall include appeals options and it shall not impede, or purport to impede, complainants' access to alternative judicial or administrative channels for lodging complaints, such as the EIB Group's Complaints Mechanism.¹⁷

¹⁷ [Any natural or legal person who alleges a case of maladministration by the EIB Group in its decisions, actions and/or omissions can lodge a complaint with the EIB's Complaints Mechanism. More information can be found here: https://www.eib.org/en/about/accountability/complaints/index.htm.](https://www.eib.org/en/about/accountability/complaints/index.htm)



Appendix 5. E&S due diligence questionnaire

I. General ESG Questionnaire

Exclusion Policies

1 Do you have **exclusion policies** in place?

If Yes, can you list activities that you exclude (you can add activities where cells are blank or override existing ones)?

Coal		Tobacco	
Other fossil fuels		Weapons	
Deforestation		Ozone Depleting Substances	
Palm oil cultivation		Radioactive materials and asbestos	
Unsustainable fishing methods			
Gambling			
Child / forced labour			

Do you follow the IFC exclusion list ?

 [Link](#)

Do you follow the EIB exclusion list ?

 [Link](#)

2 Do you apply these exclusions on your **lending activities** ?

3 Do you apply these exclusions on your **capital market activities** ?

4 For **coal**, do you have a **phase out plan** in place ?

Target
Year

 e.g. 2030

Which activities are encompassed?

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0/450

*If you do not have a phase out plan in place, can you elaborate on the **reason** why?*

0/900

5 What is your **current exposure** (in amount and in % of your total lending activities) on **Coal/Other fossil Fuels/ Deforestation**?

	Coal	Other Fossil Fuels	Deforestation
<i>Amount (in USD equiv)</i>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Percentage of your total Lending Activities</i>	<input type="text"/>	<input type="text"/>	<input type="text"/>

6 Any **other exclusion policy** you would like to highlight or comment you would like to make?

0/900

Carbon Footprint

7 Do you assess your **carbon footprint**?

Scope 1	<input type="text"/>	Scope 2	<input type="text"/>	Scope 3	<input type="text"/>	Own Operations	<input type="text"/>
Lending Activities	<input type="text"/>	Capital Activities	<input type="text"/>	Market	<input type="text"/>	% of activities Covered	<input type="text"/>

*If Yes, which **tool / international standard** do you use for this assessment?*

0/600

8 Do you have **decarbonisation targets** for your activities? If you have a Net Zero strategy, please go directly to the question 10

If Yes, can you provide details on the targets:



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Target Year Baseline % Reduction target Scope 1/2

Target Year Baseline % Reduction target Scope 3

What would be your **main steps** to achieve your decarbonisation targets within the timeframe?

0/900

If Yes, has your pathway been **validated by an external organisation** (auditor, consultant ...)?

Which verifier:

Additional comments related to decarbonisation if needed

0/900

Net Zero

9 Have you issued a **Net Zero pledge**?

If yes, can you detail your targets and the scope covered?

	<i>Interim target % reduction</i>	<i>Target Year</i>	<i>% Covered</i>	<i>Comment (if any)</i>
<i>Scope 1 & 2</i>	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>
<i>Scope 3</i>	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>
<i>Long term target % reduction</i>	<i>Target Year</i>	<i>% Covered</i>	<i>Comment (if any)</i>	
<i>Scope 1 & 2</i>	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>
<i>Scope 3</i>	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 50%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>

10 Is your target aligned with **Paris Agreement**?



11 Is your target **Science Based**?

If yes, under which **standard**?

0/900

12 Is the executive management **remuneration linked to the NZ targets or other key ESG objectives**?

Remuneration %

Board supervision of NZ policy?

If yes, how are you **tracking the progress**?

0/900

Physical Risk Assessment

13 Are you performing a **Physical Risk Assessment** of your Loan Portfolio and/or Investments?

	<i>Physical Risk Assessment</i>	<i>Frequency</i>	<i>Other</i>
<i>Loan Portfolio</i>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Investments</i>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If yes, do you use IPCC scenario to assess the physical risk of your assets?

If yes, how do you assess this risk (e.g. exposure analysis, scenario analysis, stress testing,...)? Can you please elaborate?

0/900

14 Do you have **policies and procedures** for effective management of climate-related financial risk?

Source Link:



15 Do you have an **audit process** in place to verify that those policies / procedures are effectively applied? If yes, under what frequency are they done?

Frequency
 Other

16 How do you integrate **climate-related risks/opportunities** in your business operations?

0/900

17 What **procedure** do you apply to assets that are deemed to have a **High Physical Risk**?

0/900

[Link to IIGCC](#)

For reference :

II. Specific Sustainable Financing Questionnaire

a) Rationale for the Sustainable Framework

1 Do you have a target on the % or amount of **new business that you would like to dedicate to sustainable lending** ?

Percentage
Amount (USD equiv)
Target Year

2 What is the % of **sustainable financing** of your total lending portfolio over the last three years?

###
###
###

3 Do you have a **sustainable product offering**? (Such as discount rate for green loans; better affordability for asset renovation / debt staggering for low-income borrowers).



If yes, please detail

0/900

b) Environmental and Social Risk Assessment of projects financed

We would like to have a better view on your project selection process and how you assess the environmental and social risks of the projects you finance (i.e. not financing a project that could be detrimental to environment, local population ...).

Identification of Risks and Impacts

4 Are you using any performance standards or principles to assess the E&S risks and impact of the projects you finance ?

If yes, are you aligned with International FI standards such as the IFC, EBRD or EIB standards ?

IFC

EBRD

EIB

Other

5 Do you have an Environmental and Social Management System (ESMS) in place?

Source Link:

If yes, can you describe how you assess the potential adverse effect of the projects you finance on the environment (pollution, water, biodiversity, climate change...) or society (local communities)?

0/1200

6 Do you categorize your lending assets according their E&S impacts/risks (using IFC/IUCN categories or internal ones)?

[Link IUCN](#)

[Link IFC](#)

7 In case of risky lending, do you set an Environmental and Social Management Plan (ESMP) to mitigate the risk?



8 Are you an Equator Principles signatory?

9 Do you use external certification to ensure that the projects you finance have no negative externalities? If yes, please elaborate

0/900

10 More specifically, do you cover the following E&S risks either through national laws or internal policies when financing a new project?

Labor and Working Conditions	<input type="text"/>	Indigenous Peoples	<input type="text"/>
Resource Efficiency and Pollution Prevention	<input type="text"/>	Cultural Heritage	<input type="text"/>
Community Health, Safety, and Security	<input type="text"/>	Climate Change	<input type="text"/>
Land Acquisition and Involuntary Resettlement	<input type="text"/>	Vulnerable Groups and Gender	<input type="text"/>
Biodiversity Conservation and Sustainable Management of Living Natural Resources	<input type="text"/>		<input type="text"/>

11 Do you have human rights due diligence processes in place when selecting sustainable projects?

In particular, how do you integrate the ILO conventions and recommendations into your project selection?

0/900

How do you ensure that projects will not lead to forced / child labor?

0/900

12 Any additional comment you would like to make on your E&S assessment process?

0/900

Organisational Capacity

13 Can you describe how E&S management is being structured in your organisation? For instance, the number of people in charge, who is responsible, which part of the FI is supervising E&S management?



0/900

14 Do you perform regular review of the E&S risk assessment once loans have been granted?

Frequency

Other

If yes, who is supervising this review?

0/450

15 Do you have an audit process in place to ensure that the monitoring is done as stated in internal policies? If yes please elaborate

0/450

Escalation and Engagement Process

16 Have you set up a grievance mechanism to enable stakeholders to report any problems related to the development of a project?

17 How do you ensure that grievance from affected communities and other stakeholders of projects that you finance are responded to and managed in a proper way?

0/900

18 Have you experienced a significant controversy on a project you financed?

Date

If yes, do you have an escalation process in place and can you describe it?

0/900

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19 Do you engage and set up remediation plans in conjunction with your borrower to mitigate negative externalities on the projects you finance?

If yes, can you provide some examples?

0/900

20 Have you already stopped financing projects from a client that was not responsive to your engagement?

If yes, can you provide some examples?

0/900



Appendix 6. Issuer-level ESG assessments

ESG assessment of corporate issuers

The Fund Manager’s ESG Research analysts are sector specialists tasked with:

- Staying abreast of emerging and advanced ESG topics and monitor trends of each business sector;
- Assessing sustainability risks and opportunities as well as negative exposure to sustainability factors;
- Selecting relevant KPIs and weights associated in the Fund Manager’s proprietary ESG scoring system.

Our ESG analysis methodology is comprised of 38 criteria to determine the ESG profile of each sector of activity. Of the 38 criteria; 17 are cross-sector criteria, common to all companies regardless of their business sector, and 21 are sector-specific criteria, as shown in the table below:

	ENVIRONMENT	SOCIAL	GOVERNANCE
GENERIC CRITERIA	Emissions & Energy	Health & Safety	Board Structure
	Water Management	Working Conditions	Audit & Control
	Biodiversity & Pollution	Labour Relations	Remuneration
	Supply Chain - Environment	Supply Chain - Social	Shareholders’ Rights
		Product & Customer Responsibility	Ethics
		Community Involvement & Human Rights	Tax practices
			ESG Strategy
SECTOR-SPECIFIC CRITERIA	Clean Energy	Bioethics	
	Green Car	Responsible Marketing	
	Green Chemistry	Healthy Product	
	Sustainable Construction	Tobacco Risk	
	Responsible Forest Management	Vehicle Safety	
	Paper Recycling	Passenger Safety	
	Green Investing & Financing	Responsible Media	
	Green Insuring	Data Security & Privacy	
	Green Business	Digital Divide	
	Packaging	Access to Medicine	
		Financial Inclusion	

Source: The Fund Manager.

The weighting of ESG criteria is a key element of ESG analysis. The weight attribution model considers that ESG criteria can have an influence on the value of a firm by means of 4 vectors: regulation, reputation, business model, operational efficiency.

To weight the ESG criteria, the ESG research analyst considers the likelihood and the magnitude of the impact of each factors on the following two materialities:

- 1st materiality: Ability to anticipate and manage the sustainability risks and opportunities inherent to its industry and to its individual circumstances
- 2nd materiality: Ability of the management team to handle potential negative impact of their activities on the sustainability factors

This approach to analysis through the two materialities allows analysts to prioritise risks by taking into account the particularities and events specific to each sector. The weightings take into account the intensity of the risk involved, whether it is emerging or established, and its time horizon. In this way, the most material



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risks are given the highest weighting. ESG ratings are calculated by using the ESG criteria and weights assigned by the analysts and combining the ESG scores obtained from our external data providers.

At each stage of the calculation process, the scores are normalised into Z-scores. Z-scores are a way to compare results to a “normal” population (deviation in the issuer's score compared with the average score of the sector, by number of standard deviations). Each issuer is assessed with a score scaled around the average of their sector, enabling to distinguish best practices from worst practices at sector level. At the end of the process, each company is assigned an ESG score (approximately between -3 and +3) and the equivalent on a scale from A to G, where A is the best, and G the worst. Rating D represents the average scores (from -0.5 to +0.5); each letter corresponds to a standard deviation. There is only one ESG rating for each issuer, regardless of the benchmark universe chosen. The ESG rating is therefore “sector neutral: no sector is privileged or, conversely, disadvantaged.

ESG assessment for sovereigns

The Fund Manager's ESG sovereign scoring methodology aims to assess the ESG performance of sovereign issuers. E, S and G factors can have an impact on the issuer's ability to repay its debt in the medium and long-term. They can also reflect on how countries are faring in dealing with major sustainability issues that affect global stability. The Fund Manager's methodology relies on a set of about 50 ESG indicators deemed relevant by the Fund Manager ESG research to address sustainability risks and sustainability factors. Each indicator can weigh in several data points, coming from different sources, including open-source international databases (such as from the World Bank Group, the United Nations, etc.) and proprietary databases. The Fund Manager has defined the weights of each ESG indicator contributing to the final Fund Manager's sovereign ESG scores, and its various sub-components (E, S and G). The indicators are sourced from an independent data provider – Verisk Maplecroft. All indicators have been grouped into eight categories in order to provide greater clarity, each category falling into one of the pillars E, S or G. Similar to our corporate ESG rating scale, issuers' ESG score is translated in an ESG rating ranging from A to G.

Environmental	Climate change - Natural Capital
Social	Human Rights - Social Cohesion - Human Capital - Civil Rights
Governance	Governance Effectiveness - Economic Environment



Appendix 7. Stakeholder Engagement plan

1. Introduction

The principles guiding stakeholder engagement within the GCF contribution to the Global Green Bond Initiative (GGBI) prioritize inclusiveness, transparency, and responsiveness. These principles aim to foster trust, collaboration, and accountability as key tenets of the program's stakeholder engagement strategy across the 10 target countries: Angola, Bangladesh, Brazil, Cameroon, Côte d'Ivoire, Egypt, Kenya, Namibia, Senegal, and Uganda. The focus is on promoting green bond issuance to close the financing gap for climate change mitigation and adaptation.

2. Principles Guiding Stakeholder Engagement

This Stakeholder Engagement Plan will not focus solely on specific technical assistance outputs but will be anchored in core principles designed to ensure meaningful and inclusive interactions with a wide range of stakeholders.

2.1 Inclusiveness

We commit to engaging a broad spectrum of stakeholders, ensuring that the voices of all relevant actors, including underserved communities, national and subnational governments, private sectors, civil society organizations, and institutional investors, are included. Engagement strategies will be sensitive to local contexts, aiming to bridge gaps between stakeholders with varying levels of power, influence, and technical understanding.

- **Key Principle:** Ensure that stakeholder engagement is representative and inclusive, with particular attention to marginalized groups and smaller market actors.

2.2 Transparency

Clear, accurate, and accessible communication will underpin all interactions. We will ensure that stakeholders receive timely and detailed information about the GGBI objectives, processes, and outcomes. Transparent communication helps build trust and legitimacy for the GGBI while managing expectations regarding its limitations and possibilities.

- **Key Principle:** Ensure all stakeholders have access to relevant, understandable, and accurate information regarding GGBI activities, progress, and decision-making.

2.3 Responsiveness

Stakeholder feedback will be actively solicited and responded within the GGBI scope of activities to the extent possible...

- **Key Principle:** Develop mechanisms to collect and respond to stakeholder needs within GGBI scope of activities to the extent possible..

2.5 Cultural and Contextual Sensitivity

Stakeholder engagement processes will be tailored to the cultural and socio-political contexts of the target countries. By recognizing and adapting to local nuances, the program will build trust and facilitate meaningful dialogue with a wide range of stakeholders.



- **Key Principle:** Customize stakeholder engagement strategies to reflect the local social, cultural, and political contexts of each target country.

2.6 Equity and Fairness

Engagement efforts will ensure equity and fairness in participation, especially for stakeholders who may face barriers to engagement, such as low capacity or resources. The program will provide additional support, , to enable equitable participation.

- **Key Principle:** Promote fair and inclusive stakeholder engagement .

3. Engagement Modalities

To translate these principles into action, the envisaged stakeholder engagement program will adopt the following engagement modalities:

3.1 Information Disclosure and Transparency

- Maintain a dedicated online platform that provides stakeholders with regular updates, reports, and data on the program’s activities.
- Distribute reports in multiple formats (e.g., online reports, newsletters, and social media updates) to ensure accessibility for different stakeholders.

3.2 Stakeholder Feedback Mechanisms

- Establish open feedback channels (e.g., workshops, surveys, public consultations) to continuously gather input from stakeholders on the program's operations.
- Implement grievance redress mechanisms that ensure any concerns or complaints are addressed promptly and transparently.

4. Grievance Redress Mechanism

A formal grievance redress mechanism will be established to ensure that all stakeholders have an opportunity to raise concerns about the program’s implementation, particularly in cases where stakeholder interests are negatively impacted. The mechanism will be easily accessible, transparent, and consistent with global best practices in accountability.

5. Commitment to Continuous Improvement

Recognizing that effective stakeholder engagement is an evolving process, the GGBI is committed to learning from stakeholder interactions and global best practices.



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Through these principles, the GGBI aims to not only meet but exceed global standards for meaningful, impactful, and ethical stakeholder engagement, ensuring that all voices are heard and valued throughout the program's life cycle.

6. Preliminary Stakeholder Mapping

- **Government Ministries (Finance, Environment, Planning)**
- **Potential Green Bond Issuers** (Sovereign, Sub-sovereign, Corporate)
- **National Service Providers, Regulators, and Government Institutions**
- **Private Sector Local Investors**
- **Public Actors, CSOs, Community Representatives**



Appendix 8. Indigenous Peoples Planning Framework

First, it should be noted that the proposed GCF contribution to the GGBI initiative does not relate to a standard project finance activity but rather to the purchasing of bonds on listed markets or through private issuance. Therefore, this approach differs significantly from the one adopted for area-based project finance, where the exact location and impact of the investment are known.

Per the GGBI exclusion list, activities that are likely to cause adverse impacts to Indigenous people are automatically excluded from GGBI investment. This concerns:

- Activities that, based on the assessment of the fund or the issuer, bear significant environmental and social risks/impacts, significant physical or economic resettlement, involuntary resettlement of indigenous peoples or local traditional communities and/or use of customary land, impacts on critical habitats or on critical cultural heritage sites, or in general activities which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project does not require an ESIA.

In addition, the ESG screening system of the fund manager will include indicators that might be relevant to screen out projects for Indigenous Peoples, gender and Gender-Based Violence and Harassment considerations (if data is available, based on multiple industry ESG databases).

When applying its ESMS, the fund manager is expected to ensure that the issuer has policies and procedures in place that align with the provisions of EIB's Standard 7 on Vulnerable Groups, Indigenous Peoples and Gender, that can be summarized as follows:

1. **Screening and Identification of Indigenous Peoples:** Early in the project, the promoter must identify whether Indigenous Peoples, as defined in paragraph 10 of Standard 7, are present in the project area or if their lands, territories, or resources might be impacted. If so, their rights and interests must be recognized and considered in compliance with relevant national legislation and this Standard.
2. **Consultation and Engagement:** The Standard emphasizes meaningful, culturally appropriate consultation with Indigenous Peoples throughout the project cycle. This includes engaging them from the early stages of project design and continuing through to implementation, ensuring their voices are heard in decision-making processes.
3. **Free, Prior, and Informed Consent (FPIC):** For projects that affect Indigenous Peoples' lands or resources, the FPIC process is required. This means consent must be obtained without coercion or manipulation, and Indigenous communities must be fully informed about the potential impacts of the project. If FPIC is required, no project financing can proceed without documentation proving the consent of the affected communities.
4. **Impact Assessment:** An independent assessment must be conducted to evaluate both the positive and negative impacts of the project on Indigenous Peoples. This includes considering how the project might affect their cultural heritage, livelihoods, and natural resources.
5. **Development of an Indigenous Peoples Development Plan (IPDP):** Where Indigenous Peoples are affected, a tailored IPDP must be prepared, outlining how the project will avoid or mitigate negative impacts and promote benefit-sharing. This plan should be integrated into a broader Community Development Plan (CDP) when Indigenous and non-Indigenous communities are affected.
6. **Monitoring and Reporting:** The promoter must ensure that the project's monitoring system is gender-responsive and tracks the implementation of the engagement processes and mitigation measures designed to protect the rights and interests of Indigenous Peoples. Regular reports must be provided, documenting the progress of the project, including any challenges or changes in the approach.



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This IPPF, based on the alignment with EIB's E&S standards, will serve as a guideline to ensure that Indigenous Peoples' rights and interests are safeguarded and respected throughout the funded activities by the GCF's contribution to the GGBI.

Appendix 9. Sexual Exploitation, Abuse, and Harassment (SEAH)

First, it should be noted that the proposed GCF contribution to the GGBI does not relate to a standard project finance activity but rather to the purchasing of bonds on listed markets or through private issuance. This approach differs significantly from area-based project finance, where the exact location and impact of the investment are known.

Per the GGBI exclusion list, activities that could likely present risks of SEAH are automatically excluded from GGBI investment.

In addition, the Fund Manager's ESG screening system will aim to screen controversies related to gender and SEAH consideration (if data is available, based on multiple industry ESG databases).

When applying its ESMS, the Fund Manager is expected to ensure that the issuer has policies and procedures that align with EIB's E&S Standards. Such policies and procedures should be aligned with the requirements of the Standards that cover aspects related to Sexual Exploitation, Abuse and Harassment (SEAH) under the more general umbrella of Gender-Based Violence and Harassment (GBVH) and can be summarized as follows:

- **Standard 1: Environmental and Social Impacts and Risks**
 - **Risk Identification and Management:** The standard mandates an integrated approach to identifying, assessing, and managing environmental, social, and human rights impacts, including GBVH risks. This includes addressing gender-specific risks and risks related to vulnerable groups like women and children.
 - **Mitigation Measures:** EIB requires projects to implement prevention and mitigation strategies, following the "mitigation hierarchy." These strategies aim to prevent and reduce negative impacts like GBVH.
 - **Stakeholder Engagement:** The standard encourages active engagement with communities and other stakeholders to identify risks related to GBVH, ensuring transparency and inclusivity in the process.
- **Standard 2: Stakeholder Engagement**
 - **Inclusive Engagement:** EIB mandates that stakeholder engagement should be inclusive and gender-sensitive, with special attention to marginalized and vulnerable groups. Projects must ensure that women, girls, and other at-risk populations are included in the decision-making process and are provided with safe spaces to voice concerns.
 - **Grievance Mechanism:** Projects must establish a grievance mechanism that is accessible to all stakeholders, particularly vulnerable groups. The grievance process should address GBVH concerns and provide a non-retaliatory environment for complaints.
- **Standard 7: Vulnerable Groups, Indigenous Peoples, and Gender**
 - **Protection of Vulnerable Groups:** EIB emphasizes that discrimination, entrenched social and gender roles and attitudes, gender-based violence and lack of access to decision-making can weaken the resilience of Indigenous People and other groups and render them disproportionately vulnerable to adverse project impacts.. The standard requires targeted



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measures to address gender-based violence and sexual exploitation, ensuring that such groups are not marginalized in the project's development and implementation.

- **Gender-Specific Measures:** The standard mandates that projects consider the specific needs of women and girls, incorporating GBVH prevention into project planning and execution.

- **Standard 8: Labor Rights**

Prevention of Exploitation in the Workplace: EIB projects must respect international labour standards, prohibiting sexual harassment and exploitation in the workplace. Employers are required to maintain policies and mechanisms that protect employees from GBVH and provide avenues for addressing grievances.

- **Influx Management Plan:** The standard mandates that specific measures must be in place to address the risks of gender-based violence and potential adverse impacts in the case of significant influx of workers.

- **Standard 9: Health, Safety, and Security**

- **Workplace and Community Safety:** EIB highlights the need for ensuring the safety of both workers and community members. This includes creating safe working conditions that protect against all forms of harassment, abuse, and exploitation.
- **Incident Reporting:** In case of incidents like GBVH, the standard requires immediate reporting, investigation, and appropriate corrective actions to prevent recurrence.

Therefore, the GCF's SEAH policy is addressed by requesting the Fund Manager to screen the relevant policies and procedures of the issuers in line with these requirements in EIB's E&S Standards, which collectively cover a comprehensive framework for preventing more broadly GBVH in projects ensuring that the project environments remain safe and inclusive for all stakeholders.

Finally, under the UNDP technical assistance component, there will be public training courses designed for Indigenous People policy, SEAH policy and gender equity, and Gender-Based Violence, which will be made available to all potential issuers.



Appendix 10. Resettlement Policy Framework

First, it should be noted that the proposed GCF contribution to the GGBI does not relate to a standard project finance activity but rather to the purchasing of bonds on listed markets or through private issuance. This approach differs significantly from area-based project finance or equity funds, where the exact location and impact of the investment are known.

Per the GGBI's exclusion list, activities that would involve significant physical or economic resettlement or displacement (including due to environmental degradation), involuntary resettlement of indigenous peoples or local traditional communities and/or use of customary traditional or ancestral land are automatically excluded from GGBI investment.

In addition, the Fund Manager's ESG screening system will aim to screen controversies related to resettlements (if data is available, based on multiple industry ESG databases).

When applying its ESMS, the Fund Manager is expected to ensure that the issuer has policies and procedures that align with EIB's E&S Standards. Such policies and procedures should be aligned with the requirements of Standard 6 on Involuntary Resettlement and can be summarized as follows:

- **Avoidance and Minimization of Resettlement:** Involuntary resettlement should be avoided wherever possible. If unavoidable, the project design should be adjusted to minimize the impact. Efforts should be made to mitigate the social and economic impacts of the resettlement.
- **Eligibility Criteria and census:** The Promoter should identify the concerned persons as per paragraph 18 and should then conduct a census to identify all Project-Affected Persons (PAPs)
- **Consultation and Participation:** The promoter must ensure active and meaningful consultation with affected persons (PAPs) and disclose relevant information in a timely and accessible manner. The consultations should account for vulnerable and marginalized groups, including considerations on gender.
- **Compensation and Livelihood Restoration:** Compensation must be provided at full replacement cost for assets and other losses incurred due to the resettlement. Livelihoods and living standards should be restored or improved to pre-project levels.
- **Resettlement Planning:** The project promoter is required to prepare a **Resettlement Action Plan (RAP)** or a **Resettlement Policy Framework (RPF)**, and/or a Livelihood Restoration Plan depending on the scope of the resettlement. These plans should include a census, eligibility criteria, and measures for ensuring displaced persons are compensated fairly and have their livelihoods restored.
- **Vulnerable Groups and Gender Dimensions:** Special attention should be given to vulnerable groups and ensure they are protected in the resettlement process. Gender-specific issues must also be addressed, and women should have equal rights in resettlement processes and compensation mechanisms.
- **Grievance Mechanism:** The project must establish an appropriate grievance mechanism for PAPs to be able to raise any issues arising from the resettlement process. The mechanism should be socially appropriate and accessible to all and should not impede access to the country's judicial and administrative system.
- **Monitoring and Evaluation:** The project promoter is responsible for monitoring the resettlement process and ensuring its compliance with the EIB E&S standards. Monitoring reports should be submitted to the EIB, and if significant impacts occur, an external party must conduct a review or audit of the resettlement.