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GLOBAL GREEN BOND INITIATIVE – GREEN AND RESILIENCE DEBT PLATFORM (under GCF financing)

Consultation of the Environmental and Social Management Framework (June 2024 – August 2024)

For responses to this consultation, please [contact the EIB and](#) provide the name of the project. Thank you in advance for your views.

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Annex VI (b) – Environmental and Social Management Framework

Green Climate Fund Funding Proposal

Green and Resilience Debt Platform (GRDP): Leveraging green, resilience, and blue bonds to catalyse private investment in climate action, notably for adaptation

Environmental and Social Management Framework

DRAFT

20 June 2024



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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



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1. EXECUTIVE SUMMARY

The Environmental and Social Management Framework (ESMF) is designed to support the Green and Resilience Debt Platform (GRDP) project proposal to the Green Climate Fund (GCF). The GRDP aims to leverage green resilience and blue bonds to catalyze private investment in climate action, with a specific focus on climate change adaptation. This project is part of the broader Global Green Bond Initiative (GGBI), facilitated by a consortium of Development Finance Institutions (DFIs) and backed by the European Commission.

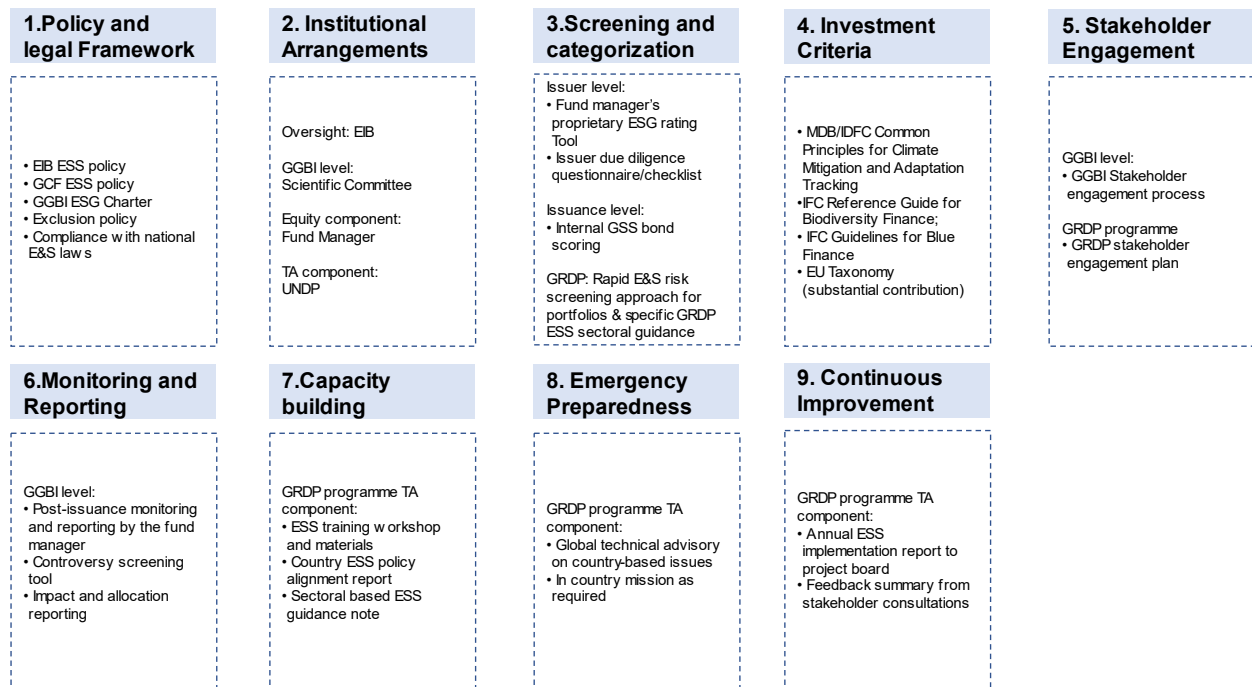
Objectives of the GRDP programme and scope of the ESMF

Catalyzing Investment: The GRDP intends to facilitate €200 million GCF equity investment into the GGBI, aiming to raise €2-3 billion in total capital. This initiative will target green bond issuances in several countries, including Kenya, Côte d'Ivoire, Namibia, Senegal, Angola, Cameroon, Uganda, Egypt, Brazil, and Bangladesh.

Environmental and Social Risk Management: The ESMF ensures that the GRDP supports projects for which the environmental and social (E&S) risk and impacts have been adequately identified, assessed, managed, and monitored. It includes procedures to prevent investments in projects with significant E&S risks and to ensure that supported green bond issuers comply with internationally recognised E&S standards.

Technical Assistance: Implemented by UNDP, the GRDP will offer technical assistance to help target countries overcome barriers to green bond issuance. This assistance will include knowledge support, capacity building, and alignment with national development priorities.

Key Components of the ESMF



The Environmental and Social Management Framework (ESMF) for the Green and Resilience Debt Platform (GRDP) is a cornerstone of the initiative, ensuring that all supported projects uphold the highest environmental and social (E&S) standards. The GRDP operates within the larger Global Green Bond



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Initiative (GGBI) framework, incorporating rigorous procedures and safeguards to manage and mitigate potential E&S risks.

Environmental and Social Safeguard Process

Risk Assessment and Management: The GRDP 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. The assessments ensure that only projects with acceptable E&S risks and impacts are financed.

Integration of Standards: The GRDP integrates the European Investment Bank's (EIB) Environmental and Social Standards, recognized for their robust, systematic, and transparent approach. These standards cover a wide range of E&S aspects, including stakeholder engagement, resource efficiency, biodiversity, climate change, and social impacts.

Environmental and Social Management System (ESMS): The GRDP's ESMS is designed to ensure that all issuers comply with applicable E&S laws and the Fund's E&S requirements.

Procedures

Screening and Categorization: Screening and Categorization: At the issuer level, ESG assessment process involves rigorous screening of both corporate issuers and sovereigns to evaluate their environmental, social, and governance (ESG) performance. For corporate issuers, the analysis begins with sector-specific and cross-sector criteria encompassing 38 ESG factors. Scores are normalized using Z-scores against sector averages, yielding an ESG rating from A to G. Similarly, for sovereigns, the Fund Manager employs approximately 50 ESG indicators grouped into environmental, social, and governance categories, sourced from reputable databases like Verisk Maplecroft. These indicators inform sovereign ESG scores that are also translated into an A to G rating scale, reflecting their sustainability performance and resilience in meeting long-term obligations. Both assessments provide investors with comprehensive ESG insights to guide investment decisions, ensuring alignment with sustainability goals across corporate and sovereign sectors. At the issuance level, there will be detailed use of proceed analysis and a 28-criteria scoring 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). All new issuances will be scored and annually reviewed when the bond's Allocation & Impact reports are released.

Post issuance due diligence: GGBI fund manager conducts comprehensive post issuance verification including controversy, impact report aggregation and review, issuer level verification on their compliance to EIB per the issuance green bond framework and issuer's public disclosure. GGBI fund manager will also divest any bond issuances that are deemed high risk/controversial.

Monitoring and Evaluation: The GRDP 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 maintain compliance with the GGBI ESG Charter (which will include ESMS implementation and monitoring).

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.

Technical Assistance and Capacity Building: The GRDP provides technical assistance to target countries to enhance their capacity for E&S risk management. This includes training programs, development of green bond taxonomies, and support for integrating E&S considerations into national development plans.

Commitment to Sustainability

The GRDP's commitment to environmental and social safeguards ensures 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 GRDP aims to achieve positive environmental and social outcomes, mitigate risks and impacts, and foster resilience in the target countries.



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This comprehensive approach underscores the GRDP's dedication to upholding the integrity and sustainability of its projects, ensuring that the benefits of green and blue bonds are realized without compromising environmental and social values.



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2. INTRODUCTION

This Environmental and Social Management Framework (ESMF) supports the preparation of the Green and Resilience Debt Platform project proposal to the Green Climate Fund (GCF). The GRDP project proposal is prepared by the EIB as a GCF Accredited Entity and supported by the UNDP, which was engaged to act as the Executing Entity for the GRDP technical assistance component.

The Green and Resilience Debt Platform aims to leverage green, resilience and blue bonds 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 to facilitate the GGBI-supported green bond issuance in GRDP-target countries.

Since none of the future investment projects that will be supported by green bond issuance 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 requirements in terms of land, local communities, and terrestrial geophysical features.

The ESMF, therefore, stipulates a set of procedures to ensure that future use of GRDP proceeds will not serve projects with potentially significant environmental and social (E&S) risks and that the supported green bond issuers have the appropriate E&S risk management capacity commensurate to the ES risks of the underlying sectors/operations in any issuance.

In order to do so, the following sections of the ESMF present:

- GRDP - as a subset of the Global Green Bonds Initiative (GGBI) - and the nature of investment activities that it will support.
- Relevant E&S Performance Standards.
- GGBI's Environmental & Social Risk Management System.
- Specific Arrangements for Managing the Environmental & Social Risks of GRDP-supported Investments.
- Assessment and management processes that will be used to ensure that future investment projects supported by the Fund Parties meet the applicable Environmental and Social Requirements.
- Environmental and Social Management System requirements for the Fund Parties to establish, implement and monitor the application of the E&S risk assessment and management processes.



3. GRDP DESCRIPTION

3.1 GRDP AS A NESTED ELEMENT OF THE GGBI

The GRDP 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. For publicly listed bonds, GGBI Fund's average holdings in those bonds (aggregated across all such bonds in the fund's portfolio) will not exceed 25% of the total value of those bonds., with the remaining 75% coming from external investors, either public or private. For privately sold bonds, the Fund's average holdings in those bonds (aggregated across all such bonds in the fund's portfolio) shall not exceed 60% of the total value of those bonds. This structure ensures that each euro invested by the GGBI Fund will crowd in three times the amount from private investors at the bond issuance level, assuming no defaults in the bonds purchased by the GGBI Fund.

The junior capital of DFI and GCF equity will be leveraged to raise private sector capital in the senior note. The legal structure of the investment vehicle will be set up as an Alternative Investment Fund, domiciled in Luxembourg. The management of the GGBI Fund's assets is outsourced to a professional asset manager, selected and mandated by the EIB.

The Fund Manager will abide by contractually agreed investment guidelines, including items such as portfolio diversification rules, target ratings of green bond issuers, allocations to first-time bond issuers, allocations to hard currency and local currency issues, allocations to bond private placements, etc..

The GRDP will also provide technical assistance (TA) 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 coordinated with the TA window of the GGBI that will:

- Provide knowledge support and institutional capacity building in the field of green finance for first-time or prospective issuers from target countries
- Develop science-based research, tools and methods, and unified market standards in relation to the expansion of green bonds and sustainable finance that is tailored to the realities of EMDE financial markets
- Establish or build upon existing global or regional EMDE learning platforms for sustainable finance education, via e-learning and in-situ curricula

Within this context, the GRDP technical assistance component aims to:

- Create, disseminate and provide green bond training programs to issuers from target countries and potentially other key stakeholders
- Ensure alignment with the Programme for Country Partnership and Integrated National Financing Frameworks to ensure the bond issuances align with national development priorities and plans.
- Expand use-of-proceeds objectives to include natural capital and biodiversity preservation and adaptation to climate change adaptation.



3.2 PLANNED INVESTMENTS

The GRDP will invest in the same fields as the overall GGBI, which will be guided by the GGBI's eligibility criteria and derogations. Within this overall framework, the GRDP investments will have additional GRDP eligibility criteria to ensure that GRDP investments meet the GCF's investment mandate. The following text presents both of these criteria sets.

GGBI's planned investments

The GGBI will invest in green bonds aligned with the following Eligibility Criteria that may be subject to derogation specified below.

Eligibility Criteria

Eligibility criteria for climate mitigation and adaptation:

- MDB/IDFC Common Principles for [Climate Mitigation](#) and [Adaptation](#) Tracking; or
- the criteria for the substantial contribution as set out in the [EU Taxonomy](#) Climate Delegated Acts (*Commission Delegated Regulation (EU) 2021/2139*, *Commission Delegated Regulation (EU) 2022/1214*, *Commission Delegated Regulation (EU) 2023/2485*)

Eligibility criteria for other environmental objectives:

- [IFC Reference Guide for Biodiversity Finance](#); or
- [IFC Guidelines for Blue Finance](#); or
- the criteria for the substantial contribution as set out in the [EU Taxonomy Environment Delegated Act](#) (*Commission Delegated Regulation (EU) 2023/2485*)

Eligibility Derogation

The GGBI investments in green bonds aligned with the following Eligibility Criteria may be subject to Eligibility Derogations.

Allocation to Sustainability Bonds

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.

Eligibility criteria for social objectives:

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.

Paris Agreement alignment

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 Roadmap¹.

Substantial Contribution to the EU Taxonomy Environmental Objectives

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).

¹ [EIB Group Climate Bank Roadmap 2021-2025](#)



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GRDP Specific Criteria

While the above GGBI eligibility criteria serve as the minimum requirements for the GRDP project, the GCF-funded GRDP capital portion requires additional criteria in order to meet the GCF's mandate. A side letter may be signed by the Fund Manager and EIB to govern the terms and conditions of the GCF investment.

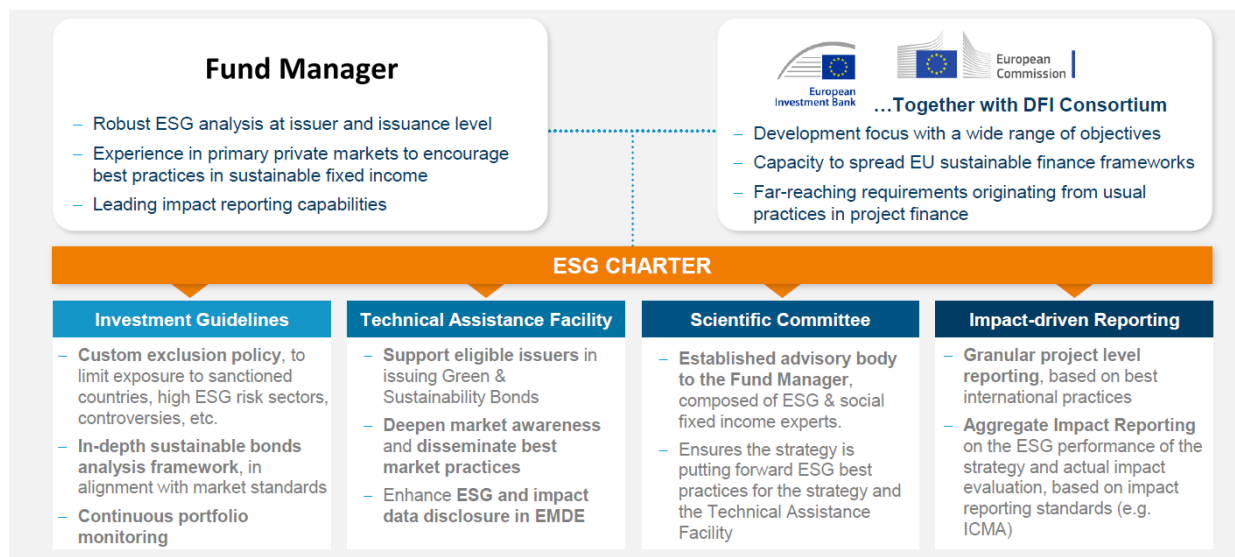
4. THE GGBI ESG CHARTER

4.1 INTRODUCTION

Since the GRDP will effectively operate as the GGBI-nested initiative, it will follow the GGBI's ESG Charter that will integrate the Fund Manager's ESG risk assessment and management requirements with the EIB's E&S standards.

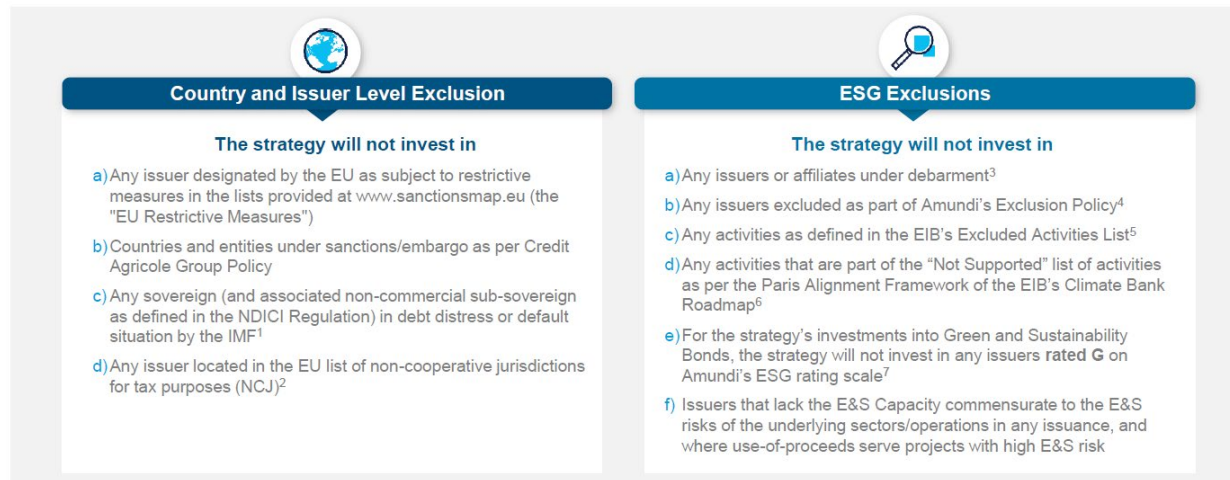
It will include specific Investment guidelines, a Technical Assistance Facility, a Scientific Committee, Impact-driven Reporting, and a dedicated exclusion policy depicted below.

Overview of the ESG Charter





Dedicated Exclusion Policy



(1) Available at: [NDICI Regulation](#) (2) Available at: <https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/#what> (3) Debarred by the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement / Proparco (AFD), Cassa Depositi e Prestiti (CDP) (4) In Amundi's Global Responsible Investment Policy available here: <https://www.amundi.com/institutional/responsible-investment-documentation> (5) As defined in the ESG Policy of the Strategy (6) Available here: [EIB Climate Bank Roadmap](#) (7) Amundi's ESG rating scale goes from A for best practices to G for the worst ones.

4.2 FUND MANAGER'S ESG RISK ASSESSMENT AND MANAGEMENT METHODOLOGY

The Fund Manager's proprietary ESG risk assessment and management approach is based on selecting the issuers with the best ESG practices within each sector, and the Fund Manager's ESG scoring methodology calculates ESG ratings of the GGBI investments using 38 quantifiable ESG criteria and weights assigned by the analysts and combining the ESG scores obtained from The Fund Manager's external data providers.

The Fund Manager also 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 debarment²
- Any issuers excluded as part of the Fund Manager's Exclusion Policy
- Any activities listed in the EIB's Excluded Activities List
- Any activities that are part of the "Not Supported" list of activities as per the Paris Alignment Framework of the EIB's Climate Bank Roadmap
- For the strategy's investments into Green and Sustainability Bonds, the strategy will not invest in any issuers rated G on The Fund Manager's ESG rating scale³
- Issuers that lack the E&S Capacity commensurate to the E&S risks of the underlying sectors/operations in any issuance, and where use-of-proceeds serve projects with high reputational or E&S risk

² Debarred by the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), Agencia Española de Cooperación Internacional para el Desarrollo (AECID), Agence Française de Développement / Proparco (AFD); Cassa Depositi e Prestiti (CDP)

³ The Fund Manager's ESG rating scale goes from A for best practices to G for the worst ones.



4.3 EIB’s E&S STANDARDS

The GGBI’s ESG Charter will also integrate EIB’s Environmental and Social Standards (E&S Standards).

The EIB’s E&S Standards were accredited by the GCF as providing robust, systematic, accountable, inclusive, gender-responsive, transparent and participatory environmental and social management systems and due diligence processes that are robust, systematic, accountable, inclusive, gender-responsive, participatory and transparent systems to manage risks and impacts, from GCF-financed activities, pursuant to the GCF’s Revised Environmental and Social Policy and the Environmental and Social Standards adopted by GCF. They 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 incorporate a systematic environmental and social risk screening, assessment and management process that includes the following elements:

EIB’s 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 Engagement and Response Mechanisms)</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 public with effective means to raise grievances and access to remedies.</p>
<p>Resource Efficiency and Pollution Prevention</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</p>



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<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>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 (CRVA) 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><i>UNDP S&E Standard 5 - Displacement and Resettlement</i></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 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</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</p>



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<p>EIB E&S Standard 7 – Vulnerable Groups, Indigenous Peoples and Gender</p> <p><i>UNDP S&E Standards Principles - Leave No One Behind, and Gender Equality and Women’s Empowerment</i></p>	<p>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</p> <p>EIB E&S Standard 7 – Vulnerable Groups, Indigenous Peoples and Gender</p> <p><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</p> <p>EIB E&S Standard 8 – Labour Rights</p> <p><i>UNDP S&E Standard 7 - Labour and Working Conditions</i></p>	<p>For all projects, specially 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</p> <p>EIB E&S Standard 9 – Health, Safety and Security</p> <p><i>UNDP S&E Standard 3 - Community Health, Safety Security</i></p>	<p>For all projects, specially 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 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>



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<p>Cultural Heritage</p> <p>EIB E&S Standard 10 – Cultural Heritage</p> <p><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>
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5. GGBI'S ENVIRONMENTAL & SOCIAL RISK MANAGEMENT SYSTEM

5.1 INTRODUCTION

The GRDP's environmental & social risk assessment and management system will operate as part of the GGBI's overall environmental & social risk assessment and management system. At the time of writing, the GGBI intends to manage E&S risks and impacts through the Fund's ESMS by conducting assessments both at the issuer- and issuance levels.

The specific approaches that will be used in this assessment process 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.

5.2 E&S REQUIREMENTS AT THE FUND LEVEL

As part of the overall E&S requirements that apply to the GGBI fund, the Fund Manager will:

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

The exact modalities of the ESMS set up by the Fund Manager at the fund level shall be further detailed in the overall ESG Charter of the Fund.

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. The purpose of the ESMS at the fund level is primarily to ensure that issuers

- have adopted and apply environmental and social policies, procedures, standards and
- have resources to adequately evaluate and manage the E&S risks and impacts associated with the use of proceeds of any issuance through assessments at both issuer and issuance levels.

The next sections present both issuer-level and issuance-level assessments that will be used by the GGBI.



6. ISSUER LEVEL ASSESSMENTS

6.1 THE FUND MANAGER’S PROPOSED FRAMEWORK FOR ISSUER-LEVEL SCREENING

GGBI’s issuer-level analysis will evaluate green bond issuers based on their performance and practices for assessing and managing environmental and social risks. The elaboration of this system currently comprises two separate frameworks: the Fund Manager’s proposed framework for issuer-level screening (5.3.1) will be developed by the Fund Manager with a dedicated issuer-level screening that will use EIB Performance Standards (set out in section 4.3) as the benchmark to assess the issuers’ policies, procedures and capacity for managing to implement the projects in alignment to them.

The GGBI Fund Manager will carefully screen the bond issuers based on their:

- ESG rating screening
- Alignment of the issuer with industry standards (e.g. ICMA)
- Existence of a second-party opinion or other certification
- Screening for ESG controversies

The Fund Manager has developed its own robust exclusion, investment and stewardship policies that reflect strategic orientations on responsible investment and climate topics.

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
Social risks	Result from the way in which an issuer manages its human capital and its stakeholders (other than shareholders). 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.	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. A G rating indicates the highest risk.	MSCI, Moody’s ESG Solutions, ISS ESG, Sustainalytics



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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</p> <p>“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>



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Biodiversity risks	Result from climate change, soil degradation and habitat destruction, exploitation of unsustainable resources and pollution	“Biodiversity and pollution” rating criterion integrated into the assessment of the Environment pillar.	MSCI, Moody’s ESG Solutions, ISS ESG, MSCI, Sustainalytics
		Proprietary rating on a scale from A to G*. A G rating represents the highest risk	
		Biodiversity metric	Carbon4 Finance
Litigation or liability risk related to environmental factors	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	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.	

* 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

The environmental, social and governance risks and opportunities presented in the table above are assessed by means of a proprietary ESG rating assigned at the issuer-level by the Fund Manager’s Responsible Investment business line teams. Assessment at the issuer-level enables fund managers and credit analysts to consider, select and monitor issuers from an ESG performance perspective, before and after investment. Below is a description of how the Fund Manager assesses the ESG profile of corporate and sovereign issuers.

6.1.1 Issuer-level 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



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	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 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.

6.1.2 Issuer-level 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,



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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

In addition to the Fund Manager’s proprietary ESG rating tool, which supports internal decision-making on E&S matters, the Fund Manager will employ a due diligence questionnaire (Annex 6) designed to gather information from the issuer to demonstrate compliance with the EIB’s E&S requirements.

7. ISSUANCE-LEVEL E&S ASSESSMENTS

In addition to issuer-level screening, the GGBI will undertake issuance-level E&S assessments. The elaboration of this system currently comprises two separate frameworks: the Fund Manager’s proposed framework for issuance-level screening (5.4.1) will be combined with a dedicated GGBI eligibility screening at the issuance level (the latter being under discussion between EIB, the European Commission and the Fund Manager).

7.1 THE FUND MANAGER’S PROPOSAL FOR ISSUANCE-LEVEL ASSESSMENTS

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

Verifying the ESG rating of the issuer

As mentioned in section 3, the Fund Manager has developed a proprietary ESG scoring system based on a seven-letter scale, ranging from A to G, where A is the best and G is the worst rating. Any issuer with the G-rating is excluded from all of the Fund Manager’s actively managed portfolios, as they do not comply with the Fund Manager’s Responsible Investment policy.

The full list of excluded activities of the Fund Manager can be found in the Annex 3, which includes the Exclusion Policy in the Fund Manager’s Global Responsible Investment Policy.



The screening for controversies and alignment with industry standards

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

- Alignment of the issuer with industry standards (e.g. Green Bond Principles, Sustainability Bond Guidelines, Human Rights standards, EU or local taxonomies)
- For the presence of a second party opinion or other certification, (e.g. Climate Bond (CBI) certificates)
- If the issuer faces severe ESG controversies, and
- 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.

Detailed analysis of green use-of-proceeds

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 four 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.



7.2 SPECIFIC ISSUANCE-LEVEL ELIGIBILITY CRITERIA

In addition to the Fund Manager's issuance-level screening, an additional GGBI's specific screening will be performed at the issuance-level to assess eligibility of instruments.

The below criteria shall be applied for Green Bonds and for green investments contained in Sustainability Bonds:

Bonds will be considered eligible for investment if the economic activities financed by the proceeds of those bonds meet one or several of the criteria for **climate change mitigation and adaptation** or for **other environmental objectives** set out below.

Eligibility criteria for climate change mitigation and adaptation:

- The MDB/IDFC Common Principles for [Climate Change Mitigation](#) and [Adaptation](#) Tracking; **or**
- The 'Substantial Contribution' criteria of the [EU Taxonomy](#) for sustainable activities as per the Climate Delegated Acts⁴. For eligibility purposes, it is not required to show alignment with the 'Do No Significant Harm' criteria nor the Minimum Safeguards under the Taxonomy.

Eligibility criteria for other environmental objectives:

- The [IFC Reference Guide for Biodiversity Finance](#); or
- The [IFC Guidelines for Blue Finance](#); or
- The 'Substantial Contribution' criteria of the [EU Taxonomy](#) for sustainable activities as per the Environment Delegated Act⁵. For eligibility purposes, it is not required to show alignment with the 'Do No Significant Harm' criteria nor the Minimum Safeguards under the Taxonomy.

Full eligibility framework will be detailed in the ESG Charter of the Fund.

⁴ (Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2022/1214, Commission Delegated Regulation (EU) 2023/2485)

⁵ Commission Delegated Regulation (EU) 2023/2485



8. SPECIFIC ARRANGEMENTS FOR MANAGING ENVIRONMENTAL & SOCIAL RISKS AND IMPACTS OF THE GRDP INVESTMENTS

8.1 INTRODUCTION

The previous sections presented the evolving design of the GGBI, which largely pre-defines the modus operandi for the entire design architecture of the GRDP.

Upon a formal agreement between EIB, the GCF, the European Commission, and the Fund Manager and provided there are reasonable assumptions that this would support the deployment of the Fund, in line with GGBI E&S framework, the application of the GGBI's ESG Charter and Environmental and Social Management System (ESMS) could be further enhanced within the GRDP operations through additional GRDP-funded support tool, such as:

- Rapid E&S risk screening approach for portfolios.
- More detailed E&S risk screening approach for specific projects.

8.2 RAPID E&S RISK SCREENING APPROACH FOR PORTFOLIOS

The rapid E&S risks screening approach 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 Annex 1 of this ESMF scoping document) and the IFC guidelines for biodiversity and blue finance eligible activities and the eligible activities in the EU Taxonomy Environment Delegated Act (Annex 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's 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 GRDP-wide basis and may be further adjusted for the E&S risk context of each of the GRDP countries (reflecting its regulatory requirements, E&S risk management practice, and compliance factors).

It can 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.



8.3 UNDP TECHNICAL ASSISTANCE DURING GRDP IMPLEMENTATION

There is a specific designed for implementation support of the ESMF during project implementation:
Activity 3.3: Capacity building on ESS standards and gender considerations

Objectives:

- To ensure issuers understand and can effectively apply ESS standards.
- To integrate gender considerations into the green bond issuance process.
- To provide practical guidance through case studies, best practices, and tailored guidelines.

Key Components:

Development of Training Modules:

- **Content Creation:** Develop detailed training materials covering ESS standards and gender considerations. The content will include theoretical frameworks, practical applications, and compliance requirements.
- **National alignment:** Analyse national ESS standards and policies to compare and align with GRDP ESS standards.
- **Best Practices:** Highlight best practices from leading issuers globally to provide benchmarks and inspire local adaptation.
- **Guidelines:** Develop specific guidelines for sovereign, corporate, and sub-sovereign issuers to address their unique challenges and opportunities.

Capacity Building Workshops:

- **Workshops:** Conduct bi-annual workshops in the first five years to train potential issuers. These workshops will be interactive, featuring lectures, group activities, and hands-on sessions.
- **Webinars:** Organize monthly webinars to provide continuous learning opportunities and address emerging issues.

Support and Monitoring:

- **Ongoing Support:** Provide continuous support and mentorship to issuers throughout the 15-year project period. This will include one-on-one consultations, feedback sessions, and troubleshooting assistance.
- **UNDP Oversight:** The United Nations Development Programme (UNDP) will support EIB to oversee the entire process, ensuring quality control, effectiveness, and alignment with international standards.



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Tentative Budget:

Training Module Development and Workshops (Years 1-5): \$600,000

This budget will cover the costs of content development, expert consultations, workshop facilitation, materials, and logistics.

Ongoing UNDP Oversight and Support (Years 1-15): \$2,000,000

This budget will support continuous oversight, monitoring, and support activities, including additional training sessions, updates to training materials, and regular evaluations.

Timeline:

Year 1: Initial development of training modules, first round of workshops, and webinars.

Years 2-5: Continued workshops and webinars, with updates to training materials based on feedback and evolving best practices.

Years 1-15: Ongoing UNDP oversight and support, regular evaluations, and continuous improvement of training programs.



9. MONITORING AND EVALUATION OF ESMF IMPLEMENTATION

This section will define the monitoring and evaluation arrangements that the GGBI will use to monitor the ESMF implementation.

9.1 POST-ISSUANCE MONITORING

Post-issuance monitoring is key to the Fund Manager, as it allows to ensure that issuers report on annual allocation and impact data, as committed in their frameworks. It also allows the Fund Manager to collect issuer and project data, which in turn feeds the Fund Manager's GSS bond database. Post-issuance monitoring process of the fund manager is detailed below.

Process for post-issuance monitoring

Once the investment is made, the Fund Manager will perform a review of the following items for each bond:

- **One year after the issuance:** check the availability of the allocation and impact report of GSS bond. 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.
- **On a regular basis:** perform a review of the issuer's environmental strategy to ensure that it is 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.
- **On a daily basis:** screen existing or potential controversies that the issuer faces through different channels (External data providers, press, emails). The Fund Manager's controversy screening tool is used.

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.

Monitoring for proceeds falling under the derogation rule

For GGBI specifically, the Fund Manager will run a specific post-issuance monitoring process in two cases:

- For bonds which we have been unable to verify full compliance against the Eligibility Criteria
- For bonds which we have determined not to be fully compliant with the Eligibility Criteria.

The share of proceeds that can fall outside the Eligibility Criteria may not exceed 20% of the bond value. *(please note that exact percentage is still under discussion at the time of writing).*

In the post-purchase phase, the following post-issuance monitoring will be conducted:

- (i) Of those green bonds that include activities that qualify for the derogation, the Fund Manager will monitor the post-issuance allocation reports to determine and keep record of the amount of proceeds allocated to activities that qualify for the derogation. If the share of proceeds allocated to activities that qualify for the derogation exceeds the limit of 20% of the bond 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 aforementioned two reporting years.
- (ii) If the aforementioned share is less than 20% of the bond value, the Fund Manager shall engage annually with the issuer to assess and confirm their compliance against the Eligibility Criteria. Once the Fund Manager confirms the issuer has met the 20% threshold following a



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full allocation of bond proceeds, 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.

Monitoring of ESG Controversies

To protect clients from reputational risk (via securities held in their portfolio), the Fund Manager has set up a controversy monitoring process that identifies potential controversies (sectors, issuers, geographic areas, etc.) and existing controversies in order for ESG 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 assessment of the controversy, led by ESG Research analysts, and updated quarterly.

For the qualitative assessment of controversy, the ESG Research analyst structures its assessment around the following components:

- Multiplicity of controversies and associated ESG issues
- Frequency, magnitude and extent of the controversy (s)
- Response provided by the company and any corrective measures taken by the company
- Potential business impact / Potential impact on stakeholders
- Source (quality and visibility)
- Duration and relevance

For GGBI, the Portfolio Manager will screen the Sub-Fund’s portfolio on a quarterly basis to identify any issuers with an appropriate 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.

In the event that 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.

The Fund Manager will maintain an external communication mechanism to provide easily accessible channels to receive communications, grievances and/or queries from the public or concerned stakeholders affected by the Fund’s activities/operations.



9.2 ENGAGEMENT WITH THE ISSUER

One year after the issuance of the green or sustainability bond, the Fund Manager will check the availability of the issuer's reported data on the GSS bond. If it is unavailable or if there are discrepancies in the impact data, the Fund Manager will engage with the issuer.

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.

Engagement will be conducted with three main objectives:

1. **Clarify and improve information at the bond level:** finding why the allocation and/or impact report is missing, understanding calculation methodology of problematic data, promoting ICMA harmonised framework for impact reporting, promoting Life Cycle Assessment (LCA) considerations, alignment with the EU Taxonomy ...
2. **Encourage issuers to integrate better ESG practices:** encouraging issuers to set targets for their ESG strategy that allow them to contextualize their GSS bond framework, improve their E&S policies, get details from the issuer on the remediation plan set to address a controversy...
3. **In case of controversy,** ensure the issuer provides adequate response.

9.3 ESMS AND ESG AND IMPACT REPORTING

The Sub-Fund will utilize and maintain an ESMS designed to implement the ESG Guidelines and to monitor the portfolio investments relating to environmental and social sustainability. The Sub-Fund will report on an annual basis on its environmental and social performance for the previous fiscal year, describing in reasonable detail: (i) implementation and operation of the ESMS, (ii) ESG performance of its portfolio and (iii) compliance with the ESG Guidelines of the Sub-Fund.

This will include a list of (i) issuers and (ii) the underlying project categories, to the extent possible, to which the proceeds from Investments made by the Sub-Fund have been allocated, as well as a brief description of the underlying project categories and the amounts allocated, and their expected impact as recommended by the Green Bond Principles and the Sustainability Bond Guidelines.



10. STAKEHOLDER ENGAGEMENT

Overall, the stakeholder engagement process will follow the GGBI stakeholder engagement process. For GRDP, there is a specific stakeholder engagement plan designed for the 10 GRDP countries. This is the annex 7 of GCF funding proposal.

10.1 GENERAL COMMUNICATIONS AND INFORMATION DISCLOSURE

The Global Green Bond Initiative (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 the Green and Resilience Debt Platform, a Green Climate Fund (GCF) programme.

Roles and Responsibilities

The Fund Manager (GGBI Fund): The asset 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.

Communication Channels

Website: The GGBI (or EIB) should maintain a dedicated section on its website for the Green and Resilience Debt Platform. 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 asset managers.

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.



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.

10.2 GRIEVANCE REDRESS 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.

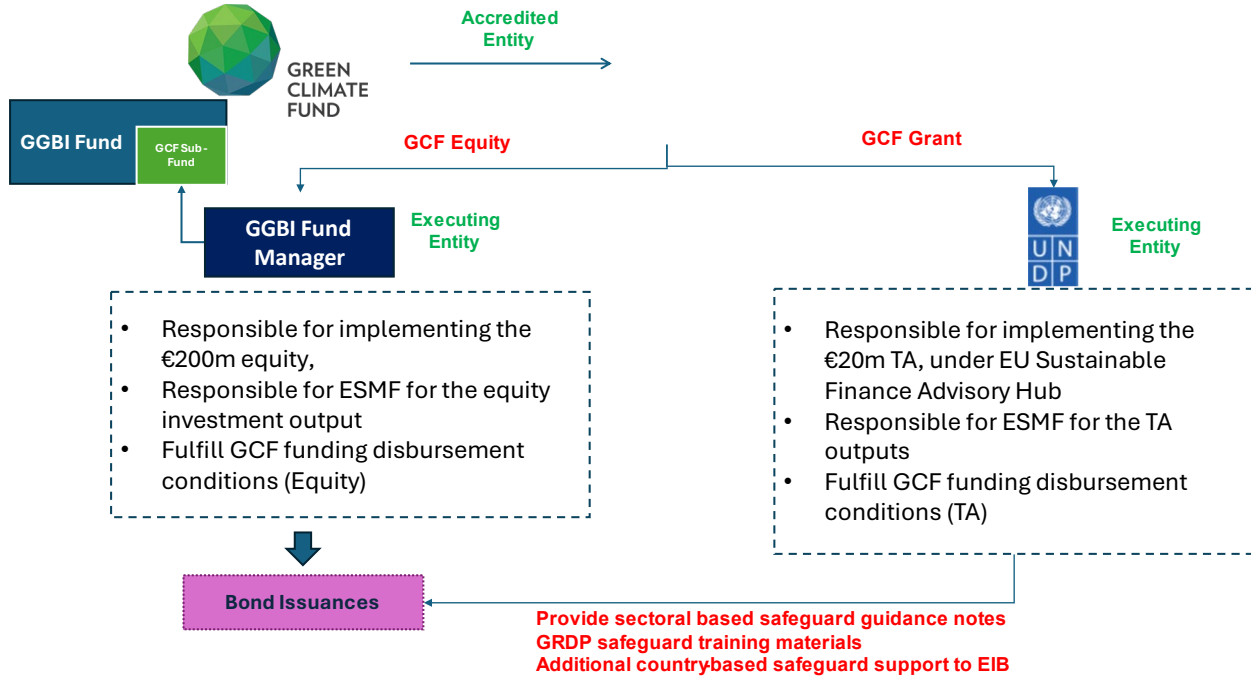


11. IMPLEMENTATION AND OPERATION

The implementation arrangement of GRDP programme 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 GRDP programme, whereas UNDP will be executing entity of the technical assistance component of the GRDP programme. 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 Fund Manager has a team of ESG experts and a dedicated GSS bonds analysts to manage the ESMF of the equity component of the GRDP project, under the overall ESG charter of GGBI and ensuring the difference between GGBI ESG charter and GRDP ESMF 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 GRDP countries to implement and support EIB with the implementation of GRDP ESMF and hold the responsibility of implementing the ESMF for the TA component of the GRDP programme.





Annexes

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

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

Annex 3. The Fund Manager's List of Excluded or Restricted Activities

Annex 4. EIB's List of Excluded or Restricted Activities

Annex 5. GRDP's Grievance Redress Mechanism

Annex 6. The Fund Manager's E&S due diligence questionnaire.

Annex 7. Stakeholder Engagement Plan

Annex 8. Guidance to Climate Risk and Vulnerability Assessment



Annex 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	



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	Projects that reduce greenhouse gas emissions from the degradation of marine ecosystems or other water-based ecosystems		Table 5, Activity 7	
	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	



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	Manufacture of chlorine	3.13	
	Manufacture of organic basic chemicals	3.14	
	Manufacture of anhydrous ammonia	3.15	

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		Table 4, Activity 7	



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	changes in processes or process inputs			
Energy	Electricity generation using solar photovoltaic technology	EU Taxonomy Delegated Act	4.1	
	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.



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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 / MDB/IDFC Common Principles	4.9 / Table 2, Activity 10	The EU taxonomy and MDB/IDFC Common Principles are used according to applicability in particular geographic areas.
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	4.13	



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	Act		
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	
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	EU Taxonomy Delegated	4.19	See note above on greenhouse gas assessment.

	gaseous and liquid fuels	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	4.21	



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		Delegated Act		
	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 Delegated Act	4.24	
	Production of heating/cooling using waste heat	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	



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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	
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	



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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 Principles	Table 7, Activity 8	
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.



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	Transport of CO ₂	EU Taxonomy Delegated Act	5.11	
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	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 Act	6.2	
	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	



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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	
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	6.15	



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		Delegated		
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		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 associated intelligent transport systems	MDB/IDFC Common Principles	Table 8, Activity 8	
	Efficient air traffic management	MDB/IDFC Common Principles	Table 8, Activity 10	



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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>

				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	7.3	



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		Delegated Act		
	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	
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.



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	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 change adaptation finance



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



Annex 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



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Transport	<ul style="list-style-type: none"> Investment in electric vehicle (EV) infrastructure including charging stations and battery swapping facilities. 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. 	MRA 2: Low-emission transport
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 eligibility 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



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Health, Food & Water Security	Rehabilitation and restoration of rivers and floodplains	Droughts Storms Flooding Sea Level Rise
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



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



Annex 3. The List of GGBI's Excluded or Restricted Activities

The following list of excluded activities is indicative and preliminary, as it remains still subject to agreement among the members of the consortium of Global Green Bond Initiative (GGBI) Development Finance Institutions (DFIs).

General conditions:

Where the information included in green bond or sustainability-bond frameworks is insufficient to conclude on 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 labour⁶/harmful child labour⁷, 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 PCBs⁸.
 - b) Production, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally⁹.

6 Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

7 Harmful child labour means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, moral or social development. In addition any labour that is performed by a person who has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or a higher minimum working age; in such cases, the higher age will be applied for defining harmful child labour.

8 PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals.

9 Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards asbestos fibres (chrysotile).



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- c) Production, use of or trade in ozone-depleting substances¹⁰ and substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides and chemicals¹¹.
- d) Production or use of or trade in persistent organic pollutants¹².
- 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 law¹³.
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.
4. Any activities involving significant degradation, conversion or destruction¹⁴ of Critical Habitats¹⁵.
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.

10 Ozone Depleting Substances (ODS): Chemical compounds which react with and deplete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODSs and their target reduction and phase-out date.

11 Reference documents: Regulation (EU) No. 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals as amended; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); World Health Organisation Recommended Classification of Pesticides by Hazard.

12 Reference document: Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009.

13 Reference documents: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; and Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations.

14 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.

15 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.



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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 purposes
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 forests¹⁶.
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 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 in compliance with Directive 2010/63/EU and Directive 2001/18/EC as further amended, where relevant
21. Any activity that leads to forced evictions¹⁷ unless the evictions are carried out in accordance with national law and in full compliance with the provisions of international human rights treaties¹⁸;

¹⁶ 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.

¹⁷ Forced eviction: an eviction that is done without the provision of, and access to, appropriate forms of legal or other protection.

¹⁸ 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>



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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. Large dams¹⁹, or greenfield hydropower projects associated with potentially significant environmental and social risks and impacts²⁰.
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 activities²¹ 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, 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.

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.
- 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, and hydro-power plants (including the energy network connection thereof), exceeding a performance threshold of 250 gCO₂/kWh_e.
- 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)

¹⁹ As defined by the International Commission on Large Dams (ICOLD) [ICOLD CIGB > Definition of a Large Dam \(icold-cigb.org\)](https://www.icold-cigb.org/)

²⁰ In addition any project not fulfilling the [EIB Environmental, Climate and Social Guidelines on Hydropower Development](#) will be considered excluded ²¹ E.g. cement, aluminium, iron and steel, basic chemicals, fertilizers, plastics.

²¹ E.g. cement, aluminium, iron and steel, basic chemicals, fertilizers, plastics.



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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.

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.

Annex 4. EIB's List of Excluded or Restricted Activities

The following list of excluded activities is indicative and preliminary, as it remains still subject to agreement among the members of the consortium of Global Green Bond Initiative (GGBI) Development Finance Institutions (DFIs).

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 labour²²/harmful child labour²³, 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:

²² Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

²³ Harmful child labour means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, moral or social development. In addition any labour that is performed by a person who has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or a higher minimum working age; in such cases, the higher age will be applied for defining harmful child labour.



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3. Production of or use of or trade in products containing PCBs²⁴.
4. Production, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally²⁵.
5. Production, use of or trade in ozone-depleting substances²⁶ and substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides and chemicals²⁷.
6. Production or use of or trade in persistent organic pollutants²⁸.
7. Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
8. Transboundary movements of waste prohibited under public international law²⁹.
9. 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.
10. Any activities involving significant degradation, conversion or destruction³⁰ of Critical Habitats³¹.

24 PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals.

25 Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards asbestos fibres (chrysotile).

26 Ozone Depleting Substances (ODS): Chemical compounds which react with and deplete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODSs and their target reduction and phase-out date.

27 Reference documents: Regulation (EU) No. 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals as amended; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); World Health Organisation Recommended Classification of Pesticides by Hazard.

28 Reference document: Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009.

29 Reference documents: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; and Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations.

30 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.

31 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



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11. Sex trade and any related infrastructure, services and media.
12. 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).
13. Production and distribution of racist, anti-democratic and/or neo-Nazi media.
14. Tobacco (production, manufacturing, processing and distribution).
15. 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 purposes
16. Ammunition and weapons, military/police equipment or infrastructure, correctional facilities, prisons.
17. Gambling, casinos and equivalent enterprises and related equipment, or hotels hosting such facilities.
18. Any use of proceeds that finance political or religious activities.
19. Commercial concessions over, and logging on tropical and/or primary natural forest; Conversion of natural forest to a plantation.
20. 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.
21. Irrigated forests³².
22. New palm oil plantations
23. 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.
24. Animal cloning, in particular livestock activities
25. 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 Regulation (EU) 2019/1010 of the European Parliament and of the Council on the protection of animals used for scientific purposes.
26. Activities relating to gene editing in research animals, unless in compliance with Directive 2010/63/EU and Directive 2001/18/EC as further amended, where relevant

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.

³² 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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27. Any activity that leads to forced evictions³³ unless the evictions are carried out in accordance with national law and in full compliance with the provisions of international human rights treaties³⁴;
28. Any actions that amount to retaliation in its operations.
29. Any gender-based violence and harassment in the context of the Projects it finances
30. Extraction, mining of conflict minerals and metals.
31. Nuclear plants
32. Large dams³⁵, or greenfield hydropower projects associated with potentially significant environmental and social risks and impacts³⁶.
33. Waste incineration, to the extent that alignment to the Green Eligibility Framework^{Error! Bookmark not defined.} cannot be verified.
34. Manufacturing: coke oven products and refined petroleum products.
35. Energy-intensive industrial manufacturing activities³⁷ associated with significant CO2 emissions, to the extent that alignment to the Green Eligibility Framework^{Error! Bookmark not defined.} cannot be verified.
36. 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.

³³ Forced eviction: an eviction that is done without the provision of, and access to, appropriate forms of legal or other protection.

³⁴ 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>

³⁵ As defined by the International Commission on Large Dams (ICOLD) [[ICOLD CIGB > Definition of a Large Dam \(icold-cigb.org\)](http://www.icold-cigb.org)]

³⁶ Projects not fulfilling the [EIB Environmental, Climate and Social Guidelines on Hydropower Development](http://www.eib.org/~/media/Files/Environmental%20and%20Social%20Guidelines%20on%20Hydropower%20Development.pdf) will be considered excluded ³⁷ E.g. cement, aluminium, iron and steel, basic chemicals, fertilizers, plastics.

³⁷ 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, and hydro-power plants (including the energy network connection thereof), exceeding a performance threshold of 250 gCO₂/kWh_e.
- 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.

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).
- 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.

Annex 5. GRDP's Grievance Redress Mechanism

The GRDP's Grievance Redress Mechanism will be based on the following EIB's requirements:

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.



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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.³⁸

³⁸ [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)



Annex 6. 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 ?

<input style="width: 100%; height: 20px;" type="text"/>	Target Year	<input style="width: 100%; height: 20px;" type="text"/> e.g. 2030
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Which activities are encompassed?



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
Scope 2
Scope 3
Own Operations

Lending Activities
Capital Market Activities
% of activities Covered

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:

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: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
<i>Scope 3</i>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" 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: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
<i>Scope 3</i>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 40px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" 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?**

	<i>Remuneration %</i>		<i>Board supervision of NZ policy?</i>	
--	-----------------------	--	--	--

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>			
<i>Investments</i>			

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?

[Empty text box for response]

0/900

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

[Input box]

Source Link:

[Input box]

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?

[Input box]

Frequency

[Input box]

Other

[Input box]

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

[Empty text box for response]

0/900

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

[Empty text box for response]



For reference : [Link to IIGCC](#)

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



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)?

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[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?



[Empty text box]

0/900

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

[Empty text box]

Frequency

[Empty text box]

Other

[Empty text box]

If yes, who is supervising this review?

[Empty text box]

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

[Empty text box]

[Empty text box]

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?

[Empty text box]

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?

[Empty text box]



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

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?



Annex 7. Stakeholder Engagement plan

Output	Activity	Key Stakeholders	Stakeholder Role	Means of Stakeholder Participation	Timeline
Output 1: Enhanced enabling environment for capital markets	Activity 1.1: Develop domestic green bond policies and taxonomies	Government Ministries (Finance, Environment, Planning)	Policy development, oversight	Quarterly meetings, yearly workshops	Year 1-5
		Potential Issuers	Participants in training	Bi-annual training sessions, Quarterly webinars	Year 1-5
		National Service Providers, Regulators, Government Institutions	Participants in training, feedback providers	Bi-annual training sessions, Quarterly webinars	Year 1-5
	Activity 1.2: Policy advisory to de-risk adaptation and mitigation investments	Academia and Research Institutions	Data providers, analysts	Workshops, data collection	Year 1-5
		Civil Society Organizations	Advocates, watchdogs	Workshops, public consultations	Year 1-5
		Government Ministries	Policy development, decision-making	Initial and mid-year consultation workshops	Year 1-5
	Academia and Research Institutions	Analysts, report contributors	Workshops, policy advisory reports	Year 1-5	



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Output	Activity	Key Stakeholders	Stakeholder Role	Means of Stakeholder Participation	Timeline
	Activity 1.3: Enhance knowledge sharing and build awareness	Potential Issuers, National Service Providers, Regulators, Government Institutions	Participants in exchanges and events	Annual conferences, networking events	Year 1-5
		Private Sector Investors	Investors, participants in deal-making events	Annual conferences, networking events	Year 1-5
Output 2: Enhanced understanding of climate risks among green capital market actors	Activity 2.1: Capacity building on climate risks and vulnerability assessments	Potential Issuers, Government Institutions	Data users, workshop participants	Bi-annual workshops, data portal training	Year 1-5
		Academia and Research Institutions	Data providers, analysts	Data collection, report publication	Year 1-5
	Civil Society Organizations	Advocates, watchdogs	Workshops, public consultations	Year 1-5	
	Activity 2.2: Align GGBI/GRDP activities with NDCs, NAPs, and national climate dialog	Government Ministries	Policy alignment, oversight	Annual reports, workshops	Year 1-5
Output 3: Accelerated green bond issuance and private sector crowding-in	Activity 3.1: Crowd-in bond investors through GCF equity investment	National Service Providers, Regulators, Government Institutions	Participants in workshops	Annual reports, workshops	Year 1-5
		Private Sector Investors	Investors, participants in roadshows	Investor roadshows, annual meetings	Year 1-15
	Activity 3.2: Establish national incentive schemes	Public actors, CSOs, community representatives	On-going feedback	Online engagement and letter box at EC office	Year 1-15
		Government Ministries	Scheme design, oversight	Stakeholder consultations, funding workshops	Year 1-5



Output	Activity	Key Stakeholders	Stakeholder Role	Means of Stakeholder Participation	Timeline
	Activity 3.3: Capacity building on ESS standards and gender considerations	Potential Issuers	Participants in training	Bi-annual workshops, ongoing support	Year 1-15
		Academia and Research Institutions	Case study providers, analysts	Case study publication, best practice dissemination	Year 2-3
		Civil Society Organizations	Advocates, watchdogs	Workshops, public consultations	Year 2-3

Annex 8. Guidance on Climate Risk and Vulnerability Assessment (CRVA)

Guidance on Climate Risk and Vulnerability Assessment (CRVA)

How to Conduct a CRVA:

Conducting a Climate Risk and Vulnerability Assessment (CRVA) involves the following systematic process:

1. **Define Scope and Objectives:**
 - Clearly delineate the geographical area, sectors, or populations to be assessed.
 - Establish the specific objectives and outcomes of the assessment.
2. **Gather Relevant Data:**
 - Collect climate data, including historical climate records and future climate projections.



- Assemble socio-economic data relevant to the area or sector.
 - Integrate social and gender data to understand the differentiated impacts of climate risks.
- 3. Analyze Climate Impacts:**
- Assess changes in temperature, precipitation patterns, sea-level rise, and the frequency and severity of extreme weather events.
 - Use climate models and scenarios to predict potential future climate conditions.
- 4. Conduct Vulnerability Assessment:**
- Identify the sensitivity of systems or populations to climate impacts.
 - Assess the adaptive capacity of these systems or populations to respond to climate changes.
- 5. Synthesize Findings:**
- Integrate the data and analysis to identify the most significant climate risks.
 - Prioritize risks based on their potential impact and likelihood.
- 6. Develop Risk Management Strategies:**
- Formulate strategies to manage and mitigate identified risks.
 - Recommend effective adaptation measures tailored to the specific context.
- 7. Engage Stakeholders:**
- Involve relevant stakeholders throughout the assessment process to ensure comprehensive and practical outcomes.
 - Use participatory approaches to gather insights and validate findings.

Technical assistance under the GRDP project (implementation by UNDP)

To support issuers in conducting Climate Risk and Vulnerability Assessments, we will provide the following:

- 1. Targeted Training Programs:**
 - Interactive workshops designed to build capacity in understanding climate data, using risk assessment tools, and interpreting results.
 - Training sessions will cover the entire CRVA process, from data collection to risk management strategies.
- 2. Comprehensive Guidance Materials:**
 - Step-by-step guides and best practice frameworks to assist issuers in conducting thorough assessments.



- Documentation will include case studies, example assessments, and practical tips.

3. Technical Assistance:

- Support in data collection and analysis, leveraging our expertise and resources.
- Assistance in developing actionable adaptation plans based on CRVA findings.

4. Ongoing Support and Mentorship:

- Continuous support and mentorship to ensure issuers can effectively apply what they have learned.
- One-on-one consultations and feedback sessions to address specific challenges and opportunities.

Project Activity Details

Activity 2.1: Capacity Building on Climate Risks and Vulnerability Assessments

• 2.1.1 Compile Data:

- Collect and integrate data on climate hazards, vulnerabilities, damages, and losses.
- Include social and gender data to provide a comprehensive overview.
- Produce a climate and social landscape report for potential issuers.

• 2.1.2 Conduct Workshops:

- Organize two workshops per year to educate stakeholders on interpreting and using existing climate risk models.
- Provide guidelines and methodologies for conducting vulnerability assessments.

• 2.1.3 Develop Global Data Framework:

- Create a framework to compile and disseminate data on climate hazards, vulnerabilities, damages, and losses.
- Set up and maintain a data portal to share and automate the compiled data.

Activity 2.2: Align GGBI and GRDP Activities with National Climate Dialog

• 2.2.1 Ongoing Support:

- Support the integration of GGBI/GRDP activities with national climate processes, including NDCs and NAPs.
- Produce an annual report documenting progress and alignment.

• 2.2.2 Conduct Workshops:

- Conduct one workshop per year to educate stakeholders on aligning indicators and green bond impact reports with NDC and NAP.

Annex VI (b) – Environmental and Social Management Framework

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This refined activity plan ensures a comprehensive approach to building capacity for conducting CRVAs, supporting issuers in understanding and mitigating climate risks, and aligning green bond activities with national climate goals.