



**ENVIRONMENTAL AND SOCIAL
MANAGEMENT SYSTEM (ESMS)**

This document will be updated periodically as required.

Version

1.0

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1. INTRODUCTION

1.1 Background

Canopy Trust, implemented by the Catalytic Finance Foundation (Catalytic), facilitates innovative finance solutions for companies and projects to address deforestation and promote sustainable land-use practices across Central Africa. This Environmental & Social Management System (ESMS) details how ES risk management procedures will be implemented for all Canopy Trust supported projects to avoid environmental and social harm. Canopy Trust is complementary to the broader CAFI program and aligns with CAFI's results Framework and national REDD+ strategies through targeted interventions in sustainable agriculture, agroforestry and forest conservation. The project aligns with national priorities by directly supporting the region's sustainable development goals, focusing on reducing deforestation while fostering economic growth.

Central Africa's forests play a critical role in global carbon sequestration, biodiversity conservation, and regional climate regulation. However, pressures from unsustainable agricultural practices, cooking energy, illegal logging, and rapid infrastructure expansion have significantly contributed to deforestation. By providing financial and technical assistance (TA) to companies and projects that promote sustainable land use and reduce deforestation, Canopy Trust aims to reverse these trends. In addition to reducing environmental degradation, the initiative promotes sustainable economic development through direct investments in sustainable agriculture, agroforestry, cooking energy and renewable energy. By supporting alternative livelihoods and sustainable business practices, Canopy Trust seeks to increase food security, reduce land conversion pressures, and improve local governance of natural resources.

In addition to the ES safeguards detailed in this document, Canopy Trust implements comprehensive monitoring, reporting and verification (MRV) procedures for deforestation rates, socio-economic development, and environmental sustainability as presented separately in the Canopy Trust Impact MRV Framework.

1.2 Objectives

The key objectives of Canopy Trust are:

- **Reducing deforestation:** By implementing Payment for Ecosystem Services (PES), the initiative aims to incentivise local communities and businesses to adopt sustainable practices such as agroforestry, directly contributing to national REDD+ goals and reducing land conversion.
- **Sustainable economic development:** Canopy Trust supports private-sector engagement in sustainable agriculture and forestry by providing TA and catalytic investments. These initiatives are expected to create alternative livelihoods, increase food security, and help address key drivers of deforestation.
- **Contribution to REDD+ objectives:** Canopy Trust aligns with the milestones of the national REDD+ strategies, ensuring its activities contribute to emissions reduction and forest preservation targets.

Through a combination of financial and technical support, Canopy Trust aims to catalyse sustainable land-use practices, contributing to both environmental protection and economic resilience for local communities in Central Africa.

1.3 Scope and Application

Canopy Trust mobilizes finance to protect Congo Basin forests while promoting sustainable development across Central Africa. Operating in Cameroon, Central African Republic, Democratic Republic of Congo, Equatorial Guinea, Gabon, and Republic of Congo, the initiative supports the world's second-largest tropical forest ecosystem.

The primary outcomes to which the program contributes include:

1. Sustainable agricultural practices lead to less land conversion and increased food security.
2. Sustainable alternatives to current wood energy practices are adopted.
3. Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests.
4. Future infrastructure, mining and oil projects minimize their overall footprint on forests.

Canopy Trust operates through a multi-faceted approach involving direct investment, technical assistance, and capacity-building programs, structured around three investment windows, each focusing on different aspects of sustainable development:

- **Window 1 - Payment for Ecosystem Services (PES):** Incentivises communities and landowners to preserve forest ecosystems by providing financial rewards based on the delivery of ecosystem services.
- **Window 2 - Technical Assistance and Capital Acceleration Facility:** Direct TA grants (Feasibility Studies, Environment Social and Impact Assessments, etc.), grants, recoverable grants, venture debt and venture capital into projects and companies at an early stage of their development and/or presenting a financial risk that would not be acceptable under window 3 financing and yet, considered as potentially bringing a lot of value in the growth or the structuring of the investment market with positive impacts on stopping deforestation.
- **Window 3 – Fund Investments:** With a blended finance approach, uses concessional capital to de-risk and catalyse significant additional private sector investments in cooking energy and renewable energy, agroforestry, and deforestation-free agricultural value chains, while ensuring that investors are aligned with the project's impact goals. Investment strategies include private equity, guarantees and private debt, and target companies operating in the region at growth stage level.

This ESMS details procedures that all projects supported by Canopy Trust must meet while encouraging continuous improvement and innovation in safeguards implementation, and has been developed to comply with Catalytic's Environmental Social Safeguards (ESS) Management [Policy](#) and organisational level ESMS.

The document provides an overview of the Canopy Trust ES risk management approach. Annexes 1-4 present procedures for project screening and assessment, while Annexes 4-5 have been developed as templates for project owners to implement necessary ES management measures and collect associated information for reporting requirements. The Catalytic ESMS provides additional guidance on ESMS requirements for Catalytic initiatives.

2. ORGANISATIONAL FRAMEWORK AND RESPONSIBILITIES

Effective ES risk management requires clear organisational arrangements with defined roles, adequate resources, and strong accountability mechanisms. This section establishes the governance structure for ESMS implementation, ensuring that ES considerations are integrated into all investment decisions and project oversight activities.

2.1 Governance Structure

The Canopy Trust governance structure includes the key institutional bodies below, to ensure the effective execution of its strategic goals:

- The Steering Committee, responsible for high-level decision-making, including the approval of work plans and budgets.
- The Project Management Unit (PMU), led by Catalytic staff, oversees the day-to-day execution of the project and coordinates activities across different investment windows.
- The designated Environmental and Social Manager (ESM) is included in the Technical Assistance (TA) Committee, assesses the ES risk of projects, and provides associated reports to the investment team.
- Investment Committees, which assess and approve funding requests for technical assistance, grants, venture capital, and initiative commitments.

Catalytic, as a key player in the governance and operational processes, ensures that all activities are aligned with CAFI's strategic objectives, and facilitates collaboration with stakeholders, including government ministries, local communities, and private sector entities.

2.2 Roles and Responsibilities

Clear responsibilities ensure accountability and prevent gaps in ES management. General responsibilities are detailed below.

Catalytic

- Implement the Canopy Trust ESMS
- Report to donors on ES performance
- Maintain communications with projects and stakeholders

Project Sponsors/Investees

- Comply with all ESMS requirements
- Develop and implement project-specific ES management plans (TA may assist)
- Report regularly on ES performance
- Engage stakeholders throughout project implementation

Third-Party

Provide independent verification of ES compliance (see Section 7).

3. ENVIRONMENTAL AND SOCIAL STANDARDS

The ESMS adopts relevant organisational and internationally recognised ES standards while acknowledging the specific challenges and opportunities of the Central African context. These standards provide the foundation for all risk assessment and management activities, ensuring consistency with global best practices while allowing flexibility for local adaptation. The approach recognises that different standards may apply depending on project type, location, and stakeholder requirements. The CAFI Seven Outcomes are provided as Annex 1, and the Canopy Trust Exclusion and Eligibility list is provided as Annex 2.

3.1 Applicable Standards

In accordance with the Catalytic ESMS, all investments must comply with:

- **IFC Performance Standards (2012)** – consideration of all eight [standards](#):
 - PS1: Assessment and Management of Environmental and Social Risks
 - PS2: Labor and Working Conditions
 - PS3: Resource Efficiency and Pollution Prevention
 - PS4: Community Health, Safety, and Security
 - PS5: Land Acquisition and Involuntary Resettlement
 - PS6: Biodiversity Conservation and Sustainable Management
 - PS7: Indigenous Peoples
 - PS8: Cultural Heritage
- **Gold Standard Safeguarding Principles** and [requirements](#) including Human rights and gender equality, Sustainable development contributions, Indigenous people, Stakeholder inclusivity, Climate and energy, Water, Environment, Ecology and Land-use.
- **National Regulations** of host countries
- **International Agreements** including the Paris Agreement, the Convention on Biological Diversity (CBD), and relevant ILO conventions

The ES risk approach detailed in this ESMS is compliant with the requirements of the CAFI Private Sector Investment Framework, including the following project exclusion and eligibility criteria:

- Agriculture and forestry projects are to ensure that production is deforestation-free (land including suppliers' plots was not forest in 2020).
- Renewable energy projects are to support value added in sustainable forestry and agriculture value chains, including in connection with special economic zones are discussed in the agriculture and forest industry sectors.
- The project owner must be able to demonstrate legal land tenure with no resettlement requirements.

The document also considers the ES relevant [UNDP risk categories](#).



4. RISK SCREENING AND ASSESSMENT

The following procedures are adopted to ensure that Canopy Trust projects are in accordance with the facilities investment principles and avoid environmental and social harm. ES risk screening and assessment form the foundation of environmental and social management, as outlined in IFC Performance Standard 1.

It is noted that the procedures in this ESMS are generally applicable to direct project investments. In the case of direct fund investments by Canopy Trust, assessments will be completed to ensure that the fund has ES risk assessment procedures in place that comply with the requirements of this framework.

4.1 Project Screening

Effective risk management begins with systematic project screening to identify potential ES risks early in the process. All projects undergo initial screening to:

- Assess alignment with CAFI Outcomes (Annex 1)
- Ensure the absence of activities on the Exclusion List (Annex 2)
- Determine preliminary risk category (Section 4.2)
- Identify potential ES risks requiring further investigation (Section 4.3).

Catalytic has developed inhouse screening tools compliant with relevant guidance frameworks to facilitate the comprehensive and effective screening of projects.

4.2 Risk Categorization

Catalytic has adopted the IFC Performance Standards for categorisation of ES risks as detailed below.

Risk Category as per ESMS	IFC Risk Category	IFC Description
High	Category A	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
Medium	Category B	Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
Low	Category C	Business activities with minimal or no adverse environmental or social risks and/or impacts.

4.3 Environmental Social Impact Assessment (ESIA)

ES impact assessments provide the foundation for risk management, identifying potential impacts, allowing for the development of appropriate mitigation measures. Projects seeking direct investment and considered to potentially be risk Category A or B, require Environmental and Social Impact Assessment (ESIA) by a qualified, independent consultant prior to investment to demonstrate manageable ES risk. The purpose of an ESIA is to identify specific ES risks

associated with the project, develop mitigation measures, and confirm the risk rating of the project to ensure suitability for investment. A project-specific ESIA scope is prepared by Catalytic during procurement. An ESIA generally includes reference frameworks, legal requirements, data gap review, area of influence, site and baseline assessments, stakeholder consultation, and impact assessment.

4.4 Environmental Social Management Plan (ESMP)

Based on the findings of the ESIA, an ESMP is prepared to address any ES risks identified by the ESIA. The ESMP generally contains the following components, for construction and operational stages, and must be clearly presented to allow for implementation and monitoring of the associated requirements.

- Stakeholder Engagement Plan compliant with this ESMS (see Section 6.1 and Annex 3).
- Stakeholder mapping and consultation processes, if not completed during ESIA.
- Environmental and social policy requirements, including gender policy.
- Specific measures to prevent and mitigate the risks and impacts identified by the ESIA.
- Operational procedures and specialised management plan requirements.
- Ongoing assessment and monitoring requirements.
- Visual presentation of physical mitigation approaches, such as development exclusion areas, habitat protection areas, and erosion controls.
- Roles, responsibilities, training requirements and organisational competencies.
- Unexpected finds procedure.
- Monitoring, evaluation and reporting of ESMP compliance.
- Grievance mechanism implementation (Section 6.7).

4.5 Environmental Social Due Diligence (ESDD) Report

For projects seeking direct investment, Environmental and Social Due Diligence (ESDD) assessment summarises the ES risks associated with the project to determine whether investment should be considered from an ES risk perspective. An ESDD report generally includes the following sections:

- Project description, impact thesis and intended beneficiaries
- Review of ES reports, procedures in place, and data gap assessment
- Reputational risk review (RRR)
- Potential site inspections and company/stakeholder interviews
- Final risk categorisation of the project under IFC Performance Standards
- Development of Environmental Social Action Plan (ESAP) to address any data gaps and optimise the companies ES systems (Annex 4), including ESMS (Annex 5).

Prior to investment consideration, a clear action plan should be in place to identify how the project will not only prevent ES harm but also achieve sustainable land management in accordance with the Canopy Trust objectives: reducing emissions from deforestation, sustainable land-use planning, strengthening forest governance, and protecting biodiversity. This is further discussed in the Canopy Trust Impact MRV Framework.

5. INVESTMENT PROCEDURES

Following completion of the ESDD and Go/No Go decision by the ES and investment teams, the ESDD report is submitted for an Investment Committee (IC) meeting, which decides whether to proceed with project investment. The ESDD report must confirm to the IC that the project either currently meets the ES requirements detailed in this framework or is expected to be able to meet following the implementation of corrective actions detailed in the ESAP (attached to the ESDD report). The investment memo submitted to the IC includes a summary of the due diligence, project categorisation with justification, together with any ESMP/ESAP requirements.

Following IC approval, all formal ESMP/ESAP requirements are incorporated into investment agreements and Engineering Procurement Construction/Operation & Maintenance contracts, or similar. The fund or investee negotiates and agrees on environmental, health, and safety provisions with project partners, including standard terms applicable to all investments and project-specific conditions identified during due diligence.

Critical mitigating actions addressing policy gaps are included as investment conditions, with higher risk projects requiring formal and reported implementation of ESAPs. The fund or investee maintains comprehensive documentation throughout the process, including investment decisions, committee interactions, ESAPs, and contractual environmental and social covenants. All environmental and social terms are embedded in legal agreements to ensure ongoing compliance with the initiatives Environmental and Social Policy throughout project implementation.

In the case of direct fund investments, an ESDD report will be prepared for the investment team detailing assessment and outcomes as to whether the fund is considered to comply with the requirements of this framework and is therefore suitable for investment by Canopy Trust from an ES risk perspective.

Project development and investment procedures are discussed in more detail in the Catalytic organisational level ESMS.

6. RISK MANAGEMENT

This section provides additional details on ES risk assessment and management considerations to be managed across investment timeframes.

6.1 STAKEHOLDER ENGAGEMENT

Stakeholder engagement, mandated by IFC Performance Standard 1, establishes systematic approaches for identifying, analysing, and consulting with project-affected communities and interested parties. This ongoing process requires culturally appropriate consultation methods, disclosure of relevant information, and documentation of activities. Effective engagement must be inclusive and gender-responsive, providing opportunities for stakeholders to express views on project risks, impacts, and mitigation measures throughout the project lifecycle. Beyond compliance, stakeholder engagement is critical for understanding diverse perspectives, flagging gaps and opportunities, building constructive relationships, and enabling community ownership. It promotes transparency, accountability, and meaningful participation. In practice, this encompasses a range of activities and interactions throughout the project cycle, representing an essential aspect of good project management that enhances both project outcomes and community relations. An example Stakeholder Engagement Plan Template has been provided in Annex 3.

To ensure consistency across the wider CAFI mandate, all stakeholder consultation is to be conducted in accordance with the UNDP Social and Environmental Standards (SES) requirements for Stakeholder Engagement (details provided in Annex 3). Stakeholder mapping requirements include any person or organization that has an interest in, is affected by, or is perceived to be affected by a Canopy Trust project. This may include local communities, government officials, donors and private sector companies.

This ESMS requires projects to design a dedicated stakeholder engagement process in order to ensure that:

- Stakeholders' concerns are captured, and potential risks are adequately identified
- Groups and peoples whose lives might be affected by the project are properly consulted to verify and assess the significance of any impacts
- Affected groups and communities participate in the development of mitigation measures, in decision making regarding their operationalisation, and in monitoring their implementation.

Project owners should engage with their stakeholders to understand the impacts that their business has on them, not only to avoid environmental and social harm, but to reduce reputational risks from anti-company sentiments or negative campaigns. Regular and systematic interactions with stakeholders can earn their trust and create a positive image for the company. In addition, stakeholders can provide valuable feedback to help the company avoid or minimize possible negative impacts from their operations. Vulnerable groups, or people with temporary vulnerabilities, may require specific methods of engagement. This should be captured in project screening and stakeholder mapping stages.

The Stakeholder Consultation shall be conducted prior to the start date of the Project so that the stakeholders can truly influence the project design, planning and its implementation. If the Consultation is conducted after the start date, the stakeholders shall be provided with an

opportunity to comment on the project and the Project Developer shall provide further explanation of how comments received during the consultation were considered.

6.2 INDIGENOUS PEOPLES AND VULNERABLE GROUPS

Indigenous Peoples in Central Africa face systematic marginalization despite their crucial role in sustainable activities such as forest conservation. IFC Performance Standard 7 requires special consideration for Indigenous Peoples to ensure respect for their rights, dignity, and cultural uniqueness. Projects must identify presence of Indigenous Peoples, assess specific impacts on their lands, resources, and livelihoods, and engage through culturally appropriate consultation processes. This includes obtaining Free, Prior, and Informed Consent (FPIC) for certain project circumstances, protecting cultural heritage, and ensuring equitable benefit-sharing while avoiding adverse impacts on traditional practices and knowledge systems. This ESMS seeks strong protections that go beyond avoiding harm to actively supporting Indigenous rights and wellbeing. The requirements recognize Indigenous Peoples as partners in conservation rather than obstacles to development, building on their traditional knowledge and sustainable practices.

Indigenous Peoples Recognition

Project owners are to make continual effort to identify relevant communities within the projects area of influence, and ensure appropriate efforts are made to identifying whether project operations may impact such communities. The framework recognizes Indigenous Peoples including but not limited to Ba'Aka, Baka, Batwa groups in CAR and Cameroon; Bakola/Bagyeli in Cameroon; Mbuti, Efe, and other groups in DRC; Various Pygmy groups across the region.

Free, Prior, and Informed Consent (FPIC)

FPIC represents more than a procedural requirement; it embodies respect for Indigenous self-determination and decision-making systems. Implementing FPIC in Central Africa requires patience, cultural sensitivity, and recognition that consensus-building follows different timelines than project schedules. These requirements ensure that consent processes are genuine rather than token consultations. Projects affecting Indigenous Peoples must: Conduct participatory mapping of territories; Engage through traditional decision-making structures; Provide information in appropriate languages; Allow sufficient time for internal consultations; Document consent or absence thereof; Establish benefit-sharing agreements if appropriate.

Vulnerable Groups Protection

Beyond Indigenous Peoples, various groups face vulnerabilities that require targeted support to ensure equitable project outcomes. These measures recognize that standard approaches may inadvertently exclude or harm vulnerable populations. Proactive identification and support of vulnerable groups demonstrates commitment to leaving no one behind in sustainable development efforts. Special measures should be considered for Women-headed households, Youth and children, Elderly persons, Persons with disabilities, displaced persons.

Under the CAFI Private Sector Investment Framework, project owners must be able to demonstrate legal land tenure with no resettlement requirements.

6.3 LABOR AND WORKING CONDITIONS

Working conditions in Central Africa may present unique challenges including remote locations, dangerous activities, and informal employment practices. The approach to minimise risk needs

to comply with international labour standards while remaining practical for implementation for small and medium enterprises in the regional context. Aligned with IFC Performance Standard 2, labour and working conditions management ensures fair treatment, non-discrimination, and safe working environments for all project workers. This encompasses direct workers, contracted workers, and supply chain workers, requiring clear policies on terms of employment, occupational health and safety, workers' organizations, and child/forced labour prevention.

This ESMS requires project owners to ensure safe and equal working conditions, implement grievance mechanisms for workers, and ensure compliance with National labour laws and international conventions while promoting worker-management relationships.

Labor Standards

All Canopy Trust supported projects must comply with ILO Core Labor Standards, National labour legislation and regulations, prohibition of child labour, prohibition of forced labour, freedom of association, non-discrimination and equal opportunity.

Occupational Health and Safety

Forest work, for example, ranks among the most dangerous occupations globally, with risks from falling trees, wildlife, and equipment. These safety requirements adapt international standards to Central African contexts where emergency services may be hours away. The emphasis on prevention and preparedness can significantly reduce accidents and save lives.

Requirements include risk assessments for all work activities, safety equipment and training, emergency response procedures, incident reporting systems, and regular health checkups for workers. Forest work specific measures include chainsaw safety protocols, wildlife encounter procedures, and first aid stations in remote areas.

Community Labor

Local employment generates multiple benefits including poverty reduction, community buy-in, and reduced project costs. However, it requires careful management to avoid elite capture, ensure fair treatment, and build lasting capacity. These requirements promote inclusive employment practices that strengthen communities while meeting project needs. Projects should prioritize local employment, provide skills training, ensure fair wages, and establish transparent recruitment.

Child Labour

IFC Performance Standard 2 establishes comprehensive child labour protections that prohibit the employment of children in any economically exploitative manner or work that could be hazardous, interfere with education, or harm their physical, mental, spiritual, moral, or social development. The standard requires clients to identify all persons under 18 and comply with applicable National laws regarding minor employment. A complete prohibition exists on hazardous work for anyone under 18, including activities involving physical/psychological abuse, dangerous environments (underground, underwater, heights, confined spaces), dangerous machinery or heavy loads, exposure to harmful substances or conditions, and work under difficult conditions such as long hours or late nights.

All work performed by persons under 18 must undergo appropriate risk assessment and regular monitoring of health, working conditions, and hours. Additionally, the standard requires that companies must conduct supply chain due diligence to identify and remedy child labour risks

among primary suppliers, taking corrective action when violations are found. The standard is grounded in international frameworks including ILO Conventions 138 and 182 and the UN Convention on the Rights of the Child, emphasizing protection of young workers' overall wellbeing and development rather than simply establishing minimum age thresholds.

6.4 SUSTAINABLE LAND USE AND BIODIVERSITY

The Congo Basin's extraordinary biodiversity faces mounting pressures from habitat loss, poaching, and climate change. IFC Performance Standard 6 addresses protection and conservation of biodiversity, maintenance of ecosystem services, and sustainable management of living natural resources. This requires assessment of project impacts on modified, natural, and critical habitats, implementation of the mitigation hierarchy (avoid, minimize, restore, offset), and consideration of ecosystem services upon which communities depend. Projects must demonstrate no net loss of biodiversity in natural habitats and net gains in critical habitats while promoting sustainable resource use.

This ESMS requires the maintenance of ecological integrity while enabling sustainable land use. The approach recognizes that long-term conservation success depends on demonstrating tangible benefits for local communities who serve as everyday forest guardians.

Sustainable Land Management

Sustainable land management balances conservation objectives with economic needs and is central to the Canopy Trust objectives: reducing emissions from deforestation, sustainable land-use planning, strengthening forest governance, and protecting biodiversity.

Canopy Trust supported projects must avoid impacts to critical habitats, achieve no net loss in biodiversity, protect endangered species, control invasive species, and maintain ecosystem connectivity. Under the CAFI Private Sector Investment Framework, agriculture and forestry projects are to ensure that production is deforestation-free (land including suppliers plots was not forest in 2020). Projects require appropriate planning, monitoring, and adaptive management to ensure that projects maintain ecological value. Forest projects, for instance, may require management plans with conservation zones, reduced impact logging techniques, post-harvest restoration, fire prevention measures, and wildlife protection protocols.

Requirements to ensure that projects not only prevent ES harm but achieve positive environmental impact are detailed in the Canopy Trust Impact MRV Framework.

Ecosystem Services

Forest ecosystem services including water regulation, carbon storage, and cultural values often go unrecognized until they are lost. Ecosystem service potential should be considered during project assessment and monitoring. By valuing and maintaining ecosystem services, projects can generate multiple benefits while avoiding unintended consequences. Projects should assess and maintain water use, potential impacts to waterways, carbon sequestration, soil conservation, non-timber forest products, and cultural values.

6.5 CLIMATE CHANGE

Climate change represents both a critical threat to Central African forests and an opportunity for conservation finance through carbon markets. Climate considerations, integrated across IFC standards, require projects to assess and manage both climate-related risks to project operations and project contributions to greenhouse gas emissions. This includes conducting

climate risk assessments, implementing adaptation measures, quantifying emissions for high-emitting sectors, and exploring opportunities for emission reductions. Sustainable land use planning must consider climate resilience, resource efficiency, and transitions to low-carbon development pathways

This ESMS seeks for projects to achieve real climate benefits while building resilience to climate impacts, while ensuring protocols are in place to manage climate-related risks such as extreme weather, storms and floods.

- *Climate Mitigation* - contribute to avoided deforestation, carbon sequestration, regenerative agriculture, renewable energy adoption, and improved efficiency of forest related products.
- *Climate Adaptation* - Climate risk assessments, resilient species selection, diversified livelihood options, water conservation measures, and disaster risk reduction.
- *Sustainable Materials* – Use of impact methodologies for carbon-negative materials to ensure minimisation of ES risks (e.g. biochar contamination) and achievement of climate mitigation impact (e.g. permanent carbon sequestration).

Climate-related MRV requirements for Canopy Trust are detailed in the MRV Impact Framework.

6.6 GENDER EQUALITY AND SOCIAL INCLUSION

Gender equality and social inclusion cut across all IFC Performance Standards, requiring systematic identification and addressing of gender-based risks, impacts, and opportunities. Projects must assess differential impacts on women, men, and gender minorities, ensure equal access to benefits and opportunities, prevent gender-based violence and harassment, and promote women's participation in consultation processes. This includes addressing intersectional vulnerabilities and promoting inclusive development outcomes.

2X Gender Criteria

Canopy Trust supported projects are encouraged to develop a Gender Action Plan (GAP) generally compliant with 2X Challenge criteria, which is a global initiative launched by development finance institutions to mobilize investment in women's economic empowerment and gender equality. To qualify for 2X, projects must meet at least one of four key indicators: women's entrepreneurship (51% women-owned/led businesses), women's employment (30-40% women in workforce and senior positions with quality indicators), women-focused products/services (specifically targeting women customers), or investments through financial intermediaries meeting these criteria. Projects seeking 2X qualification should conduct gender assessments to identify opportunities, establish baseline data and targets for selected criteria, implement gender-responsive policies and practices (including safe workplaces, equal pay, and anti-harassment measures), and develop monitoring systems to track progress. Additionally, projects should demonstrate commitment through leadership support, adequate resources for gender initiatives, and integration of gender considerations into core business operations rather than treating them as add-ons.

6.7 GRIEVANCE MECHANISM

Grievance mechanisms provide accessible, transparent channels for project-affected communities to raise concerns and seek resolution. These mechanisms must be culturally appropriate, easily accessible without cost or retribution, and provide timely responses to

grievances. The process should include clear procedures for receiving, registering, investigating, and responding to complaints, with documentation and monitoring of resolution outcomes.

At an organisational level, Catalytic maintains a contact function on the “Whistleblower Policy” page of its website, which is also made available on the Canopy Trust Website. Any grievances regarding ES Safeguard matters are also shared with the ESM. If requested, emails submitted to the email address will be kept confidential.

A grievance log is maintained, which includes:

- Date of grievance
- Name of aggrieved party and any affiliation/organization
- Contact details of aggrieved party
- Category of grievance (environmental, social, governance, other)
- Whether the grievance is directed at Catalytic, an initiative or a project (if investee, its name should be listed)
- Summary of the issue
- Whether the grievance is an appeal to an earlier grievance management outcome
- Relevant parties to engage with
- Recommended investigation of issue
- Outcome of investigation and actions taken
- Date of closure and information provided to aggrieved party

A competent employee responsible to:

1. Work to acknowledge the grievance in writing in a timely manner and let the aggrieved party know the status of the investigation into the matter, in accordance with Catalytic policy. An estimated timeframe for investigation should be provided. Investigations into grievances can vary depending on the nature of the grievance, but best efforts should be made to ensure that grievances are handled promptly. Most investigations should not last more than 90 days.
2. Work with relevant parties to evaluate the grievance and determine if any action should be taken to remedy it.
3. Inform the aggrieved party of outcomes of the investigation and any action being taken or reasons for not taking action.
4. Log the outcome of the investigation in the file, including a summary of actions taken or rationale for not taking action and the date of response to the aggrieved party.

The contents of the grievance log and management of grievances should respect confidentiality of the aggrieved party to the extent practical, and there should be no retaliation against aggrieved parties or whistleblowers. In some cases, it may be appropriate to further engage the aggrieved party during an investigation into the grievance. This could take place through inviting the aggrieved party to a meeting, conference call, or by engaging further in writing. All ongoing engagement with an aggrieved party should be noted in the grievance log.

Canopy Trust requires that separate Grievance Mechanisms are also maintained at fund and project levels, by the fund manager and project owner respectively.

6.8 CONTRACTOR AND SUPPLY CHAIN MANAGEMENT

Performance Standards 1 and 2 extend environmental and social requirements to contractors and supply chains. This requires establishing contractor management procedures that ensure compliance with project standards, including pre-qualification assessments, contractual

clauses, training requirements, and performance monitoring. Supply chain management must address risks of child/forced labour, significant safety issues, excessive emissions and environmental impacts, with procedures for screening suppliers and implementing corrective actions when non-compliances are identified.

Under the project level ESMS, all Canopy Trust supported projects are to develop an Operations Management Plan, or similar, providing details on how the project will:

- Designate roles and responsibilities, and screen contractors.
- Avoid ES impacts daily and monitor necessary controls.
- Train contractors to comply with relevant management plans, implement labour standards, maintain insurance coverage, report incidents immediately.
- Complete supply chain due diligence.
- Provide contractors with ES standards training, technical support, regular performance reviews, and improvement plans.

The completion of project ESIA assessments and development of subsequent ESMP will facilitate the above for moderate risk projects (Category B).

7. MONITORING AND REPORTING

Canopy Trust actively monitors and supervises the environmental and social performance of all projects to ensure compliance with investment agreements and ESAPs. This oversight may include periodic site visits, routine progress reports from project owners on ESAP implementation, mandatory reporting of any environmental, health, and safety incidents within three days of occurrence, and commissioning of external environmental audits when necessary. The fund or investee ensures that grievance mechanisms are properly implemented and that project owners submit ES reports demonstrating compliance with environmental and social requirements throughout the construction and operational phases. Catalytic works with project owners to ensure that necessary data is obtained and recorded at the project level to ensure that identified ES risks are managed.

Although workplace incidents will comprise a component of ES reporting, specific Occupational, Health and Safety (OHS) reporting requirements are not a part of this ESMS. Such incidents should be reported under appropriate means as soon as possible.

7.1 Data Collection

Project level ES Safeguards data is collected by project owners to ensure compliance with this framework. A reporting form has been included as Annex 6, although this is not exhaustive and project owners must ensure that all relevant information is collected. The data will be verified by Catalytic, or relevant representatives through desktop review, potential site visits, and periodic third-party audits where appropriate to ensure accuracy and compliance with this framework.

The general information to be collected for ES Safeguards reporting includes:

- Progress towards project ESAP implementation, including project-level ESMS.
- Specifics on how ESMP requirements were implemented and monitored, including inspection dates, photographs, issues, and resolutions.
- Details on other relevant plans, such as the Operations Management Plan, which requires consideration of project operations, supply chain sustainability, etc.
- Periodic site visits by the Catalytic ES team (or third-party consultant), according to the level of EHS risk, and assess ESMP/ESAP implementation.
- Submission of progress reports by the project owner on any actions and monitoring requirements documented in the agreed ESAP to rectify outstanding EHS issues.
- Reporting of any EHS incidents (environmental, social, fatalities) to Catalytic within 24–48 hours of occurrence, or as soon as practicable.
- Commissioning of external environmental audit reports by the Catalytic ES Manager as may be deemed necessary.
- A back-to-office supervision report (BTOR) will be prepared based on site visits, external audits, and actions agreed to rectify outstanding ES matters.

7.2 Annual Reporting

In addition to periodic supervision and monitoring reports prepared by project owners, projects are required to submit an annual monitoring report (AMR) detailing progress against any ESMP/ESAP items, and to report on compliance with contractual conditions, including the following content:

- Post-construction completion report indicating compliance with local regulations and receipt of operating permits/operating licenses.
- Any required environmental monitoring data (e.g., air/water quality, wastewater, solid waste, noise).
- OHS and Lost Time Incidents (LTI) data (accidents, fatalities, life and fire safety).

Catalytic will prepare an initiative-level Annual ES Performance Report detailing how the Canopy Trust has implemented the ESMS throughout the year, any changes, improvements, and details of the ES performance of the investee companies/projects.

For direct fund investments made by Canopy Trust, the expectation will be established that it is the investee funds responsibility to complete MRV for ES and Impact matters and provide associated data and reports to Canopy Trust at appropriate timeframes.

Working with project owners, Catalytic ensures that:

- Projects submit AMRs.
- Post-construction completion reports and other reports are submitted.
- ES monitoring data is entered into relevant databases/monitoring software.
- An annual ES report is prepared at the initiative level.
- A summary of this annual report is prepared and posted on Catalytic's webpage.

All AMRs are filed in the Catalytic documentation system.

7.3 SFDR Requirements

Reporting procedures required under this ESMS will be compliant with SFDR Article 9 requirements by implementing Principal Adverse Impact (PAI) monitoring across all mandatory indicators, reporting sustainable investment objectives and their measurement methodologies, demonstrating "do no significant harm" (DNSH) compliance. This is achieved through ES risk screening and assessments, adoption of good governance practices across portfolio companies, providing pre-contractual and periodic disclosures with standardised templates, and maintaining website transparency with regular updates on sustainability performance and adverse impacts.

Under SFDR Article 9, the EU Taxonomy is mandatory for demonstrating sustainable investment objectives. It must be demonstrated how investments contribute substantially to at least one of the six environmental objectives: climate mitigation/adaptation, water, circular economy, pollution prevention, biodiversity. This requires conducting taxonomy alignment assessments for each investment, evaluating whether portfolio company activities meet technical screening criteria, and reporting the percentage of taxonomy-aligned investments in periodic disclosures.

7.4 Documentation and Quality Control

Canopy Trust maintains comprehensive documentation and quality control systems for all environmental and social activities through a centralised recording system. All environmental and social studies, impact assessments, Back to Office Reports, Environmental and Social Review Summaries, action plans, and clearances are systematically stored and kept current by the ES Manager with administrative support. The initiative ensures its ESMS undergoes periodic internal reviews. This systematic approach guarantees that due diligence records, monitoring data, and project documentation remain accessible and up to date throughout the investment lifecycle, supporting effective oversight across the Canopy Trust portfolio.

ANNEX 1: CAFI SEVEN OUTCOMES

1. Sustainable agricultural practices lead to less land conversion and increased food security;
2. Sustainable alternatives to current wood energy practices are adopted;
3. Forestry sector and protected areas institutions and stakeholders have the capacity and the legal framework to promote, monitor and enforce sustainable management of forests;
4. Future infrastructure and mining projects minimize their overall footprint on forests;
5. Land use planning decisions ensure a balanced representation of sectoral interests and keep forests standing, and better tenure security does not incentivize forest loss by individuals, communities or companies;
6. Population growth and migration to forests and forest fronts are slowed down;
7. Better inter-ministerial coordination and governance resulting in a permitting, enforcement and fiscal regime of economic activities that do not push economic actors to forest conversion and illegal activities; and a business climate favourable to forest-friendly investments

ANNEX 2: CANOPY TRUST EXCLUSION AND ELIGIBILITY LIST

A) Eligibility Criteria

1. The proposed project is located in at least one of the 5 countries listed: the Democratic Republic of Congo, the Republic of Congo, Gabon, the Central African Republic and Cameroon.
2. The project targets one or more of the following sectors: sustainable agriculture, agroforestry, renewable energy or energy transition, economic development (directly contributing to deforestation-free value chains)
3. "The expected total capital contribution by Canopy Trust for the project is between:
 - i) USD200,000 (two hundred thousand US Dollars) to USD800,000 (eight hundred thousand US Dollars) under the Technical Assistance Section.
 - ii) USD1,000,000 (one million US Dollars) to USD2,000,000 (two million US Dollars) under the Capital Acceleration section"
4. The project is expected to contribute positively to one of the following SDGs climate action (SDG 13), life on land (SDG 15) and gender equality (SDG 5) and yield co-benefits with respect to SDGs 7 (affordable and clean energy), 8 (decent work and economic growth), 2 (zero hunger), 11 (sustainable cities and communities).
5. The project does not fall under the Exclusion List in the Catalytic ESMS.
6. "ES categorization is B or C, in accordance with IFC Performance Standards.
7. The main stakeholder has the legal power to represent his entity, which is legally registered.
8. The proposal is complete, and all the compulsory files/questions are present/answered
9. Agriculture and forestry projects are to ensure that production is deforestation-free.
10. Renewable energy projects are to support value added in sustainable forestry and agriculture value chains, including in connection with special economic zones are discussed in the agriculture and forest industry sectors.
11. The project owner must be able to demonstrate legal land tenure with no resettlement requirements.

B) Exclusion criteria

1. Activities with significant adverse environmental and social risks that are diverse, irreversible or unprecedented
2. Non-legal and non-sustainable projects.
3. Transboundary movements of waste prohibited under international law, unless compliant with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and underlying regulations.
4. Projects involving physical or involuntary resettlement
5. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
6. Destruction of High Conservation Value areas or areas with major biodiversity
7. Projects that may cause significant adverse impacts (equivalent to category A). Projects equivalent to category B require ESIA including stakeholder consultation.
8. Projects adversely affecting cultural heritage or cultural heritage sites
9. Projects which result in depriving people's individual rights and freedom, or violation of human rights

-
10. The production of, or trade in, any product or activity deemed illegal under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase out or bans.
 11. Production of or trade in products containing PCBs
 12. Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans
 13. Production of or trade in ozone depleting substances subject to international phase out
 14. Trade in wildlife, production of or trade in wildlife products regulated under CITES
 15. Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit
 16. Production or trade in weapons and munitions
 17. Production or activities involving harmful or exploitative forms of forced labour or child labour as defined in the ILO core labour standards
 18. Production of cosmetics etc. involving testing on animals
 19. Commercial logging operations for use in primary forests
 20. Any business activity involving pornography
 21. Production or distribution of racist, anti-democratic and/or neo-Nazi media
 22. Production or trade in alcoholic beverages
 23. Production or trade in tobacco
 24. Gambling, casinos and equivalent enterprises
 25. Production or trade in radioactive materials
 26. Production or use of or trade in unbonded asbestos fibers or asbestos-containing products
 27. Drift net fishing in the marine environment
 28. Shipment of oil or other hazardous substances in tankers which do not comply with IMO requirements
 29. Project area shall not be on wetlands
 30. The Project shall demonstrate conformity to Safeguarding Principle 8 - Water.
 31. Project must not be associated with geoen지니어ing or energy generated from nuclear or fossil fuels switch, or any project that supports, enhances or prolongs such energy generation.
 32. Projects involving the use of GMOs
 33. The Project shall not make use of chemicals or materials subject to international bans or phase-outs. For example chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants (e.g. DDT, PCBs) or the Montreal Protocol which covers HFCs/CFCs
 34. Projects involving Animal Husbandry - Synthetic growth promoters including hormones shall not be administered.
-

ANNEX 3: STAKEHOLDER ENGAGEMENT PLAN

STAKEHOLDER ENGAGEMENT PLAN TEMPLATE

Project: _____ Date: _____

Preliminary evaluation of risk level based on screening: Low Moderate High

STAKEHOLDER ANALYSIS

Stakeholder	Engagement Needs	Methods	Lead (Examples)
Indigenous communities	FPIC ¹ , benefit-sharing	Traditional forums	Project Manager and Indigenous Liaison
Local farmers	Livelihood support	Group meetings	Community Officer
Women's groups	Economic opportunities	Separate sessions	Gender Specialist
Government agencies	Permits, coordination	Official meetings	Project Manager
Traditional leaders	Approval, mediation	Protocol visits	Community Liaison

ENGAGEMENT TIMELINE (INDICATIVE) & ACTIVITIES

Phase 1: Preparation (Month 1)

✓ Stakeholder mapping ✓ Material preparation ✓ Team training ✓ Logistics planning

Phase 2: Consultation (Months 2-3)

Round 1: Information Sharing (Month 2)	Round 2: Feedback Integration (Month 3)
Focus groups (8-12 people), key informant interviews, material distribution (30 days in advance of event), physical community event	Feedback facilitation (allow 30 days after event), present findings, discuss mitigation, negotiate agreements, document outcomes

Phase 3: Implementation (Month 3+)

✓ Regular updates ✓ Grievance operation ✓ Participatory monitoring ✓ Adaptive management

¹ Free Prior Informed Consent (FPIC)

CONSULTATION APPROACH

Meeting Types

Large Meetings	Focus Groups	Individual Consultations
30-day notice, local language, gender balance, minutes & attendance	8-12 participants, homogeneous groups, safe spaces for women, audio recording (with consent)	Traditional leaders, vulnerable persons, confidential issues, private settings

Information Disclosure

Materials	Distribution Points
Non-technical summaries, visual aids & infographics, local language translations, radio announcements	Chief's compound, community centres, health clinics, schools & markets, bulletin boards

DOCUMENTATION & GRIEVANCE SYSTEM

Meeting Records

- Date, time, location, participants (gender-disaggregated)
- Issues raised, responses, agreements, photos (with consent)

Grievance Channels

- Complaint boxes at venues
- Verbal complaint recording
- Response tracking system
- Quarterly public reporting

BUDGET ALLOCATION

Activity	Cost	Activity	Cost
Community meetings (10)		Transportation	
Translation services		Documentation	
Material development		TOTAL	

Prepared by: _____ Date: _____ Approved by: _____ Date: _____

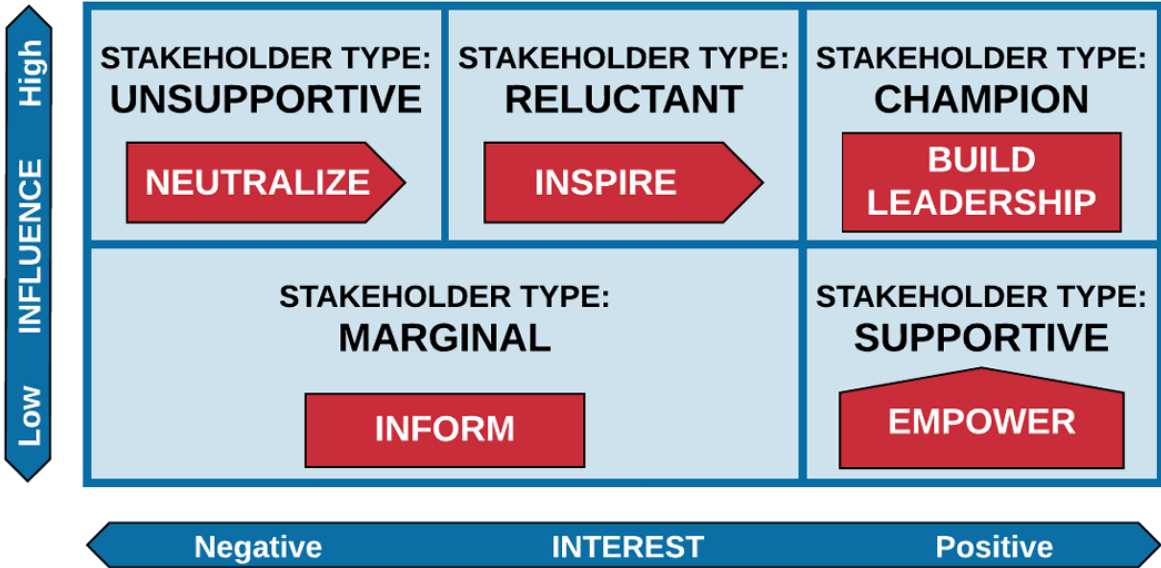
UNDP Social and Environmental Standards (SES) - Stakeholder Engagement

The UNDP Social and Environmental Standards (SES) require Stakeholder Engagement Plans (SEPs) for all programs and projects, with the complexity and scope of these plans scaled according to the project's nature, potential impacts, and risk level. For low-risk projects with minimal adverse social and environmental impacts, a simplified SEP focusing on initial consultations, information disclosure, and periodic reporting can be integrated directly into the Project Document without requiring a separate plan. However, projects with greater complexity (and potential impacts requiring management e.g. Category B) require comprehensive, strategic SEPs that include detailed mechanisms for iterative consultations, consent processes, social and environmental assessments, mitigation planning, implementation monitoring, and evaluation, necessitating a separate, detailed plan to be appended to the Project Document. The appropriate scaling of SEPs depends on factors including the project's nature, scale, location, duration, stakeholder diversity, potential positive and adverse impacts, and likelihood of grievances. The UNDP SES requirements for stakeholder consultation are presented below.

Additional guidance can be found in Annex 2 of the [Standard](#).

1. Ensure meaningful, effective, informed participation of stakeholders in the formulation and implementation of programs and projects, providing stakeholders opportunities to express their views at all points in the project decision-making process on matters that affect them.
2. Conduct stakeholder analysis and engagement in a gender-responsive, culturally sensitive, non-discriminatory and inclusive manner, identifying potentially affected vulnerable and marginalized groups and providing them opportunities to participate.
3. Develop appropriately-scaled Stakeholder Engagement Plans, with level and frequency of engagement reflecting the nature of the activity, magnitude of potential risks and adverse impacts, and concerns raised by affected communities.
4. Meaningful, effective and informed consultation processes need to be free of charge and meet specified criteria, including free of intimidation and external manipulation; initiated early and iterative; inclusive; gender and age responsive; culturally appropriate and tailored to language preferences; and based on timely disclosure of relevant, accessible information regarding the project and its social and environmental risks and impacts.
5. Include differentiated measures to allow effective participation of disadvantaged or vulnerable groups, including persons with disabilities
6. Undertake measures to ensure effective stakeholder engagement occurs where conditions for inclusive participation are unfavourable
7. Document consultations and report them in accessible form to participants and the public
8. Ensure early and iterative meaningful stakeholder engagement throughout the assessment and management of potential social and environmental risks and impacts
9. Ensure that stakeholders who may be adversely affected by the project can communicate concerns and grievances through various entry points, including when necessary an effective project-level grievance mechanism, and also UNDP's Stakeholder Response Mechanism and Social and Environmental Compliance Unit
10. For projects that affect rights, lands, territories, resources, and traditional livelihoods of indigenous peoples, ensure meaningful consultations and free, prior informed consent
11. For projects that may involve physical or economic displacement, ensure activities are planned and implemented collaboratively with meaningful and informed participation of those affected
12. Provide ongoing reporting to affected communities and individuals for projects with significant adverse social and environmental impacts
13. Seek to identify, reduce and address the risk of retaliation and reprisals against people who may seek information on and participation in project activities, express concerns and/or access project-level grievance redress processes/mechanisms or UNDP's Stakeholder Response Mechanism or Social and Environmental Compliance Unit
14. Note: various SES Project-level Standards include other specific stakeholder engagement requirements. See relevant Standards and Guidance Notes.

ENGAGEMENT STRATEGY



UNDP 2021: Engaging Stakeholders in Effective Collaborative Action



ANNEX 4: ENVIRONMENTAL SOCIAL ACTION PLAN (ESAP) TEMPLATE

Summary of risks	Reference standard / framework / law / regulation	Actions / Mitigation measures	Priority (Low, Medium, High)	Responsibility	Deadline	Completion indicator	Estimated cost
Derived from risk screening and Environmental Social Impact Assessment (ESIA)	E.g. IFC Performance Standards	Options to avoid, reduce, mitigate risks and impacts. This may also indicate specific management plans	Priority is determined by the significance of the risk, combining the potential impact (severity of consequences) and likelihood (probability of occurrence)	Individual person, unit, or entity tasked to carry out and monitor implementation of the actions/mitigation measures	Realistic timeline for completion of the action/mitigation measure	Clear, measurable evidence that the action is complete/mitigation measure is in place and effective, such as documentation, permits, certifications, reports, or physical verification	Estimated cost of carrying out the action/mitigation measure

The ESAP should address the gaps identified against the relevant reference frameworks, standards, national and international regulations and laws. The ESAP diligently aggregates the gaps identified in a tabular format (such as the example presented above), set realistic deadlines for completion of the actions (with the emphasis on achieving compliance as soon as possible), and include the information shown above. The Measure and/or Corrective Action description should be succinct, but suitably detailed, accurate and clear and referenced against the appropriate standard/framework/regulation/law.

Additional notes on the ESAP:

- Where issues are identified that carry associated high risks or potential for regulatory action, addressing these issues should be prioritised in the Action Plan.
- The ESAP should take into account any additional staff or skills required by the Company ES management.
- Where appropriate, larger or longer-term Measures or Corrective Actions should be further broken down to milestone to facilitate monitoring of progress in achieving them.
- In preparing the ESAP, it should be taken into account whether significant synergies to achieve compliance with both international standards (i.e. IFC Performance Standards) and national requirements exist.



Reference standard / law / regulation	Actions	Priority (Low, Medium, High)	Responsibility	Deadline	Completion indicator	Estimated cost

The report should include a standalone Action Plan to address the gaps identified against the Reference Framework. This Action Plan will diligently aggregate the gaps identified in the report in a tabular format (such as the example presented below), set realistic deadlines for completion of the actions (with the emphasis on achieving compliance as soon as possible), and include the information shown below. The Measure and/or Corrective Action description should be succinct, but suitably detailed, accurate and clear and referenced against the appropriate standard.

Additional notes on the Action Plan:

- Where issues are identified that carry associated high risks or potential for regulatory action, addressing these issues should be prioritised in the Action Plan.
- The Action Plan should take into account any additional staff or skills required by the Company ES management.
- Where appropriate, larger or longer-term Measures or Corrective Actions should be further broken down to milestone to facilitate monitoring of progress in achieving them.
- In preparing the Action Plan, it should be taken into account whether significant synergies to achieve compliance with both international standards (i.e. IFC Performance Standards) and national requirements exist.



From GCF Simplified template for ESAP:

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
<i>This contains the description of risks and can be derived from the responses to the screening questions in Part B2.</i>	<i>Options to avoid, reduce, mitigate risks and impacts. This may also indicate additional due diligence and specific management plans</i>	<i>This contains a description of the overall level of risk*</i>	<i>Individual person, unit, or entity tasked to carry out the mitigation measures</i>	<i>Timing of implementation of measures including any additional due diligence and management plans and may depend on the stage of implementation</i>	<i>Expected outputs of the measures</i>	<i>Estimated cost of carrying out the measures</i>



ANNEX 5: ENVIRONMENTAL SOCIAL MANAGEMENT SYSTEM

EXAMPLE OF PROJECT LEVEL ESMS

1. ENVIRONMENTAL AND SOCIAL POLICY STATEMENT

[Company Name] is committed to sustainable forestry/agriculture practices that protect the environment, respect human rights, and contribute to community development in Central Africa. We will comply with national laws and IFC Performance Standards, implementing responsible practices that ensure long-term environmental sustainability and social well-being.

Our operations will demonstrate leadership in:

- Protecting biodiversity and natural habitats
- Respecting Indigenous Peoples' rights and cultural heritage
- Ensuring fair labour conditions and worker safety
- Promoting gender equality and social inclusion
- Engaging transparently with local communities
- Managing climate risks and reducing emissions

This policy applies to all company operations, contractors, and supply chain partners.

Signed: _____ **Date:** _____

CEO/Managing Director

2. ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

Management Structure for E&S Implementation

Position	Environmental & Social Responsibilities
Board of Directors	Approve E&S policy and budget; Review annual E&S performance; Ensure adequate resources
CEO/Managing Director	Overall accountability for E&S performance; Approve high-risk activities; Lead by example
E&S Manager	Develop and update ESMS procedures; Conduct risk assessments; Oversee monitoring and reporting; Coordinate training; Manage stakeholder engagement
Operations Manager	Implement E&S procedures in daily operations; Supervise contractors; Report incidents

Position	Environmental & Social Responsibilities
Human Resources Manager	Implement labour policies; Manage grievance mechanism; Ensure worker health and safety
Community Liaison Officer	Conduct stakeholder engagement; Manage community grievance mechanism; Document consultations

3. RISK ASSESSMENT AND MANAGEMENT PROCEDURES

3.1 Screening and Risk Categorization

All activities will be screened using the following criteria:

Risk Category	Criteria	Assessment Required
High Risk	Activities in/near protected areas, critical habitats, or Indigenous territories; Large-scale land clearing (>100 ha); Resettlement required	Full ESIA, Indigenous Peoples Plan, Biodiversity Action Plan
Medium Risk	Activities near natural habitats; Pesticide use; Labor camps; Community resource impacts	Limited ESIA, targeted management plans
Low Risk	Small-scale activities in modified habitats; No sensitive receptors; Minimal community interaction	E&S checklist, standard mitigation measures

3.2 Impact Assessment Process

Environmental and Social Impact Assessments will examine:

- Biodiversity and ecosystem services
- Water resources and soil quality
- Community health, safety, and security
- Cultural heritage and sacred sites
- Land acquisition and livelihoods
- Labor and working conditions
- Gender-based violence risks
- Climate vulnerability

3.3 Management Plans and Mitigation Hierarchy

Following the mitigation hierarchy (avoid, minimize, restore, offset), specific management plans will be developed:

- Environmental and Social Management Plan (ESMP)

-
- Biodiversity Management Plan (for natural habitat areas)
 - Pest Management Plan (for agriculture operations)
 - Community Development Plan
 - Indigenous Peoples Plan (where applicable)
 - Chance Finds Procedure (for cultural heritage)
-

4. OPERATIONAL PROCEDURES

4.1 Land Clearing and Habitat Management

- No clearing of primary forest or critical habitats
- Maintain buffer zones (minimum 50m) around water bodies
- Retain wildlife corridors and high conservation value areas
- Implement controlled burning procedures where applicable

4.2 Chemical and Waste Management

- Use only approved pesticides, following IPM principles
- Maintain chemical storage facilities with secondary containment
- Implement waste segregation and disposal procedures
- Track and report chemical usage

4.3 Labor Management

- Written contracts for all workers in local languages
- Minimum age verification (18 years)
- Equal pay for equal work regardless of gender
- Maximum 48-hour work week with overtime compensation
- Provision of PPE and safety training
- Worker accommodation meeting IFC/EBRD standards

4.4 Community Relations

- Free, Prior, and Informed Consent (FPIC) for Indigenous Peoples
 - Local employment prioritization with skills training
 - Community investment programs
 - Transparent benefit-sharing mechanisms
-

5. STAKEHOLDER ENGAGEMENT ESMS

Stakeholder Identification and Analysis

Stakeholder Group	Engagement Method	Frequency
Affected Communities	Village meetings, focus groups	Monthly during operations
Indigenous Peoples	Traditional leaders consultation, culturally appropriate methods	As per FPIC protocol
Women's Groups	Separate meetings, female facilitators	Quarterly
Local Authorities	Formal meetings, written updates	Quarterly
Workers	Toolbox talks, suggestion boxes	Weekly/Daily
NGOs/Civil Society	Roundtables, site visits	Bi-annually

Grievance Mechanism

Accessible channels for complaints:

- Village-level suggestion boxes
- Community liaison officer (phone/WhatsApp)
- Workers' representatives
- Written complaints at site offices

All grievances will be logged, investigated within 7 days, and resolved within 30 days with written response.

6. MONITORING AND EVALUATION

Key Performance Indicators

Aspect	Indicators	Target	Monitoring Frequency
Biodiversity	Forest cover maintained; Wildlife sightings	No net loss	Quarterly
Water Quality	pH, turbidity, pesticide residues	Within national standards	Monthly
Community Relations	Grievances resolved; Local employment	90% resolution; 60% local	Monthly
Worker Safety	Lost time injuries; Near misses	Zero LTI	Daily

Aspect	Indicators	Target	Monitoring Frequency
Gender	Women in workforce; Women in management	30% workforce; 20% management	Quarterly

Monitoring Methods

- Regular field inspections with photographic documentation
- Water and soil sampling at designated points
- Community perception surveys
- Worker satisfaction surveys
- Biodiversity assessments using camera traps and transects

7. CAPACITY BUILDING AND TRAINING

Annual Training Calendar

Training Topic	Target Audience	Duration	Frequency
ESMS Overview	All staff	1 day	At hiring
IFC Performance Standards	Managers, supervisors	2 days	Annual
Chemical Handling	Spray operators	3 days	Annual + refreshers
First Aid and Emergency Response	Site teams	2 days	Bi-annual
Grievance Handling	Community liaisons	1 day	Annual
Gender Awareness and GBV Prevention	All staff	1 day	Annual

8. REPORTING AND DOCUMENTATION

Internal Reporting

- Weekly site inspection reports
- Monthly E&S performance dashboard
- Quarterly management review meetings
- Annual E&S report to Board

External Reporting

- Quarterly reports to lenders/investors

- Annual sustainability report (public)
- Incident notifications within 24 hours

Document Control All E&S documents will be maintained for minimum 5 years:

- Assessment reports and management plans
- Monitoring data and inspection reports
- Training records and attendance
- Stakeholder engagement records
- Grievance logs and resolutions
- Incident reports and investigations

9. EMERGENCY PREPAREDNESS AND RESPONSE

Emergency Scenarios and Response Procedures

Emergency Type	Response Procedure	Resources Required
Fire	Activate firebreaks; Mobilize response team; Evacuate if needed	Fire equipment, trained crew
Chemical Spill	Contain spill; Use spill kits; Notify authorities	Spill kits, PPE
Wildlife Conflict	Do not harm wildlife; Contact wildlife authorities	Communication equipment
Community Unrest	Activate grievance mechanism; Engage traditional leaders	Mediation protocols

10. MANAGEMENT REVIEW AND CONTINUOUS IMPROVEMENT

The ESMS will be reviewed annually considering:

- E&S performance against targets
- Stakeholder feedback and grievances
- Regulatory changes
- Lessons learned from incidents
- International best practices

Updates will be approved by senior management and communicated to all stakeholders.



Document

Control

Version:

1.0

Effective

Date:

Next

Review:

Approved by: _____

ANNEX 6: PROJECT ES SAFEGUARDS REPORTING TEMPLATE

Project Name:	Country:	Project ID: #	ES Category: A, B
ES Appraiser:	ES Approval:	Date of Review:	Project Status: Proposed/Construction/Operation
Proposed Investment:		TA to be Provided: Y/N	

1. ENVIRONMENTAL SOCIAL AND GOVERNANCE ISSUES

Brief Project Description:

Summary of ES Issues:

At appraisal the key issues were identified as:

-
-
-

Investment:

Exclusion List: Y/N

ESAP: Y/N

Go Recommendation: Y/N

2. ES ASSESSMENT

Assessing Environmental and Social Issues

- **Satisfactory (S):** the project is in material compliance with the PSs, WBG EHS guidelines, host country regulations and has construction/operating permits.
- **Partly Unsatisfactory (PU):** the project is currently not in compliance with the PSs and WBG EHS guidelines and/or host country laws, but deficiencies will be addressed through an ESAP
- **Unsatisfactory (U):** the project is not in compliance with the PSs and other ES requirements and significant corrective action is required. Investment may be no go
- **Not Applicable (NA):** not relevant to the project.

Environmental & Social Assessment - Example		S
1. Assessment and Management System of ES Risks and Impacts		S
1.1. S&E Assessment		S
1.2. Management Program & quality of ESAP		S

1.3. Organizational capacity	S
1.4. Training	S
1.5. Community Engagement	S
1.6. Monitoring	S
1.7. Reporting	S
2. Labor and Working Conditions	S
2.1. Human Resource Policy and Management	S
2.2. Worker's Organizations	S
2.3. Non-Discrimination and Equal Opportunity	S
2.4. Retrenchment	S
2.5. Protecting the Work Force	S
2.6. Monitoring	S
2.7. Occupational Health and Safety	PU
3. Resource Efficiency and Pollution Prevention	S
3.1. Resource Conservation and Energy Efficiency	S
3.2. Air emissions	S
3.3. Waste waters	S
3.4. Solid wastes	S
3.5. Hazardous Materials	PU
3.6. Emergency Preparedness and Response, fire and life safety	PU
4. Community Health, Safety and Security	S
4.1. Community Health	S
4.2. Safety and Security	PU
4.3. Emergency Preparedness and Response	S
4.4. Security Personnel Requirements	NA
5. Land Acquisition and Involuntary Resettlement	NA
5.1. Compensation and Benefits for Displaced Persons	NA
5.2. Consultation and Grievance Mechanism	NA
5.3. Resettlement Planning and Implementation	NA
5.4. Physical Displacement	NA
5.5. Economic Displacement	NA
5.6. Private Sector Responsibility under Government Managed Resettlement	NA
6. Biodiversity Conservation & Sustainable Management of Living Natural Resources	NA
6.1. Protection and Conservation of Biodiversity	NA
6.2. Management and Use of Renewable Natural Resources	NA
7. Indigenous People	NA
7.1. Avoidance of Adverse Impacts	NA
7.2. Information Disclosure	NA
7.3. Consultation and Informed Participation	NA
7.4. Impacts on Traditional or Customary Lands	NA
7.5. Relocation of IPs from Traditional or Customary Lands	NA
7.6. Cultural Resources	NA
8. Cultural Heritage	NA
8.1. Protection of Cultural Heritage in Project Design and Execution	NA
8.2. Project use of Cultural Heritage	NA
Environmental and Social Action Plan	NA
WBG Environmental, Health and Safety Guidelines	S
Host country Environmental, Health and Safety laws and regulations	S

Project ES performance during monitoring			
1. Assessment and Management of ES Risks and Impacts			
PS1-PROJECT DATA	Y	N	NA
1. Internationally certified EMS in place?		•	
2. Does this project need a full ESIA?			•
3. Has a cumulative impact been identified?			•
4. Has a socio-economic baseline study been identified?			•
5. Has an ES audit of an existing asset been undertaken?		•	
6. External expert(s) used for ESIA?			•
7. ESIA satisfactory?			
8. ESAP prepared and satisfactory?			
9. Does the client have a documented community development plan in place?			•
10. Has the CDP been disclosed locally?			•
11. Have specific vulnerable groups been identified?			•
12. Does the client report publicly on overall ES performance (e.g. sustainability report)?		•	
13. Have ecological or low labor costs factors been identified in the supply chain?		•	
14. Has the client established a FPIC?			•
15. Has IFC established BCS?			•
16. Has the client engaged an external expert to verify its monitoring information?		•	
17. Has the client established a community grievance mechanism?		•	
18. Has the client disclosed the ES project information locally?	•		
S			
2. Labor and Working Conditions			
PS2-PROJECT DATA	Y	N	NA
1. Is there evidence of a functioning grievance mechanism for workers?	•		
2. Has the project had a collective bargaining agreement with one or more unions?		•	
3. Total number of direct employees:			
4. Number of incident or fatality of direct contract employees?			
5. Has a labor audit been undertaken?		•	
6. Has a supply chain screening been undertaken?			•
7. Has the project received SA 8000 certification or equivalent?			•
S			

Project ES performance during monitoring			
8. Has the project received OHSAS or similar certification?		•	
9. Child and forced labor, child labor in supply chain		•	
10. Has there been any retrenchment			
11.			
3. Resource Efficiency and Pollution Prevention			
PS3-PROJECT DATA	Y	N	NA
1. Are there any air emissions?		•	
2. Is there any effluent?			•
3. Are there recycling and re-use of materials			•
4. Adequate disposal of waste?			•
5. Is the project sited on contaminated land?			•
6. Does the project involve hazardous materials			•
7. Emergency responsibilities stated	•		
8. Rescue Plan	•		
9. Firefighting water and pumps, extinguishers, hydrants	•		
4. Community Health, Safety and Security			
PS4-PROJECT DATA	Y	N	NA
1. Number of incidents/fatality involving non-employees (community)?			
2. Do mandatory Emergency Preparedness and Response plans require community participation and readiness?		•	
3. Use of external experts on infrastructure and equipment safety?	•		
4. Does the client formally contract (B) private security forces?		•	
5. Security personnel management plan in place?	•		
6. Has a health impact assessment been conducted?		•	
5. Land Acquisition and Involuntary Resettlement			
PS5-PROJECT DATA	Y	N	NA
1. Land acquisition by (A) Government, (B) Client or (C) Both?			•
2. RAP/Audit/Framework prepared?			
3. Has the RAP/audit/framework been disclosed locally?			
4. Number of physically displaced household?			
5. Number of economically displaced household?			
6. How many displaced squatters have received security of tenure?			

Project ES performance during monitoring				
7. Resettlement undertaken by (A) Government (B) Client				
8. or (C) Both?				
9. Has the client supplemented (cash or other benefit) to a government controlled land acquisition or resettlement?				
6. Biodiversity Conservation and Sustainable Management				
PS6-PROJECT DATA	Y	N	NA	NA
1. Presence of critical habitat?			•	
2. Independent certification for sustainable resource management?				
3. Introduction of alien species?				
7. Indigenous People				
PS7-PROJECT DATA	Y	N	NA	NA
1. Are Indigenous Peoples affected?			•	
2. Has an IPDP been prepared?				
3. IPs relocated?				
4. IPs' land used?				
8. Cultural Heritage				
PS8-PROJECT DATA	Y	N	NA	NA
1. Has Cultural Heritage been identified (either through ESIA or the Chance Finds Procedures)			•	
2. Has/will Cultural Heritage been/be removed?				
3. Is the Project commercially viable because of some aspect of Cultural Heritage				
4. Has the investee entered good faith negotiation for either Cultural Heritage and/or commercial use of Cultural Heritage?				
5. Has a plan for sharing benefits been prepared?				
Environmental and Social Action Plan (ESAP)				
S				
WBG Environmental, Health and Safety Guidelines				
Applicable EHS Guidelines:				
<ul style="list-style-type: none"> • Environmental, Health, and Safety General Guidelines 				



Project ES performance during monitoring	
<ul style="list-style-type: none">• XXX• XXX	
Host country EHS laws and regulations <ul style="list-style-type: none">• XX• XX Permits and licenses are current?	S

Performance in meeting EHS guidelines			
APPLICABLE GUIDELINES	RATING	PROJECT'S PERFORMANCE/COMMENTS	
General EHS Guidelines	S		Rating
		1. Environment	S
		1.1 Air Emissions and Ambient Air Quality	S
		1.2 Energy Conservation	S
		1.3 Wastewater and Ambient Water Quality	S
		1.4 Water Conservation	S
		1.5 Hazardous Materials Management	S
		1.6 Waste Management	S
		1.7 Noise	NA
		1.8 Contaminated Land	NN
		2. Occupational Health and Safety	S
		2.1 General Facility Design and Operation	S
		2.2 Communication and Training	S
		2.3 Physical Hazards	S
		2.4 Chemical Hazards	S
		2.5 Biological Hazards	NA
		2.6 Radiological Hazards	NA
		2.7 Personal Protective Equipment (PPE)	NA
		2.8 Special Hazard Environments	NA
		2.9 Monitoring	S
		3. Community Health and Safety	S
		3.1 Water Quality and Availability	NI
		3.2 Structural Safety of Project Infrastructure	S
		3.3 Life and Fire Safety (L&FS)	S
		3.4 Traffic Safety	NA
		3.5 Transport of Hazardous Materials	NA
		3.6 Disease Prevention	S
		3.7 Emergency Preparedness and Response	S

		4. Construction and Decommissioning	S
		4.1 Environment	S
		4.2 Occupational Health and Safety	S
		4.3 Community Health and Safety	S
3. DOCUMENTS REVIEWED			
ESIA ESAP HR Policy OHS Data ES operating licenses/permits			