



Canopy Trust Investment Policy

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1. POLICY STATEMENT

1.1 1.1 Purpose and Scope

This document sets out the investment policy which forms the foundation upon which all investment activities of Canopy Trust conducted by Catalytic Finance Foundation and any legal entity structured for the purpose of investment deployment are based.

The investment policy specifically addresses how Canopy Trust will ensure effective delivery of its mission and, through that delivery, contribute to the reduction of deforestation, forest preservation and sustainable economic development in the Congo Basin.

This Policy provides concrete guidance to:

- Ensure highest possible impact on reduced deforestation, forest preservation and restoration per dollar invested;
- Ensure that E&S safeguarding factors are part of the decision-making and monitoring processes throughout the investment cycle;
- Provide a framework for investment decision making, monitoring and exit;
- Provide a framework to monitor performance, identify areas for preventive or corrective action, and ensure a consistent approach to E&S across all investment activities;

This Policy applies to all investment processes and investment decisions of Canopy Trust. It thus aims to ensure coherent conduct of Canopy Trust's investment practices toward its objectives.

1.2 Mission Statement of Canopy Trust

Canopy Trust provides blended finance solutions to attract private sector investments that, to the largest extent possible, limit deforestation, contribute to forests preservation and support sustainable socio-economic development in Central Africa, by mobilizing concessional capital to de-risk early-stage projects and catalyse market transformation that address deforestation drivers.

1.3 Canopy Trust's Theory of Change

To achieve its mission, Canopy Trust works across the Congo Basin to support projects and businesses with catalytic capital and technical assistance, with the aim to address key drivers of deforestation by supporting the development of sustainable, deforestation-free economic models and value chains.

Canopy Trust's innovative finance solutions follow a blended finance approach and aim to change current deforestation-driving business models in various sectors into models which provide sustainable livelihoods, forest protection, and climate resilience (both mitigation and adaptation).

Canopy Trust's investments will aim to become blueprints for sustainable practices and proofs of concept to be replicated and scaled. Therefore, the projects that Canopy Trust invests in will



aim at driving sectoral transformation, beyond the individual investments, in the wider landscape and across value chains.

1.4 Transparency & Reporting

Canopy Trust will report on the management of material risks in the portfolio, and in particular on environmental and social ("E&S") risks and impacts, in all reports to the Investment Committee and the donors. E&S reporting means are further detailed in Canopy Trust's ESMS and Impact Framework.

1.5 Approval and Review

This Investment Policy is approved by Canopy Trust's Steering Committee, with inputs from the Investment Committee, and is available to all staff members, investees, and third parties acting on behalf of Canopy Trust.

Canopy Trust will conduct periodic reviews (at minimum every three years) to assess the continued relevance and effectiveness of this Policy and will make adjustments as agreed by the Steering Committee.



2. INVESTMENT TARGETS

Canopy Trust provides catalytic, concessional capital that enables market creation and scale-up for deforestation-free economic activities in the Congo Basin. For all its investments, Canopy Trust's priority impact focus will be deforestation reduction, forest preservation and restoration, in the Congo Basin. It will do so by:

- Targeting projects, businesses and investment funds that are additional and essential for market creation and scale-up
- Adding quantitative and qualitative E&S criteria and targets to the financing
- Attracting co-investment and follow-on capital by de-risking projects through patient, concessional capital
- Attracting investment funds and additional fund investors to allocate their capital to Canopy Trust's target countries and sectors, by providing concessional capital

As a result, Canopy Trust aims to deliver significant and quantifiable impact with respect to its deforestation reduction ambition. In doing so, Canopy Trust also expects:

- Improved livelihoods of local communities and indigenous peoples by including them in sustainable, deforestation-free value chains;
- Stimulated innovation in business models and approaches to catalyze financially sustainable, deforestation-free economic development in the Congo Basin

2.1 Additionality Principle

- All investments provided by Canopy Trust must be additional to the existing market in terms of both E&S impact and financial impact, stimulating private capital allocation towards sustainable, deforestation free initiatives
- "Additionality" means the extent to which something happens as the result of an intervention (e.g. investment) that most likely would not have happened had this intervention not occurred.
- Canopy Trust specifically targets the investment gap for early-stage, high-risk projects that cannot access commercial capital but have potential for replication at scale and commercial sustainability.
- Canopy Trust also targets attracting private and commercial capital at scale towards its target countries and economic activities, through fund investments

2.2 Geographic and sectoral targets

Canopy Trust targets five countries in the Congo Basin: Cameroon, Central African Republic, the Democratic Republic of Congo (DRC), Gabon, and the Republic of Congo.

Canopy Trust focuses on projects that address key deforestation drivers in the Congo basin. Two drivers are identified as key drivers:



- Low agricultural yields and slash and burn agriculture
- Unsustainable wood and charcoal production and use

The following target sectors are therefore identified as those that address those key drivers:

- Sustainable agro-industry, agroforestry and forestry, including processing and transformation
- Clean cooking solutions and other alternatives to charcoal use
- Renewable energy with a clear link to reduced deforestation, forest preservation and forest restoration
- Other deforestation-free value chains that address main deforestation drivers

Canopy Trust is solution-agnostic within these sectors. It will measure opportunities by their clear and measurable link to deforestation and greenhouse gas emissions reduction (expressed in CO₂e), and their potential to yield socio-economic benefits for local communities as well as gender positive impact.

Given that DRC represents close to 80% of regional deforestation, and the two main drivers of deforestation in DRC are cassava and charcoal production, mostly involving smallholders, Canopy Trust aims to:

- Promote investments in efficient cassava value chain, including downstream processing as well as sustainable alternatives to cassava
- Promote investments in efficient sustainable charcoal production and consumption, as well as sustainable alternatives to charcoal

These investments should, to the largest extent possible, involve smallholders.

In sum, it is proposed as a non-binding guideline that Canopy Trust's investments in these two value chains in DRC shall aim to represent a minimum of 50% of total investments.

2.3 Investee Target

Canopy Trust intends to finance:

- Private companies at early stages of development
- Cooperatives and community-based organizations
- Social enterprises
- Special purpose vehicles established for specific projects

All investees must demonstrate:

- A viable business model with potential for commercial sustainability (noting that non-jurisdictional REDD+ carbon market revenues will not be considered)
- Financial capacity
- A field-proven solution to a key deforestation driver
- Sufficient staffing or identified path to ensure project delivery
- Capacity for replication at scale
- Alignment with Canopy Trust's impact objectives
- Local presence or strong partnerships in target regions

A detailed list of Canopy Trust's eligibility criteria is included in Annex C.



3. INVESTMENT APPROACH

3.1 Direct investments

Canopy Trust will invest concessional capital targeting specific projects, leveraging the following investment instruments at target or holding level.

Investment size for direct investment will, on average, range between USD 1,000,000 to 5,000,000 (save for seed capital investments capped at USD 150,000)

3.2 Investment types

- Direct equity or quasi-equity investments in companies or projects
 - Direct equity stakes (minority positions, typically not exceeding 49% ownership)
 - Convertible loans and shareholder loans
 - Profit-sharing mechanisms
 - Revenue-sharing agreements
- Direct concessional debt for assets and working capital financing
 - Term loans for asset financing
 - Working capital financing
 - Commercial debt at concessional (i.e. below market) rates
 - Subordinated debt
 - Performance-based loans with milestone payments
- Grant-funded technical assistance (TA)¹
 - Pre-investment support for investment readiness
 - Post-investment support for capacity building on impact enhancement
- Seed capital (capped as USD 150,000 per investment)
 - Reimbursable grants
 - Concessional debt

3.3 Use of funds

Canopy Trust will include specific use of funds requirements in its investment agreements. The use of funds must clearly demonstrate how the investment will contribute to deforestation reduction, forest preservation and forest restoration.

Funds allocated by Canopy Trust will be used for:

- Core business operations that reduce deforestation drivers
- CAPEX and working capital investments identified during the project assessment
- Implementation of the Environmental and Social Action Plan (ESAP)
- Community engagement and benefit-sharing mechanisms
- Monitoring, reporting, and verification systems

¹ Grant-funded Technical Assistance (TA) supports investees and prospective investees. Its activities are managed by Canopy Trust's dedicated Technical Assistance Committee and are not within scope of the Investment Policy.



- Capacity building for the investee organization

Seed capital investments, given their early-stage nature and smaller target size, will be bound to the following specific restrictions:

On allocation:

- No more than 40% of the seed capital amount will be allocated to the project developer's human resources, rent, pilots, etc. or enable project developer's income (dividends, rents if not 3rd party-owned)
- A maximum of cumulated USD 1,000,000 disbursement or 10 projects, whichever is reached first, will be approved per calendar year.

On disbursement:

- a first disbursement not higher than 10% of the total or USD 15,000, whichever the highest
- other disbursements based on project milestones delivery, identified at project assessment stage and agreed upon with the project developer, with a minimum of 3 separate disbursements

3.4 Portfolio Approach

Canopy Trust maintains flexibility to invest smaller or larger amounts than set in section 3.1, based on project needs and portfolio composition, subject to Investment Committee and Steering Committee approval.

Portfolio Concentration:

No single direct investment should amount to more than 25% of Canopy Trust's total assets available for direct investment over a period of 3 years.

Country Exposure:

Canopy Trust will seek to implement a balanced investment proportion among its 5 target countries.

No country should represent more than 30% of Canopy Trust's total assets available for direct investment over a period of 3 years, except DRC which can represent maximum of 70%.

The Investment Committee may approve temporary breaches of these limits where:

- Valid strategic reasons exist
- Mitigation measures are in place
- Clear plan to restore compliance within defined timeframe

The Steering Committee may approve changes to these limits based on the evolving strategy and reality of Canopy Trust.

Sectoral Focus:

In DRC, it is proposed as a non-binding guideline that Canopy Trust's investments in these two value chains (cassava and charcoal alternatives) in DRC shall aim to represent around 50% of total investments over a period of 3 years.



3.5 Investment tenor

Canopy Trust provides patient capital with longer tenors than typically available in commercial markets:

Maximum support duration:

- To be determined by Investment Committee based on project characteristics, with typical range of 5-15 years.
- Extension provisions: Extensions beyond initial terms require specific documentation and Investment Committee approval
- All transactions must have defined maturity dates or identified exit path or mechanisms at contract signing

3.6 Funds investments

Canopy Trust will finance junior capital tranches in aligned impact investment funds, with the specific purpose of aligning the fund's strategy with Canopy Trust, thus enabling a flow of private capital towards Canopy Trust's target countries and sectors.

Investment size for investment funds will, on average, range between USD 5,000,000 to 15,000,000.

3.7 Instrument types

- Junior equity, typically not exceeding 30% of the fund's size.

3.8 Use of funds

Canopy Trust will include specific use of funds requirements in its investment agreements and side letter with the funds, including a fund allocation target towards Canopy Trust investment set forth in Section 2 of this policy.

Investment funds invested in by Canopy Trust will be required to comply with Canopy Trust's ESMS and provide impact reports reflecting Canopy Trust's KPIs.

3.9 Country and sector exposure

Canopy Trust will negotiate country and sector exposure with the funds, on a case-by-case basis (as fund can be country or sector specific), making sure it remains aligned with section 2 of this policy.

3.10 Investment tenor

Investment into funds will reflect usual investment funds practices, i.e. usually 12-15 years upon fund start.

For investment into evergreen investment funds, Canopy Trust will aim to implement liquidity options by investment year 12 in the investment agreement.



4. INVESTMENT PROCESS

4.1 Seed Capital Process

Given the early stage and small investment tickets considered, seed investments follow process:

4.1.1 Internal assessment

Internal assessment for seed capital investment will cover the following aspects:

- Alignment with Canopy Trust's geographic and sectorial focus
- Preliminary assessment against compliance to investment targets as listed in this policy
- Internal assessment against deforestation and E&S risk assessment and mitigation measures
- Basic project description and promoter information including background check and KYC on all stakeholders
- Identification on investment's additionality
- Clear project schedule and development target beyond seed capital funding
- Definition of project milestones
- Clear identification of use of funds
- Disbursement schedule and conditions

4.1.2 Seed capital investment specific approval process

Canopy Trust management team will propose seed capital investment opportunities, via an investment memo, to the Investment Committee for non-objection (within a 10 working days' period).

For as long as a seed capital investment contract process is active, Canopy Trust will require the beneficiary to share, on a quarterly basis, a narrative report of its activities, and impact report where applicable and a bi-annual financial report of its activities.

4.2 General Investment Process (direct and fund investments)

Canopy Trust employs a rigorous investment process designed to assess financial viability, target impact, and E&S performance. The process spans approximately 6-9 months from initial IC submission to investment.

Key stages

1. Deal origination, assessment and in-house due-diligence
2. Steering Committee Non-Objection
3. IC project approval and external due diligence request (IC 1)
4. External due diligence and preparation
5. Investment approval (IC 2)
6. Legal documentation and closing
7. Disbursement and project deployment
8. Portfolio management and monitoring
9. Exit



4.2.1 Steering Committee Non-Objection

Canopy Trust's voting Steering Committee members have a non-objection right (the "N-O" and the "N-O Holders") for any investment exceeding USD 1,000,000.

The N-O holders should provide a secondary contact point, should they themselves be absent for such a N-O decision at the time of the NO notification.

The N-O holders will be notified of an upcoming investment recommendation to the IC. The email notification will include a project memo, including

- Basic project description, promoter, co-investors (if any) and key stakeholders information (including background check and KYC outcome)
- Alignment with Canopy Trust's geographic and sectorial focus
- Preliminary assessment against compliance to investment targets as listed in this policy
- Preliminary assessment against deforestation and other achievable impact
- Preliminary E&S risk assessment and mitigation measures
- Indicative investment structure and size
- Indications on investment's additionality

Upon reception of the notification, N-O Holders will have a 10 business-day window to raise their objection or N-O. The absence of answers from the N-O holders after this 10 business days period will be considered as a non-objection.

N-O can be triggered only for the following reasons:

- Misalignment with Canopy Trust's mission and principles of additionality
- Significant reputational risk due to stakeholder integrity concerns or high environment or social exposure
- Material deviation from the Investment Policy or Canopy Trust mandate

The N-O is considered as an emergency safeguard for the N-O holders, to ensure compliance with the abovementioned reasons only. It is not intended as a mechanism to propose modifications or require modifications on an investment recommendation. Substantive review, shaping and conditioning of investments is the responsibility of the Investment Committee.

Accordingly, a N-O holder exercising the N-O right must either :

- (i) Raise no objection
- (ii) Object, with a clear written rationale tied to the abovementioned grounds.

Only projects clearing the N-O process will be shared with the Investment Committee for investment decision.

4.2.2 IC 1: Project Approval and external due diligence request

IC 1 confirms alignment with Canopy Trust mandate, strategic fit and authorization to pursue external due diligence and investment discussion.



Canopy Trust management team submits an investment memo, including:

- Project description and promoter information (including background check and KYC outcome)
- Alignment with Canopy Trust's geographic and sectorial focus
- Preliminary assessment against compliance to investment targets as listed in this policy
- Preliminary risk assessment (including E&S) and proposed mitigation measures
- Preliminary assessment against deforestation and other achievable impact
- Indicative investment structure and size
- Key risks and opportunities
- Requested to proceed with external due diligence
- Preliminary investment terms consideration
- Indications on investment's additionality
- Details of project's stakeholders and co-financing partners

The investment memo and other related documentation are shared with the Investment Committee with a 10 business days' notice.

Investment Committee approves or declines the project for further review, issues recommendations and endorses external due diligence.

4.2.3 External Due-diligence

Comprehensive due diligence can cover:

Financial due diligence

- Historical financial performance analysis
- Financial projections and assumptions (business plan) review

Commercial due diligence

- Other legal contracts related to commercial matters
- Customer and off-taker verification

Operational due diligence

- Operational capabilities and processes review
- Technology and process validation

Legal due diligence

- Corporate structure and governance
- Land tenure and resource rights
- Licenses and permits
- Compliance with local regulations
- Material contracts review

E&S due diligence (ESDD)

- Gap analysis with respect to IFC Performance Standards
- Stakeholder mapping and engagement assessment
- Environmental baseline and impact assessment



- Social impact and community relations
- Gender analysis and inclusion assessment
- Preparation of E&S Action Plan (ESAP)
- Deforestation impact assessment and baseline
- Indigenous peoples' rights assessment (where applicable)
- ESIA for IFC category A and B projects

Full scope of E&S due diligence is detailed in Canopy Trust's ESM (ANNEX A)

4.2.4 IC 2: Investment Approval Request

Canopy Trust management team seeks Investment Committee's approval to proceed with investment upon positive due diligence outcome.

Detailed investment proposal includes

- Executive summary with strategic and business rationale
- Comprehensive description of project and promoter
- Detailed alignment with Canopy Trust's impact goals, including impact KPIs projections

Financial analysis including

- Operational and financial KPIs
- Return analysis
- Project total budget (capex and opex details)
- Funding structure including third-party investors if any
- Indication of minimum last two years audited financial statements when available

Risks assessments

- KYC summary of main stakeholders
- Due diligence findings (ESG, legal, financial)
- E&S Action Plan (ESAP)

Recommended investment structure

- Instrument type(s)
- Investment amount and tenor
- Pricing and terms
- Security arrangements

Recommended governance and covenants

- Board representation
- Investment exit path recommendations
- Impact measurement framework

The Investment Committee approves, requests modifications, or declines the investment. If approved, the Investment Committee sets:

- Financial parameters and limits
- ESAP targets and MRV expectations
- Disbursement schedule and conditions
- Reporting requirements
- Specific conditions precedent (financial, legal, E&S)
- Timeline for investment execution (not to exceed 12 months)



4.2.5 Legal Documentation and Closing

Following IC 2 approval, the following documentation is prepared by Canopy Trust management team, reflecting Investment Committee's approval details:

- Term sheet execution
- Legal documentation preparation (investment agreements, shareholder agreements, etc.)
- Fulfillment of conditions precedent
- Final Investment Committee notification
- Signing and closing

4.3 Process Flow





5. INVESTMENT EXIT STRATEGY

5.1 Exit Objectives

Canopy Trust's exit strategy aims to:

- Maximize impact sustainability beyond Canopy Trust's involvement
- Recover capital and potential financial returns for reinvestment into new projects
- Enable investees to access commercial capital
- Demonstrate proof of concept for market replication
- Maintain E&S standards post-exit

5.2 Exit Pathways

Ideal exit path is recommended at the investment stage.

Investment exits will materialize in the form of:

Repayment

- Debt instruments repaid per agreed schedule
- Early repayment options with appropriate terms set upon contract
- Refinancing with commercial capital

Disposal

- Sale to strategic investors or operators
- Sale to financial investors
- Management buyout
- Sale to other development investors

In any case, Canopy Trust management team will do its best effort to ensure E&S Standards are maintained after its exit.

Write-off

- Investee insolvency or liquidation

Canopy Trust management team will provide documentation of unsuccessful turnaround efforts and share lessons learned and portfolio implications with the Investment Committee.

5.3 Exit Timing

Typical investment period will last between 5 to 15 years, upon investment structuration and project needs.

Extensions considered based on:

- Impact achievement trajectory
- Financial performance and sustainability
- Market readiness for commercial investment
- Exit market conditions



5.4 Exit Process

Exit planning

- Exit strategy discussed at investment approval
- Regular exit readiness assessment during portfolio monitoring
- Formal exit planning 18-24 months before target exit
- Investee engagement on exit preparations

Investment committee approval

- Exit terms requiring Investment Committee approval
- Early termination or acceleration of debt reimbursement schedule
- Equity sales or transfers
- Write-offs or impairments
- Breach of investment covenants

Notification to Investment Committee (no approval needed)

- Scheduled debt repayments
- Equity sales per pre-agreed terms (e.g., put/call options)

5.5 Exit Reporting

Each investment exit or termination will be reported to the Investment Committee with detail on

- Financial performance summary and returns
- Impact achieved vs. targets
- E&S outcomes and sustainability
- Catalytic effects and replication
- Lessons learned
- Recommendations for future investments



6. ELIGIBILITY CRITERIA

6.1 Geographic Criteria

Projects must be physically located in and primarily benefit one or several of the five countries listed below. Processing or value-addition activities may extend beyond these countries if the raw materials originate from these countries and the investment demonstrably reduces deforestation in the Congo Basin.

1. Cameroon
2. Central African Republic
3. Democratic Republic of Congo
4. Gabon
5. Republic of the Congo

6.2 Impact Criteria

Primary impact goals:

As set forth in section 2 of this Policy, Canopy Trust will ensure that each of its investments has a priority deforestation reduction impact. This is further elaborated into three primary impact goals and three targeted co-benefits in the framework of the Sustainable Development Goals (SDG):

- **SDG 15 (Life on Land):** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification
- **SDG 13 (Climate Action):** Reduction of GHG emissions through avoided deforestation and forest degradation

Co-benefits:

- SDG 5 (Gender Equality)
- SDG 7 (Affordable and clean energy access)
- SDG 8 (Decent work and economic growth)
- SDG 11 (Sustainable cities and communities)

All investments must demonstrate clear and measurable contribution to all the primary impact goals, with co-benefits where applicable.

All investments' primary impact focus will be to deliver impact with respect to deforestation reduction.

Projects will be expected to report on Canopy Trust's impact indicators according to defined methodologies, reflected in its Impact Framework.

6.3 E&S Risk Categorization

All E&S Risk Assessment details are set forth in Canopy Trust's ESMS.

Each investment will be categorised based on its E&S risk level according to IFC standard:

Canopy Trust Investment Policy



Category A (high risk)

- Significant potential for irreversible E&S impacts
- Large-scale land use change
- Operations in or near critical habitats or indigenous territories
- Complex stakeholder environments
- Requires comprehensive E&S impact assessment

Category B (medium risk)

- Moderate potential E&S impacts that are site-specific and manageable
- Limited land use change or operations in modified habitats
- Standard E&S due diligence adequate

Category A and B projects will require an ESIA prior to any investment decision.

Category C (low risk)

- Minimal or no E&S impacts
- Activities with clear E&S benefits
- Limited E&S assessment required

Risk categorization informs the depth of due diligence, monitoring requirements and reporting requirements.

6.4 Exclusion List

Canopy Trust's exclusion list is available in Appendix B.

6.5 Carbon Credits

Canopy Trust supports efforts by investees to access carbon markets, provided they align with section 2.3 of this policy.

As indicated in section 2.3, , Canopy Trust will :

- refrain from considering revenues from non-jurisdictional REDD+ carbon markets in financial viability assessments
- not consider investments projects for which profitability is too reliant on carbon markets

Once CAFI has adopted a carbon market policy, Canopy Trust will update this section accordingly.

6.6 Investee and Co-Investor Criteria

All investees must:

- Be legal entities with good standing in their jurisdiction
- Demonstrate credible corporate governance structures
- Have transparent ownership and beneficial ownership disclosure
- Show good reputational standing



- Commit to implementation of IFC Performance Standards
- Demonstrate willingness to engage with local communities and stakeholders
- Maintain adequate management and financial information systems
- Comply with all applicable local laws and regulations

Financial institutions or investors co-investing with Canopy Trust must:

- Demonstrate equivalent E&S standards or willingness to adopt them
- Show sound financial standing
- Have adequate risk management systems and governance structures
- Maintain management information systems capable of producing meaningful reports
- Align with Canopy Trust's E&S standards and impact objectives



7. ORGANISATION, ROLES AND RESPONSIBILITIES

7.1 Canopy Trust Steering Committee

- Approves Investment Policy and major amendments
- Provides strategic oversight and guidance
- Approves annual budget and workplan
- Reviews annual performance and impact reports

7.2 Investment Committee

- Reviews and approves/declines investments at Step 1 (approval and due diligence request) and Step 2 (final approval)
- Provides strategic guidance on investment approach and pipeline development
- Reviews of annual portfolio performance
- Approves amendments to investment terms or follow-on investments
- Approves investment exits
- Advises on Investment Policy updates

As a general practice, it is understood that Canopy Trust will notify the Canopy Trust Steering Committee of all decisions endorsed by the Investment Committee.

The Investment Committee meets on a bimonthly basis to review pipeline and portfolio and on an ad hoc basis for time-sensitive decisions.

7.3 Catalytic Finance Foundation (Canopy Trust management team)

- Implements Investment Policy across all activities
- Sources, assesses, structures, and executes investments
- Conducts due diligence and prepares investment proposals
- Manages investee relationships and portfolio
- Monitors E&S performance and impact
- Seeks decision from the Investment Committee and Steering Committee
- Manages technical assistance program
- Engages with stakeholders and partners

7.4 External Advisors and Service Providers

Canopy Trust may engage external experts for:

- Specialized due diligence (environmental, social, technical, legal)
- Independent verification and evaluation
- Capacity building and technical assistance
- Impact measurement and evaluation
- Third-party monitoring

All external advisors must meet quality standards and be free from conflicts of interest. They are selected according to donors' and Catalytic Finance Foundation's respective procurement policies, whichever is stricter.





8. RISK MANAGEMENT

8.8 Risk Categories

Canopy Trust management team actively manages multiple risk categories:

Financial risks

- Credit/default risk
- Liquidity risk
- Market risk
- Concentration risk

E&S risks

- Environmental degradation
- Social conflict and community opposition, including FPIC requirements
- Reputational damage
- Non-compliance with key standards
- Human rights violations

Canopy Trust adopts the International Finance Corporation (IFC) Performance Standards as its framework for management of E&S risks and impacts and reflects these best practices in its ESMS and its project assessment methodology.

Canopy Trust's ESMS requirements are reflected in the Investment Policy, and ESMS is available in appendix A.

Operational risks

- Investee capacity and management
- Political and regulatory changes
- Force majeure events
- Fraud and corruption

Strategic risks

- Mission drift
- Limited co-investment mobilization
- Impact underperformance

8.9 Risk Assessment and Monitoring

Pre-investment

- Comprehensive risk assessment at due diligence
- Risk categorization and rating
- Risk mitigation strategies defined

Holding period

- Regular monitoring of financial and operational performance
- Covenant compliance tracking
- E&S monitoring and ESAP implementation monitoring
- Stakeholder feedback monitoring



- Potential site visits (by Canopy Trust management team or appointed 3rd parties)

8.10 Financial Risk Management

Identification and assessment tools

- Financial statements analysis
- Cash flow projections and management projections assessment
- Management quality assessment

Monitoring and mitigation

- Financial reporting from investees
- Covenant compliance verification
- Early warning indicators (e.g., delayed payments, management changes)
- Portfolio monitoring submitted to the Investment Committee

Incidents management

- Early intervention when performance deteriorates
- Restructuring options evaluated (payment deferrals, terms modifications, additional support)
- Investment Committee approval for amendments to the investment terms
- Documented lessons learned for portfolio management

8.11 E&S Risk Management

Identification and assessment tools

- Risk categorization during screening
- Comprehensive assessment during due diligence
- Ongoing monitoring throughout investment period

Monitoring and mitigation

- ESAPs with specific actions and timelines
- Conditions precedent for high-risk items
- Technical assistance for capacity building where needed
- Regular supervision and support
- Third-party monitoring where needed

Incidents management

- Immediate reporting of serious E&S incidents to Canopy Trust
- Investigation and root cause analysis
- Corrective action plans
- Communication with affected stakeholders
- Investment Committee notification

8.12 Operational and Strategic Risk Management

Identification and assessment tools

- Risk categorization during screening
- Comprehensive assessment during due diligence
- Ongoing monitoring throughout investment period

Monitoring and mitigation

- Best practices requirement and exit clauses embedded in the investment documentation



- Regular supervision and support with specific focus on business plan delivery
- Regular points with investee management and follow-up of investment covenants and side-letters

Incidents management

- Immediate reporting to Canopy Trust
- Financial and impact KPIs impact estimate
- Investment Committee notification and approval if needed



9. MONITORING, REPORTING AND VERIFICATION

9.1 Impact Framework and Key Performance Indicators

Canopy Trust employs a comprehensive KPI framework to measure and report on impact, defined in its ESMS and Impact Framework.

9.2 10.2 Post-Investment Review (PIR)

PIR is launched after 2 complete financial years or once ramp-up is completed.

The PIR is submitted by Canopy Trust management team to the Investment Committee.

Purpose

- Assess project deliverables against original projections
- Evaluate impact achievement and investment implementation
- Identify good practices and lessons learned for investment implementation
- Document adaptive management approaches

Content

- Original investment rationale and theory of change
- Financial performance vs. projections
- Impact achievement vs. targets
- E&S performance and issues
- Co-investment mobilization
- Catalytic effects and replication
- Key success factors and challenges
- Recommendations for future investments

Process

- Prepared by Canopy Trust management team
- Reviewed by Investment Committee
- Key findings integrated into portfolio learning
- Relevant insights shared with broader stakeholder community when relevant



10. OPERATIONAL POLICIES

10.1 Principles of Integrity

The portfolio of Canopy Trust, and all Canopy Trust investment activities, will be guided by the principles established in the Code of Conduct (Annex D) of Catalytic Finance Foundation, including integrity, transparency, and accountability.

All key internal policies applicable to Catalytic Finance Foundation will apply to Canopy Trust.

Furthermore, Catalytic Finance Foundation's code of conduct specifically includes Anti-Money Laundering/Know Your Client (AML/KYC) and Anti-Corruption/Fraud sections. There is a specific process document detailing the process (Annex E).

Canopy Trust promotes and monitors adherence to all relevant regulatory requirements, voluntary commitments and best practice standards, including CAFI requirements, international environmental and social standards and best practices.

10.2 Procurement

Canopy Trust follows transparent procurement procedures:

- Competitive processes for services above defined thresholds in its procurement policies
- Clear evaluation criteria
- Documentation of decisions
- Conflict of interest screening

Procurement is conducted according to donors' and Catalytic Finance Foundation's respective procurement policies, whichever is stricter.



11. ANNEXES

The following documents form integral parts of this Investment Policy:

Annex A: Environmental and Social Management System (ESMS) and Impact Framework

Annex B: Exclusion List

Annex C Canopy Trust Selection and Eligibility Criteria

Annex D: Code of Conduct

Annex E: Catalytic Finance Foundation AML/KYC Procedure

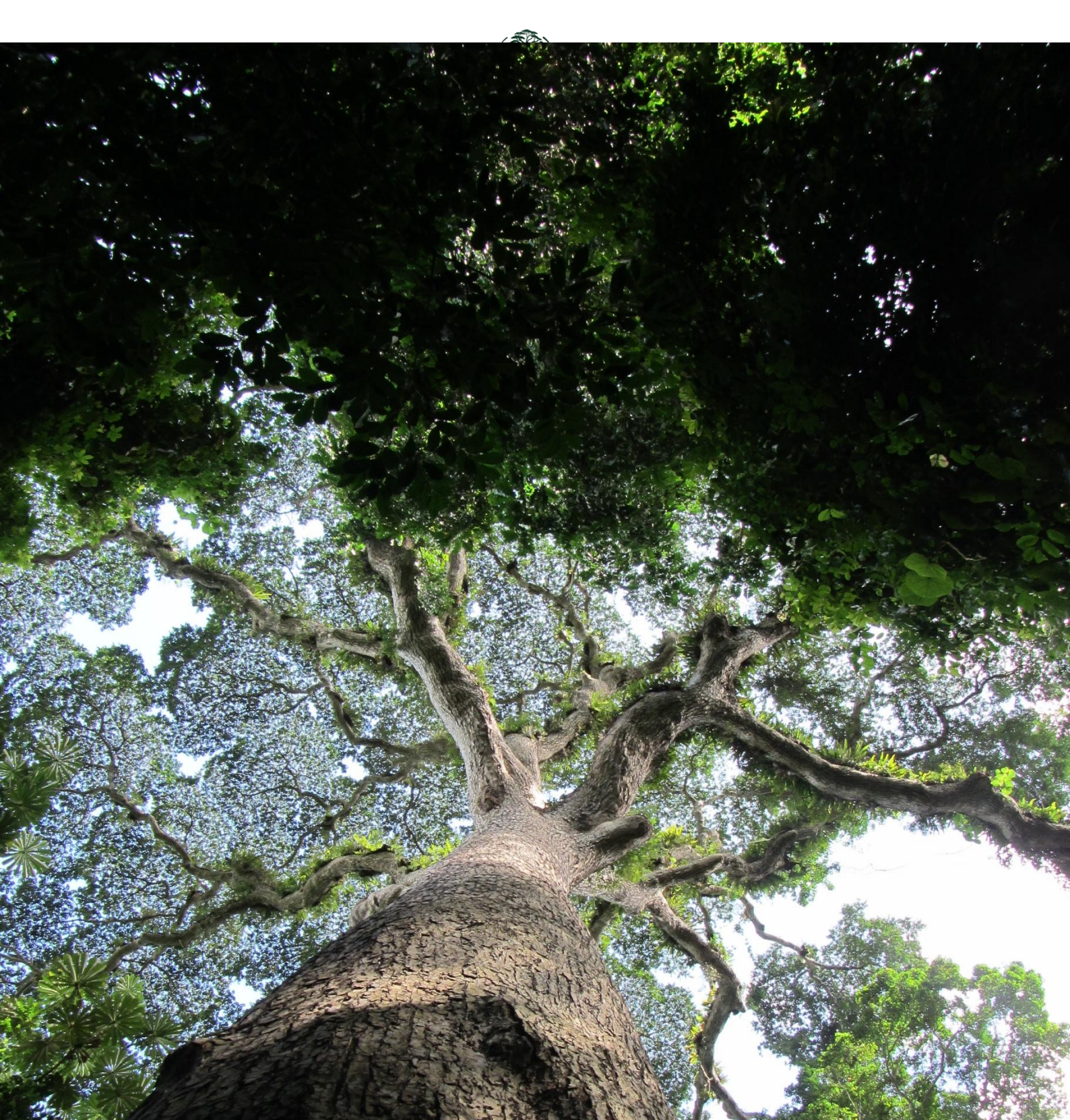


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- CONTACT: Emmanuel Claude – emmanuel.claude@catalyticfinance.org



ANNEX A – Canopy Trust ESMS and Impact



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



This document will be updated periodically as required.

Version

1.0

Date: January 2026

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Annex 5: Project Environmental and Social Management System (ESMS)

Annex 6: Project ES Safeguards Reporting Template



10.3 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.



10.4 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).



10.5 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](#).



10.6 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.

10.7 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.





10.8 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

Canopy Trust Investment Policy



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).



10.9 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.



10.10 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



10.11 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 geoengineering 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.



10.12 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 ² , 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

² [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: _____





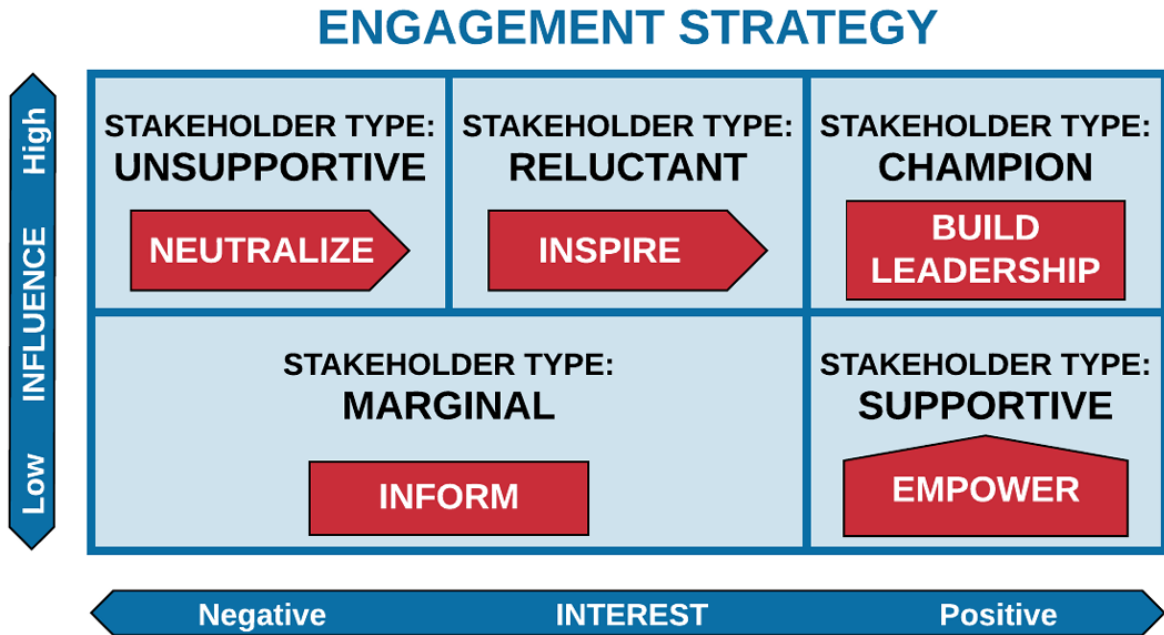
UNDP Social and Environmental Standards (SES) - Stakeholder Engagement

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.



UNDP 2021: Engaging Stakeholders in Effective Collaborative Action

10.13 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	10.14 <u>Options to avoid, reduce, mitigate risks and impacts. This may also indicate specific management plans</u>	Priority is determined by the significance of the risk, combining the potential impact (severity of consequences) and likelihood (probability of occurrence)	10.15 <u>Individual person, unit, or entity tasked to carry out and monitor implementation of the actions/mitigation measure</u>	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	10.16 <u>Estimated cost of carrying out the action/mitigation measure</u>

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	10.17 Cost /Budget
10.18 <i>This contains the description of risks and can be derived from the responses to the screening questions in Part B2.</i>	10.19 <i>Options to avoid, reduce, mitigate risks and impacts. This may also indicate additional due diligence and specific management plans</i>	10.20 <i>This contains a description of the overall level of risk*</i>	10.21 <i>Individual person, unit, or entity tasked to carry out the mitigation measures</i>	10.22 <i>Timing of implementation of measures including any additional due diligence and management plans and may depend on the stage of implementation</i>	10.23 <i>Expected outputs of the measures</i>	10.24 <i>Estimated cost of carrying out the measures</i>



10.26 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

Version:
Effective
Next
Approved by: _____

Date:
Review:

Control

1.0



10.27 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					NA
PS6-PROJECT DATA		Y	N	NA	
1.	Presence of critical habitat?			•	
2.	Independent certification for sustainable resource management?				
3.	Introduction of alien species?				
7. Indigenous People					NA
PS7-PROJECT DATA		Y	N	NA	
1.	Are Indigenous Peoples affected?			•	
2.	Has an IPDP been prepared?				
3.	IPs relocated?				
4.	IPs' land used?				
8. Cultural Heritage					NA
PS8-PROJECT DATA		Y	N	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			
<p>ESIA</p> <p>ESAP</p> <p>HR Policy</p> <p>OHS Data</p> <p>ES operating licenses/permits</p>			



ANNEX B – Canopy Trust 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 geoengineering 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 C - 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 USD5,000,000 (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), 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.



ANNEX D - Catalytic Finance Foundation's Code of Conduct

Code of Conduct, effective as of 15 May 2025

Code of Conduct

Preamble

Catalytic Finance Foundation (Catalytic) is committed to providing good working conditions and a healthy working environment for its employees. Catalytic aims to ensure equality, health, and safety for its employees and does not tolerate any act of harassment or discrimination.

Equally, Catalytic expects its employee and contracted consultants to do their best in their work and in their relationships with others in upholding and maintaining the good working conditions and environment.

Thus, employees undertake to carry out in a conscientious, relevant, and responsible way the responsibilities and tasks entrusted to them and to defend the interests of Catalytic in all areas.

This Code of Conduct concerns all employees who conduct activities on behalf of Catalytic, regardless of the occupancy rate.

These regulations are an integral part of each employee's employment contract. Each employee must sign the regulations to certify that he/she has read, approved, and intends to apply them.

The Chief Executive Officer of the Foundation is responsible for compliance with these regulations and acts as a guarantor.

1. Purpose and Scope of Application

These regulations lay down the implementing measures for the health and safety rules applicable to Catalytic, the general and permanent rules relating to discipline, and the provisions relating to the rights of the employee's disciplinary proceedings.

The regulations will be supplemented or clarified, as appropriate, by memoranda.

The provisions of the regulations apply to all employees and service providers of Catalytic. They are intended to help ensure that the work can be carried out in good conditions for the benefit of employees and the Foundation. Employees from contracted companies, temporary workers, and trainees are also required to comply with the provisions of the regulations.

2. Accident Prevention and Health Protection

2.1 Principles

For Catalytic, security is an integral part of the working environment. All employees must support all measures taken by the Foundation for health insurance and accident prevention.

To ensure safety at work, all safety aspects must be taken into account in all tasks and in all functions. Employees are obliged to work safely and must support each other in this task



2.2. Obligation to announce deficiencies

Defects observed on buildings, equipment and safety devices must be reported to the management.

2.3. Behaviour in case of events and accidents

Each employee has an obligation to provide first aid to any injured person to the best of their knowledge. There must be a person who is regularly trained for providing first aid, this person could be provided by the property manager of the building or a volunteering employee.

Events and accidents with or without material damage must be documented and reported to management.

2.4. Escape routes

Exits, stairways, and fire-fighting equipment must be specifically designated as such and must be kept free. This is to be ensured by either the property manager or the Foundation itself.

To ensure the safety and preparedness of all staff members, all employees should ensure their participation in the annual evacuation exercises. These exercises are crucial for familiarizing everyone with the emergency evacuation routes and procedures, ensuring a swift and organized response in the event of an actual emergency.

2.5. Clothing

The clothing and appearance of the employees must be adapted to the work in a safe manner that prevents accidents to oneself or to others.

2.6. Alcohol and drugs

No person shall consume alcoholic beverages during working hours. It is forbidden for any employee to be intoxicated while on the premises of Catalytic. It is also forbidden to enter or stay on the Catalytic premises while under the influence of drugs.

Employees under the influence of alcohol and/or drugs will not be allowed to remain at their workplace and will be considered absent. Time away from work will not be paid.

For celebrations at the workplace (e.g. promotions, birthdays, Christmas and New Years, etc.), the management of Catalytic may authorize special exceptions and rules.

2.7. Smoking

Smokers must respect non-smokers. There is a general ban on smoking in the workplace, that is, smoking is allowed only in places where smoking is allowed by law or the property manager. This also includes electronic cigarettes.

3. Behaviour and Good Order on the Premises of Catalytic



All staff must adopt, in the performance of their duties, conducts respecting the freedom and dignity of others.

3.1. Precautions / Environment

Each employee is responsible for the good order of their workstation and must take all feasible precautions to avoid damage to the equipment at their disposal (e.g. computers), and to avoid any pollution to the nearby soil, water, and air. The provisions on the protection of the environment must be respected.

3.2. Private occupations

Any private trading activity and any non-Catalytic-related professional occupations are prohibited on the premises of Catalytic. Private work in the company and in the offices must take place outside of working hours.

3.3. Photography

Taking photographs and films for private purposes is prohibited on the premises of the company in the absence of an authorization from management.

3.4. Presence in company areas and buildings

The presence in the company late at night and/or early in the morning (after 8 p.m. or before 6 a.m.), or during non-working days, should be justified by a professional necessity.

3.5. Information

It is forbidden to distribute printed matter on the premises of Catalytic or to collect signatures for purposes unrelated to the Foundation. Displays are only authorized on information panels that can be used by the persons empowered for that purpose.

3.6. Work schedules

The work schedule is 8 hours a day. The core working hours are 10 a.m to 5 p.m.

Employees must respect these hours of work, and management reserves the right to modify working hours according to the needs of professional activities, within the limits imposed by the provisions in force. Employees must comply with any schedule changes from management.

3.7. Delays and Absences

Any delay must be notified and justified to the management.

Any absence for illness or accident must be reported to the management within 24 hours by sending an email. A medical certificate is required if absence because of illness extends to more than 2 working days. Unjustified and unauthorized absences may give rise to sanctions.

4. Protection of the Individual

4.1. Non-discrimination

We must apply the same rules and values to each individual at work, despite their differences in gender, nationality, ethnicity, religious belief, political ideology, sexual orientation, and others.



Under the Gender Equality Act, we must work together to create a climate of respect and trust for the individual, in order to prevent discrimination.

4.2. Prevention of Sexual Exploitation and Abuse

4.2.1 Policy Statement

Catalytic recognizes that sexual harassment can occur in the working environment and that it can cause severe harm to people who experience it, both in their professional and personal lives. Negative effects on the quality of work, productivity, motivation, and absenteeism also severely penalize the Foundation.

Sexual harassment includes any unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual.
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Examples of sexual harassment include, but are not limited to:

- Unwanted physical contact or conduct of any kind, including sexual flirtations, touching, advances, or propositions.
- Verbal harassment of a sexual nature, such as lewd comments, sexual jokes or references, and offensive personal references.
- Displaying or circulating sexually suggestive or explicit objects, pictures, or materials.
- Making or threatening reprisals after a negative response to sexual advances.

Catalytic recognizes and accepts the standards under "United Nations Special measures for protection from sexual exploitation and sexual abuse and is committed to providing a work environment free from sexual harassment. We believe that all employees have the right to work in an atmosphere that promotes respect, dignity, and equal opportunities. Sexual harassment in any form is unacceptable and will not be tolerated.

This principle applies both to behaviours occurring in the workplace and to those that may occur in other places, if they are detrimental to the person in the course of his or her employment. Any conduct of harassment is punishable by disciplinary measures up to and including immediate dismissal.

In order to ensure a good working climate, improve human resource management and promote employee well-being, the management, in collaboration with staff, implements this policy to prevent harassment. Each employee is entitled to correct and respectful treatment by the

Canopy Trust Investment Policy



management, their colleagues or any person external to Catalytic, in order to preserve their physical and mental integrity.

This Regulation concerns all regular or temporary staff. It applies equally to cases where harassment is committed by a person inside or outside the Foundation. It also concerns cases of harassment by a staff member towards a person outside the Foundation, in the context of work. Service providers are required to apply this policy to their conducts as well.

4.2.2 Reporting Procedures

All complaints will be handled with discretion and confidentiality to the extent possible. Catalytic will conduct a thorough and impartial investigation of all reports. Both the complainant and the accused will be informed of the outcome of the investigation.

Any employee who believes they have been subjected to sexual harassment should report the incident immediately. Reports can be made to the CEO or, in the case of CEO's involvement in the complaint, the complaint should be addressed to a higher authority, i.e. the Council of the Foundation.

The cantonal labour inspectorates are responsible for enforcing the provisions of the Federal Labor Act (LTr), including the principle of respect for individuals in employment relationships.

Thus, in the event of a complaint, the labour inspectorate is empowered to investigate whether there is a situation of sexual (or other) harassment and, if so, to invite the employer to take appropriate measures.

Useful addresses:

Major organizations that can provide information and support:

Committee against harassment sex/rape-rescue: +41 (0)22 345 20 20

LAVI consultation Center: +41 (0)22 320 01 02

Cantonal inspections of the work of French-speaking Switzerland

GENEVA

Cantonal Office for inspection and labour relations Rue Ferdinand - Hodler 23, P.O. Box 3974, 1211 Geneva 3

Tel: +41 (0)22 327 28 50/ Fax: +41 (0)22 327 05 11

4.2.3. Violations

Violations of the regulations as well as other facts of criminal violations will invoke the following measures, depending on the severity of the case:

- Verbal warning
- Written warning
- Dismissal
- Immediate dismissal (Art. 337 CO of the Swiss employment law)



In all cases, civil and criminal law measures, in particular claims for compensation for voluntary or negligent damages, remain reserved under Art. 321 e CO.

4.2.4. No Retaliation

Catalytic strictly prohibits retaliation against any individual who reports sexual harassment or participates in an investigation. Any form of retaliation will be met with disciplinary action, up to and including termination of employment.

4.2.5. Training and Awareness

Catalytic provides annual mandatory training to all employees on the Prevention of Sexual Exploitation and Abuse (PSEA) and the company's policies and procedures regarding sexual harassment.

All future employees should be subject to background check for sexual misconduct and are required to sign a "Self-Declaration of Absence of Sanctions Related to Sexual Exploitation and Abuse (SEA)" at the time of signing the employment contract.

5. Behaviour and Anti-Corruption/Fraud Policy

This chapter brings together the principles and rules of conduct which all those who operate and/or maintain relationships with Catalytic are subject to.

The purpose of this chapter is to report and disseminate the values and rules of behaviour of reference that Catalytic's offices shall continually abide by and uphold in the exercise of their activity.

This chapter is binding and must be observed by all members of the office staff of Catalytic, including those having a function of representation, administration or management, service providers, as well as by each individual, acting in the name and on behalf of Catalytic, whether in Switzerland or abroad.

It requests all entities within the network of Catalytic to adopt the present Code of Conduct.

The general ethical principles of Catalytic represent the founding values that guide the modalities for achieving the mission of Catalytic.

These general principles are:

1. Honesty
2. Loyalty
3. Correction
4. Solidarity
5. Non-discrimination
6. Transparency
7. Responsibility



The work of Catalytic, must be performed with professionalism, moral rigor and managed with care.

Catalytic has the imperative principle of respect for laws and regulations in force in all the countries where it operates. Salaried staff, employees, suppliers, partners, and donors are all included, so that any person having a relationship with Catalytic undertakes to respect this principle.

What is contrary to the law is contrary to the value of Catalytic.

Employees, partners and collaborators are not to pursue a profit or personal benefit or for Catalytic, in violation of the laws in force and of the rules contained in the Code of Conduct.

Catalytic provides its activities with transparency. Any operation and transaction are registered, authorized, verifiable, legitimate, consistent and appropriate, according to the laws in force and internal procedures. Any practice of corruption and collusive behaviour are prohibited without exception. Individuals or bodies having a relationship with Catalytic must have access to complete and accurate information on the activities which concern them.

For employees and third parties who work with Catalytic, it is prohibited to use the information they have read for other purposes which do not concern the implementation of the tasks entrusted to them by Catalytic.

Catalytic does not accept any gift or benefit which would be anonymous or would be accompanied by intent or conditions towards its targets. Catalytic ensures that its donors share the same ethical values. Similarly, the choice of partners must be guided by the same ethical principles contained in the Code of Conduct.

Catalytic favours technical and economic operators in the intervention countries where the good quality of the goods, work and services is guaranteed. Catalytic makes its choice of suppliers based on its Procurement Policy which promotes efficiency, fairness and transparency. Catalytic requires respect for the laws and ethical standards.

Any communication externally should be truthful, controllable, non-aggressive and respectful of the rights and dignity of people.

Relations with persons or bodies exercising a function of control and audit must be based on principles of efficiency, accuracy and transparency. Catalytic's offices and partners collaborate with supervisory bodies avoiding any obstruction. They shall not hide information or provide documentation stating false information as well as prevent or interfere with the operation of the control and audit activities.

If a violation of the Code of Conduct is proven, Catalytic will adopt measures against those responsible for the violations. The disciplinary measures are those under the contract in the case of salaried staff, and such measures as deemed necessary or appropriate to prevent the repetition of the violation in the case of external persons.

6. Anti Money Laundering/Know Your Client Policy

Catalytic is committed to preventing money laundering by complying with all applicable laws and regulations.



Catalytic has a due diligence process for partners and service providers based on a KYC process. The KYC process consists of the use of a professional KYC tool (Moody's Grid) to check legal record of the entity as well as the main shareholders and research on the internet for media exposure. Companies must complete this process and provide supporting documents, which will be checked by Catalytic before funds can be forwarded.

The information collected in the KYC process allows Catalytic to better know its partners before accepting them as potential service providers or sub-contractees. The KYC process also helps Catalytic to assess the conditions of compliance with national laws and international conventions, especially on the fight against corruption and money laundering.

7. Conflict of Interest

In the performance of its activity, Catalytic initiates partnerships and/or concludes agreements, to develop collaborations and lead actions consistent with its objectives. All employees of Catalytic as well as partners are called upon to prevent all situations able to create a conflict between its objectives and activities. In the event of conflict of interest, individuals to whom this Code of Conduct applies will inform without delay the management, who can escalate depending on the nature of the conflict.

8. Grievance mechanism

An employee who is subject to or witness to any misbehaviour should report the incident immediately. Reports can be made to the CEO or, in the case of CEO's involvement in the complaint, the complaint should be addressed to a higher authority, i.e. the Council of the Foundation. Catalytic will also consider reports that have been made from anonymous sources.

Catalytic strictly prohibits retaliation against any whistle-blowers (i.e. individuals who filed a report internally or externally) or participates in an investigation. Any form of retaliation will be met with disciplinary action, up to and including termination of employment.



Annex E – Catalytic Finance Foundation AML/KYC Procedure

Anti-Money Laundering and KYC Procedure, effective as of 26 January 2026

Anti-Money Laundering / Know Your Client Procedure

Purpose and Commitment

Catalytic is committed to preventing money laundering, terrorist financing, corruption, and other illicit activities. We comply with all applicable laws, regulations, and international standards in this regard.

Scope of Due Diligence

Catalytic applies appropriate due-diligence and integrity checks to all counterparties with whom it enters into contractual or financial relationships. This includes consultants, service providers, partners, potential investees, and project developers receiving technical assistance or investment support.

The scope and depth of these checks depend on the nature of the engagement, the procurement modality, and the level of financial, legal, and reputational exposure involved.

Screening Process and Tools

As part of our due-diligence process, Catalytic uses a combination of standard internet search engines (google etc.) and professional KYC screening tool (Moody's GRID) to conduct integrity checks on counterparties. The tool draws on multiple authoritative and regularly updated sources, including:

- International sanctions and watchlists
- Databases of politically exposed persons (PEPs)
- Corporate registries
- Court and regulatory records
- Reputable global and local media sources

Screening may include checks related to sanctions exposure, PEP status, adverse media associated with financial crime, corruption, or fraud, as well as information on ownership, control, or governance structures.

Timing and Integration



Integrity and AML/KYC checks are carried out as part of Catalytic's contracting, financial management, and disbursement processes. These checks are conducted following selection and prior to contract signature.

These checks do not form part of the technical or financial evaluation of proposals and are applied in a manner that preserves the fairness, integrity, and competitiveness of procurement processes.

Roles and Accountability

Project Managers are responsible for ensuring that due-diligence and KYC checks are initiated for relevant engagements and for flagging any potential integrity or KYC-related concerns to the Chief Executive Officer or Deputy Chief Executive Officer prior to contract signature. Certain donors may require to be informed about the KYC result and be involved in the decision-making process, which will be dully complied by Catalytic.

Senior Management, and/or donors when required, make decision on whether and how to proceed in the presence of identified concerns, taking into account the nature of the issue and the feasibility of mitigation measures.

Documentation Requirements

At a minimum, Catalytic requests information and documentation necessary to perform due-diligence through internet search engines and the KYC tool, including as appropriate:

- ☒ Identification information (including company registration details and relevant identification of shareholders or controlling persons)
- ☒ Documentation evidencing legal existence and governance structures;

For single-source or simplified procurement, Catalytic limits financial and operational checks to what is necessary and proportionate to the engagement, while maintaining integrity screening through its KYC process.

Additional Requirements for Competitive Procurement

Where engagements are awarded through competitive procurement processes, Catalytic will apply additional financial and operational checks appropriate to the engagement and exposure involved. Depending on the nature and financial amount of the engagement, this may include requests for:

- Certified or audited financial statements for recent fiscal years (or opening balance sheets for newly established entities)
- Bank reference letters and recent bank statements
- Budgets and cash-flow forecasts covering the period of the engagement
- Information on principal funding sources and relevant funding agreements
- Documentation or summaries of key financial management and procurement controls
- Confirmations of compliance with applicable tax, reporting, and regulatory obligations



Risk Management and Follow-up

Where integrity concerns or other risks are identified through the due-diligence process, Catalytic may request additional information or clarifications prior to contract signature. Where such concerns cannot be satisfactorily addressed, Catalytic reserves the right not to proceed with the engagement or to suspend or terminate contractual relationships.

For longer-term engagements, follow-on disbursements, or material amendments to existing contracts, Catalytic may update or repeat due-diligence and KYC checks where warranted by changes in the counterparty's circumstances or operating context.

Data Management and Compliance

Information collected through the due-diligence and KYC process is used to support Catalytic's assessment of counterparties' compliance with applicable national laws and relevant international conventions relating to the prevention of money laundering, corruption, and fraud.

Documentation and screening outputs are securely retained and made available for audit or donor review, subject to confidentiality and data-protection obligations.