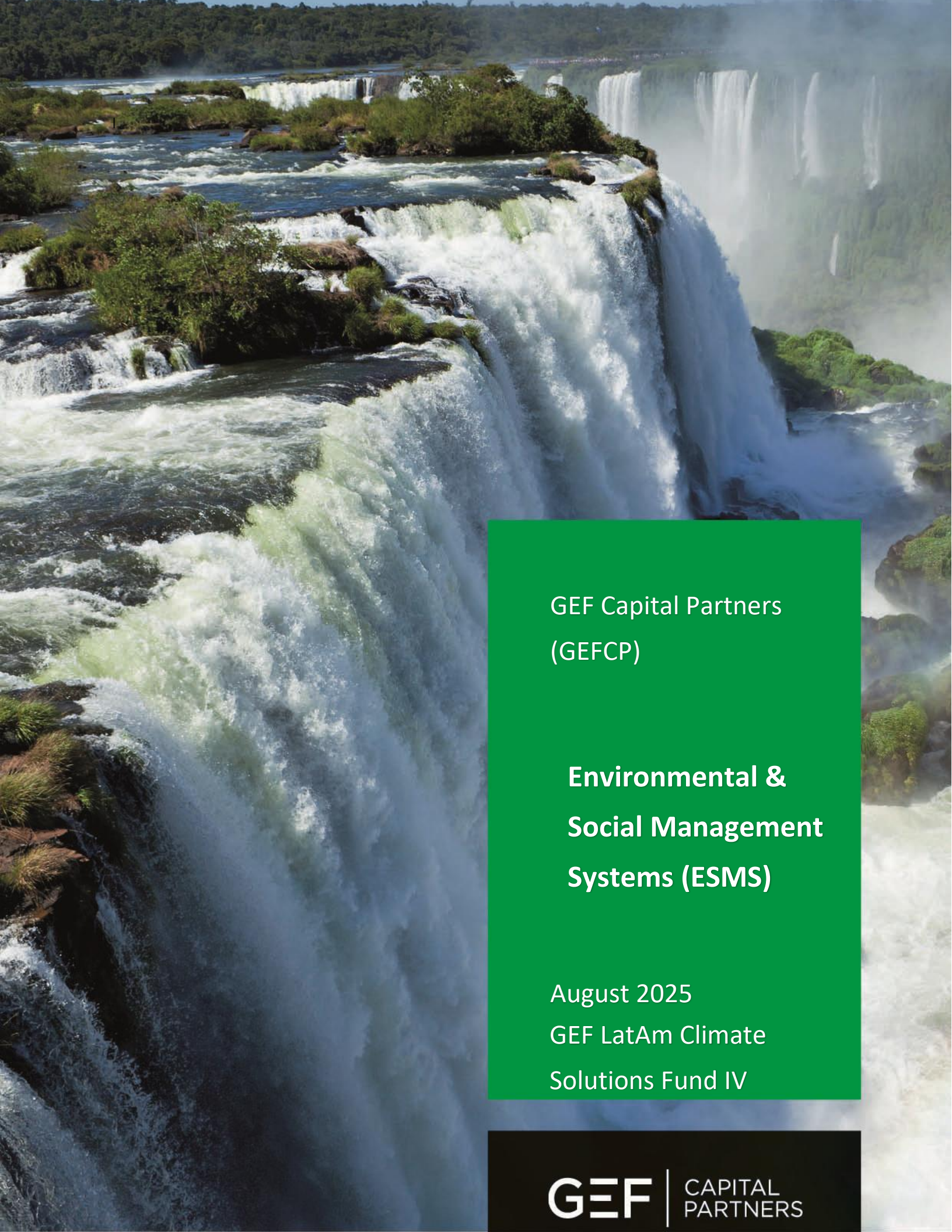




GEF Capital Partners
(GEFCP)

**Environmental &
Social Management
Systems (ESMS)**

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GEF LatAm Climate
Solutions Fund IV

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Disclaimer

This Environmental and Social Management System (ESMS) has been prepared and shared for informational purposes only in relation to the GEF LatAm Climate Solutions Fund IV. The information contained herein is subject to revision and does not constitute a commitment, offer, or solicitation with respect to any investment or transaction. The ESMS is intended to describe the Fund's approach to environmental and social risk management; it may be updated, amended, or supplemented from time to time in accordance with applicable policies and stakeholder feedback. The final version of the ESMS, as adopted by the Fund, will be made publicly available in line with the Green Climate Fund's Information Disclosure Policy.

Disclosure of Applicable Environmental and Social Risks

The GEF LatAm Climate Solutions Fund IV acknowledges that its investment strategy may give rise to environmental and social risks consistent with those described in the IFC Performance Standards and the Green Climate Fund's Revised Environmental and Social Policy. While the Fund will not pursue Category A (High Risk) activities, investments may fall within Categories B or C, which present limited to moderate risks. These may include, but are not limited to:

- Environmental risks: inefficient resource use, pollution, greenhouse gas emissions, hazardous materials handling, waste generation, biodiversity impacts, and risks linked to supply chains.
- Social and labor risks: non-compliance with labor laws, occupational health and safety incidents, risks of child or forced labor in supply chains, risks of sexual exploitation, abuse, or harassment (SEAH), and insufficient grievance or worker representation mechanisms.
- Community and land risks: impacts on community health and safety from construction or operations, potential economic displacement, or land acquisition without adequate consultation or compensation.

Mitigation measures—including Environmental and Social Action Plans (ESAPs), grievance redress mechanisms, and regular monitoring—will be applied to ensure risks are identified, minimized, and managed in line with international best practices. All Category B investments will undergo public disclosure and consultation processes as required by the Green Climate Fund Information Disclosure Policy.

This disclosure is intended to provide stakeholders with a clear overview of the risks applicable to Fund IV and the measures undertaken to address them.

GLOSSARY

AE (Accredited Entities): Designated entities by GCF responsible for submitting proposals and implementing programs with GCF funding.

APR (Annual Performance Reviews): Mandated by the Green Climate Fund to track the activities and KPIs of GCF-funded programs.

ESG (Environmental, Social, and Governance): A framework for assessing the impact of investments and operations on environmental sustainability, social responsibility, and corporate governance practices.

ESGAP (Environmental, Social, and Governance Action Plan): A set of strategies and actions designed to mitigate ESG risks identified during the due diligence process.

ESIA (Environmental and Social Impact Assessment): A systematic evaluation of environmental and social risks and impacts of projects or investments, aligned with IFC standards.

ESMS (Environmental and Social Management System): A structured framework used by companies to manage and monitor environmental and social performance effectively.

ESS (Environmental and Social Safeguards): A set of standards and requirements aimed at achieving desired environmental and social outcomes, such as those outlined by GCF and IFC.

FPIC (Free, Prior, and Informed Consent): The process of obtaining consent from Indigenous Peoples for projects or activities affecting their lands, resources, or communities, following IFC Performance Standard 7.

GAP (Gender Action Plan): A framework to promote gender equality within GCF-funded programs, containing specific actions and metrics.

GCF (Green Climate Fund): A fund established within the framework of the UNFCCC to support developing countries in climate change adaptation and mitigation.

GRM (Grievance Redress Mechanism): A formal system established to address concerns or grievances from stakeholders regarding project activities.

IFC PS (IFC Performance Standards): A set of standards issued by the International Finance Corporation for assessing and managing environmental and social risks.

KPI (Key Performance Indicators): Metrics used to measure performance related to impact, ESG, climate, and financial outcomes.

SEAH (Sexual Exploitation, Abuse, and Harassment): “SEAH” means Sexual Exploitation, Sexual Abuse and Sexual Harassment.

INTRODUCTION

GEF Capital Partners Latam (“GEF”) is a regional investment platform of GEF Capital Partners (“GEFCP”), a global private equity fund manager focused on companies that seek to contribute towards resource efficiency and positive environmental and social impact.

GEF is launching GEF LatAm Climate Solutions Fund IV (“Fund IV” or “Fund”) in 2025. The Fund is building on GEF’s traditional strategy of making private equity investments in Brazilian operating companies that contribute to more disciplined use of energy, that introduce innovative solutions to urban issues and services, and that propose positive interventions in agricultural practices and sustainable food consumption. Fund IV will primarily seek opportunities in Brazil.

Fund IV recognizes that environmental and social risks are serious issues that require systems to manage and monitor them on periodic basis. The Fund is therefore committed to putting in place an appropriate ESMS to manage the aforementioned risks of its portfolio.

This document describes the framework for the management of environmental and social (“E&S”) risks and includes principles, policies, procedures and reporting requirements. The ESMS document is dynamic in nature and will be reviewed annually by the E&S team to revise, update or make necessary non-material revisions based on any external factors that warrant such revisions, if any. The ESMS describes the processes and philosophy for the Fund’s investments (also referred to as “portfolio companies” in the document).

INVESTMENT THESIS

GEF LatAm Climate Solutions Fund IV is structured to mobilize private capital for climate mitigation and adaptation projects in Brazil's middle market. Broadly, the investment themes¹ fall under the following categories:



The intervention focuses on key sectors, aligned with both mitigation and adaptation strategies:

1. **CLEAN ENERGY:** Expanding clean energy infrastructure, advancing energy storage solutions, fostering breakthrough energy efficiency technologies aimed at reducing carbon emissions and developing sustainable supply chains clean energy transition,'
2. **SUSTAINABLE LAND USE AND AGRICULTURE:** Supporting regenerative agriculture, sustainable agribusiness, precision agriculture and cutting-edge food production technologies that optimize resource usage while minimizing environmental impact.
3. **URBAN SOLUTIONS:** Enhancing waste management, recycling, water conservation, efficient logistics and deploying advanced environmental technologies aimed at urban sustainability and pollution control.

¹ The list is meant to be indicative and not exhaustive. Depending on the investment potential and the theme, additional sectors will be considered on case-by-case basis.

The GEF LatAm Climate Solutions Fund IV (“the Fund”) is deliberately building a pipeline of mid-market Brazilian companies whose technologies and business models deliver material, Paris-aligned climate-mitigation benefits while remaining within the Fund’s established environmental- and social-risk appetite (Categories B & C only).

Climate-aligned sourcing scope

The Investment Team is concentrating its origination efforts in three broad themes and the sub-sectors listed below:

- **Clean Energy** – four complementary pillars keep Brazil’s power, transport and industrial systems on a 1.5 °C pathway:
 1. *Renewable Generation & Storage* (utility-scale wind, solar, biomass, batteries, pumped-hydro, smart grids)
 2. *Low-emission Mobility* (advanced biofuels, green hydrogen, EV components)
 3. *Energy-Efficiency & Demand-Side Management* (software, power electronics, smart metering)
- **Sustainable Land-Use & Agriculture** – addressing the sector that drives almost half of Brazil’s GHG footprint through:
 1. *Precision & Productivity Solutions* (digital agronomy, cold-chain logistics, on-farm energy efficiency)
 2. *Animal, Plant & Soil Health* (bio-inputs, soil-carbon enhancement, methane-reduction additives)
- **Urban Solutions** – improving material and water circularity in Brazil’s rapidly growing cities through:
 1. *Waste & Water Management* (recycling, waste-to-energy, advanced wastewater treatment)

2. *Low-carbon Industry & Materials* (recycled plastics, low-clinker cement, circular-economy models)

These three focus areas were selected because we believe they (i) unlock the largest, most immediate mitigation and adaptation wedges in Brazil, (ii) map directly to the *Common Principles for Climate-Mitigation and Adaptation Finance*, and (iii) are backed by investable companies with demonstrated revenues and technology readiness.

Investment profile

Across all sub-sectors the Fund targets equity tickets of US \$ 30–40 million in companies that already generate ≥ US \$ 20 million of annual revenue and positive EBITDA. This size band ensures the Fund can play an influential shareholder role while still achieving portfolio diversification.

Geographic concentration

All current pipeline companies operate production facilities exclusively within Brazilian states, aligning with the Fund’s regional development mandate and simplifying application of local E&S regulations.

Environmental & social risk commitment

The Fund will not pursue Category A activities and will decline any opportunity where High-Risk (A) exposure cannot be excluded or effectively downgraded.

OBJECTIVES

This ESMS aims to facilitate and promote:

- Appropriate assessment of environmental & social risks across the investment cycle of the Fund’s portfolio.
- Appropriate institutionalization of the ESMS processes.
- Close alignment with the applicable requirements of regulatory bodies and development financial institutions (DFIs). Refer to the Stakeholder Engagement Plan for further details (Appendix D).
- Assessment, measuring and monitoring of E&S metrics as part of a broader strategy of risk mitigation and long-term value creation.

OVER-ARCHING COMMITMENT

Fund IV and its investees commit to avoid adverse environmental and social impacts and, where avoidance is not possible, to minimise and mitigate them so no net harm occurs to people or the environment.

PRINCIPLES

The **Fund IV** investment team seeks to ensure that the following analyses are conducted:

- Avoid proceeding with any investment where material environmental or social risks cannot be avoided or effectively mitigated, and where significant or irreversible residual impacts remain despite the full application of the mitigation hierarchy.
- Align potential opportunities with the Sustainable Development Goals (SDGs) framework, including a thorough assessment of indicators.
- Evaluate the five impact dimensions proposed by the Impact Management Project (IMP).
- Conduct a comprehensive E&S assessment in line with all applicable regulatory requirements, including the IFC Performance Standards (IFC PS) and any other relevant EHS guidelines and standards, as appropriate, for all project categories.
- Apply, for any investment using GCF proceeds, the Green Climate Fund's Revised Environmental and Social Policy² and its Information Disclosure Policy³.
- Perform a comprehensive governance assessment aligned with all applicable regulatory requirements, including the OECD Corporate Governance Guidelines, the IFC Corporate Governance Methodology, and any other relevant EHS guidelines and standards, as appropriate, for all project categories.
- Encourage portfolio companies to undergo a B-Corp assessment and work toward certification within a predefined timeframe, as specified in the transaction documents.
- Ensure alignment with the European Union's climate targets through a thorough assessment of classifications proposed by the EU Taxonomy.
- Evaluate and invest only in opportunities classified as Category B or lower risk, adhering to the IFC Environmental and Social Categorization framework. The fund is classified as a Category I-2

² GCF RESP (<https://www.greenclimate.fund/document/revised-environmental-and-social-policy>)

³ IDP (<https://www.greenclimate.fund/document/information-disclosure-policy>)

program, as its investment portfolio is expected to include business activities with limited adverse environmental or social risks or impacts.

- Exclude investments in any activity listed in the Exclusion List (Appendix B). All potential investments undergo rigorous screening to ensure compliance and confirm that they do not involve excluded activities.

The **Fund IV** also requires its investee companies to:

- Commit to continuous improvement in environmental, health & safety, and social practices.
- Establish appropriate processes and systems to effectively address E&S risks, integrate E&S opportunities as a fundamental component of company value (e.g., ESMS), and report implementation progress in monthly ESG committee meetings.
- Apply relevant international best management practices and standards, setting appropriate targets and timelines for achievement.
- Measure and monitor industry-specific, financially material ESG topics in alignment with SASB's materiality map and report figures in monthly ESG committee meetings.
- Disclose climate-related risks in accordance with the framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD).
- Ensure that adverse environmental and social impacts do not fall disproportionately on vulnerable or marginalized groups, including women and girls, Indigenous Peoples, persons with disabilities, and other at-risk populations.

POLICIES

Environmental

- Apply the most rigorous standard among applicable national laws and regulations, the IFC Performance Standards, the World Bank Group's General and sector-specific EHS Guidelines, and the GCF RESP and IDP. If comparative analysis demonstrates that a less-stringent requirement better meets project objectives, the Investment Team will document a detailed, project-specific justification in the E&S due-diligence memo submitted to the Investment Committee. Review and measure the environmental footprint using indicators from SASB's industry-specific materiality map, including but not limited to Scope 1 and 2 GHG emissions.
- Assess and disclose the climate footprint through the TCFD framework, encouraging portfolio companies to reduce greenhouse gas emissions from operations and activities to the extent possible, on a reasonable-effort basis.
- Closely monitor the progress of portfolio companies and report findings as appropriate through the annual E&S report.
- Implement appropriate interventions to mitigate environmental risks and enhance overall environmental and sustainability performance.

Social

- Comply, at a minimum, with all applicable local and national regulations, the IFC Performance Standards, and relevant EHS guidelines and standards.
- Adhere to the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and respect the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social, and Cultural Rights.
- Comply with the Women's Empowerment Principles (WEPs) and the 2x Challenge, actively promoting gender equality and women's empowerment in the workplace, marketplace, and communities.
- Implement strict Sexual Exploitation, Abuse, and Harassment (SEAH) prevention measures, fostering a safe and inclusive environment for all employees, stakeholders, and community members.
- Require investee businesses to treat all employees and contractors fairly, respecting their dignity, well-being, and diversity.
- Prohibit the employment or use of forced labor in any form within portfolio companies.
- Prohibit the employment or use of child labor within portfolio companies.

- Ensure fair treatment of employees in recruitment, retrenchment, progression, terms and conditions of work, and representation, regardless of gender, race, color, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status.
- Encourage the establishment of consultative workplace structures that allow employees to express their views to management.
- Review and adopt appropriate measures for any investment involving potential resettlement, land acquisition, cultural heritage issues, or indigenous peoples, in alignment with the IFC Performance Standards.
- Require portfolio companies to develop a comprehensive Human Resources Guidebook (HR Guidebook) incorporating these provisions, ensuring it receives the appropriate level of approval (i.e., advisory board for the Fund and ESG Committee for portfolio companies).
- Comply with the Indigenous Peoples Policy, ensuring that all activities and investments respect the rights, cultures, and livelihoods of Indigenous Peoples, including through the implementation of Free, Prior and Informed Consent (FPIC) processes, culturally appropriate consultations with legitimate Indigenous representatives, avoidance or mitigation of adverse impacts on Indigenous lands and resources, and, where relevant, the development of Indigenous Peoples Plans (IPPs) or Planning Frameworks (IPPFs), in line with international best practices and as detailed in Appendix C: Guidance on Indigenous Peoples.

Health and Safety

- Ensure safe and healthy working conditions for employees and contractors in all investee businesses.
- Maintain the health and safety of all individuals affected by investee businesses.
- Comply, at a minimum, with all applicable local and national regulations, the IFC Performance Standards, and relevant EHS guidelines and standards.
- Adhere to the International Labor Organization (ILO) Basic Terms and Conditions of Employment.
- Assess and monitor all potential health and safety risks arising from work activities, reviewing them monthly in ESG committee meetings.
- Implement appropriate measures to mitigate health and safety risks effectively

Governance

- Comply, at a minimum, with all applicable local and national regulations/laws, and require portfolio companies to implement best practices in alignment with the OECD Corporate Governance Guidelines and the IFC Corporate Governance Methodology.
- Require portfolio companies to monitor and report implementation progress in ESG committee meetings.

Operationalising the Mitigation Hierarchy

In alignment with the Fund’s commitment to the principles of “do no harm” and the Green Climate Fund (GCF) Environmental and Social Policy, Fund IV adopts and applies the mitigation hierarchy across all stages of the investment process. This hierarchy shall guide the identification, assessment, and management of environmental and social (E&S) risks and impacts, in the following sequential order:

1. **Avoid**

Actively prevent adverse environmental and social impacts wherever feasible, including through early-stage screening and alternative analysis. During the E&S due diligence phase, all Investment Teams shall:

- Assess whether the proposed activity, location, or technology presents avoidable risks.
- Include an “Alternatives Considered” section in the E&S Due Diligence Memo to document how impact avoidance was evaluated.
- Justify any decision not to pursue less harmful alternatives.

2. **Minimise**

Where avoidance is not possible, design operations and management systems to reduce the scale, duration, and intensity of adverse impacts. This includes:

- Implementing best available techniques (BAT) and clean technologies.
- Minimizing resource consumption (e.g., water, energy, raw materials) through design efficiencies.
- Updating project configurations and operational plans based on minimization potential.

3. **Mitigate**

Address remaining material impacts through the development and execution of targeted mitigation measures. Portfolio companies shall be required to:

- Prepare and implement an Environmental and Social Management Plan (ESMP), detailing mitigation actions, timelines, responsible parties, and budgets.

- Report periodically on the implementation status of mitigation measures and their effectiveness, as part of Fund IV's ongoing monitoring framework.

4. **Restore and Compensate**

Where significant residual impacts remain despite avoidance, minimization, and mitigation efforts, appropriate restoration, offset, or compensation measures shall be implemented:

- Develop Biodiversity Action Plans and/or Livelihood Restoration Plans, where applicable.
- Prioritise in-kind restoration measures over financial compensation.
- Justify any proposed use of offsets, demonstrating that all reasonable restoration options have been exhausted.

ENVIRONMENTAL AND SOCIAL RISKS

The GEF LatAm Climate Solutions Fund IV seeks to invest in companies that do not pose significant adverse environmental or social risks that are diverse, irreversible, or unprecedented. To ensure alignment with its risk expectations, the fund categorizes companies and advances only those that meet its criteria. For companies that pass this initial risk assessment, ESG risks are further identified through rigorous screening and due diligence (audits), with mitigation strategies implemented in accordance with international best practices.

E&S RISK CATEGORIZATION

This classification system helps determine whether a company is suitable to proceed and defines the level of due diligence and risk management required for each investment. By categorizing investments into A, B and C risk levels, the fund proactively manages environmental and social risks while maintaining alignment with IFC and Green Climate Fund (GCF) *Revised Environmental & Social Policy* (RESP).

The table below outlines the guidelines used to assess risk throughout the investment process.

Category	Description	Typical Projects
A	Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented	Projects affecting indigenous people, construction of large dams and reservoirs, projects involving resettlement of communities/families, all projects that pose serious socioeconomic concerns, major irrigation projects, projects associated with induced development, domestic or hazardous waste disposal operations, projects with impact on cultural property, impact on protected natural habitats, large infra projects, forestry operations, mining. The attached list (Appendix A) illustrates some of the activities that are considered high E&S risk, but not limited to them, as the categorization is defined on a case-by-case basis.

Category	Description	Typical Projects
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	Breweries, hotels/tourism development, dairy operations, small metal plating, food processing, modernization of existing plants, general manufacturing, pulp and paper mills, hospitals
C	Business activities with minimal or no adverse environmental or social risks and/or impacts	Software development, factoring companies, consulting firms, share registries, service industries, technical assistance

Companies classified as Category A—denoting High E&S Risk—will not be considered for investment by Fund IV. Please refer to Appendix A for an illustrative list of activities categorized as high E&S risk (Category A). Fund IV would also decide to decline investment in companies where:

- The attached Exclusion List (Appendix B) is met or has the potential to be triggered.
- E&S risks are judged to be unmanageable;
- E&S shortcomings in the existing company are such that the Investment Team does not believe that these shortcomings can be addressed in reasonable time and effort, or have costs that does not justify commercial risk returns/ excessive costs; and/ or;
- Investment Team does not have confidence in the ability of the prospective Company's management to demonstrate leadership and foster a culture of enhanced worker health & safety, environmental & social responsibility, and corporate governance.

FACTORS ANALYZED TO INFORM CATEGORY

In accordance with the Green Climate Fund's Environmental and Social Policy and the IFC Performance Standards, the categorization of environmental and social (E&S) risks is a critical step in the investment

cycle. This process ensures that potential adverse impacts are identified, assessed, and managed appropriately. The following factors are instrumental in informing the E&S risk categorization:

1. Investment Structure

- **Corporate Configuration:** Determine whether the investment involves a parent company, subsidiaries, joint ventures (JVs), or special purpose vehicles (SPVs).
- **Control and Influence:** Assess the level of control or influence the investor has over the entity, which affects the ability to manage E&S risks.

2. Business Plan & Expansion Pipeline

- **Growth Trajectory:** Evaluate planned expansions, new projects, or acquisitions that may introduce additional E&S risks.
- **Operational Changes:** Consider changes in operations that could alter the E&S risk profile, such as entering new markets or sectors.

3. Sector Exposure

- **Industry Classification:** Identify the sectors involved (e.g., clean energy, sustainable agriculture, urban utilities) and their inherent E&S risks.
- **Regulatory Environment:** Understand the regulatory frameworks governing these sectors in the operational regions.

4. Technology / Technique

- **Technological Processes:** Analyze the technologies or techniques employed (e.g., chemical battery production vs. solar photovoltaic systems) for their environmental footprints and safety records.
- **Innovation and Obsolescence:** Assess the maturity of the technology and potential for rapid obsolescence, which may impact environmental sustainability.

5. Scale / Capacity of Assets

- **Operational Scale:** Measure the size and capacity of assets (e.g., megawatts for energy projects, hectares for agricultural ventures) to gauge potential E&S impacts.
- **Resource Intensity:** Consider the intensity of resource use and potential for significant environmental footprints.

6. Location Sensitivity

- **Geographical Context:** Examine the location of operations concerning environmentally sensitive areas, such as critical habitats or indigenous lands.
- **Community Proximity:** Assess the proximity to densely populated areas, which may elevate social risks.

7. Contractor Profile

- **Experience and Track Record:** Review the Environmental, Health, and Safety (EHS) records of contractors, especially Engineering, Procurement, and Construction (EPC) firms.
- **Compliance History:** Investigate past compliance with E&S standards and any history of violations or incidents.

8. Supply Chain Risks

- **Upstream and Downstream Risks:** Identify potential E&S risks within the supply chain, such as sourcing from areas with known labor or environmental issues.
- **Traceability and Transparency:** Evaluate the ability to trace materials and ensure transparency in supply chain practices.

E&S RISK USING THE IFC PERFORMANCE STANDARDS

The environmental and social risk assessment for The GEF LatAm Climate Solutions Fund IV follows the IFC Performance Standards framework, seeking to ensure that potential risks associated with investments are systematically identified and mitigated.

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts

Indicator	Risk and Mitigant Description
E&S Policy and Management System	Risk: Portfolio companies may not have a formal Environmental and Social Management System (ESMS), leading to oversight of climate, environmental, and social risks in sectors like renewable energy, agriculture, or urban solutions.
	Mitigant: The Fund requires investees to adopt or strengthen an ESMS (aligned with IFC standards), ensuring that potential impacts are systematically identified, assessed, and monitored.
Internal Capacity and Training	Risk: Insufficient in-house expertise could lead to poor oversight of E&S performance, especially in complex projects such as wind farm construction or large-scale regenerative agriculture initiatives.
	Mitigant: Require E&S capacity-building measures, including staff training and/or hiring external E&S specialists, to ensure compliance with the Fund's requirements and IFC standards.
Monitoring and Reporting	Risk: Lack of robust monitoring mechanisms may result in unreported or poorly managed social or environmental impacts (e.g., pesticide runoff, deforestation, or GHG emissions).
	Mitigant: The Fund mandates periodic E&S performance reporting and independent audits where necessary, with corrective action plans to address identified gaps.

IFC Performance Standard 2: Labor and Working Conditions

Indicator	Risk and Mitigant Description
Compliance with Labor Laws and Regulations	Risk: Portfolio companies might overlook local labor laws (e.g., health and safety standards, working hours, minimum wage) in fast-growing sectors like agriculture or construction.
	Mitigant: Due diligence on labor compliance. If no compliance is found, the Fund will require an action plan before or after investment, with ongoing monitoring.
Workers' Rights and Freedom of Association	Risk: Some companies may restrict or fail to facilitate collective bargaining or worker representation, especially in rural areas or among subcontracted labor.
	Mitigant: The Fund encourages inclusive HR policies and transparent grievance mechanisms. Where feasible, the Fund provides guidance on respecting workers' freedom of association.
Sexual exploitation abuse and harassment (SEAH)	Risk: In high-pressure or remote work environments (e.g., plantation sites, construction crews), incidents of harassment may go unaddressed if no formal mechanism exists.
	Mitigant: Companies will be due diligenced/audited on SEAH policies, procedures, and incidents. They are also expected to report on SEAH on an annual basis. Companies with SEAH risks will have improvement expectations that should be captured in the GAP.
Child and Forced Labor	Risk: Agricultural operations in remote regions may involve child or forced labor in supply chains.
	Mitigant: Forced labor is in the exclusion list. Any companies with forced labor in their supply chain cannot receive investment.
Occupational Health, Safety & Well-being	Risk: Injury or illness arising from non-provision of adequate PPE, unsafe work-at-height procedures, or exposure to hazardous substances

	Mitigant: Portfolio companies shall adopt an OHS management system aligned with IFC PS 2 §12-16 and the WBG General EHS Guidelines, including: (i) hazard identification and risk assessment, (ii) provision of task-appropriate PPE at no cost to workers, (iii) mandatory training for working at height and for handling hazardous materials, (iv) routine workplace inspections, and (v) incident investigation and corrective-action tracking.
Worker Feedback and Grievance Mechanisms	Risk: Many fast-growing companies lack whistleblower or worker complaint procedures, risking unaddressed labor issues and reputational damage.
	The Fund requires each portfolio company to establish and resource a confidential, survivor-centred grievance redress mechanism (GRM) for workers and third parties that meets the effectiveness criteria of UN Guiding Principles 31. The GRM must cover OHS incidents, labour-rights complaints, and SEAH, and must be operational prior to first disbursement.”

IFC Performance Standard 3: Resource Efficiency and Pollution Prevention

Indicator	Risk and Mitigant Description
Efficient Water Use	Risk: Agricultural projects may consume significant water, potentially contributing to water stress in certain regions.
	Mitigant: The Fund requires diligence/audit companies for e-waste and water usage. Companies with high usage will be recommended to adopt efficiency measures.
Pollution Prevention and Control	Risk: Manufacturing, battery-storage or waste-to-energy facilities may release air, water or soil contaminants—incl. acids, solvents, heavy-metal-laden leachate and spent lithium-ion cells.

	Mitigant: Portfolio companies must implement pollution-control measures consistent with IFC PS 3 ¶7-14, the WBG General & sector-specific EHS Guidelines (e.g., “Electric Power Transmission & Distribution”; “Waste Management Facilities”), and any relevant ISO 14001 procedures. Hazardous-materials registers, secondary containment, and end-of-life battery stewardship plans are mandatory.
GHG Emissions	Risk: Some portfolio companies (e.g. large-scale industrial agriculture or transport-related urban solutions) may have difficulty tracking or reducing their GHG emissions.
	Mitigant: the Fund requires portfolio companies to conduct comprehensive GHG inventories and provides technical assistance, tools, and training to facilitate accurate tracking and reporting.
Resource Efficiency in Operations	Risk: Companies may waste energy or materials in production (e.g., inefficient industrial processes, suboptimal agricultural inputs, or energy generation equipment).
	Mitigant: The Fund requires energy audits, resource-efficiency assessments, and, when feasible, suggest the adoption of circular economy principles to minimize resource use.
Waste Management	Risk: Improper handling of agricultural residues, industrial waste, or municipal solid waste can create health hazards and environmental contamination.
	Mitigant: Companies must develop waste management plans and, where relevant, explore recycling, composting, or waste-to-energy solutions to minimize environmental impact.

IFC Performance Standard 4: Community Health, Safety, and Security

Indicator	Risk and Mitigant Description
Transport and Site Safety	Risk: Large-scale agriculture, construction, or renewable energy deployment often involves heavy machinery and transport on public roads, raising accident risk for local communities.
	Mitigant: Companies must implement road safety policies, regular vehicle maintenance, and community awareness campaigns to reduce accident risks.
Worker Behavior Impact on Communities	Risk: Inappropriate or abusive behavior by staff (e.g., harassment, discrimination) towards local populations can cause social conflict and legal liability.
	Mitigant: Mandate codes of conduct, worker training on respectful behavior, and robust internal disciplinary procedures for non-compliance.
Sexual exploitation abuse and harassment (SEAH)	Risk: Investees may have staff that commits sexual harassment, abuse, or exploitation in the communities they serve.
	Mitigant: extensive DD on gender aspects of Investees. Companies with risks or deficiencies will be expected to create gender action plan, engagement with local community groups, and clear reporting and response protocols for any SEAH incidents.
Emergency Preparedness and Response	Risk: Fires, chemical spills, or structural failures in agriculture/industrial facilities could harm surrounding communities.
	Mitigant: Companies must have emergency response plans, train emergency teams, coordinate with local authorities, and conduct regular drills.

Security Personnel & Community Safety	Risk: Use of private or public security forces may lead to excessive force, human-rights abuses, or SEAH incidents affecting community members.
	Mitigant: Companies shall develop a Security Management Plan consistent with IFC PS 4 ¶12-14 and the UN Voluntary Principles on Security & Human Rights. Plans must cover vetting & training of security staff, clear rules on escalation of force, incident reporting, community-liaison, and integration of the GRM for security-related grievances.

IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement

Indicator	Risk and Mitigant Description
Policy and Procedure for Land Acquisition	Risk: Rapid expansion into farmland or new construction sites for urban solutions may involve land transactions lacking formal processes or fair compensation.
	Mitigant: The Fund will not invest in companies that acquire land through expropriation or other compulsory measures resulting in involuntary resettlement unless a Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP)—prepared in accordance with IFC PS 5 ¶20-23 and national law—has been disclosed and accepted by affected persons and the Fund.
Affected People/Communities	Risk: Communities or smallholder farmers may be displaced or lose livelihoods if agricultural expansion or infrastructure projects require land purchases.

	Mitigant: Companies are expected to engage in meaningful consultation, offer compensation or livelihood restoration measures, and document all land acquisition processes in line with IFC PS 5.
Economic Displacement	Risk: Shift from traditional land use to new project development (e.g., from small-scale farming to commercial renewable projects) can reduce local job opportunities or income.
	Mitigant: If displacement or job loss is unavoidable, portfolio companies must provide alternative livelihood training, job creation, or compensation for affected households.
Livelihood Restoration Planning	Risk: Temporary or permanent economic displacement without structured livelihood support could push affected households into poverty.
	Mitigant: Where livelihoods are adversely affected, the investee must prepare and implement an LRP that: (i) identifies all economically affected persons, (ii) provides compensation at full replacement cost plus livelihood-improvement measures, (iii) sets out a time-bound budget, (iv) establishes participatory monitoring indicators, and (v) undergoes an independent completion audit.

IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Indicator	Risk and Mitigant Description
Protection of Natural Habitats and Biodiversity	Risk: Projects (e.g., large-scale renewable energy farms, agricultural expansion) may encroach upon sensitive habitats, potentially causing deforestation, habitat fragmentation, or biodiversity loss.

	Mitigant: The Fund will decline any investment likely to convert or degrade critical habitat. All projects that triggers IFC PC 6 must prepare a Biodiversity Management Plan that includes measures to prevent the introduction of invasive alien species during construction or operations (e.g., weed-free materials, equipment sanitation, and post-construction monitoring).
Sustainable Resource Use	Risk: Over-extraction of water or raw materials (e.g., biomass, metals) could degrade ecosystems and reduce climate resilience.
	Mitigant: Require portfolio company to: 1) prepare a Sustainable Resource-Use Plan consistent with IFC PS 6 §24-25 that quantifies baseline water, energy and raw-material demand; 2) demonstrate that the project avoids adverse impacts on priority ecosystem-services (e.g., pollination, flood regulation). Where avoidance is impossible, the company shall implement time-bound measures to maintain the value and functionality of those services (e.g., riparian-buffer restoration, gravity irrigation retrofits). 3) Disclose the plan to affected communities, incorporate their feedback, and report annually on target achievement.
Supply Chain Impacts on Ecosystems	Risk: Upstream or downstream activities (e.g., feedstock sourcing, disposal of by-products) may harm biodiversity through pollution or over-exploitation of natural resources.
	Mitigant: Portfolio companies whose operations depend on primary suppliers of food, fibre or timber shall establish a Supplier Environmental & Social Screening System that: (i) screens Tier-1 suppliers against IFC PS 6 §30; (ii) requires suppliers to show legal right to operate, no conversion of critical habitat and no child/forced labour; (iii) includes independent third-party verification or certification within 24 months of first disbursement; and (iv) suspends or phases out non-compliant suppliers within a maximum of 12 months. Results of supplier audits must be disclosed to the Fund in the quarterly ESG dashboard.

Invasive Alien Species	Risk: Project activities may unintentionally introduce or spread non-native species that threaten local ecosystems.
	Mitigant: Portfolio companies shall conduct invasive-species risk screening, integrate preventative actions into the Biodiversity Management Plan, and report any sightings to competent authorities as required by IFC PS 6 ¶22.
Primary Production of Living Natural Resources	Risk: Agricultural / plantation forestry investments may clear forested land or apply unsustainable agronomic practices, undermining biodiversity and soil carbon.
	Mitigant: The Fund will only invest in primary production carried out on previously converted or degraded land (IFC PS 6 §26-29). Each investee must secure / commission a Land-Cover Verification confirming that no natural forest will be converted, and adopt an Internationally Recognised Sustainable-Management Standard (e.g., RTRS, Bonsucro, FSC). Performance against that standard and corrective-action milestones will be included in the ESAP and monitored annually by the Fund.

IFC Performance Standard 7: Indigenous Peoples

Indicator	Risk and Mitigant Description
Identification of Indigenous Communities	Risk: Portfolio companies may overlook Indigenous communities near project sites, leading to conflicts, delays, or legal challenges due to unrecognized land use or cultural impact.
	Mitigant: The Fund requires due diligence to identify Indigenous territories and communities early in the project planning phase, ensuring alignment with Brazilian legislation, ILO Convention 169, and IFC Performance Standard 7. In line with the GCF Indigenous Peoples

	Policy, identification efforts shall consider Indigenous Peoples even when their collective attachment to the land has been disrupted due to conflict, displacement, resettlement, or assimilation. The Fund adopts a broad definition of Indigenous Peoples, based on self-identification, distinct social systems, and cultural identity, irrespective of formal legal recognition.
Free, Prior, and Informed Consent (FPIC)	Risk: Projects that impact Indigenous territories without FPIC can violate rights and prompt legal challenges.
	Mitigant: For investees whose operations affect Indigenous Peoples, the Fund requires the implementation of a Free, Prior and Informed Consent (FPIC) process, in line with the GCF Indigenous Peoples Policy. This process must be iterative, culturally appropriate, conducted in local languages, free from coercion, and must include documented evidence of mutual agreements reached through inclusive consultations with representative Indigenous institutions, including women and youth..

IFC Performance Standard 8: Cultural Heritage

Indicator	Risk and Mitigant Description
Respect for Cultural Heritage and Community Consent	The Fund may invest in portfolio companies (new or existing projects) that incorporate cultural or historical symbols, traditions, or imagery in their branding or marketing without obtaining proper consent from the relevant Indigenous communities or cultural stakeholders. This could lead to unauthorized commercial exploitation of cultural heritage, damaging community trust, disrupting stakeholder relationships, and undermining the Fund's social and environmental objectives.

	Mitigant: Prior to any land-disturbing activity, the investee shall: (1) conduct meaningful consultation with custodians of tangible or intangible cultural heritage, using culturally appropriate methods; (2) document how stakeholder feedback shaped project design and mitigation; (3) sign a Heritage Protection Protocol with recognised community representatives; and (4) establish a participatory monitoring committee (community + company + Fund) that meets semi-annually to verify implementation of agreed measures.
Chance-Find Events (archaeological / paleontological).	Construction or expansion may unearth artefacts or sites of cultural significance.
	Mitigant: All Category B projects that triggers this risk shall adopt a Chance-Find Procedure in line with IFC PS 8 §16-18, including: (i) work-stop triggers; (ii) immediate notification of competent authorities and affected groups; (iii) rapid assessment by qualified specialists; (iv) agreed measures for protection or conservation; and (v) a record-keeping and reporting protocol. Field staff will receive annual training, and procedure effectiveness will be reviewed during Fund ESG audits.

ASSIGNING E&S RISK CATEGORY

In alignment with the Fund’s commitments under the Green Climate Fund (GCF) Environmental and Social Policy and the IFC Performance Standards (2012), all prospective investments undergo a structured and systematic Environmental and Social (E&S) risk categorisation process at an early stage.

This process begins with the completion of the E&S Early Impact Assessment (see *Appendix E*), a screening tool designed to support the Investment and ESG teams in determining both the investment’s climate alignment and its potential for adverse E&S impacts. The assessment framework is structured around the eight thematic areas of the IFC Performance Standards and includes a set of risk “triggers” that signal the likelihood of high or moderate environmental and/or social risks.

To validate and further substantiate the initial screening outcome, the Fund conducts a formal E&S Due Diligence phase prior to Investment Committee deliberation. This stage includes document reviews, stakeholder engagement, and, where necessary, site assessments and expert evaluations. The due diligence confirms or refines the provisional risk category and guides the formulation of any Environmental and Social Action Plan (ESAP). The result of this investigation is registered in the document Final E&S Risk Categorisation Record (**APPENDIX F**).

All screening and categorisation records—including rationale, documentation, and supporting evidence—are formally archived and included in the Investment Committee (IC) submission package. Where material changes occur in the scope, scale, location, or business model of the investee company, the risk categorisation must be reviewed and re-applied to ensure continued compliance with the Fund’s E&S requirements.

Investments categorized under a “B” profile must adhere to the Green Climate Fund’s disclosure and consultation standards, including the public disclosure of the Environmental and Social Due Diligence (ESS DD) documentation and associated management or action plans, both in English and Portuguese, at least 30 calendar days prior to the final investment decision. This applies specifically to the use of GCF proceeds and is intended to ensure transparency and meaningful stakeholder engagement. Exceptions to disclosure are limited to cases involving sensitive commercial or proprietary information, in accordance with the GCF Information Disclosure Policy. More detail on this process is provided in the chapter titled E&S Assessment and Process.

SOCIAL & ENVIRONMENTAL IMPACT

The Fund recognizes the importance of promoting positive social and environmental impacts through its investments and maintains a dedicated focus on integrating Environmental, Social, and Governance (ESG) considerations into every stage of its investment process. By doing so, The Fund aims to drive long-term value creation that benefits both stakeholders and the broader community.

General Environmental and Social Considerations

Evaluating Industry-Specific Environmental and Social Impacts

- The Fund recognizes that each investee company faces unique ESG challenges and opportunities based on its sector and operational context.
- Approach:
 - The Fund refers to guidance from the Sustainability Accounting Standards Board (SASB) to identify material ESG factors relevant to each industry.
 - The Fund acknowledges that a formal Materiality Matrix is an optimal exercise to be developed. If an investee opts to create such a matrix, The Fund supports the process by providing recommendations and resources, but the ultimate design and execution remain under the company's purview.
 - By focusing on sector-specific ESG considerations (e.g., resource efficiency, labor practices, community engagement), The Fund seeks to mitigate risks and capitalize on opportunities that may affect long-term performance.
 - Where Indigenous Peoples are potentially affected, the Fund requires investees to integrate Indigenous-specific environmental and social risks and opportunities, regardless of standard materiality thresholds. These considerations must be guided by the GCF Indigenous Peoples Policy and involve culturally appropriate, participatory assessments conducted with recognized Indigenous representatives.

Stakeholder Consultations and CSR Initiatives

- Effective engagement with key stakeholders is critical to uncovering insights, managing social license to operate, and building trust among various parties.
- Approach:
 - The Fund encourages proactive stakeholder consultations, advising investees to engage with employees, local communities, regulators, suppliers, customers, and other relevant groups.
 - The Fund supports and may facilitate corporate social responsibility (CSR) initiatives, partnerships, or collaborations that respond to stakeholder concerns or drive innovative solutions to social and environmental challenges.
 - When Indigenous Peoples are present or potentially affected, the Fund requires that stakeholder engagement follows the principles of Free, Prior and Informed Consent (FPIC), as outlined in the GCF Indigenous Peoples Policy. This entails early, inclusive, and culturally appropriate consultations with legitimate Indigenous authorities, in a manner that supports self-determination, and may require tailored CSR initiatives or benefit-sharing agreements.

For more details, please refer to Appendix D (Stakeholder Engagement) and Appendix C (Indigenous Peoples Planning Framework).

ESG Reporting to the ESG Committee

- Regular reporting seeks to ensure accountability, transparency, and ongoing improvement within each investee, allowing The Fund to monitor ESG performance effectively.
- Approach:
 - The Fund requires investee companies to submit ESG metrics (including climate footprint and beneficiaries impacted) predetermined intervals, providing a structured overview of progress and outcomes in relevant areas.
 - The Fund's ESG Committee reviews these metrics, offering timely guidance and identifying areas for further improvement.

- Where applicable, The Fund actively works with investees to maximize impact, sharing best practices, connecting them with expert networks, and championing collaborative efforts to enhance sustainability performance across the portfolio.

Climate Footprint Disclosure in Line with TCFD

- Rationale: Climate-related risks and opportunities have a significant bearing on business resilience and value creation; transparency in this area is crucial for informed decision-making.
- Approach:
 - The Fund discloses its climate footprint in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, ensuring consistency and comparability across its operations.
 - By encouraging investee companies to follow TCFD principles, The Fund facilitates clear reporting on how climate risks and opportunities are identified, assessed, and managed.

This commitment supports better understanding and mitigation of potential climate impacts, strengthening resilience and reinforcing The Fund's leadership in responsible investing.

E&S ASSESSMENT AND PROCESS

ALLOCATION OF RESOURCES AND ORGANISATIONAL CAPACITY

Fund IV acknowledges that the effective application of its Environmental and Social Management System (ESMS) is contingent on the clear allocation of institutional responsibilities, supported by sufficient human and financial resources. This section outlines the baseline resource commitments required for the operationalisation of the ESMS at both the Fund and portfolio levels. Further detail on individual roles, responsibilities, and qualifications can be found in the “Roles and Responsibilities” subsection of this chapter.

At the Fund level, E&S management is integrated into the investment cycle through collaboration between the Investment Team and the ESG Team. The ESG Officer provides overall leadership on ESG matters and is supported by a dedicated ESG Analyst. The ESG Team is also responsible for engaging qualified third-party consultants as required to assess or monitor specific environmental and social risks. Where necessary, the ESG Officer may commission thematic studies or assessments, including but not limited to Indigenous Peoples, SEAH, or biodiversity, particularly for Category B investments or other activities requiring in-depth analysis. These roles, and their interaction with other teams, are further elaborated in the section titled Roles and Responsibilities.

At the portfolio company level, Fund IV requires each investee to commit formally—through investment agreements and the Environmental and Social Action Plan (ESAP)—to allocate adequate internal capacity and financial resources for the implementation of agreed E&S actions. Each company is expected to appoint a dedicated ESG focal point with appropriate decision-making authority. Where specific E&S risks or gaps are identified during the due diligence phase, the portfolio company may be required to designate additional staff or retain external expertise to support ESMS implementation. These expectations are further described under the “Investment/Portfolio Company Management” portion of the Roles and Responsibilities section.

In accordance with the GCF’s Environmental and Social Policy and Performance Standards, the Fund will cover costs related to the core ESG team, routine E&S due diligence, and portfolio-wide monitoring. Portfolio companies are expected to bear the cost of implementation-related activities and company-specific monitoring as outlined in their ESAPs.

<i>Cost Item (USD)</i>	<i>Fund IV</i>	<i>Portfolio Company</i>	<i>Notes</i>
<i>ESG Team (ESG Officer + Analyst)</i>	165,000 / yr	–	Management-fee funded
<i>Staff training and internal capacity building (including SEAH training)</i>	10,000 / yr	5,000 / company	Delivered by internal or external providers. Includes design, translation, delivery (virtual & in-person), and training-of-trainers. Training mandatory for Fund staff and investee employees.
<i>Deal-specific ESIA/SIA (Category B)</i>	30,000 per deal	–	Management-fee funded.
<i>Carbon inventories and carbon avoidance verification (GHG verification)</i>	–	4,000 / yr	Company-financed; external third-party
<i>Beneficiary tracking and impact surveys</i>	15,000 – 20,000 per survey	--	Beneficiary tracking: Company-financed, no extra cost, data collected annually Impact surveys: stakeholder interviews conducted at mid-term and project completion
<i>SEAH survivor support & referral system</i>	--	Up to USD 1,000 per incident (cap)	Covers emergency medical care, legal aid, shelter, translation, and psychosocial services.
<i>Independent verification – “Private capital mobilized post-investment”</i>	- US\$20,000 at start (year 1) - US\$25,000 at mid-term (year 5)	--	Required under GCF IRMF (Annex 11, point e). Covers third-party validation of the Fund’s catalytic effect and contribution to Paradigm Shift.

	- US\$15,000 at project completion Total: US\$30,000	
<i>Independent verification</i> – Outcome 1 (enabling environment / competitiveness)	- US\$20,000 at start (year 1) - US\$25,000 at mid-term (year 5) - US\$30,000 at project completion Total: US\$75,000	Aligned with GCF feedback for independent assessment of enabling environment indicators. Includes baseline study and external review.

ROLES AND RESPONSIBILITIES

Investment Committee

The Investment Committee (“IC”) for the Fund has ultimate decision-making responsibility for **each investment**, including E&S managing risks. In the context of the investment process, the E&S responsibilities of the IC include:

- Reviewing the Investment Memo for each proposed investment;
- Considering the suitability of each investment in the context of Limited Partner (LP) objectives;
- Reviewing E&S related risks and opportunities of each proposed investment;
- Requesting more information as needed;
- Reviewing annual E&S monitoring reports for each Portfolio Company; and
- Recommending investment actions that are consistent with the E&S Policy.

Investment Team

The Investment Team is responsible for sourcing, structuring, negotiating, and monitoring investments. It works closely with the ESG team during the screening and due diligence phases and throughout portfolio management.

- They integrate E&S considerations into all stages of the investment cycle.
- The team receives updated ESG and climate training on an annual basis.
- A majority of Investment Team members have completed the CFA Institute's "Certificate in Climate and Investing", which enhances their understanding of climate-related financial risks and ESG integration.

ESG Team

The ESG Team is composed of the ESG Officer for Fund IV, and one supporting ESG Analyst. The ESG Officer is responsible for managing all operational processes related to E&S matters within the Fund and its investee companies. This includes providing strategic direction and oversight on screening, risk categorization, preparation of the Early Impact Assessment, monitoring activities, and ESG Action Plan implementation, while the Investment Team supports these processes through their day-to-day operational execution. The ESG Officer also leads all communications with Limited Partners and external stakeholders.

The ESG Officer typically dedicates approximately 80% of her time to ESG-related responsibilities across Fund IV. The ESG Analyst supports her in data collection, ESG documentation, performance monitoring, and internal reporting.

The ESG Team works in close coordination with the Investment Team across all stages of the investment cycle. When necessary, the ESG Officer engages external E&S consultants for specialized assessments—such as SEAH risk, Indigenous Peoples, biodiversity, or sector-specific issues—during the due diligence or portfolio monitoring phases. The ESG Officer is responsible for drafting the terms of reference, selecting the consultants, supervising their work, and incorporating their findings into the ESG Action Plan and legal documentation.

Capacity & Expertise:

- The ESG Officer is a senior professional with extensive experience in ESG risk management and alignment with IFC Performance Standards and GCF safeguards.
- The ESG Analyst supports data analysis, documentation, portfolio monitoring, and ESG reporting.
- The ESG Team also undergoes regular training and participates in global ESG working groups.

Engagement of Consultants:

External consultants are engaged for high-risk or technically complex investments. The ESG Officer is responsible for identifying the need, defining terms of reference, selecting qualified experts, and supervising their work during due diligence or monitoring phases.

ESG Officer

The ESG Officer is a dedicated senior professional responsible for implementing the Fund IV's Environmental & Social (E&S) policies and ensuring alignment with the IFC Performance Standards and GCF Environmental and Social Safeguards (ESS). This role is critical throughout the investment cycle, from early screening to post-investment monitoring.

The specific responsibilities consist of:

- Facilitating the implementation for all E&S policies and objectives as mentioned in this document;
- Articulating the environmental and social rationale of each proposed investment;
- Familiarizing the investee company management with Fund IV's E&S expectations;
- Incorporating information on E&S issues, risks, and opportunities into the Investment Memo;
- Working in close coordination with the Investment Team during the screening and due diligence process to:
 - Identify areas of potential E&S concerns, risks and opportunities in the sectors and companies in which Fund IV invests;
 - Identify applicable and relevant E&S standards for each investment;
 - Develop E&S scope during the due diligence phase;
 - Lead the identification, selection, and oversight of appropriate E&S consultants;
 - Support in the preparation of an E&S Action Plan, as needed and appropriate;

- Development and incorporation of appropriate E&S covenants for inclusion in closing documents (in consultation with the legal team working on the respective investment); and
- Sign off on the deal from an E&S perspective before investment funds are disbursed.
- Develop an E&S monitoring plan; periodic data collection on E&S performance from the respective portfolio companies on specific and respective parameters applicable for each investee company (alignment to SDGs and Impact Management Project framework, environmental and social impact, as relevant);
- Prepare an annual Impact Report for the Fund; and
- Facilitate capacity building and provide necessary guidance on E&S matters with each portfolio/ investee company and if needed internally for the Fund IV team.

Investment/Portfolio Company Management

Fund IV expects the investee company to follow the Fund's ESMS and appoint a dedicated E&S accountability role, which will:

- Establish and foster a culture of corporate responsibility on environment, health & safety and social aspects;
- Adopt a Board resolution codifying the Company's commitment to responsible business practices;
- Disclose and manage E&S related risks through implementation of the ESAP, and other relevant action plans;
- Develop and implement an environmental and social management system (ESMS) for its activities and operations across the company;
- Develop and put in place necessary policies and procedures on environment, health & safety and social (including but not limited to human rights, child labor, forced labor, diversity & inclusion, among other requirements);
- Effective training and information dissemination at periodic frequency on all relevant aspects to the applicable stakeholders (includes but not limited to permanent employees, contractors, suppliers, customers, and those employed on contract basis)
- Report periodically to Fund IV on E&S matters (also see obligations under monitoring and review);

- Support in collection of impact (for all key indicators mentioned as part of this document) data on a quarterly basis and report/ submit to the Fund; and
- Lead discussions at the ESG Committee.

Further, the portfolio companies will not undertake any activity listed in **Appendix B** - Exclusion list. The Fund will support the portfolio company's E&S function in the implementation of an ESAP and ESMS, as necessary.

Below is an example of a typical Portfolio Company ESG Committee, in which GEF team members also participate.

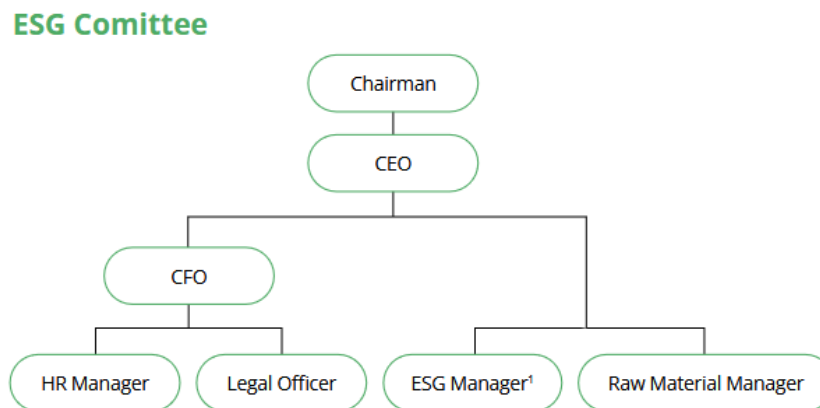


Figure: ESG Committee Structure

INVESTMENT PROCESS Overview

The following process outlines Fund IV's standard deal process. For each of the steps, E&S processes remain well integrated into the overall investment process and are adhered to at all times during key decisions and milestones.

Typical Process	Investment Team Activities	E&S Approach
Early Impact Assessment	The Early Impact Assessment (Appendix E) typically includes an initial rationale for the climate alignment and expected impact. This note is developed internally by the Investment Team to articulate the strategic fit and justification for further diligence.	The Investment Team submits the Early Impact Assessment to the ESG Team. The ESG Officer provides strategic oversight and reviews the submission to identify any material E&S issues that may warrant deeper analysis. If needed, the ESG Team engages further with the Investment Team to refine the assessment. The ESG Officer is responsible for assigning the preliminary E&S risk category.
Term Sheet	This generally includes the offer made to the Company with the relevant details. A special Appendix regarding the necessity to comply with the Fund's ESG expectations is included, which outlines time-bound commitments such as gender inclusion, GHG monitoring, and implementation of an ethics committee.	The Term Sheet includes general language on environmental and social expectations for the deal. The ESG Team ensures that the target company fully understands the scope and implications of the ESG and climate-related commitments, including timelines, reporting duties, and the need to engage third-party auditors as applicable.
Diligence Stage	GEF conducts an ESG due diligence (DD) for all potential investments, which may involve third-party consultants. The Investment Team is responsible for facilitating the consultants' access to the company and ensuring coordination	Based on the Early Impact Assessment, the ESG Team will develop an appropriate scope of work, as outlined in Appendix G. The ESG Officer oversees the entire process, including the preparation of a detailed due diligence plan, timeline, and budget estimate, and ensures that all material

Typical Process	Investment Team Activities	E&S Approach
	between the consultants and the investee's management team.	findings are documented for follow-up. The ESG Team also confirms that the most stringent applicable standard has been applied when evaluating E&S risks, or that any justified deviation has been reviewed and approved internally. The ESG Officer is also responsible for assigning the final E&S Risk Category.
Preliminary Review with IC	The Investment Team prepares the preliminary Investment Memo, which includes key ESG due diligence findings (as available at that stage), Fund IV's investment thesis, and a supporting financial model. This draft is submitted to the Investment Committee for initial feedback.	ESG findings are reviewed and integrated into the Investment Memo. The ESG Officer flags any material environmental or social risks that require further clarification or mitigation. A high-level view of the ESG Action Plan and its alignment with the shared value creation strategy is also presented to the IC at this stage. The ESG Officer also clarify for the whole team the assigned final E&S category.
Updated investment deck to IC	This consists of the final investment memo detailing the final findings of the DD as well as any specific information requests that have been identified or questioned by the IC in previous interactions	Typically, the final investment memo consists of the following three elements concerning environmental and social issues. • The impact rationale for the investment; • The final E&S Risk Category; • Any identified environmental and social risks; • The proposed Fund IV covenants to mitigate environmental and social

Typical Process	Investment Team Activities	E&S Approach
		risks for the portfolio company and a summary of E&S Action Plan to bring the company in compliance to the identified E&S risks; Initial thoughts on the metrics to be closely monitored by the company If the final E&S Category is B, all E&S documents required under the IFC PS and the GCF RESP (e.g., E&S Action Plan, Indigenous Peoples Plan) will be disclosed in English and Portuguese at least 30 days before Investment Committee consideration, in line with the GCF Information Disclosure Policy.
Final IC	Investment Team and ESG Officer present final investment memo, including all material E&S findings, justification of applied standards (in cases of divergence), and a summary of key E&S covenants and action plans for IC approval.	ESG Team ensure that all required E&S documentation (e.g., ESMP, Indigenous Peoples Plan, SEAH Action Plan), including rationale for any deviations from international best practice, has been disclosed publicly in accordance with the GCF Information Disclosure Policy and that GCF is in accordance with the final risk categorization.
Negotiations	This consists of negotiations with the Company on diligence findings, and preparing definitive documents	ESG team reviews and supports the investment team in incorporating the E&S provisions into the legal documents (e.g.,

Typical Process	Investment Team Activities	E&S Approach
	(including the Share Purchase Agreement – SPA, and the Shareholder Agreement - SHA)	conditions precedent to closing). Further, the ESG team will seek commitment from the Company management towards implementing the E&S action plan and converting the company into a B-Corporation within a specified timeframe.
Deal Closure	In absence of any adverse findings or developments post the IC approval and upon a successful legal documentation, the investment team undertakes formal steps towards the transaction closing	-
Disbursal of Funds	Funds get disbursed to the Company	The ESG Team will review to verify that all E&S matters are satisfactorily addressed before funds are disbursed.
Follow-on Investments	Is relevant when an existing investee company is seeking to raise any follow-on rounds of capital from Fund IV	Prior to approving any follow-on tranche the ESG Officer shall (i) verify ESAP progress and (ii) confirm that no material change in project scale, nature, location or associated facilities has elevated the ESS risk category. If the category shifts to B, the updated DD and other E&S documents will be disclosed to GCF and stakeholders 30 days before the IC decision.

Typical Process	Investment Team Activities	E&S Approach
Monitoring	Post-investment, when GEF introduces and monitors the progress of its portfolio company strategic planning	The investment team, assisted by the ESG team, establishes an ESG Committee that holds monthly meetings to discuss the implementation of the E&S action plan, metrics to be monitored and strategies to maximize shared value creation

ESG considerations during the investment process

Screening

All pipeline companies considered for investment under The GEF LatAm Climate Solutions Fund IV must confirm that they do not engage in, produce, or trade any activity listed in the Fund's Exclusion List, as defined in Appendix B. If the investment process evolves, companies are required to confirm compliance with the Exclusion List as a prerequisite to progressing to due diligence. The investment team specifically targets businesses aligned with climate transition, ensuring they contribute to reducing greenhouse gas (GHG) emissions or addressing the impacts of climate change, as part of an adaptation thesis.

The ESG Officer collaborates with the investment team to analyze the climate alignment of potential investments while also assessing their environmental and social risk category. For companies deemed eligible for investment, an impact analysis is conducted based on the five impact dimensions outlined by the Impact Management Project (IMP) and alignment with the Sustainable Development Goals (SDGs). Following these assessments, the investment must undergo approval by both the local and global Investment Committees.

ESG Due Diligence (environmental and social audit)

Objective

The primary objective of the ESG Due Diligence process is to ensure that all potential investments comply with the environmental, social, and governance (ESG) criteria of The GEF LatAm Climate Solutions Fund IV. This process assesses whether portfolio companies align with the IFC Performance Standards and the Green Climate Fund (GCF) Environmental and Social Safeguards. The due diligence process ensures that potential risks are identified, analyzed, and mitigated, and that companies contribute positively to the Fund’s climate and social impact goals.

The outcome of this process also enables the Impact and ESG Officer to determine the ESG risk category for each investment based on the IFC Performance Standards.

Process

The ESG Due Diligence process involves several critical steps designed to evaluate potential risks and align investments with international best practices. These steps include:

Screening for Exclusion List Activities

- All potential investees must confirm compliance with the Fund’s Exclusion List, as detailed in the investment policy.
- Any company involved in prohibited activities—such as those contributing to deforestation, employing forced labor, or violating fundamental human rights—is automatically disqualified from further consideration.

Initial Assessment

- The Fund conducts an early-stage ESG review using publicly available information (e.g., past controversies, compliance records, media coverage, ESG reports, or certifications).
- This initial scan helps the Fund identify any red flags and decide whether to proceed with a more in-depth review.

Document Review

- The Fund requests and analyzes key documents, including business licenses, environmental permits, safety certifications, ESG policies, and any previous audit or assessment reports.
- These materials are scrutinized to uncover potential risk areas, operational gaps, and other ESG concerns that may impact the investment's sustainability.

Stakeholder Consultation

- Where relevant, the Fund may consult local stakeholders—such as community members, NGOs, or other affected parties—to validate the company's ESG performance on the ground.
- These insights help the Fund assess whether the company's operations align with both local regulations and international ESG norms.

Performance Standards Assessment

The Impact and ESG Officer conducts a comprehensive evaluation of the company's adherence to the eight **IFC Performance Standards**, with particular focus on:

- **(PS 1) Management of environmental and social risks and impacts**
- **(PS 2) Labor and working conditions**
- **(PS 3) Resource efficiency and pollution prevention**
- **(PS 4) Community health, safety, and security**
- **(PS 5) Land acquisition and involuntary resettlement**
- **(PS 6) Biodiversity conservation and sustainable natural resource management**
- **(PS 7) Indigenous Peoples**
 - **Indigenous Peoples Policy Check:** The company's policies regarding Indigenous Peoples are carefully reviewed to ensure that operations do not encroach upon or negatively affect Indigenous lands or communities.

- **Indigenous Risk Assessment:** If the company operates in or near Indigenous territories, the Fund verifies the presence of a robust Indigenous Peoples Policy, including documented procedures for obtaining **free, prior, and informed consent (FPIC)**. Refer to Appendix for detailed information. In line with the GCF Indigenous Peoples Policy, the FPIC process must be iterative, inclusive, and culturally appropriate—conducted in local languages, documented, and engaging recognized Indigenous authorities, including women, youth, and elders.

- **Key steps include:**

1. **Initial Screening:**

- Does the company operate in or near areas recognized as Indigenous lands?
- Are there any legal disputes or active claims over these territories?

The Fund requires that Indigenous identity be recognized based primarily on self-identification, distinct social and cultural characteristics, and collective attachment to land or natural resources, regardless of formal legal status. In cases where there is uncertainty or reason to believe that a proposed activity may affect Indigenous Peoples—as defined by the GCF Indigenous Peoples Policy—further validation may be necessary. In such instances, external experts with experience in Indigenous Peoples affairs may be engaged to support the assessment.

2. **Detailed Inquiry (If Indigenous Presence Is Confirmed):**

- **Identify Potential Adverse Impacts:** Assess possible negative effects on Indigenous communities, such as land displacement, environmental harm, or the disruption of cultural and spiritual sites.
- **Evaluate Mitigation Measures:** Analyze the company's mitigation plans, ensuring they align with Brazilian regulations and international standards.

- (PS 8) Cultural heritage

SEAH Risk Assessment

The ESG Due Diligence process must also include an assessment of **Sexual Exploitation, Abuse, and Harassment (SEAH) risks**. This assessment evaluates the situation and determines necessary actions and requirements, which may include:

- Training programs on SEAH prevention and response
- Adherence to the SEAH Guideline's zero-tolerance code of conduct
- Implementation of policy and management systems to prevent SEAH incidents
- Incident resolution mechanisms ensuring survivor-centered responses
- Grievance redress mechanisms (GRM)
- Ensuring that all SEAH-related measures are implemented in a survivor-centered and gender-responsive manner

Risk Categorization

- Based on the outcomes of the document review, stakeholder consultations, Indigenous risk assessment, SEAH risk assessment, and IFC Performance Standards assessment, the Impact and ESG Officer assigns an ESG risk category (e.g., Low, Moderate, or High).
- This categorization informs the Fund's decision-making and any subsequent action plans or engagement strategies needed to address identified risks.

Information Disclosure

GEF LatAm Climate Solutions Fund IV (“Fund IV”) is committed to transparency and accountability in its operations. The Fund will proactively facilitate access to relevant information for stakeholders, including investors, affected communities, and the general public.

Fund IV will publish its Environmental and Social Management System (ESMS) on the GEF website, and will also make it available through platforms of relevant entities, such as the Green Climate Fund (GCF). Physical copies of the ESMS will be made available upon request at the Fund’s main office. When required, the documents may also be shared through designated public institutions.

The Fund’s grievance redress mechanism (GRM) is publicly available on the GEF website, ensuring that both internal and external stakeholders can easily submit complaints or concerns. This mechanism includes confidential channels and provisions for anonymous reporting, including for SEAH-related cases. GRM procedures, focal-point names and all channel details will be: (a) posted on the GEF website; (b) inserted in worker induction packs and supplier contracts; (c) displayed on community notice boards within 1 km of project sites; and (d) appended to the Stakeholder Engagement Plan shared during consultations.

As described throughout this ESMS, Fund IV will ensure meaningful and culturally appropriate stakeholder engagement across all investments, including at the Fund level. Appropriate grievance mechanisms will be implemented at both Fund and portfolio company levels, and disclosure will follow the applicable information policies of the Fund’s anchor investors, including the GCF.

In compliance with GCF and Fund IV disclosure requirements, the Fund will publicly disclose relevant environmental and social documentation for Category B investments. This includes the Environmental and Social Impact Assessment (ESIA) and the Environmental and Social Management Plan (ESMP). When applicable, the Fund will also disclose the Land Acquisition and Resettlement Action Plan (RAP) or Livelihood Restoration Plan, Indigenous Peoples Plan (IPP), Gender Assessment and Gender Action Plan, Environmental and Social Due Diligence (ESDD) and audit reports, as well as any other documentation required in accordance with the disclosure policies of the GCF and the Fund.

For investments classified as Category B, Fund IV will ensure that ESIA and other applicable documents are disclosed at least 30 days prior to final Investment Committee consideration. Disclosures will be made available in both English and Portuguese, through the GEF website, the GCF website, and

other platforms accessible to affected people and stakeholders. Physical distribution in relevant community or institutional locations will be considered where internet access is limited.

All disclosed materials will be presented in a format that is understandable and accessible to affected and potentially affected communities, ensuring clarity of content. Feedback and comments received during the disclosure process will be carefully reviewed and taken into consideration in the finalization of relevant documents.

MONITORING MECHANISM

GEF believes in fostering an open and trusting partnership with our portfolio companies to build value and commits to having engaging discussions and to enable the management to benefit from the collective experience that the team possesses towards building sustainable businesses.

The typical process that will be followed for the investee companies will include:

First Meeting post close

To build on the relationships established during DD, Fund IV will establish an ESG Committee and the first meeting will occur post-closing (typically within 4 weeks) with relevant members of management (including those who are accountable for E&S functions) and the investment team in order to:

- Re-affirm the commitment to E&S practices and commitments made in the relevant legal agreements and through ESAP;
- Set expectations regarding the type of working relationship with Fund IV;
- Establish clear lines of communication, both formal and informal;
- Review and further discuss the ESG Action Plan, designed during DD;
- Agree on dates for monthly meetings and discussions; and
- Confirm the reporting calendar, data owners and dashboard for the E&S KPI set that was already defined during due diligence, incorporated in the ESAP and executed through the closing documents. Reconfirm that the portfolio company's systems capture those KPIs in the format required for quarterly Fund IV and GCF reporting. The investment team will collaborate with the portfolio company to ensure that systems are in place to enable the company to regularly report on these KPIs and to revisit them occasionally to ensure their relevance.

Quarterly Monitoring

GEF monitors all portfolio companies on a quarterly basis. This quarterly monitoring will focus on high priority findings and the top risks identified at the time of the diligence, but also tracking:

1. Progress against each ESAP KPI and any corrective-action items.
2. Status of the investee's company-level ESMS (or construction ESMP, where relevant) and evidence of continuous improvement.
3. Stakeholder-engagement implementation (meeting the agreed SEP), grievances received and their resolution status.
4. Any change in the investee's business activities that could alter the approved ESS risk category; if a shift from C → B (or similar) is identified, the investment team will trigger the "Changes to the business" protocol below.

If the change could alter the E&S risk profile and/or shift the ESS category, Fund IV will: (i) arrange a focused assessment, (ii) update the E&S-Risk Categorisation and ESAP, (iii) disclose the revised ESS package (including updated KPIs) to GCF at least 30 days before any follow-on IC decision, and (iv) reflect the new category in subsequent monitoring reports.

It is expected that portfolio companies may require closer support and guidance, during the first year of the investment. The quarterly monitoring for the first year will therefore provide a mutually beneficial opportunity for interactions between Fund IV team and the portfolio company. Should it require any additional support or guidance to address any specific issues, the ESG Team for Fund IV will be available to train, support and/or guide as necessary.

Through the quarterly meetings with its investee companies, GEF will take formal updates on the E&S performance and will responsibly raise and address E&S factors with the management.

Changes to the business

If significant changes occur in the business—such as material acquisitions, new operational sites, or expansion activities that introduce material environmental and social (E&S) risks—GEF may commission an independent or targeted E&S assessment or monitoring visit. This assessment will evaluate the company's capacity to manage the resulting changes and risks, including the adequacy of existing management systems and whether enhancements are required to ensure continued alignment with international standards and Fund policies

Monitoring and reporting on unplanned events

GEF will require the investee company to respond appropriately and in timely fashion to serious accidents, incidents or events, or other changes in the company's ordinary course of business, and to ensure that lessons are learned and applied in future.

The following circumstances (but not limited to) may lead to such an unexpected event:

- Incidents of sexual exploitation, abuse or harassment (SEAH), including allegations involving fund staff, portfolio company employees, contractors or community members. This includes any report, grievance, or credible concern of SEAH occurring on-site or in relation to Fund-financed activities, regardless of legal outcome.
- Serious accidents may include (but not limited to) those resulting in loss of life, serious injury (loss time injury), all forms of adverse impact on human rights, labour strikes, material adverse impacts on communities and/or the environment, material breach of law or side letter requirements;
- Material non-compliance matters that may potentially result in closure of the operations; and
- Adverse legal authorities' findings. These may include, but not limited to notices, closure, warnings, and any such similar communications from various government regulatory departments, agencies, local bodies and others in writing or otherwise.

All of the above instances should be reported within 48 hours of the occurrence.

Other monitoring mechanisms

Depending on the requirement and as relevant, Fund IV will employ the following processes for any additional/ periodic follow ups.

Site Visits

The E&S team will make site visits to the companies and evaluate the risk perception of the investment and the operations of the Company. This will be purely undertaken at the discretion of the E&S team. The site visits will take place either as a part of quarterly or review or on a need-by-basis at the Fund IV's discretion.

Use of an external consultant for monitoring

Fund IV at its discretion may decide to use an external consultant for monitoring of all portfolio companies at the fund level on an annual basis. At this stage GEF does not consider this process to be mandatory. However, for all investments which the investment team alongside the Head, ESG perceive to risk from an E&S perspective, an external consultant for an annual E&S performance audit will most likely be used.

Periodic meetings (informal) with the company's board and/or management

Fund IV will discuss E&S performance with the portfolio companies, through informal discussions that may take place at different levels. Such informal discussions will be done by both investment and E&S team with the relevant Company management.

ANNUAL REPORTING

Fund IV will collate E&S and development impact performance data across its portfolio to assess the overall E&S and development impact that its investments achieve.

The annual report will essentially provide information on the following:

- Compliance to the ESAP;
- Reduction of GHG emissions (if and as applicable);
- Resource efficiency footprint through the following four indicators:
 - Energy optimization;
 - Water optimization;
 - Materials optimization; and
 - Waste minimization
- Development impacts arising through job creation, relevant stakeholder engagement and any other corporate social responsibility activities (as and where applicable and relevant);
- Improvements made on specific H&S parameters like incident/ accident reporting, Loss Time Injury (LTI) records;
- Stakeholder-engagement performance versus plan (number of consultations, participation rate, satisfaction indicators).
- Grievances received, classification and closure status.
- Contribution to the aligned SDG's.

An individual document with data on Fund IV assets will be prepared, but GEF will also publish a consolidated, firm-wide annual impact report with key information on investments across the funds.

GRIEVANCE MECHANISMS

At Fund level

Any grievances will have a redressal mechanism that will be put in place, wherein relevant stakeholders can communicate concerns directly to the Chief Compliance Officer of GEFCP.

The Fund maintains a no-cost, confidential GRM that is legitimate, accessible, fair, transparent, predictable, rights-compatible, and dialogue-based, consistent with the UN Guiding Principles “effectiveness criteria”.

Eligibility

Any individual, group, or authorized representative affected by Fund activities (including SEAH survivors) may submit a grievance.

Submission channels

Grievances may be submitted through [Ouvidor Digital](#), a dedicated online platform designed specifically to receive and manage complaints securely and confidentially. The platform is accessible to all stakeholders and allows for anonymous submission, either through the web or via WhatsApp. All grievance-handling materials and acknowledgements will include the IRM web link above so that stakeholders can bypass the Fund mechanism if they wish.

Process & timelines

1. Acknowledgement within 5 working days.
2. Eligibility screening & log entry in the Fund’s secure grievance register.
3. Investigation & dialogue led by the Chief Compliance Officer (or external expert for SEAH) with progress updates at least every 30 days.
4. Proposed resolution shared within 60 days (extensions communicated in writing).

5. Closure once complainant confirms satisfaction or, if unresolved, referral options.

Coordination

Where a grievance concerns a portfolio company, the Chief Compliance Officer liaises with the designated ESG Officer and records joint actions.

Non-retaliation

The Fund prohibits reprisals against complainants.

Escalation

Complainants retain the right to approach the Green Climate Fund Independent Redress Mechanism (IRM) at <https://irm.greenclimate.fund/case-register/file-complaint>, or to use judicial/administrative forums, at any stage of the process. The Fund will display this IRM link on all GRM webpages, printed notices, stakeholder-consultation decks and community outreach materials.

Disclosure

Aggregate statistics (number, type, resolution time) are reported annually to Investors and GCF.

At Portfolio Company level

All portfolio companies of the GEF LatAm Climate Solutions Fund IV shall establish and maintain a formal Grievance Redress Mechanism (GRM) to allow internal and external stakeholders—such as workers, community members, civil society organizations, and affected individuals—to raise concerns related to environmental, social, human rights, and governance issues associated with the company’s operations or its value chain. Where security personnel are deployed, the GRM must include a dedicated channel for complaints related to security-force conduct, with guarantee of confidentiality and protection from retaliation. Grievances can be filed by:

- an individual or group authorized to act on behalf of the complainant(s);
- individuals or registered non-governmental organizations (NGO)

The GRM must be based on the principles outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and be aligned with the GCF’s expectations for legitimate, accessible,

predictable, equitable, transparent, rights-compatible, and culturally appropriate grievance mechanisms. Specifically, each portfolio company shall:

- **Designate a GRM Focal Point** within the organization, with clear responsibility for receiving, logging, managing, and resolving grievances. This individual must coordinate with the Fund-level ESG Officer when necessary—particularly in cases involving significant harm, SEAH-related complaints, or any potential changes to the E&S risk categorization of the investment. The ESG Officer will be included in the grievance communication channel and will oversee all complaints received to ensure proper handling, documentation, and resolution in line with Fund policies.
- **Develop and implement a grievance mechanism that offers at least three parallel channels:** (i) anonymous digital portal & WhatsApp line, (ii) secure suggestion boxes on site, and (iii) postal or walk-in submissions to an identified focal-point office.
- Each portfolio company's grievance redress mechanism (GRM) shall fully integrate survivor-centered principles as outlined in the GCF's Revised Environmental and Social Policy (RESP), including: confidentiality, safety, informed consent, non-retaliation, and timely access to specialized support services. Survivors shall be informed of their right to bypass company-level mechanisms and submit complaints directly to the Fund's GRM or the GCF Independent Redress Mechanism (IRM) at any time, without fear of reprisal.
- **Ensure visibility and accessibility** by disseminating clear information about the existence, purpose, scope, and procedures of the GRM in all relevant stakeholder communities. Communications must be culturally and linguistically appropriate, and information must be posted visibly at the company's facilities and shared during stakeholder consultations.
- **Maintain a Grievance Logbook** or digital register to document each complaint, including the date received, complainant category (internal, external, anonymous), nature of the issue, progress on investigation and resolution, and final outcome. Companies shall provide quarterly summaries of the log to the Fund.
- **Comply with standard timelines**, including:
 - Acknowledging receipt of complaints within 5 working days;

- Providing a preliminary response or update on investigation status within 15 working days;
- Completing the resolution process within 30 to 60 working days, depending on complexity, and communicating the outcome to the complainant.
- **Respect confidentiality and protect complainants** from any form of retaliation. The company must adopt policies and procedures to ensure non-retribution and create safe spaces for workers and communities to raise concerns without fear.
- **Ensure complementarity and non-obstruction** by clarifying in all grievance materials that complainants retain the right to access other remedial mechanisms, including:
 - The **Fund-level GRM** oversight by GEF Capital;
 - The **Green Climate Fund Independent Redress Mechanism (IRM)** – <https://irm.greenclimate.fund/case-register/file-complaint> – and each company shall publicise this link (e.g., on noticeboards, websites, induction packs and community meetings) as part of routine stakeholder-engagement activities.

The Fund shall monitor the effectiveness of each portfolio company's GRM during quarterly reviews and conduct spot assessments to ensure compliance. Companies may be asked to strengthen their mechanisms where shortcomings are identified.

SEAH Victim Support and Grievance Mechanism in The GEF LatAm Climate Solutions Fund IV

The GEF LatAm Climate Solutions Fund IV adopts a strict zero-tolerance policy for Sexual Exploitation, Abuse, and Harassment (SEAH). All Fund- and portfolio-level grievance mechanisms must embed survivor-centered and gender-responsive principles, in line with GCF's Revised Environmental and Social Policy (RESP), SEAH Action Plan, and Updated Gender Policy.

Policy Commitments

The Fund ensures that all SEAH-related complaints are addressed in a manner that:

- Respects the survivor's rights, dignity, and autonomy;

- Prioritizes informed consent, confidentiality, and non-retaliation;
- Provides access to support services (e.g., psychosocial, legal, medical), including through referral networks where local capacity is limited;
- Allows the survivor to remain anonymous and decide whether to proceed with an investigation or resolution process;
- Prevents re-exposure by requiring that alleged perpetrators be removed from direct contact with others pending case resolution.

These principles apply regardless of whether the incident occurs in the workplace, in the community, or during stakeholder engagement involving Fund- or portfolio-level actors.

Operational Responsibilities

- **Focal Points:**
Each portfolio company must appoint a SEAH Focal Point with adequate training and authority to handle sensitive cases. This individual shall coordinate with the Fund-level ESG Officer and report any SEAH incident to the Fund within 72 hours of receipt.
- **Digital Platform:**
The portfolio company GRM serves as the primary channel for SEAH reporting and ensures secure, **anonymous** submission and tracking.
- **Investigation Process:**
Written procedures must define how complaints are acknowledged, assessed, investigated, and resolved—ensuring privacy and security for all involved. The survivor will receive regular updates and have the right to withdraw at any stage.
- **Protection Measures:**
Companies must adopt interim safety measures to protect survivors and witnesses from retaliation, including physical separation from alleged perpetrators and confidential handling of all records.

- **Training** and **Capacity:**
All relevant personnel—including managers, ESG officers, and GRM managers—must receive specialized training in handling SEAH complaints. New workers must be briefed on SEAH-related rules upon induction. Mandatory SEAH training will be delivered (i) to all Fund staff and IC members (annual, instructor-led); (ii) to 100 % of portfolio-company employees and on-site contractors (at hiring); and (iii) to supervisors/managers (bespoke refresher every 12 months). Attendance records are kept in the Fund’s central LMS.

Monitoring and Reporting

- SEAH-related grievances will be monitored via the Fund’s central grievance register, with aggregated, anonymized data reported annually to investors and the GCF.
- Project-level instruments such as the ESMP and Gender Action Plan will detail context-specific mitigation and response measures, including service provider mapping and local referral protocols.

Additional Prevention Measures

- Contractual SEAH clauses and zero-tolerance Code of Conduct embedded in all shareholder, employment and procurement agreements;
- Pre-hire & contractor background checks focused on past SEAH offences.
- Gender-safe workplace design (separate sanitation facilities, adequate lighting, CCTV).
- On-site and community awareness materials (posters, hot-line cards) in Portuguese.

Appendix A – High E&S Risk Activities

Illustrative list of activities categorized as high E&S risk ("A")

- 1) Large-scale industrial plants.
- 2) Large-scale industrial estates.
- 3) Crude oil refineries and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
- 4) Major Greenhouse Gas emitting projects, defined as projects with Direct Greenhouse Gas
- 5) Emissions of more than 100,000 (short) tons (91,000 metric tonnes) of CO₂eq per year.
- 6) Cement manufacturing with an annual production rate of greater than one million dry weight tons.
- 7) Integrated works for the initial smelting of cast iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates, or secondary raw materials by metallurgical, chemical or electrolytic processes.
- 8) Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos; for asbestos-cement products with an annual production of more than 20,000 tonnes of finished product; for friction material with an annual production of more than 50 tonnes of finished product; and for other asbestos utilization of more than 200 tonnes per year.
- 9) Integrated chemical installations, i.e. those installations that manufacture, on an industrial scale, substances using chemical conversion processes in which several units are juxtaposed and are functionally linked to one another and which produce: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; explosives.
- 10) Projects that manufacture, store, transport or dispose hazardous or toxic materials.
- 11) All projects that pose potentially serious occupational or health risks.
- 12) Construction of motorways, express roads, lines for long-distance railway traffic, and airports with a basic runway length of 2,100 meters or more. Construction of new roads with four or more lanes or realignment and/or widening of an existing road so as to provide four or more lanes where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.
- 13) Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.

- 14) Large-scale seaports and also inland waterways and ports for inland waterway traffic; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers).
- 15) Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
- 16) Construction or significant expansion of large dams and reservoirs not otherwise prohibited.
- 17) Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
- 18) Industrial plants for the (a) production of pulp from timber or similar fibrous materials; or (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
18. Large-scale peat extraction.
- 19) Large-scale quarries, mining, or processing of metal ores or coal.
- 20) Major exploration and development of onshore oil and gas reserves.
- 21) Exploration and development of offshore oil and gas reserves.
- 22) Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
- 23) Large-scale logging.
- 24) Large-scale power transmission.
- 25) Municipal wastewater treatment plants servicing more than 150,000 people.
- 26) Municipal solid waste-processing and disposal facilities.
- 27) Large-scale tourism and retail development.
- 28) Large-scale land reclamation.
- 29) Large-scale primary agriculture/plantations involving intensification or conversion of previously undisturbed land.
- 30) Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day.
- 31) Installations for the intensive rearing of poultry or pigs with more than: 85,000 places for broilers and 60,000 places for hens; 3,000 places for production pigs (over 30 kg); or 900 places for sows.
- 32) All projects with potentially major negative impacts on people or which pose serious socio-economic risk, including Physical and Economic Displacement, negative impacts on Indigenous Peoples and adverse impacts on Cultural Heritage.
- 33) Greenfield housing developments that contain more than 2,500 residential units.

- 34) Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance which may have apparent environmental impacts on:
- a) Wetlands
 - b) Areas of archeological significance
 - c) Areas prone to erosion and/or desertification
 - d) Areas of importance to ethnic groups/indigenous peoples
 - e) Primary temperate/boreal Forests
 - f) Coral reefs
 - g) Mangrove swamps
 - h) Nationally designated seashore areas; and
 - i) Managed resource protected areas, protected landscape/seascape (International Union for the Conservation of Nature (IUCN) categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories. Additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.

Appendix B - Exclusion List

Companies involved with the following activities are excluded from the Fund investments:

- 1) Projects which result in limiting people's individual rights and freedom, or violation of human rights, including the production or use or trade in or activities involving harmful or exploitative forms of forced labour⁴/harmful child labour⁵, as defined by ILO Fundamental Labour Conventions.
- 2) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase out or bans such as:
 - a. Production of or trade in products containing PCBs⁶.
 - b. Production, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally⁷.
 - c. Production, use of or trade in ozone depleting substances⁸ and substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides and chemicals⁹.
 - d. Production or use of or trade in persistent organic pollutants¹⁰.
 - e. Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
 - f. Transboundary movements of waste prohibited under public international law¹¹
- 3) Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources, projects significantly impacting on protected areas, or cultural heritage sites (including UNESCO World Heritage Site) without appropriate mitigation/compensation.

⁴ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, moral or social development. In addition, any labour that is performed by a person which has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or the minimum age for working to be higher; in such cases, the higher age will be applied for defining harmful child labour.

⁶ PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals.

⁷ Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards asbestos fibres (chrysotile).

⁸ Ozone Depleting Substances (ODS): Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODS and their target reduction and phase-out date.

⁹ Reference documents: Regulation (EU) No. 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals as amended; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); World Health Organisation Recommended Classification of Pesticides by Hazard.

¹⁰ Reference document: Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009

¹¹ Reference documents: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; and Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations.

- 4) Any activities involving significant degradation or conversion of Critical Habitats¹²
- 5) Sex trade and any related infrastructure, services and media.
- 6) Unsustainable fishing methods (i.e. Drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing, electric shocks).
- 7) Activities prohibited by host country legislation or international conventions relating to the protection of cultural heritage.
- 8) Production and distribution of racist, anti-democratic and/or neo-Nazi media.
- 9) Tobacco (production, manufacturing, processing and distribution).
- 10) The use and breeding of live animals for scientific and experimental purposes.
- 11) Ammunition and weapons, military/police equipment or infrastructure, correctional facilities, prisons.
- 12) Gambling, casinos and equivalent enterprises and related equipment or hotels hosting such facilities.
- 13) Any business with political or religious content.
- 14) Commercial concessions over, and logging on tropical and/or primary natural forest; Conversion of natural forest to a plantation.
- 15) Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and/or degradation of tropical and/or primary natural forests or high nature value forest.
- 16) Irrigated forests¹³
- 17) Breeding and physical cultivation of Genetically Modified Organism (GMO) seeds or transgenic horticultural crops that are not aligned with EU Directive 2001/18/ EC as further amended;
- 18) Any activities listed as "Not supported" in Part I of Annex 2 of EIB Group Climate Bank Roadmap¹⁴
- 19) Any activity involving the production, use, trade in, or distribution of GMO (Genetically Modified Organism) seeds or transgenic horticultural crops.

¹² Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the International Union for Conservation of Nature (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary forest or forests of high conservation value shall be considered critical habitats. Critical habitats include species under strict protection in accordance with Articles 12-16 of the Habitats Directive (Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora, as amended).

¹³ Except of temporary watering in the first 3 years after planting is allowed for the seedlings to develop deep rooting systems for ensuring high survival rates.

¹⁴ https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

- 20) Exploitation of diamond mines, and commercialization of diamonds, when the host country has not adhered to the Kimberley, or other similar international agreements (actual or to be formed), on similar extractive resources.
- 21) Coal, oil and gas (both conventional and unconventional) exploration and production activities or any operations exclusively dedicated to the transport of these materials.
- 22) Bio-mass projects that undermine food security and/or biodiversity in the location concerned or require significant resettlement of local populations.
- 23) Alcohol beverages (except beer and wine) in the event that it forms a substantial part of a project's primary financed business activities.
- 24) For companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio.
- 25) Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations.
- 26) Infrastructure linked to facilities for the exploration, production, storage and generation of electricity from fossil-fuel sources if the facility concerned emits greenhouse gases of more than one million tons per annum of CO₂ equivalent. Infrastructure is considered to be linked to a facility if it meets the following two conditions:
 - a. the infrastructure would not have been constructed were it not for the presence of the fossil fuel facility; and
 - b. the fossil fuel facility itself would not be economically viable without this infrastructure.
- 27) Construction of dams that significantly and irreversibly: (a) disrupt natural ecosystems upstream or downstream of the dam; or (b) alter natural hydrology; or (c) inundate large land areas; or (d) impact biodiversity; or (e) displace large numbers of inhabitants (5,000 persons or more); or (f) impact local inhabitants' ability to earn a livelihood.
- 28) Projects or companies known to be in violation of local applicable law related to environment, health, safety, labor, and public disclosure.
- 29) Projects or companies that replace U.S. production or are likely to cause a significant reduction in the number of employees in the U.S. including "runaway plants" and outsourcing the provision of goods and services (e.g., Business Process Outsourcing) from the U.S.
- 30) Projects or companies subject to performance requirements that are likely to reduce substantially the positive trade benefits to the U.S.

- 31) Projects or companies in which host country governments have majority ownership or effective management control.
- 32) Companies found by a court or administrative body of competent jurisdiction engaging in unlawful monopolistic practices.
- 33) Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognized Human Rights, as determined by the U.S. Department of State.
- 34) Projects that would result in the degradation or fragmentation of legally protected areas, critical habitats, or areas of high biodiversity value, as defined in IFC PS 6.
- 35) Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- 36) Activities which may potentially affect remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact”.
- 37) Projects or companies that perform abortions as a method of family planning; motivate or coerce any person to practice abortions; perform involuntary sterilizations as a method of family planning; coerce or provide any financial incentive to any person to undergo sterilizations; or perform any biomedical research which relates in whole or in part, to methods of, or in the performance of, abortions or involuntary sterilization as a means of family planning.
- 38) Companies which are treated as inverted corporations under 6 U.S.C. 395(b).

Appendix C - Indigenous Peoples Planning Framework for The GEF LatAm Climate Solutions Fund IV

1. Background

The GEF LatAm Climate Solutions Fund IV (“the Fund”), managed by GEF Capital Partners, invests in renewable energy, agricultural innovations, urban solutions, and natural resources across Brazil. In some instances, these projects may operate on or near lands historically inhabited or used by Indigenous Peoples. Ensuring that the rights of Indigenous communities are respected, and that local customs and cultural heritage remain safeguarded, is fundamental to both the Fund’s mission and to international best practices. In line with these principles, the Fund is committed to avoiding adverse impacts on Indigenous Peoples, and, where applicable, identifying opportunities for identifying opportunities for culturally appropriate engagement and benefit-sharing.

According to IBGE, there are 1,693,535 individuals (approximately 0.83% of the Brazilian population) who self-identify as Indigenous, organized into 304 recognized ethnic groups¹⁵. Although Indigenous Peoples live throughout Brazil, approximately 98% of officially recognized Indigenous lands are located within the Legal Amazon region ¹⁶. Therefore, the likelihood of Indigenous presence or impact varies depending on the geographic location and nature of the investment. This Planning Framework ensures that any potential risks or opportunities related to Indigenous Peoples are appropriately identified and managed, in line with the applicable standards.

This framework aligns with relevant Brazilian legislation (including provisions of the Brazilian Constitution and ILO Convention 169), IFC Performance Standard 7, the Green Climate Fund Indigenous Peoples Policy (2018), and other applicable international frameworks addressing Indigenous Peoples.

¹⁵ [IBGE](https://agenciadenoticias.ibge.gov.br/en/agencia-news/2184-news-agency/news/37575-brazil-has-1-7-million-indigenous-persons-and-more-than-half-of-them-live-in-the-legal-amazon) (https://agenciadenoticias.ibge.gov.br/en/agencia-news/2184-news-agency/news/37575-brazil-has-1-7-million-indigenous-persons-and-more-than-half-of-them-live-in-the-legal-amazon)

¹⁶ Instituto Socioambiental (ISA), Location and Extension of Indigenous Lands (https://pib.socioambiental.org/pt/Localiza%C3%A7%C3%A3o_e_extens%C3%A3o_das_TIs?utm_source=chatgpt.com)

2. Definitions

For the purposes of this document, the term Indigenous Peoples refers to distinct social and cultural groups that generally meet one or more of the following criteria:

1. Self-identification as Indigenous and recognition of this identity by others.
2. Collective attachment to specific territories, ancestral habitats, or resources within those areas.
3. Distinctive social, cultural, or political systems that set them apart from mainstream society.
4. Use of a unique language, dialect, or cultural practices that may differ from those prevalent in the broader region or nation.

3. Commitments

The Fund is firmly committed to respecting the cultures, rights, and well-being of Indigenous Peoples that could be affected by its portfolio companies, project developers, or invested companies. To that end, the Fund will:

- Require portfolio companies to comply with relevant Brazilian laws, international best practices, and recognized global standards (e.g., IFC Performance Standards, GCF IPP).
- Promote culturally appropriate engagement with Indigenous Peoples, facilitating respect for their customs, values, and decision-making processes.
- Apply a precautionary approach to Indigenous Peoples' rights, requiring screening and risk assessments prior to investment approval.

4. Implementation and Review

GEF will integrate this Indigenous Peoples Planning Framework into the Fund's Environmental and Social Management System. The framework will be periodically reviewed and updated, as necessary, to remain aligned with evolving regulations and best practices. Where feasible, the Fund may engage qualified

external experts or consult relevant institutions (e.g., Indigenous Peoples' organizations, government agencies, or NGOs) to strengthen its understanding of local Indigenous contexts and ensure culturally appropriate responses.

5. Indigenous Peoples Plan Framework Structure

5.1 Types of Investments under The GEF LatAm Climate Solutions Fund IV

- **Equity Investments:** The Fund invests equity in Brazilian companies focusing on renewable energy, agriculture, urban solutions, and natural resource projects.

5.2 Potential Impacts on Indigenous Peoples

Depending on the location and nature of the activities undertaken by portfolio companies, the following types of impacts on Indigenous Peoples may occur:

1. Positive Impacts

- **Access to Clean Energy:** Investments in renewable energy (e.g., solar, wind) could supply off-grid or remote communities with cleaner power sources, reducing reliance on costly or polluting alternatives.
- **Improved Agricultural Practices:** Sustainable agriculture methods (e.g., regenerative farming) may offer benefits to nearby Indigenous smallholder farmers, such as training opportunities or better market access.

2. Adverse Impacts

- **Land Use Conflicts:** Expansion of operations (e.g., wind farms, plantations) could encroach on or overlap with Indigenous territories, potentially leading to disputes over land tenure or resource rights.

- Environmental Degradation: Pollution or waste generated by certain industrial processes may contaminate land or water sources used by Indigenous communities.
- Resource Competition: Intensive water or natural resource use may threaten Indigenous Peoples' traditional livelihoods, especially if they rely on fishing, hunting, or small-scale cultivation within those areas.

6. Assessment Plan

During due diligence and ongoing investment oversight, the Fund shall evaluate whether a proposed or existing operation intersects with Indigenous lands or may affect Indigenous Peoples. The steps below are mandatory and must be integrated into the Fund's standard screening process:

1. Initial Screening

- Does the company operate in or near areas officially recognized as Indigenous Lands or territories with pending claims? Are ongoing legal disputes, public consultations, or community concerns involving Indigenous Peoples?

2. Detailed Inquiry (If Indigenous Presence Is Confirmed)

- Identify Potential Adverse Impacts: Assess the nature and extent of any negative impacts on Indigenous communities, including land displacement, environmental damage, or disruption of cultural and spiritual sites.
- Evaluate Mitigation and Management Measures: Review the adequacy of the company's proposed plans to avoid, reduce, or compensate for adverse impacts, and whether these measures are aligned with Brazilian regulations and international standards.

3. Post-Investment Monitoring

- These monitoring activities are a mandatory component of the ESMS and must be conducted regardless of whether adverse impacts have been initially identified, to ensure dynamic risk management and early detection of emerging concerns.

7. Content of an Indigenous Peoples Plan (IPP)

When a portfolio company operates in areas where Indigenous Peoples are present and may be affected by project activities, the Fund will require the preparation of an Indigenous Peoples Plan (IPP). This IPP must be developed in alignment with the principles outlined in this Indigenous Peoples Planning Framework (IPPF), as well as applicable Brazilian legislation, IFC Performance Standard 7, and the GCF Indigenous Peoples Policy.

At a minimum, the IPP should include the following elements:

- **Identification of Affected Indigenous Communities**
A description of the communities potentially affected, including their location, cultural characteristics, and land/resource use, with references to any official recognition or claims.
- **Summary of Legal and Institutional Context**
An overview of applicable national legislation, international commitments (e.g., ILO Convention 169), and customary governance structures related to Indigenous rights and land tenure.
- **Assessment of Potential Impacts**
An evaluation of the likely positive and negative project impacts (social, environmental, cultural), with particular attention to land use, cultural heritage, and community well-being.
- **Measures to Avoid, Minimize, or Mitigate Adverse Impacts**
Description of actions the company will take to prevent or address negative impacts in a culturally appropriate and participatory manner.
- **Benefit-Sharing Measures (where applicable)**
If feasible and appropriate, outline of measures to enhance project benefits for Indigenous Peoples through training, local employment, infrastructure, or co-management of resources.
- **Free, Prior, and Informed Consent (FPIC) Process**
Documentation of how FPIC will be obtained, including engagement timeline, consultation protocols, and decision-making mechanisms recognized by the community.
- **Grievance Redress Mechanism (GRM)**
A culturally appropriate, anonymous, and accessible mechanism to receive, process, and resolve complaints must be in place. The GRM must accept grievances in Indigenous languages as a

standard practice, not as an optional feature. Where appropriate, this includes translated forms, community intermediaries, or oral submissions through trusted representatives.

- **Monitoring and Reporting**

Description of how implementation will be tracked, including indicators, frequency of reporting, and involvement of Indigenous representatives.

- **Budget and Timeline**

Estimated resources, personnel, and timeline required to implement the plan effectively.

- **Engagement with FAS in Contexts Triggering IFC PS7**

The Fund will engage the Amazonas Sustainable Foundation (FAS), an independent and well-established organization with recognized expertise in Indigenous Peoples engagement in the Amazon region. FAS has previously collaborated with the Fund in the context of delivering off-grid energy solutions through UCB, one of the investees. Engagements supported by FAS will be aligned with the principles of Free, Prior and Informed Consent (FPIC), ensuring culturally appropriate, participatory, and inclusive processes. All consultations will be properly documented, and the Fund will ensure ongoing monitoring and adaptive management in line with the GCF Indigenous Peoples Policy.

FAS – Fundação Amazônia Sustentável

<https://fas-amazonia.org/>

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8. Ensuring Meaningful Consultation and Free, Prior, and Informed Consent (FPIC)

1. Meaningful Consultation

- If a portfolio company identifies actual or potential adverse impacts on Indigenous Peoples, it must develop a culturally appropriate engagement plan.
- This plan should describe how Indigenous Peoples will be consulted in a transparent, inclusive, and iterative manner, and how their views will be considered in project planning and execution.

- Consultations must be conducted in good faith, using formats that are accessible and adapted to the sociocultural context of the affected community.

2. Free, Prior, and Informed Consent

The Fund requires FPIC in all cases where activities may result in:

- Physical or economic displacement (including resettlement or disruption of livelihoods);
- Significant changes in land use or access to natural resources traditionally used by Indigenous Peoples;
- Adverse impacts on cultural heritage, sacred sites, or traditional knowledge systems; or
- Commercial development on lands under customary occupation or usage.

FPIC must be obtained through an iterative, culturally appropriate process, free from coercion or manipulation. The process must:

- Be based on disclosure of complete and accessible information, in the Indigenous language(s);
- Engage recognized Indigenous governance structures and respect customary protocols;
- Allow sufficient time for deliberation and internal decision-making;
- Be documented and updated over time.

Documentation of FPIC must include records of consultations, meeting notes, community statements or resolutions, and evidence of agreement on terms and benefit-sharing.

9. Monitoring and Reporting

1. Annual Reporting

- Portfolio companies operating in or near Indigenous lands will be required to provide the Fund with periodic updates on their engagement with Indigenous Peoples, where relevant.
- These reports should include progress on consultation activities, feedback received, and how any concerns or grievances were addressed.

- Portfolio companies must ensure the GRM allows submission in native languages, using accessible formats, with community-based support where needed. This requirement must be documented in the IPP and monitored during implementation.

2. Compliance Checks

- The Fund may carry out periodic reviews, site visits, or request third-party assessments to verify that Indigenous rights and concerns are being appropriately considered and addressed.
- These checks will form part of the broader environmental and social monitoring conducted under the Fund's ESMS.

3. Adaptive Measures

- Where monitoring identifies gaps or shortcomings in how Indigenous Peoples' rights and well-being are being safeguarded, the Fund will work with portfolio companies to implement appropriate corrective actions.
- In more complex situations, the Fund may engage external Indigenous rights specialists to provide guidance or support capacity building efforts.

Appendix D – Stakeholder Engagement

This Stakeholder Engagement Plan (SEP) ensures that government agencies, investors, private sector players, and communities collaborate effectively to maximize investment impact, ensure regulatory compliance, and achieve sustainable development outcomes.

1. Stakeholder Engagement Strategy

a. The Importance of Stakeholder Engagement

Brazil's ability to meet its Nationally Determined Contributions (NDCs) under the Paris Agreement and transition to a low-carbon, climate-resilient economy depends on strong collaboration between public and private stakeholders.

Climate investments require an integrated approach that ensures

- regulatory stability
- financial transparency, and
- broad social inclusion.

Without alignment between investors, policymakers, regulatory bodies, and communities, climate investments face regulatory uncertainty and execution delays, which can significantly hinder investment feasibility and impact.

The GEF LatAm Climate Solutions Fund IV has developed a structured stakeholder engagement strategy to proactively address these challenges and seek to ensure that investments:

- Are financially sound, offering full transparency to investors and aligning with global ESG (Environmental, Social, and Governance) standards.
- Comply with Brazil's evolving climate policies, ensuring seamless coordination with national and regional regulatory entities.
- Promote local economic and social development, ensuring long-term benefits while mitigating risks.

b. Key Components of the Stakeholder Engagement Strategy:

I- Enhancing Investor Confidence Through Transparency and ESG Compliance

Building investor confidence requires full transparency across all financial, operational, and ESG-related activities. The Fund's implements:

- Quarterly and annual ESG impact reporting, covering carbon reduction, biodiversity protection, and social inclusion metrics.
- Comprehensive risk assessments and mitigation strategies for each investment, also seeking to ensure alignment with climate resilience and sustainability objectives.
- Active engagement with Limited Partners (LPs) and institutional investors, providing in-depth portfolio performance reviews and impact measurement updates.

Implementation of independent third-party audits, ensuring compliance with international climate finance standards.

II - Ensuring Regulatory Clarity and Governmental Coordination

Regulatory complexity remains a major barrier to climate investment in Brazil. The Fund collaborates with key financial and regulatory institutions to streamline investment execution, minimize bureaucratic delays, and leverage government incentives by:

- Partnering with BNDES and other financial institutions to unlock instruments for climate investments.
- Engaging with State Development Agencies to secure regional investment incentives, regulatory approvals, and permitting support.
- Maintaining an active dialogue with environmental regulators and lawmakers to ensure investments adhere to Brazil's environmental licensing framework.
- Advocating for policy reforms that promote long-term investment security.

III - Strengthening Local Integration and Community Engagement

For climate investments to be successful and sustainable, they must align with the needs of local communities and contribute to their economic and social well-being. The Fund incorporates social and environmental safeguards into every investment by:

- Implementing gender-sensitive approaches, ensuring that climate investments empower women and marginalized groups.
- Conducting social impact assessments to ensure that investments do not disrupt traditional livelihoods or lead to involuntary displacement.
- Adhering to Free, Prior, and Informed Consent (FPIC) protocols, in line with the GCF Indigenous Peoples Policy. The process must be iterative, culturally appropriate, and conducted in the local language with legitimate Indigenous representatives, including women and youth, and documented in a manner that reflects mutual agreement.
- Where Indigenous Peoples are present, the Fund will evaluate whether the investee has developed an Indigenous Peoples Plan (IPP) or equivalent measures that reflect customary governance, safeguard traditional livelihoods, and outline equitable benefit-sharing mechanisms.
- Partnering with third-party consultants to enhance monitoring and accountability frameworks, improving transparency and stakeholder trust.

IV - Leveraging Stakeholder Insights for Adaptive Investment Strategies

Climate-related risks are dynamic, requiring adaptive investment strategies informed by ongoing stakeholder input. To enhance agility and responsiveness, the Fund:

- Hosts multi-stakeholder forums, bringing together investors, policymakers, and community leaders to assess investment impact and policy developments.
- Uses data-driven decision-making, integrating climate risk models, satellite monitoring, and ESG analytics to optimize investment risk management.

- Maintains flexible investment structures, seeking to ensure that portfolio companies can adapt to regulatory shifts, technological advancements, and evolving climate condition.

By embedding stakeholder engagement at every stage of the investment lifecycle, the GEF LatAm Climate Solutions Fund IV seeks to de-risks investments while aiming that climate finance delivers long-term social, economic, and environmental benefits.

c. Key Engagement Principles

The GEF LatAm Climate Solutions Fund IV seeks to align all investments with Brazil's climate policies and global sustainability commitments, while also maximizing financial, social, and environmental benefits. The Fund's engagement strategy is built upon the following four key principles, each designed to de-risk investments, enhance transparency, and generate long-term impact.

I - Regulatory Compliance: Alignment with Brazil's NDCs, Climate Finance regulations, and Investor Standards

Regulatory alignment is critical for ensuring investment security, long-term policy stability, and environmental integrity. Brazil's evolving regulatory framework, including Nationally Determined Contributions (NDCs), carbon market mechanisms, and environmental protection laws, requires close collaboration with government agencies and multilateral institutions.

How the Fund seeks Regulatory Compliance:

- **Alignment with Brazil's NDCs:**
 - Investments will be structured aiming to support Brazil's emissions reduction targets, including net-zero commitments, deforestation reduction, and adaptation resilience goals.
 - The Fund will prioritize investments that contribute directly to Brazil's climate policy objectives.
- **Engagement with Environmental and Climate Regulators:**

- Close coordination with BNDES, and other government bodies to ensure smooth permitting processes.
- Continuous monitoring of **environmental impact assessment requirements**, working to achieve full compliance with Brazilian **licensing laws and sustainability reporting frameworks**.
- **Investor Compliance:**
 - Alignment with investor standards, including social and environmental safeguards, gender inclusion policies, and climate impact metrics.
 - Regular impact reporting to the GCF and other investor, maintaining transparency in fund disbursement and investment execution.

By striving for full regulatory compliance, the Fund can de-risk investments, secure long-term government backing, and align capital deployment with global climate priorities.

II - Data-Driven Investment Decisions: Utilizing Climate Risk Analytics, and Third-Party Verification

The success of climate investments also depends on accurate, impact measurement and risk assessment. The Fund integrates data-driven decision-making tools to enhance investment efficiency, improve accountability, and mitigate risks.

Key Data-Driven Approaches:

- **Climate Risk Analytics & Scenario Modeling:**

- Climate scenario analysis will assess investment risks under different climate scenarios, helping to de-risk capital deployment.
- Risk mitigation systems for flooding, deforestation risks, and extreme weather disruptions embedded in investment strategies.

- **Third-Party Verification & Independent Audits:**

- External auditors and environmental consultants will conduct regular performance assessments, alignment with Brazil’s environmental laws and international climate finance standards.
- Investors will receive impact reports, providing transparency on carbon reductions, social benefits, and financial performance.

A data-driven investment approach can reduce uncertainty, improve risk-adjusted returns, and deliver measurable impact.

III - Social and Environmental Inclusion: Embedding Just Transition Principles, Job Creation, and Equitable Economic Benefits

A just and inclusive transition is critical to ensuring that climate investments benefit vulnerable communities, Indigenous groups, and marginalized workers. The Fund seeks to integrate strong social safeguards, equitable economic policies, and inclusive growth strategies to ensure that investments:

- **Indigenous & Community Engagement:**

- All investments must respect Indigenous land rights, traditional knowledge, and cultural heritage, in accordance with the GCF Indigenous Peoples Policy and IFC Performance Standard 7. This includes carrying out screening for Indigenous presence, conducting FPIC where applicable, and ensuring that all engagement is culturally appropriate and well documented.

- The Fund will aim to partner with Indigenous leaders and community organizations to integrate local expertise into land-use planning and conservation efforts.
- **Mitigate Climate Displacement & Strengthen Resilience:**
 - Climate resilience investments will seek to target communities most vulnerable to extreme weather, floods, and droughts.
 - Social impact assessments must ensure that investments do not result in displacement or loss of livelihoods.

By embedding social and environmental inclusion into every investment, the Fund aims to foster Brazil's climate transition as being not only sustainable but also just and equitable.

As part of the Fund's ESG onboarding process, each investee company will be required to adopt a Stakeholder Engagement Plan aligned with the Fund-level SEP. A standard SEP template will be provided by the ESG Officer and shall include: (i) stakeholder mapping; (ii) annual engagement calendar and budget; (iii) roles and responsibilities within the investee; (iv) specific engagement indicators; and (v) an operational GRM. This requirement will be included in the ESAP and monitored during quarterly ESG reporting.

2. Stakeholder Identification and Roles

The success of the GEF LatAm Climate Solutions Fund IV seeks to leverage on strong collaboration across key stakeholders, each playing a critical role in driving climate investments, ensuring policy alignment, and maximizing impact. The Fund operates through a structured engagement framework, working to ensure transparent governance, regulatory coordination, and efficient capital deployment with government agencies, investors, private sector players, and specifically identified end-beneficiaries and communities in Brazil potentially impacted (positively or negatively) by Fund IV's investments. This includes:

- Community-based organizations, particularly those actively involved in local resource management, social and economic development, and environmental stewardship.
- Community governance bodies, such as municipal councils and regional administrative committees, to ensure local voices and concerns are adequately represented.
- Sector representatives from targeted sectors including renewable energy, sustainable agriculture, water management, and waste management to align sector-specific interests and insights.
- Farmers and farmer groups, emphasizing smallholder farmers, cooperatives, and agricultural associations who may directly experience shifts in production methods, access to markets, or resource availability.
- Indigenous peoples and traditional communities, ensuring culturally appropriate engagement respecting their land rights, customs, and social structures. All identified Indigenous Peoples will be engaged in accordance with the GCF Indigenous Peoples Policy, which requires screening for presence or collective attachment, culturally appropriate consultation, and FPIC where potential impacts exist.
- Civil society groups, particularly those focused on gender equity, social inclusion, and environmental advocacy, to enhance project accountability and inclusivity.

By fostering multi-sector collaboration, the Fund aims to create conditions for climate investments to be not only financially sound but also socially inclusive, environmentally responsible, and strategically aligned with Brazil's long-term sustainability goals.

In line with GCF policies and Fund IV's commitment to social inclusion, the SEP prioritizes the meaningful participation of vulnerable groups, including women, Indigenous Peoples, traditional communities, and other marginalized populations. All project-level stakeholder consultations shall be conducted in Portuguese and English, using culturally appropriate methods, and shall respect Indigenous governance structures where relevant. Public disclosure of relevant E&S documentation will be made available at least 30 days prior to the final investment decision, in accordance with the GCF Information Disclosure Policy and Indigenous Peoples Policy.

Stakeholders Role and Engagement Mechanisms

Stakeholder	Role and Contribution	Engagement Mechanism
Green Climate Fund (GCF)	Provides financial backing to accelerate large-scale climate investments and ensures compliance with global climate finance standards	Impact assessments, performance audits, and compliance reporting.
Limited Partners (LPs)	Institutional investors financing climate solutions.	Investment briefings, ESG performance tracking, and continuous risk assessment.
Brazilian Development Bank (BNDES)	Acting as an LP but also strengthening financial structures by credit, or providing risk-sharing mechanisms	Investment partnerships, and structured financing negotiations.
Secretary for International Affairs (Brazil)	Ensures compliance with international climate commitments	Government dialogues, legislative collaboration, and policy integration.
State Development Agencies (e.g., Desenvolve São Paulo, Codemge, Codemig, BADESUL)	Provide regional climate financing and policy support at state level..	Infrastructure development programs, investment matchmaking, and policy roundtables to facilitate streamlined investment approvals.
Private Sector & Investee Companies	Develop, execute, and scale investments in climate mitigation and adaptation	Structured investment agreements, ESG compliance monitoring, and long-term impact reporting.

Civil Society	Provide environmental oversight and community engagement	Public consultations, social impact assessments.
End-beneficiaries and Communities (e.g. community-based organizations and governance bodies, sector representatives, farmer groups, indigenous peoples, traditional communities, etc.)	Directly affected by investments, including Indigenous Peoples and traditional communities who may hold collective rights to land and natural resources. These groups provide valuable local insights and customary knowledge, and must be engaged through culturally appropriate processes, including Free, Prior and Informed Consent (FPIC) where applicable, to ensure accountability, equitable benefit sharing, and social inclusion.	Community meetings, stakeholder workshops, participatory assessments, grievance redress mechanisms (including culturally appropriate options for Indigenous Peoples), ongoing feedback mechanisms, and inclusive consultation processes—conducted in local languages and in line with FPIC principles where relevant.

3. Stakeholder Consultations

The GEF LatAm Climate Solutions Fund IV builds on the extensive experience and strategic partnerships developed through GEF LatAm Climate Solutions Fund III, which has already successfully engaged with key players in the market, including BNDES, Desenvolve São Paulo, regional development finance institutions (DFIs), and global DFIs. As one of the largest and most experienced thematic investment firms in Latin America, GEF has established deep relationships across the climate investing ecosystem, enabling a highly efficient and well-coordinated approach to stakeholder engagement.

The Fund’s engagement strategy also includes specific measures to ensure that Indigenous Peoples and traditional communities are identified early, consulted through culturally appropriate and gender-sensitive methods, and provided with opportunities for Free, Prior, and Informed Consent (FPIC) when required, in line with the GCF Indigenous Peoples Policy.

The Fund follows a structured, multi-phase consultation strategy to ensure that investments are financially sound, regulatorily compliant, socially inclusive, and environmentally impactful.

a. Consultation Timeline

Phase 1: Pre-Investment Engagement (2022–2023)

Leveraging its longstanding market presence and established network of climate finance partners, the Fund conducted comprehensive consultations to align investment priorities with Brazil’s sustainability commitments, regulatory landscape, and private sector opportunities.

Key Consultation Activities:

- **Regulatory Coordination & Policy Alignment:**
 - Engaged with BNDES, Desenvolve São Paulo, and regional DFIs to define priority investment areas and establish a collaborative financing framework.
 - Worked with government agencies and policymakers to seek alignment with Brazil’s Nationally Determined Contributions (NDCs) and climate policies
- **Investor Engagement & Market Readiness Assessments:**
 - Conducted structured dialogues with global and regional DFIs, institutional investors, and corporate partners to define risk-return expectations and investment structures.
 - Assessed the readiness of the local capital market to absorb climate-focused private equity investments.
- **Sector-Specific Market Assessments:**
 - Conducted in-depth consultations with renewable energy, agribusiness, water infrastructure, and sustainable urban development leaders.

Identified technology-driven solutions and emerging market trends that could accelerate the scaling of climate investments.

This phase has set the foundation for more efficient capital deployment and alignment with both regulatory expectations and private sector needs.

Phase 2: Active Investment Engagement (2024–Present)

The Fund is leveraging its long-term relationships with regulators, financial institutions, and private sector partners to streamline investment execution, risk management, and impact measurement.

Key Consultation Activities:

- **Finalizing the Investment Pipeline:**
 - Working on securing final approvals, financing agreements, and strategic co-investment opportunities with BNDES, regional DFIs, and global impact investors.
 - Structuring innovative financing mechanisms to scale high-impact climate solutions across Brazil.
- **Regulatory Streamlining & Institutional Coordination:**
 - Drawing on GEF’s extensive relationships to accelerate regulatory approvals, and execution timelines.
 - Strengthening cooperation with state development agencies such as Desenvolve São Paulo to expand regional investment incentives.
- **General Investor and Industry Engagement:**
 - Prepare general debate forums in preparation to COP 30 and other climate related events.
 - Conduct targeted consultations with Indigenous Peoples and traditional communities located near or within project areas, ensuring that FPIC is obtained when activities may impact their lands, resources, or cultural heritage.

Phase 3: Post-Investment Monitoring (2025 and Beyond)

Once Fund is operational, GEF's deep expertise in long-term climate finance seeks to ensure that investments remain aligned with evolving policy frameworks, economic shifts, and climate adaptation needs.

Key Consultation Activities:

- **Annual Climate Investment Summits:**
 - Leveraging GEF's role as one of the largest climate investment firms in Latin America to convene global stakeholders, policymakers, and investors in high-impact climate dialogues.
 - Evaluating investment performance, policy shifts, and new market opportunities.
- **Enhanced ESG & Climate Impact Tracking:**
 - Using GEF's proprietary impact measurement systems, coupled with data-driven analytics and ESG reporting tools, to ensure transparency and accountability.
 - Conducting third-party verification and external audits to maintain the highest standards of compliance and governance.
- **Legislative & Market Adaptation Efforts:**
 - Maintaining ongoing engagement with regulatory bodies, corporate leaders, and international development institutions to shape the next phase of climate finance policies.
 - Developing policy recommendations and thought leadership reports to guide future investment frameworks in Brazil

Strategic Impact of Stakeholder Consultations

With years of specialized experience in climate-focused private equity, GEF LatAm Climate Solutions Fund IV benefits from:

- Deep institutional relationships with BNDES, Desenvolve São Paulo, regional DFIs, and global DFIs, allowing for efficient financing structures and risk mitigation.
- A strong regulatory track record, aiming that investments remain aligned with Brazil’s evolving climate policies.
- A well-established reputation in the climate investment ecosystem, facilitating high-level partnerships with policymakers, investors, and industry leaders.
- Demonstrated expertise in scaling sustainable infrastructure and climate adaptation investments, seeking long-term financial and environmental impact.

By leveraging GEF’s extensive market experience, stakeholder relationships, and sector-specific expertise, the Fund seeks to set a new benchmark for climate finance in Brazil and Latin America.

b. [Grievance Redress Mechanism \(GRM\)](#)

The Fund applies an integrated, no-cost and confidential GRM that meets the UN Guiding Principles “effectiveness criteria” and the GCF’s Revised Environmental and Social Policy. It operates at three mutually-reinforcing levels:

- *Portfolio-company level.*

Each investee is required to maintain a formal GRM—aligned with the UN Guiding Principles and the Fund’s minimum standards—to receive complaints from workers, communities, civil society organizations, or other stakeholders. The mechanism must:

- designate an internal GRM Focal Point and list the Fund’s ESG Officer as an additional point of contact in every portfolio-company GRM;
- offer multiple anonymous reporting channels (e.g., whistleblower box, hotline, WhatsApp);
- acknowledge receipt within 5 working days, provide status updates every 15 days, and close or escalate cases within 60 days;
- protect complainants from retaliation, ensure confidentiality, and prominently

display the IRM link on noticeboards, websites, and consultation materials;

- include a dedicated channel for complaints related to security-force conduct.
- ensure that the GRM is culturally appropriate, accessible in local languages, and respects Indigenous governance structures, especially where land, heritage, or traditional livelihoods may be affected.

- *Fund-level*

Stakeholders may file grievances directly with the Chief Compliance Officer (CCO) of GEF CP via Ouvidor Digital—a secure and WhatsApp platform that allows anonymous submissions. The CCO will:

- log and screen complaints in a secure register;
- lead or commission investigations, issuing a proposed resolution within 60 days (extensions communicated in writing);
- liaise with portfolio-company ESG Officers and record joint action plans where relevant
- publish annual, aggregated statistics to Investors and the GCF.

- *GCF-level.*

Complainants retain the unconditional right to approach the Independent Redress Mechanism (IRM) at any stage (<https://irm.greenclimate.fund/case-register/file-complaint>) or pursue judicial/administrative remedies. All Fund and company grievance materials prominently display this link.

Survivor-centred SEAH Protocol

The Fund enforces zero tolerance for Sexual Exploitation, Abuse and Harassment (SEAH). All grievance channels embed survivor-centred, gender-responsive measures that:

- respect dignity, autonomy and informed consent;

- allow anonymous reporting and guarantee confidentiality;
- provide or refer survivors to psychosocial, medical and legal support;
- require portfolio companies to remove alleged perpetrators from direct contact pending case resolution;
- mandate notification of the Fund within 72 hours of any SEAH allegation.
- ensure that SEAH-related services are accessible to Indigenous women and girls, and adapted to their cultural and linguistic contexts, where applicable.

Each investee must appoint a trained SEAH Focal Point and integrate SEAH procedures into its GRM, ESMP and Gender Action Plan. The Fund's CCO retains oversight, maintains a central SEAH register, and reports anonymised data annually to Investors and the GCF.

Non-retaliation & Disclosure

Retaliation against complainants is strictly prohibited. Aggregate GRM performance (number, type and resolution time of cases) is disclosed in the Fund's annual ESG report.

4. Monitoring, Reporting, And Evaluation

Ensuring accountability, transparency, and measurable impact is a core pillar of the GEF LatAm Climate Solutions Fund IV. Given the complexity of climate mitigation and adaptation investments, the Fund integrates a comprehensive monitoring, reporting, and evaluation (M&E) framework that aligns with global best practices, regulatory requirements, and investor expectations.

This framework is designed to:

- Serve as robust monitoring framework tracks the effectiveness of stakeholder engagement at both Fund-level and company-level.
- Include regular, structured monitoring visits and engagement sessions to evaluate implementation and effectiveness of stakeholder engagement plans at the fund and investee company levels.

- Implement participatory monitoring methods, involving community representatives and end-beneficiaries directly in assessing ongoing impacts, effectiveness, and responsiveness of engagement strategies through structured community feedback sessions, surveys, and participatory assessments.
- Establish dedicated stakeholder feedback mechanisms including structured grievance procedures, feedback collection boxes, online platforms, and direct dialogue channels to ensure continuous collection, review, and response to stakeholder inputs.
- Perform quarterly internal reviews and semi-annual stakeholder meetings to discuss progress, identify emerging issues, and refine stakeholder engagement strategies and practices based on feedback received.
- Conduct regular stakeholder surveys and feedback loops to continuously assess satisfaction, identify emerging issues, and facilitate timely responses, ensuring adaptability of engagement plans to evolving stakeholder needs and expectations.
- Integrate stakeholder feedback into comprehensive, transparent, and regularly published impact and sustainability reports, explicitly documenting stakeholder perspectives, adjustments made in response to feedback, and outcomes achieved.
- Provide consistent alignment and cross-checking between the stakeholder engagement plan and the Environmental and Social Management System (ESMS), particularly in tracking community-level indicators, risk management procedures, and mitigation measures to ensure holistic oversight and accountability.
- Track environmental and social outcomes periodically, keeping track of the intended climate and community benefits.
- Strengthen investor confidence through transparent financial disclosures and risk mitigation measures.
- Enhance decision-making by integrating data analytics and independent impact verification.
- Ensure regulatory compliance, particularly with Brazil's Nationally Determined Contributions

(NDCs), Green Climate Fund (GCF) standards, and ESG investment frameworks.

- Where Indigenous Peoples are present, include tracking of engagement and benefits delivered to Indigenous Peoples and traditional communities, disaggregated by gender and ethnicity where appropriate.

i) Comprehensive Impact Monitoring Framework

The Fund employs globally recognized performance measurement frameworks for both mitigation and adaptation investments, incorporating independent third-party assessments, real-time monitoring, and structured financial audits.

Key Components of the Impact Monitoring Framework:

I - Independent Third-Party Audits

The Fund commissions external climate finance and technical consultants to verify key metrics, ensure compliance, and assess investment integrity.

- Independent reviews are conducted annually, covering:
- Carbon reduction and emission offset performance for mitigation investments.
- Climate resilience and risk reduction outcomes for adaptation investments.
- Land restoration, and water efficiency indicators.

Audits seek to ensure that investments align with global climate finance standards, including UN Principles for Responsible Investment (PRI), and Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

II - On-Site Field Assessments

- Dedicated impact evaluation teams conduct in-depth, site-level assessments to verify:
 - Investment effectiveness in reducing emissions, enhancing ecosystem resilience, and creating sustainable livelihoods.
 - Social impact, including access to clean energy, improved agricultural practices, and disaster preparedness.

- Infrastructure resilience against climate risks such as flooding, droughts, and extreme weather.
- Field assessments are performed semi-annually and include interviews with local stakeholders, direct environmental measurements, and verification of economic co-benefits.

III - Financial & Risk Audits

- The Fund implements rigorous financial oversight mechanisms to monitor transparent fund disbursement, risk mitigation, and regulatory compliance.
- Key financial monitoring activities include:
 - Quarterly financial reporting to investors, detailing capital deployment, risk-adjusted returns, and investment performance.
 - Fraud detection and anti-corruption measures
 - Stress-testing investment portfolios under different climate and economic scenarios to assess financial resilience.
- Risk audits ensure that investee companies maintain high governance standards and comply with Brazil's climate finance regulations.

IV - Gender-Disaggregated Data Tracking

- The Fund prioritizes inclusive climate finance, ensuring that investments benefit women and other vulnerable populations.
- Key tracking indicators include:
 - Job creation and income generation opportunities for women
 - Social equity metrics, such as participation of underrepresented groups

- Gender and social impact data are integrated into investor reports, for accountability and progress tracking.

ii) Evaluation and Adaptive Investment Strategies

To continuously improve investment performance, the Fund integrates data analytics and impact assessment tools.

Climate & Impact Performance Dashboards

- The Fund utilizes ESG measurement systems, seeking to allow monitoring of emissions reductions, biodiversity conservation, and social impact.
- Digital dashboards with updates on investment performance.

Adaptive Investment Strategies

- If an investment underperforms on key climate or financial metrics, the Fund seeks to implement corrective action plans in collaboration with investee companies.
- Data insights can allow for dynamic capital reallocation, so that investments could remain aligned with climate impact goals.

Independent Reviews

- The Fund discusses frequently with climate scientists, policy experts, and financial analysts to review impact reports and recommend strategy adjustments.
- These insights help guide portfolio optimization and future investment selection.

iii) Strategic Outcomes of Monitoring, Reporting, and Evaluation

By implementing a rigorous monitoring framework, the Fund aims to provide:

- **Accountability & Compliance:** Investments align with global climate finance frameworks and Brazil's National Climate Goals.
- **Transparency & Investor Confidence:** Reporting allows stakeholders to track climate and financial impact.
- **Enhanced Risk Management:** data analytics and scenario modeling identify risks early and aims for proactive mitigation strategies.
- **Measurable Social & Environmental Benefits:** Aiming for equity, inclusion, and biodiversity preservation for lasting change.

This multi-tiered approach to monitoring, reporting, and evaluation positions the GEF LatAm Climate Solutions Fund IV as a regional leader in responsible, impact-driven climate investing.

5. Conclusion

Brazil's Climate Investment Imperative

Brazil's climate trajectory is at pivotal moment. Without immediate action, economic and human costs will continue to rise. However, strategic investment in climate resilience and decarbonization offers significant economic and social returns:

- Opportunities of over \$3 trillion in climate investments by 2050, fostering economic expansion and industrial innovation.
- A reduction in economic losses from climate disasters, already exceeding BRL 420 billion (\$85 billion) in the past decade.
- 6.4 million new green jobs by 2030, with primary opportunities in renewable energy, sustainable agriculture, and nature-based solutions.

Challenges and Solutions

- **Regulatory:**
 - Inconsistent climate policies and shifting regulations increase investor risk.
 - Potential Solution: dynamic discussions with regulatory stakeholders
- **Adaptation Investment Gap:**
 - Brazil faces an annual shortfall of BRL 150 billion (\$30 billion) in adaptation investments, particularly in infrastructure resilience, water security, and sustainable agriculture.
 - Potential Solution: Fund can catalyze additional funds via other financial instruments
- **Infrastructure Resilience:**
 - Every \$1 invested in flood protection can prevent \$6 in future damages, yet adaptation investments remain underfunded.

The Role of the GEF LatAm Climate Solutions Fund IV

In our view, GEF LatAm Climate Solutions Fund IV is uniquely positioned to be a catalyst for climate investments in Brazil. By integrating mitigation and adaptation strategies, the Fund seeks to ensure that climate finance is not only focused on emissions reduction but also on enhancing resilience in the country and vulnerable communities.

Through its **Stakeholder Engagement Plan (SEP)**, the Fund is working to:

- Strengthening policy coordination with government agencies and financial institutions to improve investment predictability.
- Mobilizing institutional capital through structured financial instruments and de-risking mechanisms.
- Driving social and environmental inclusion by ensuring that investments benefit local communities, women, Indigenous Peoples, and other vulnerable populations, in line with international best practices and the GCF Indigenous Peoples Policy.
- Enhancing transparency and accountability through independent impact measurement and third-party audits.

Final Outlook: A Blueprint for Sustainable Growth

Brazil has the potential to be a global leader in climate finance, carbon markets, and green technology. However, unlocking this potential requires a shift from fragmented, investment-based financing to a long-term, systemic investment approach.

By aligning policy, finance, and execution, the GEF LatAm Climate Solutions Fund IV seeks to play a critical role in accelerating Brazil's transition to a low-carbon, climate-resilient economy.

This is more than an investment strategy—it is a blueprint for sustainable development, economic growth, and global climate leadership.

Appendix E – E&S Early Impact Assessment

Introduction

Purpose of the Tool

The Early Impact Assessment (EIA) Tool is an Excel-based screening instrument designed to support the early-stage categorization of environmental, social, and climate-related risks associated with proposed GCF-financed activities. It aims to ensure that projects entering the Fund’s pipeline are aligned with GCF’s mandate, fit within its risk appetite, and demonstrate strong potential for climate and sustainable development impact.

The EIA serves three objectives:

1. **Risk Control** – it filters out activities that breach exclusion criteria or exceed the Fund’s risk appetite.
2. **Impact Alignment** – it categorizes climate, environmental and social (E&S) fit so that resources are channeled to the highest-value opportunities.
3. **Scoping Efficiency** – it determines the breadth and depth of subsequent ESDD and budget needs early in the pipeline, saving resources and embedding E&S thinking from the outset.

Scope of Application

Completion of the EIA is mandatory for all proposed investments, regardless of size, sector, or geography. It must be finalized prior to initiating Environmental and Social Due Diligence (ESDD), and its outputs inform the structure, scope, and depth of subsequent assessments.

The tool follows a logical progression from exclusion filters and risk classification to alignment with climate and SDG objectives, culminating in a weighted impact score. This score is used to guide prioritization and determine the appropriate due diligence effort. The visual structure of the tool, as outlined in the “Tool Overview” tab, provides a clear representation of this workflow and can be referenced for internal capacity-building.

The structure of the file mirrors the workflow shown below:

Stage	Decision Gate	Brief Purpose
Step 0 – Go/No-Go Filters	Binary	Apply the Exclusion List and IFC Risk Categorization to eliminate non-eligible projects. Narrow down scope of ESG DD.
Step 1 – UN SDG Fit	Qualitative	Map core business activities to primary SDG pathways (Close Fit vs. Distant Fit).
Step 2 – Climate Fit	Scored	Determine Mitigation Fit (Common Principles for Mitigation Finance) and/or Adaptation Fit (Common Principles for Adaptation Finance, incl. maladaptation screen).
Step 3 – ESG/Impact Fit Index	Weighted (0-5)	Generate a composite score across four dimensions – Climate Contribution, SDG Co-benefits, Additionality, Monitoring Strength – to rank opportunities.

Exclusion List

Definition and Purpose

The Exclusion List ensures the Fund does not support projects that contravene fundamental human rights or engage in harmful or exploitative practices. The analysis consists of binary screening aligned with the Fund’s Exclusion List. The user must respond to 37 yes/no questions relating to prohibited sectors, activities, and financing practices. A single “yes” response results in an automatic red flag and the classification of the activity as ineligible for funding. This is a critical stop-gate that prevents non-compliant activities from proceeding further in the pipeline.

Exclusions Related to Human Rights and Labor

Projects that involve forced labor, harmful child labor, or other violations of the **ILO Fundamental Labour Conventions** are strictly prohibited.

Process for Checking Exclusion

1. **Initial Screening:** Review the project’s key documents, operations, and supply chains.

2. **Decision:** If any exclusion criteria are triggered, the project is immediately disqualified.

For more details, please refer to Appendix B

IFC Risk Categorization

In this tab, users identify whether the project presents high-risk environmental or social characteristics, in accordance with the IFC Performance Standards risk categories (A, B, or C). Questions relate to land acquisition, legacy contamination, sensitive habitats, Indigenous Peoples, and labor risk. The outputs determine the provisional risk category of the investment and narrow down specific scope of due diligence. Companies classified as Category A—denoting high E&S risk—will be excluded from Fund IV’s investment scope. Investments classified as Category B will require enhanced due diligence, as outlined in Appendix H.

IFC Categories (A, B, C)

- **A:** Projects with potential significant adverse E&S impacts that are diverse, irreversible, or unprecedented.
- **B:** Projects with limited adverse E&S risks that are few in number, site-specific, largely reversible, and manageable through mitigation.
- **C:** Projects with minimal or no adverse E&S risks or impacts.

Process for Determining the Category

1. **Screening:** Initial classification based on the Q&A answered in the tab.
2. **Due Diligence:** Detailed E&S analysis to confirm or adjust the category.
3. **Validation:** Final category assigned by the ESG Officer, reviewed by the Investment Committee.

Environmental & Social Screening - Preliminary Checklist

	Screening Question	Required Action / Next Steps
1	Assessment & Management	
1.1	Are there transboundary or cumulative impacts?	Include these in ESDD scope;

1.2	Does the investee lack E&S capacity to implement ESAP?	Include implementation support in ESAP
2	Labour & Working Conditions	
2.1	Risk of child/forced labor or unregulated third parties?	Conduct labor audit; corrective plan in ESAP
2.2	Are there material OHS hazards?	Require OHS plan with mitigation hierarchy
3	Pollution & Resource Use	
3.1	Will the activity emit GHG, generate hazardous waste, or use toxic substances?	Require pollution prevention measures & GHG quantification
3.2	Will the activities utilize natural resources (e.g., water, energy) or generate emissions, noise, waste, or hazardous materials?	
4	Community Health & Safety	
	Will the activities pose risks to community health and safety, including ecosystem service impacts?	
4.1		
4.2	Could the activities increase the risk of sexual exploitation, abuse, or harassment (SEAH)?	Community H&S plan including SEAH protocol Include Community Consultant in DD
5	Land & Resettlement	
5.1	Will the activities involve land acquisition, resettlement, or restriction of access to natural resources?	If Yes: LRP or RAP + stakeholder engagement plan
5.2	Is there potential for economic or physical displacement or loss of livelihoods?	
5.3	Was the land acquired through voluntary negotiation? Are there any risks that the landowner may refuse to sell or withdraw consent (including political or governmental pressure)? Does the acquisition involve government-owned land or any relation with local authorities that could affect tenure security?	
6	Biodiversity & Natural Resources	
6.1	Is the project near protected areas, critical habitat, or involves endangered species?	Require screening by biodiversity specialist
7	Indigenous Peoples	
7.1	Are the activities likely to impact indigenous peoples' lands, resources, or cultural practices?	
7.2	Are Indigenous Peoples or territories affected?	IP Plan + Free Prior Informed Consent (FPIC)
8	Cultural Heritage	

- 8.1 Could construction disturb archaeological or sacred sites? Chance Find Procedure (mandatory)

UN SDG Assessment

Close Fit vs. Distant Fit

- A **Close Fit** implies the business directly addresses specific SDG targets (e.g., a water purification project addressing SDG 6 “Clean Water and Sanitation” by providing potable water to underserved communities).
- A **Distant Fit** is when the business model indirectly supports an SDG target (e.g., a microfinance institution that indirectly fosters decent work and economic growth—SDG 8—by enabling small businesses to flourish).

Guided Questions

1. Is the project’s core activity related to any specific SDG target?
2. How directly or indirectly does the project contribute to the target?
3. Does the company track relevant indicators to measure its contribution to these goals?

Documentation of Rationale

The Early Impact Assessment template includes a section for SDG alignment. Here, investment teams must provide a short paragraph for each SDG they mark as “Close Fit” or “Distant Fit,” explaining the nature of the contribution and potential scale.

Examples of Alignment

- **SDG 7 (Affordable and Clean Energy):** A solar plant directly producing clean energy is a close fit; a manufacturing company that sources only renewable energy might be a distant fit but still relevant.
- **SDG 13 (Climate Action):** Carbon reduction projects or technology solutions designed to reduce greenhouse gases are strong fits.

Mitigation and Adaptation Fit

The tool includes dedicated tabs for Mitigation and Adaptation pathways, aligned with the Common Principles for Climate Mitigation and Adaptation Finance Tracking, respectively. Users must indicate the primary climate objective of the project and complete the relevant checklist. For mitigation, this includes emissions reduction logic and quantification. For adaptation, users must identify the climate rationale, exposure of target populations, and adaptive benefits. These responses inform both climate fit and the potential for maladaptation, which is flagged through an embedded screen.

Mitigation Fit Tab – Common Principles for Climate Mitigation Finance Tracking

This tab assesses whether a proposed activity qualifies as climate mitigation, in alignment with the Common Principles for Climate Mitigation Finance Tracking. It provides a structured logic to determine the project's contribution to reducing, avoiding, or sequestering greenhouse gas (GHG) emissions. The outcome informs the Climate Fit classification and feeds into the ESG/Impact Fit Index.

The assessment is organized in two main sections:

1. Activity and Sector Classification

The first section evaluates whether the activity contributes substantively to GHG mitigation. Users are prompted to:

- Confirm that the activity leads to negative, very-low, or transitional emissions;
- Identify the sector and subsector from predefined categories, consistent with Tables 2–12 of the Mitigation Principles;
- Demonstrate alignment with eligibility criteria described in the referenced mitigation taxonomy.

An embedded drop-down system enables users to select from recognized mitigation-relevant sectors (e.g., energy, transport, buildings), ensuring consistency with global standards.

2. Evidence and Eligibility Criteria

This section captures supporting documentation and contextual information that reinforces the mitigation rationale. Specifically, users must:

- Indicate whether the activity is benchmarked against emission performance standards;
- Confirm the ability to demonstrate GHG reductions (absolute or relative), supported by calculations or estimates;
- Classify the project as greenfield or brownfield, which affects eligibility and risk of lock-in.

Only when both the activity classification and evidence criteria are fulfilled does the project pass the mitigation screen. The results auto-feed into the “Fit Index” tab and contribute to the project's climate contribution score.

Paris Agreement Alignment

The Paris Agreement aims to limit global temperature rise well below 2°C above pre-industrial levels, with efforts to cap the increase at 1.5°C. To assess whether a prospective investment aligns with these climate goals, the Investment Team refers to the table below. If a potential investment falls within one or more of these goals, a sector-specific analysis is conducted to further evaluate its alignment with the agreement.

Sector

Airports and Airspace

Automotive and Road Infrastructure

Shipping and Ports

Cement Production

Chemicals

Coal, oil & gas (exploration and mining, production, refining, transport, distribution, fossil-fueled power generation)

Fossil-fueled heat supply

Steel production

Production of metals other than steel

Glass production

Pulp and Paper

Animal products

Agriculture associated with important land use changes

Financial institutions with loanbook exposure to fossil fuels > 10%

Adaptation Fit Tab – Common Principles for Climate Adaptation Finance Tracking

This tab evaluates whether a proposed activity qualifies as a climate adaptation intervention, in accordance with the Common Principles for Climate Adaptation Finance Tracking. It is structured to ensure that the project demonstrates a clear climate rationale, targets climate vulnerabilities, and contributes meaningfully to adaptation outcomes. The information provided in this tab is used to determine the project's Adaptation Fit, inform the ESG/Impact Fit Index, and trigger the Maladaptation Screen if applicable.

The tab is divided into four main sections:

1. Climate-Hazard Context

This section establishes the climate rationale of the activity by documenting the country- or region-specific climate risks it seeks to address. Users are expected to:

- Reference national strategies such as NDCs, National Communications, or National Adaptation Plans (1.1);
- Describe historical climate trends and how they have affected the local or national context (1.2);
- Provide climate projections that underscore the need for adaptive measures (1.3).

This section anchors the project within the broader climate vulnerability landscape and ensures alignment with national climate priorities.

2. Specific Vulnerability

Here, users must articulate the specific climate-related risks faced by the population, ecosystem, or system targeted by the project. The entry (2.1) should explain:

- Who or what is vulnerable;
- The nature and severity of the vulnerability; and
- How the proposed activity will address the identified risks.

This section ensures that the adaptation activity is needs-based and contextually relevant.

3. Direct Link Between the Company's Products and Reduced Vulnerability

This section focuses on the intent and logic of the intervention. Users describe:

- How the project will enhance resilience or adaptive capacity (3.1);
- How it incorporates flexibility and adaptability in the face of climate variability or socio-economic shifts (3.2);
- How it will overcome institutional, technical, or behavioral barriers to implementation (3.3).

An additional field (3.4) captures the activity type, following pre-classified examples. This helps ensure consistency with recognized adaptation activities under global finance tracking principles.

4. Impact

The final section asks users to define the expected adaptation impact, both qualitatively and quantitatively. Specifically:

- 4.1 requires a description of the methodology and assumptions used to estimate the number of direct beneficiaries;
- 4.2 calls for an overview of the impact indicators, including the baseline and mid-/end-term projections, which will be monitored throughout implementation.

This section ensures that the adaptation outcomes are measurable, verifiable, and traceable through time.

Maladaptation Screen Tab

The Maladaptation Screen tab ensures that adaptation interventions do not inadvertently increase climate risk, undermine long-term resilience, or cause harm to vulnerable groups or ecosystems. This safeguard is aligned with international climate adaptation finance principles and is a mandatory requirement for all projects claiming Adaptation Fit.

This tab serves two functions:

1. **To flag potential maladaptive risks at the project level**—based on the proposed intervention's design, context, and implementation;
2. **To assess the robustness of the adaptation planning process**—particularly where the proposed project is part of a broader regional or sectoral adaptation strategy.

The tab is structured into two main segments:

1. Project-Level Risks and Vulnerabilities

This upper section includes five binary (Yes/No) screening questions designed to identify common forms of maladaptation. Each question targets a specific risk, such as:

- *Increasing net greenhouse gas (GHG) emissions;*
- *Disproportionately burdening vulnerable populations;*
- *Foreclosing future options through lock-in or high opportunity costs;*
- *Reducing future adaptive capacity; and*
- *Limiting flexibility through rigid or irreversible choices.*

Each question includes examples to guide interpretation. A “Yes” answer to any item may indicate a design flaw and requires justification or design revision before proceeding.

2. Screening of the Regional Adaptation Strategy

This second section is completed **only when the project is part of a regional or national adaptation plan**. It evaluates whether the enabling strategy is robust, inclusive, and forward-looking. The assessment is organized into four dimensions:

A. Risks and Vulnerabilities

Assesses whether climate risks were fully diagnosed using sound data and whether future developments were taken into account.

B. Developing the Adaptation Strategy

Verifies whether objectives are feasible and realistic, aligned with local/national frameworks, and whether stakeholders were sensitized to maladaptation risks.

C. Expected Impacts

Evaluates whether the strategy:

- Considered multiple adaptation options;
- Promotes social equity and avoids harm;
- Is aligned with mitigation goals and ecosystem health;
- Is likely to produce sustainable long-term results.

D. Monitoring and Evaluation

Examines whether continuous learning mechanisms are in place, including provisions for ex-post evaluation.

For each question, users must select “Yes,” “Partially,” or “No” and provide comments as needed. The tab concludes with an auto-generated recommendation on whether an Independent Assessment is required, based on the results.

Impact / ESG Fit Index Tab

The Impact / ESG Fit Index tab functions as the primary scoring mechanism for the Early Impact Assessment (EIA). It consolidates information entered in earlier tabs to generate a structured, weighted impact score that reflects the expected environmental, social, and climate value of the proposed activity. This score supports internal benchmarking and informs the investment team’s qualitative judgment, helping them prioritize proposals during pipeline management and investment decision-making.

Importantly, the Fit Index does not determine the scope or depth of Environmental and Social Due Diligence (ESDD). That determination is based on the project’s IFC risk categorization and any red flags identified during the early screening process.

The Index evaluates projects across four dimensions, each with sub-criteria and associated scoring guidance. Each dimension is rated from 0 (none/low) to 5 (high/strong), with weights applied as follows:

1. Climate Contribution (40%)

This component reflects the climate rationale of the project—whether it qualifies under mitigation, adaptation, or both.

- **Mitigation Fit** scoring considers alignment with the Common Principles, expected GHG reductions (absolute or relative), and use of performance benchmarks.
- **Adaptation Fit** is scored based on alignment with national plans (e.g., NDCs, NAPs), identification of specific hazards and vulnerabilities, strength of the causal logic to reduced vulnerability, and scale of beneficiaries.

If both mitigation and adaptation apply, scores are averaged; if only one applies, its sub-score is scaled to represent the full 40%.

2. SDG and Development Co-Benefits (15%)

This dimension assesses the breadth and relevance of Sustainable Development Goal (SDG) alignment and the project's potential contribution to inclusive development.

It evaluates both:

- The number and quality of SDGs marked as “Close Fit”;
- Project benefits for jobs, gender, inclusion, livelihoods, and economic opportunity.

Higher scores are awarded to projects with clear, systemic co-benefits beyond climate objectives.

3. Additionality and Transformation Potential (15%)

This component captures how support would be and the potential for long-term transformation.

- **Financial additionality** assesses whether impact.
- **Transformation potential** considers scalability and replicability at national or global levels.

Scores are highest for projects that unlock broader system change and lowest for commercially viable activities with limited need for intervention.

4. Evidence and Monitoring Strength (30%)

This final dimension evaluates the robustness of the project's monitoring and impact reporting framework. It looks at:

- Availability and quality of baseline data;
- Clarity and rigor of indicators and methodologies;
- Internal capacity for tracking and reporting, including staffing and budget for M&E.

Projects that demonstrate strong planning for results measurement and adaptive learning receive higher scores.

Review and Revision

Periodic Reassessment

If a project evolves significantly after the initial screening—for example, scaling up its operations—an updated Early Impact Assessment may be required to ensure new risks are identified.

Continuous Improvement

Lessons learned from the portfolio feed into refining this tool. Changes in global standards (e.g., revised IFC Performance Standards, updated TCFD guidelines) should also be incorporated regularly.

Appendix F - Final E&S Risk Categorization Record

A. Investment Summary

Fund Name	GEF LatAm Climate Solutions Fund IV
Project/Company Name	[Insert company name]
Country/Location	[Insert project country and specific location]
Sector/Subsector	[e.g., Clean Energy / Solar PV]
Proposed Investment Amount	[Insert amount in USD]
Control/Influence Level	[Majority / Minority / No board seat]

B. Early Assessment - E&S Category Justification

Category Assigned: ☐ A ☐ B ☐ C

Summary of Key Risks: [Insert summary of most material E&S risks identified]

Justification: [Detail the rationale for assigning the final category]

C. Risk Drivers Matrix

IFC PS	Risk Area	Risk Identified	Due Diligence Findings	Residual Risk	GAP/ESAP Required?
PS 1	[ESMS]	[No formal ESMS]	[Company open to	[Medium]	[Yes]

			ESMS upgrade]		
PS 2	[Labor]	[Weak grievance mechanism]	[No formal mechanism found]	[Medium]	[Yes]
PS 3	[Pollution]	[Agrochemical runoff]	[Compliant storage confirmed]	[Low]	[No]
[...]					

D. Final Decision and Disclosure Requirements

Final Category (Post-DD)	[Insert final category: A, B, C]
Approved by (Name, Title)	[Insert name and position of decision-maker]
Date of Approval	[Insert date]
Disclosure Required (GCF)	☐ Yes ☐ No
Disclosure Date (min. 30 days)	[Insert proposed disclosure date]
Disclosure Language(s)	☐ English ☐ Portuguese ☐ Other: [Insert if applicable]
ESAP Agreed	☐ Yes ☐ No
Material Changes Clause	Re-categorisation required if material change in scope, location, or scale.

E. Supporting Attachments

- E&S Early Impact Assessment (Appendix E)
- Environmental and Social Due Diligence Report
- Site Visit Report (if applicable)
- Stakeholder Consultation Summary (if applicable)
- Environmental and Social Action Plan (if applicable)
- Risk Screening Checklist (Appendix F)

Appendix G – Scope of the Environmental and Social Due Diligence (ESDD)

This Appendix outlines the scope of the Environmental and Social Due Diligence (ESDD) to be conducted for prospective investments under the GEF LatAm Climate Solutions Fund IV (Fund IV). The objective is to assess E&S risks and impacts in alignment with the IFC Performance Standards, the Green Climate Fund’s Environmental and Social Safeguards, and other applicable guidelines, ensuring consistency with the Fund IV ESMS.

1. Objective of the ESDD

The objective of the ESDD is to provide Fund IV with an independent, professional assessment of the environmental, social, health & safety (E&S) risks, impacts, and opportunities associated with a potential investment (the “Target”). The consultant shall:

- Evaluate compliance with Brazilian federal, state, and municipal legislation and permitting requirements.
- Assess alignment with IFC Performance Standards (PS 1–8, 2012), relevant World Bank Group Environmental, Health and Safety (EHS) Guidelines, and Good International Industry Practice (GIIP).
- Verify consistency with the Green Climate Fund (GCF) Revised Environmental and Social Policy (RESP) and Information Disclosure Policy.
- Confirm categorization as Category B or lower under Fund IV’s Environmental and Social Management System (ESMS) and the GCF Sustainability Guidance Note.
- Identify regulatory and institutional gaps, legacy risks, cumulative impacts, and residual risks affecting vulnerable populations, including Indigenous Peoples.
- Where Indigenous Peoples may be present or affected, evaluate whether the Target has followed appropriate screening, engaged in culturally appropriate consultations, and established a process for Free, Prior and Informed Consent (FPIC) in line with GCF requirements.
- Prepare a time-bound Environmental and Social Action Plan (ESAP) with clear responsibilities.

2. Applicable Standards

The assessment will refer to:

TIER	REFERENCE	KEY ELEMENTS
BRAZILIAN LEGAL & PERMITTING FRAMEWORK	Federal Constitution (Art. 225), Law 6.938/81, CONAMA Resolutions 01/86 & 237/97, Law 12.651/12, IBAMA NI 08/19	Environmental licensing, forest code compliance, water use (ANA), mining (ANM), Indigenous consultation (FUNAI), cultural heritage (IPHAN), NR safety norms
INTERNATIONAL STANDARDS	IFC PS 1–8, WBG EHS Guidelines, UNGPs, ILO Conventions	E&S risk management, labor rights, pollution control, biodiversity, stakeholder engagement
GCF REQUIREMENTS	GCF RESP (2021), Indigenous Peoples Policy (2018), Information Disclosure Policy (2016), Environmental and Social Policy (2018), Gender Policy (2019), Screening & Categorization Guidance (2019)	Risk classification, stakeholder disclosure, SEAH prevention, Indigenous Peoples rights and FPIC, gender equality, cultural heritage protection, grievance redress mechanisms

Task 1: Environment & Social Due Diligence (ESDD) Based on IFC Performance Standards

- Review of the Environmental and Social Management System (ESMS) implemented by the Target in operating the existing facilities, in order to identify major gaps with IFC Performance Standards (PS) that may pose significant E&S risks, including the Target's capacity to manage the ESMS.
- Review of Occupational Health and Safety (OHS) procedures applied in existing facilities to identify major gaps with respect to the reference framework that pose risks to worker health and safety, including the Target's capacity to manage OHS.
- Review of facility operations' specific risks and impacts with respect to the reference framework, including aspects such as:
 - Waste management

- Increased traffic
 - Expected risks and impacts on health and safety of nearby communities
 - Resource efficiency (energy and water)
- Review of the processes and management practices associated with the business's supply chain, including identifying potential risks and recommending relevant mitigation or corrective measures.
- Review of potential climate risks, in alignment with TCFD associated with the business and its key assets, focusing on:
 - Climate adaptation risks
 - Processes and mechanisms set by the company to address these risks
 - Recommendations for corrective actions, as necessary
- Review of SEAH (Sexual Exploitation, Abuse, and Harassment)-related risks and policies and practices implemented by the company on sexual harassment, with recommendations for relevant mitigation measures.
- Review of any other relevant E&S risks and impacts, and provide an assessment on compliance with the reference framework.
- Review of the adopted environmental and OHS monitoring systems of the facilities, with suggested amendments as necessary.
- Assessment and reporting on the presence of sensitive receptors in the surroundings of the facilities, including available data on environmental conditions (e.g., air quality, noise).
- Evaluation of the land purchase/lease process and its compliance with the reference framework.
- Evaluation of contractor management systems at a high level.
- Screen for the presence of Indigenous Peoples and assess compliance with the GCF Indigenous Peoples Policy and IFC PS7, including:
 - Identification of collective attachment to lands or resources, even if formal legal recognition is absent;
 - Verification of any land claims, cultural or spiritual sites, or existing disputes;
 - Assessment of the company's engagement with Indigenous communities, including documentation of Free, Prior and Informed Consent (FPIC) processes where applicable;
 - Review of any existing or required Indigenous Peoples Plan (IPP) or Planning Framework (IPPF);

- Recommendations for culturally appropriate mitigation measures or benefit-sharing mechanisms.
- Assess community health and safety, grievance mechanisms, and overall stakeholder engagement, in line with IFC PS4 and GCF policies, with attention to:
 - The adequacy of grievance redress mechanisms for Indigenous Peoples and vulnerable groups;
 - Accessibility, confidentiality, and non-retaliation provisions;
 - Community engagement practices, including participatory monitoring and communication in local languages;
 - Measures to address differentiated risks for women, youth, and other marginalized subgroups.

3. Key Assessment Parameters

The ESDD will be structured to obtain information on the following parameters to the extent relevant to the assessment scope:

Environmental and Social Management Systems

IFC PS1

- Corporate and project/site level EHS and Social Policy, certification and implementation manuals/Standard Operating Procedures;
- Overview of any specific mechanisms to assess E&S risks;
- Emergency response plan; and
- Contractor and Supply chain management;
- Details of planning/permit applications, existing planning permissions/operating permits, including performance constraints (hours of operations, vehicle movements, noise) etc. for: (a) Water abstraction; (b) Effluent discharges; (c)
 - Air emissions; (d) Raw materials; (e) Chemical and fuel storage; (f) labour compliance management; (g) Waste disposal (storage/treatment/transport) etc.
- Physical layout, topography, ownership, operations, adjacent land use and sensitive environmental receptors around the site (e.g. residential communities and other sensitive receptors such as nature reserves, religious installations (including places of worship, burial grounds etc.), national parks and wetlands, etc.).
 - Desk-based review of the Site location with respect to natural risks and hazards (seismic, flood and wind/ cyclone)
 - Offsite eco-sensitive land uses, especially pertaining to mangrove areas, marine habitats etc. that can be impacted by the project's activity
 - Visual evaluation of the Site to identify evidence for actual or potential contamination, coupled with desk study results detailing site history and vulnerability (likelihood of contaminants impacting a receptor) and sensitivity (potential consequences of any impact).

Social and Community Risks

IFC PS2, ILO Conventions

- Number of workers – permanent & temporary, number of female and migrant workers among permanent & temporary workers;
- Review of HR policies and procedures regarding Basic Terms and Conditions of Employment and its effective communication / transparency of working conditions
 - Internal grievance mechanism, forms of worker participation / dialogue with workers
 - Industrial relations (freedom of association, trade union relations, collective bargaining agreements)
 - Assessment of any trade unions, direct workers and contractors vis-à-vis salaries, remuneration, social security benefits etc.
- Employment conditions are to be verified through document review and interviews with management as well as workers interviews in case the assets are operational
 - Conditions of worker accommodations (if any)
 - Initiatives targeted to provide additional benefits for workers (e.g. in terms of training, health care & hygiene,
 - Working hours and wages of the contract workers; and
 - Retrenchments in the past and analysis of retrenchment policy for possible future.
 - Human rights related issues which may be relevant to the site operations (equal opportunities, child labour, forced labour, etc.)
- Verification of whether the company has an internal SEAH Policy or relevant clauses integrated into other HR policies.
 - Assessment of the presence and implementation of a Code of Conduct for all employees, including subcontractors, that explicitly prohibits SEAH.
 - Review of recruitment procedures to ensure interviews involve at least two people and that references are checked.
 - Evaluation of whether the company maintains a confidential, survivor-centered, and gender-responsive GRM
 - Evaluate whether the company includes SEAH indicators in its E&S performance reporting and tracks: (1) Complaints received (without PII), (2) Training conducted, (3) Awareness campaign outreach.

Environment and Health & Safety

IFC PS3, EHS Guidelines

- Review air emissions emitted and air pollution control systems provided at the facilities and identify any improvement needed
 - Comment on GHG emissions and if they are exceeding 25,000 MT
 - Wind dispersal of any process generated dust / particulates
 - Details of water supply sources (authority, groundwater, surface water and/or other sources) and quantity, uses, on-site, pretreatment, conservation initiatives and water quality;
 - Risks and vulnerabilities (high-level) to the Plant's source water with respect to the availability
 - Review of available information related to wastewater sources, treatment, permitting and effluent control procedures
 - Review of arrangements for the labelling, handling, transfer and storage of hazardous chemicals and associated permitting obligations, including assessment of storage, fire-suppression, transport and recycling / disposal pathways for lithium-ion batteries and other hazardous wastes, in line with Basel Convention requirements.
 - The location of existing, former or redundant above ground and underground storage tanks, vessels and pipe work, including details of installation, containment and integrity testing
 - Review of principal waste types (hazardous and non-hazardous), generation, storage, handling and disposal practices; and
 - Review of permitting and compliance status including records and returns

- Review of noise emission sources, control measures, and compliance status to applicable noise limits including sample review of available noise monitoring reports (fence level noise survey is not included within this scope of work)
- Review of presence, use and condition of electrical and hydraulic equipment and other potential PCB containing sources (sampling/ analysis for presence of PCBs is not included within this scope of work).
- Review of presence, purpose and type of any ionising or non-ionising radioactive sources, and associated permitting obligations.
- Review of presence, sources and types of ODS, including halon, methyl bromide, chlorofluorocarbon (CFC), hydro chlorofluorocarbon (HCFC), 1,1,1 trichloromethane, and restrictions on their use.
- Review of Occupational Health and Safety
 - (OHS) procedures applied in existing facilities in order to identify major gaps with respect to the reference framework (mentioned above) that pose risks to health and safety of workers with a special consideration on workers' exposure to dust and pollutants and effectiveness of protective measures.
 - Review of the health care facilities, medical surveillance record of the workers, frequency of the medical surveillance. Particularly medical cases related to pollution exposure in last three years.
 - Review of Health & Safety Management, Mechanical and electrical safety, Hazardous materials & compressed gases, Audits and Inspections, Enforcement actions, Accidents and Incidents report;
 - Assessment of Emergency Preparedness, Fire and Evacuation, First Aid and Medical Surveillance;
 - Fire and Life Safety provisions based on available documentation, compliance to Fire NOC conditions and review of emergency responses systems.
 - Verification that migrant and third-party workers receive equal OHS protection and have access to the GRM.
 - If applicable, assessment of worker accommodation against IFC/EBRD Guidelines on Workers' Accommodation.
 - Confirmation that the company discloses OHS performance and corrective actions to workers at least quarterly.

Community, Health & Safety

IFC PS4

- Community health impact on exposure to pollutants (consultation and secondary data search);
- Community nuisance aspects from onsite processes and infrastructure (e.g. odour, waste water discharge etc.);
- Traffic management and safety;
- Offsite hazards from onsite activities and their management;
- Security management;
- Exposure to raised levels of harmful substances at facilities; and
- Status of precautionary measures/facilities i.e. (respiratory equipment, washing facilities, separate eating and resting rooms, regular examinations, etc.).

Land & Community Risks

IFC PS5

- Litigations and sensitivities associated with existing land from impacts to local communities;
 - Offsite/fence line community impacts (positive and adverse) of the company's activities
 - Status of any local benefit sharing mechanisms (if in place);
 - Channels of communication and grievance mechanisms between the company and the communities;
- and
- Any protests, complaints or negative media coverage of the company

Biodiversity Conservation and Sustainable Management of Living Natural Resources

IFC PS6

- Check for overlap with protected areas, critical habitats, or sensitive ecosystems
- Verify if the project may affect ecosystem services (e.g. water, soil, pollination)
- If applicable, confirm presence of a Biodiversity Management Plan
- Review water/raw material use and assess if a Sustainable Resource Use Plan is needed
- Screen supply chains if the company depends on primary suppliers of food, fibre, or timber
- Flag any risk of invasive alien species introduction
- For agriculture/forestry, confirm land was previously converted or degraded and check for sustainable certification (e.g. FSC, RTRS)

Indigenous Peoples and Cultural Heritage Safeguards

IFC PS7, IFC PS8 and GCF IP Policy

- Screen for proximity to or overlap with Indigenous territories
- Verify if the project may affect tangible or intangible cultural heritage
- Verify existence of land claims, cultural/spiritual sites, or legal disputes involving Indigenous communities
 - Assess whether benefit-sharing mechanisms have been established through meaningful engagement and reflect the preferences and customary governance of the affected Indigenous communities
 - Assess potential adverse impacts, including land use conflicts, environmental degradation, and cultural disruption
 - Determine if FPIC is required (e.g., in cases of relocation, major environmental impact, or changes in land use), and confirm that the process is iterative, free from coercion, culturally appropriate, and well documented in line with the GCF Indigenous Peoples Policy
 - Review whether the company has engaged in culturally appropriate consultation with recognized Indigenous leadership
 - Verify existence and adequacy of mitigation measures and grievance mechanisms for Indigenous Peoples
- Ensure adequate documentation and reporting on Indigenous engagement and FPIC outcomes
- Evaluate alignment with Brazilian law, IFC PS7, and ILO Convention 169

Task 2: Environment & Social Action Plan

Based on the findings of the Environmental & Social Due Diligence (Task 1), the consultant is expected to develop a comprehensive Environment & Social Action Plan (ESAP) that clearly outlines the corrective measures, mitigation actions, and timeline required for the Target to align with IFC Performance Standards.

- The ESAP should prioritize actions based on materiality of risks and gaps identified, and provide clear, time-bound responsibilities for implementation.
- The consultant must ensure that actions are practical, context-specific, and include performance indicators to allow monitoring of progress over time.
- Where relevant, the ESAP should address enhancements to the Environmental and Social Management System (ESMS), improvement of Occupational Health and Safety (OHS) protocols,

stakeholder engagement (including Indigenous Peoples and vulnerable groups, where applicable), grievance redress mechanisms, and compliance with national and international requirements.

- If Indigenous Peoples are present or affected, the ESAP should include specific measures aligned with the GCF Indigenous Peoples Policy, including development or strengthening of Indigenous Peoples Plans (IPPs), culturally appropriate consultations, and benefit-sharing arrangements.

All proposed measures should be reviewed with the Target to confirm feasibility and commitment to implementation.

Task 3: ESG KPIs That Should Be Monitored

Based on the ESG due diligence findings, the consultant is expected to propose a set of Environmental, Social, and Governance (ESG) Key Performance Indicators (KPIs) that the Target should monitor on an ongoing basis. These KPIs should be aligned with internationally recognized frameworks such as the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), and relevant sector-specific standards.

- The proposed KPIs should reflect material ESG topics identified during the due diligence and cover, at a minimum, areas such as energy and water use, GHG emissions, waste generation and disposal, labor conditions, occupational health and safety, stakeholder engagement, governance practices, and—where applicable—respect for Indigenous Peoples’ rights and engagement practices.
- Each KPI should be defined with clear metrics, data sources, and proposed frequency of monitoring and reporting. Where possible, the consultant should suggest industry benchmarks or thresholds to support performance evaluation.
- Where Indigenous Peoples are concerned, KPIs should include: number of consultations conducted with Indigenous communities; existence and implementation of FPIC protocols; progress in delivering agreed benefit-sharing measures; and responsiveness to Indigenous-specific grievances.
- The ESG KPI recommendations should be practical, measurable, and tailored to the size, sector, and risk profile of the Target’s operations, supporting the Fund’s ongoing monitoring and reporting commitments.

Appendix H – Generic Templates or Guidance for Portfolio Companies

1. Occupational Health and Safety (OHS) Management Plan Template

[Company Name] – Model Version

1. Purpose

This plan aims to establish guidelines to ensure the physical and mental integrity of workers, contractors, and visitors at [Company Name], preventing accidents and occupational illnesses through safe practices and legal compliance.

2. Scope

Applies to all operational units of the company, covering direct employees and third-party workers, across administrative, operational, and maintenance activities.

3. Principles and Commitments

- Full compliance with current legal requirements, including labor and safety legislation;
- Alignment with IFC Performance Standard 2 (Labor and Working Conditions) and PS4 (Community Health, Safety and Security);
- Promotion of a safe and healthy work environment through preventive management;
- Shared responsibility among leadership, employees, and contractors.

4. Hazard Identification and Risk Assessment

The company must maintain an up-to-date inventory of hazards by area/sector, with risk assessment for each critical activity, indicating:

- Type of risk (physical, chemical, ergonomic, etc.);
- Existing control measures;
- Need for additional measures.

5. Standard Operating Procedures (SOPs)

For each risk-related activity, written procedures must include:

- Step-by-step process;
- Mandatory protective equipment;
- Responsible personnel;
- Specific preventive measures;
- Actions in case of incidents.

6. Personal Protective Equipment (PPE)

- Free and mandatory distribution according to the risk profile;
- Signed delivery records by the employee;
- Training on use, care, and disposal.

7. Mandatory Training

At a minimum, the company should commit to the following training schedule:

Topic	Frequency	Target Audience
OHS onboarding	Upon hiring	All staff
PPE (NR-06)	Annual	Operational roles
Fire response	Every 2 years	Emergency brigade
First aid	Every 2 years	Emergency brigade
Emergency procedures	Every 6 months	All staff

Additional training may be required depending on the company's specific operational context, industry risks, or regulatory requirements. This may include but is not limited to hazardous materials handling, working at heights, confined spaces, chemical safety, or electrical safety. The OHS team should assess and update training needs periodically.

8. Incident and Accident Management

- All accidents or near misses must be recorded and investigated;
- Root cause analysis must result in an action plan with deadlines and responsible parties;
- Minimum indicators:
 - Lost Time Injury Frequency Rate (LTIFR);
 - Severity rate;
 - Number of near misses reported.

9. Plan Review and Updates

This plan must be reviewed annually or whenever:

- There are significant changes in activities or structure;
- Severe incidents occur;
- Applicable legal changes are introduced.

2. Labor Management Plan and Human Resources Policy Template

[Company Name] – Model Version

1. Purpose

This plan aims to establish clear and fair human resources policies and labor management procedures that promote respectful, safe, and equitable working conditions, in compliance with Brazilian labor law and IFC Performance Standard 2 (PS2).

2. Scope

Applies to all direct employees, contractors, interns, and applicants across all operations and facilities of [Company Name].

3. Principles and Commitments

- Zero tolerance for discrimination, harassment, or forced labor;
- Equal opportunities regardless of gender, race, religion, disability, or background;
- Respect for workers' rights to freedom of association and collective bargaining (where applicable);
- Compliance with Brazilian labor laws and international labor standards (including relevant ILO Conventions and IFC PS2).

4. Fair Compensation and Benefits

- Salaries aligned with market benchmarks and legal minimums;
- No illegal wage deductions;
- Provision of mandatory and voluntary benefits clearly communicated to employees;
- Transparent payroll processes.

5. Non-Discriminatory Recruitment and Hiring

- Open and inclusive recruitment practices;
- Selection based on skills, qualifications, and professional experience;
- Documentation of recruitment decisions for transparency;

6. Training, Development, and Performance Management

- Mandatory onboarding training for all new hires;
- Ongoing skills development aligned with company needs;
- Periodic performance evaluations with feedback mechanisms;

7. Contractor and Third-Party Labor

- Labor clauses in supplier/contractor agreements ensuring compliance with this plan;
- Due diligence and monitoring of labor conditions among outsourced providers;

8. Occupational Health and Safety

- Alignment with the company's OHS Management Plan;
- Promotion of physical and mental well-being through workplace safety, access to medical care, and wellness initiatives.

9. Grievance Mechanism

- Anonymous and confidential reporting channel for complaints or concerns;
- Commitment to no retaliation;
- Timely response and resolution of grievances (target: 7 business days);
- Awareness campaigns and regular trainings on how to use the channel.

10. Monitoring and Reporting

- Indicators tracked may include turnover rate, complaints received/resolved, training hours, and gender representation;
- HR reports shared with leadership on a quarterly or annual basis.

11. Review and Updates

- This policy shall be reviewed at least annually or when major regulatory, operational, or organizational changes occur;
- Final approval by company leadership.

3. Emergency Preparedness and Response Plan Template

[Company Name] – Model Version

1. Purpose

To define preventive and responsive procedures to ensure the safety of employees, contractors, communities, and company assets in the event of an emergency situation.

2. Scope

Covers all business units, facilities, and operations including outsourced and third-party staff on-site.

3. Applicable Standards and References

- Brazilian fire, environmental, and civil protection regulations;
- IFC Performance Standards 1 and 4;
- Internal EHS and OHS policies.

4. Identified Emergency Scenarios

- Fire or explosion;
- Chemical spill or leak;
- Major equipment failure;
- Severe weather or flooding;
- Accidents with serious injury or multiple victims;
- Security threats or civil unrest.

5. Emergency Response Organization

Define internal emergency response team roles and responsibilities.

Example:

Role	Responsible	Backup	Duties
Emergency Coordinator	EHS Manager	Plant Manager	Activation of plan, coordination with authorities
Brigade Leader	Maintenance Supervisor		On-site response leadership
Communication Lead	HR/Communications		Internal and external communication

6. Action Plans per Scenario

Each scenario should have a specific procedure including:

- Immediate actions to be taken;
- Responsible individuals or teams;
- Use of PPE and equipment;
- Communication protocols;
- Recovery and return-to-work steps.

7. Evacuation Procedures

- Clearly marked evacuation routes;
- Assembly points outside risk zones;
- Headcount system to confirm everyone is safe and present;
- Evacuation maps posted in all main areas.

8. Communication and Notification

- List of emergency contacts (fire brigade, police, hospitals, environmental agency);
- Pre-defined notification flow (internal and external);
- Mass communication tools (alarms, loudspeakers, SMS alerts, radios).

9. Equipment and Resources

- Inventory of emergency equipment (e.g., fire extinguishers, spill kits, first aid);
- Maintenance logs and inspection schedule;
- Training on use of emergency tools.

10. Training and Drills

- Emergency response training for all employees at least annually;
- Fire drills and evacuation simulations conducted at least twice a year;
- Documentation of lessons learned and improvement actions.

11. Coordination with External Stakeholders

- Agreements or contact protocols with fire services, hospitals, and local authorities;
- Participation in municipal or industrial area drills when applicable.

12. Post-Incident Investigation

- All incidents must be reported and investigated within 72 hours;

- Root cause analysis and corrective action plans to prevent recurrence.

13. Review and Updates

- Annual review or sooner if a major incident occurs or regulatory changes arise;
- Approved by the Executive Team or designated safety authority.