

Environmental Social Governance Management System (ESGMS): Green Growth Equity Fund (GGEF)



DOCUMENT CONTROL

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CONTENTS

ABBREVIATIONS	5
1 INTRODUCTION.....	6
1.1 BACKGROUND.....	6
1.1.1 STRATEGY OF THE FUND	6
1.2 LAYOUT OF THE ESGMS DOCUMENT	7
2 ESG POLICY AND ESG MANAGEMENT SYSTEM (ESGMS).....	8
2.1 INVESTMENT STANDARDS	8
2.2 GGEF'S E & S CATEGORIZATION	9
2.3 ESG POLICY STATEMENT	10
2.4 APPLICABILITY OF THE ESG POLICY.....	11
2.5 OTHER POLICES AND PROCESSES	11
3 ESG INTEGRATION AND RESOURCE ALLOCATION.....	12
3.1 RESOURCE ALLOCATION.....	12
3.2 ESG INTEGRATION IN THE INVESTMENT PROCESS	13
3.2.1 DEAL SOURCING AND TRIAGE	13
3.2.2 SCREENING FOR EXCLUDED ACTIVITY	13
3.2.3 PRELIMINARY EVALUATION	14
3.2.4 PRELIMINARY ESG RISK SCREENING AND CATEGORIZATION	14
3.3 PRE-INVESTMENT STAGE (PRE-IC)	15
3.4 DUE DILIGENCE	15
3.4.1 ESG DUE DILIGENCE (ESGDD)	16
3.4.2 RISK COMMITTEE APPROVAL.....	18
3.5 FINAL IC	18
3.6 BOARD DECISION	18
3.7 SIGNING THE DEAL DOCUMENTATION AND REMITTANCE	19
3.8 POST CLOSING COMPLIANCE	19
3.9 INVESTEE COMPANIES REVIEW PROCESS	19
3.10 INVESTMENT EXIT.....	21
3.11 ANNUAL REPORTING TO INVESTORS OF GGEF.....	21
4 IMPLEMENTATION OF ESG MANAGEMENT SYSTEM	22
4.1 ROLES AND RESPONSIBILITIES	22
4.2 TRAINING AND CAPACITY BUILDING.....	23
4.3 ESGMS REVIEW AND CONTINUOUS IMPROVEMENT	23

APPENDIX A: EXCLUSION LIST	26
APPENDIX B: GGEF FOCUS SUSTAINABLE DEVELOPMENT GOALS	27
APPENDIX C: PRELIMINARY ESG SCREENING CHECKLIST	28
APPENDIX D: TERMS OF REFERENCE FOR AN EXTERNAL CONSULTANT	31
APPENDIX D1: DFID ESG RATING TOOLKIT	35
APPENDIX D2: INTERNAL ESGDD CHECKLIST	46
APPENDIX D3: KEY ENVIRONMENTAL AND SOCIAL (INCLUDING OCCUPATIONAL HEALTH AND SAFETY) REGULATIONS IN INDIA	52
APPENDIX D4: INDICATIVE LIST OF E&S RISKS AND IMPACTS ON GGEF FOCUS SECTORS.....	53
APPENDIX E: NOTE FOR INVESTMENT COMMITTEE MEETING	55
APPENDIX F: ESG CLAUSES IN INVESTMENT AGREEMENT	58
APPENDIX G: ANNUAL ESG REPORTING FORMAT FOR INVESTEE COMPANIES	61
APPENDIX H: ACCIDENT/ INCIDENT REPORTING FORMAT FOR INVESTEE COMPANIES	74
APPENDIX I: ESG INDICATORS FOR EXIT.....	76
APPENDIX J: ANNUAL ESG PERFORMANCE REPORTING TEMPLATE TO INVESTORS	77
APPENDIX K: ROLES AND RESPONSIBILITIES OF ESGMS IMPLEMENTATION.....	82
APPENDIX L: GRIEVANCE MANAGEMENT MECHANISM AT PORTFOLIO COMPANY AND PROJECT LEVEL.....	83
APPENDIX M: STAKEHOLDER ENGAGEMENT FRAMEWORK FOR PORTFOLIO COMPANIES.....	88
APPENDIX N: GGEF'S GRIEVANCE MANAGEMENT MECHANISM AT FUND LEVEL	93
APPENDIX O: RESETTLEMENT POLICY FRAMEWORK.....	95
APPENDIX P: INDIGENOUS PEOPLES PLANNING FRAMEWORK	101

ABBREVIATIONS

AIF	Alternative Investment Fund
CP	Condition Precedent
CS	Condition Subsequent
DDs	Due Diligences
DFID	Department for International Development
EHS	Environment Health and Safety
ESG	Environmental, Social and Governance
ESGAP	Environmental, Social and Governance Action Plan
ESGDD	Environmental, Social and Governance Due Diligence
ESGMS	Environmental, Social and Governance Management Systems
ESIA	Environmental and Social Impact Assessment
EverSource	EverSource Advisors Private Limited or EverSource Capital
Everstone	Everstone Capital Group or Everstone Capital
FVCI	Foreign Venture Capital investment
GGEF	Green Growth Equity Fund
HoO	Head of operations
Hol	Head of Investment
IC	Investment Committee
IFC	International Finance Corporation
IT	Information Technology
Lightsource BP	Lightsource BP (formed through a strategic partnership between Lightsource and BP plc).
MaaS	Mobility as a service
MD	Managing Director
NIIF	National Investment and Infrastructure Fund
O & M	Operations and Maintenance
PE	Private Equity
SEBI	Securities and Exchange Board of India
ToR	Terms of Reference
USD	United States Dollar
UNSDGs	United Nations Sustainable Development Goals

1 INTRODUCTION

1.1 BACKGROUND

The Green Growth Equity Fund (“GGEF” or the “Fund”) is a Category II Alternative Investment Fund (“AIF”) registered under the SEBI (AIF) Regulations, 2012 (the “AIF Regulations”)¹. GGEF has a target size of INR 45,000 million with an anchor investment of approximately INR 23,800 million from India’s National Investment and Infrastructure Fund (“NIIF”) and the United Kingdom Government through Department for International Development (together the “Anchor Investors”) and the Investment Manager.

EverSource Capital Private Limited (“EverSource Capital”), is the Investment Manager for GGEF. EverSource Capital is a joint venture between Everstone Capital and Lightsource BP (the “Partners”). Everstone Capital is a premier Asia focused private investment firm with over USD 4 billion AUM and Lightsource BP is a global leader in the development, financing and operation of renewable projects.

The Fund will invest in India across **renewable energy generation and distribution** (utility scale, C&I distribution), **resource efficiency** (waste and water), **e-mobility** and **energy services** (energy efficiency, energy storage, O&M services and asset management).

1.1.1 STRATEGY OF THE FUND

The Fund’s strategy is to invest in rapidly scalable and sustainable businesses by deploying capital across two key areas: (a) decarbonization of energy including in its uses (sub-sectors: renewable energy, resource efficiency, e-mobility and energy services and the associated value chains); and (b) resource or environment conservation, adding to low carbon and circular economy (sub-sectors: water, waste - including effluents and emissions, resource efficiency e.g. in agriculture & food technology).

The primary focus of the Fund will be investing in:

- (i) the transitioning of the Indian energy ecosystem to a renewables-led, low carbon ecosystem by creating scalable platforms for utility scale and distributed renewables, as well as
- (ii) other green energy related scalable opportunities such as smart grid, energy efficiency services companies, O&M services companies for renewables, e-vehicles, e-mobility linked energy infrastructure, etc, and profitable parts of related value chains.

¹ Registration number IN/AIF2/18-19/0529

The Fund will have a secondary focus on other green growth markets where businesses require capital to take advantage of opportunities arising from technology and regulatory changes relating to resource efficiency and environmental protection. Example sectors include water and waste management, carbon capture, greenhouse gas reduction, agriculture and food technology.

1.2 LAYOUT OF THE ESGMS DOCUMENT

The structure of the document is presented below:

Section 1 (this section)	: Introduction to GGEF and EverSource Capital,
Section 2	: Preamble to ESG Policy and ESG Management System (ESGMS);
Section 3	: ESG integration into the investment cycle;
Section 4	: Implementation of the ESGMS - resource allocation, roles and responsibilities and reporting to investors;

Supporting Appendices to the ESGMS:

Appendix A	: Exclusion List
Appendix B	: Focus SDGs
Appendix C	: ESG screening checklist
Appendix D	: ToR for ESGDD of external consultant
Appendix D1	: DFID ESG rating Toolkit guide
Appendix D2	: Checklist for In-house ESGDD
Appendix D3	: Key Environmental and Social (including Occupational Health and Safety) Regulations in India
Appendix D4	: Indicative List of E&S Risks & Impacts for GGEF's Focus Sectors
Appendix E	: Note for Investment committee;
Appendix F	: ESG Clauses in Investment Conditions
Appendix G	: Annual Reporting Format for Investee Company
Appendix H	: Accident/Incident reporting format for Investee companies
Appendix I	: ESG indicators for Exit
Appendix J	: Annual Reporting Format for Investors
Appendix K	: Roles and responsibilities for ESGMS implementation
Appendix L	:Grievance Management Mechanism at Portfolio Company and Project Level
Appendix M	:Stakeholder Engagement Framework for Portfolio Companies
Appendix N	:GGEF's Grievance Management Mechanism At Fund Level
Appendix O	: Resettlement Policy Framework
Appendix P	: Indigenous Peoples Planning Framework

2 ESG Policy and ESG Management System (ESGMS)

EverSource Capital recognizes that its role as an Investment Manager offers it a unique opportunity to promote sustainable development through its activities and investments while avoiding or minimizing negative impacts on climate, ecosystems and communities.

EverSource Capital is committed to ensure that the companies and projects financed by GGEF are managed in a manner reflecting sound environmental, social and governance management practices.

This Environment, Social and Governance (ESG) Policy and ESG Management System (ESGMS) framework has been developed with the objective of integrating ESG risk management into the Fund's investment processes. The ESGMS sets out a framework to identify potential environmental, social and governance risks of potential investee companies prior to fund disbursement and to institute monitoring mechanisms to supervise the ESG performance of these companies during the term of the investment.

The Fund's impact strategy is aligned to the United Nations Sustainable Development Goals (SDGs)¹ and through its investments the Fund will contribute to select SDGs, in particular to SDG 13 (Climate Action), SDG 7 (access to clean energy), SDG 11 (sustainable cities and communities), Goal 6 (Clean Water and Sanitation), Goal 12 (Responsible Consumption and Production) and SDG 8 (Decent work and Economic Growth). The impact indicators identified in line with these SDGs has been set out as a framework to measure the impact created through the Fund's investee companies. A snapshot of fund's impact strategy is included in **Appendix B**.

2.1 INVESTMENT STANDARDS

EverSource Capital commits that all investments by GGEF will be governed by the Policy and ESGMS of the Fund which has been designed with reference to the following standards:

- Applicable local and national environmental and social (including occupational health and safety) legislations²;
- ESG Framework of the Department of International Development (DFID)³;
- ESM Policy Framework of National Investment and Infrastructure Fund (NIIF) comprising of E & S Policy, E & S Exclusion List and E&S Management Principles⁴;

¹ <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

² Appendix D3

³ Appendix C

⁴ NIIF E&S Management Policy: https://niifindia.in/wp-content/uploads/2018/06/NIIFL_ES-Policy.pdf

- Green Climate Fund's (GCF): (i) Environmental and Social Policy; (ii) Indigenous Peoples Policy; (iii) Gender Policy; (iv) Information Disclosure Policy; and (v) Interim Environmental and Social Safeguards ("ESS")¹
- FMO Sustainability Policy²
- IFC Performance Standards (2012)³; and
- World Bank/IFC General Environment, Health & Safety (EHS) Guidelines and applicable sector-specific EHS requirements⁴;
- UN Guiding Principles on Business and Human Rights⁵

2.2 GGEF'S E &S CATEGORIZATION

Based on GGEF's investment sectors, which are aligned to four target areas of renewable energy generation and distribution (utility scale, C&I distribution), resource efficiency (waste and water), e-mobility and energy services (energy efficiency, energy storage, O&M services and asset management), underlying projects within the Fund are expected to include financial exposure to Category B. Existing projects are also categorized as Category B. However, under exceptional circumstances if any of the projects within the four target sectors are categorised as an 'A', GGEF would consider these. Basis the same, GGEF has been categorized as I-1 pursuant to the GCF's categorization criteria.

The Fund and each of the portfolio company has to ensure categorization based on IFC⁶ categorization criteria will be carried out for every project prior to tender or investment as the case may be either through desk-based reviews for tenders and through E&S diligence for potential investments. If issues related to land acquisition, involuntary resettlement and/or Indigenous peoples are identified after the project has been approved, internal/ external diligence conducted and contract been signed, then the portfolio company will be required to implement project specific requirements to address any such issues.

¹<https://www.greenclimate.fund/about/policies>

²<https://www.fmo.nl/l/library/download/urn:uuid:9978eafe-864f-4b3a-bed1-5e0563df0c85/fmo+sustainability+policy.pdf>

³https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

⁴https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/EHS-Guidelines/

⁵ https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf

⁶ IFC E &S Categorization:
https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-categorization

2.3 ESG POLICY STATEMENT

EverSource Capital is committed to avoid, minimize or mitigate adverse impacts and enhance positive outcomes through effective ESG¹ management and has adopted the following ESG Policy for the Fund:

- Abstain from investing in any Excluded Activity (identified in [Appendix A](#));
- Implement an ESG Management System for the Fund's investment process and allocate appropriate resources for effective implementation and compliance;
- Aim to ensure that the Fund's investee companies understand and abide by the Fund's policy commitments and investment standards encompassing environmental, social and business integrity matters;
- Seek to invest in companies which have systems to assess ESG risks and adopt mitigation measures; and /or are committed to the formulation of systems to identify, monitor and manage ESG risks;
- Seek to invest in companies which are committed to fairness, inclusion and development opportunities for all relevant stakeholders;
- Seek to invest in companies which are committed to prohibit bribery and corruption;
- Encourage and support continuous ESG improvements across all business activities;
- Uphold transparency to the Fund's investors on management of ESG aspects of all investments. Where appropriate, actively engage with stakeholders to understand challenges and take remedial steps to address issues;
- Contribute to the United Nations Sustainable Development Goals that align with the Funds' investment themes, as summarised in [Appendix B](#)).

This Policy will be communicated to key stakeholders such as employees of EverSource Capital, Investors of GGEF and Investee companies.

Signed

Effective Date

dd/mm/yy

(CEO, EverSource Capital)

¹ Note: The term "environment" encompasses all aspects of environment, health and safety and ecological sensitivities and "social" encompasses all social aspects such as, community health and safety, land-based and livelihood impacts, indigenous peoples, involuntary resettlement, core labour standards and gender and social inclusion.

2.4 APPLICABILITY OF THE ESG POLICY

The principles of this ESG Policy is applicable to all prospective investments of GGEF. EverSource Capital shall require the implementation of the requirements stemming from the ESG policy in all its investee companies and will exercise its influence through legal agreements, and the mechanisms and structures available to shareholders. EverSource Capital will require its investee companies to meet the due diligence, monitoring and reporting requirements of the Fund's ESG Policy and systems which will be formalized in legal agreements with the investee company.

Where the international standards are more stringent than Indian Regulations, GGEF applies the relevant national requirements to its investee companies, with targeted actions to meet the international standards to be implemented over an appropriate timeline.

2.5 OTHER POLICES AND PROCESSES

EverSource Capital has also adopted the following policies which demonstrates our commitment to good governance practices:

- Anti-Money Laundering Policy
- Anti-Corruption Policy
- Whistle Blowing Policy
- Conflicts of Interest Policy
- Code on Prevention of Insider Trading
- Employee Fair Play and Equal Opportunities code
- Care and Dignity Policy

The processes of governance and risk management for the Fund has been laid down in the Compliance Manual.

A grievance management mechanism for external stakeholders has also been set out at the Fund level. The detail of the mechanism at the Fund level is outlined in [Appendix N](#).

3 ESG Integration and Resource Allocation

EverSource Capital has integrated the following procedures into the Fund's investment process to meet the ESG policy commitments:

- Screening of ESG issues in potential investee companies/ projects;
- Classifying the potential investee company based on the nature of projects into high, medium and low risk and categorizing them into Category A, Category B or Category C respectively;
- Conducting ESG due diligence (ESGDD) of potential investee companies to understand the ESG risks and level of compliance with GGEF's Policy and investment standard;
- Based on outcome of the ESGDD, developing an ESG action plan with a timeline and responsibility allocation for action items and incorporation of same into the shareholder's agreement between GGEF and the respective investee company; and
- Regular monitoring and review of the investee companies and reporting to the Board of EverSource Capital and relevant Stakeholders as agreed on key parameters.

3.1 RESOURCE ALLOCATION

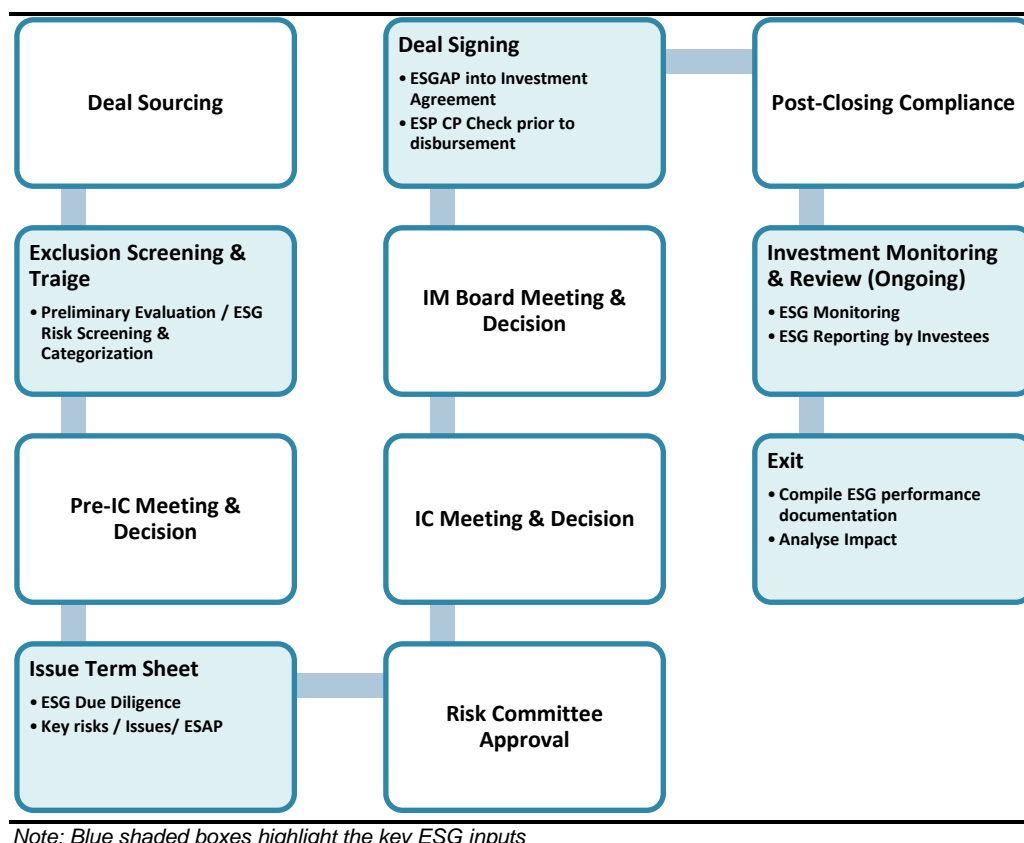
To support the afore-mentioned EverSource Capital maintains necessary organizational structure and uses appropriate in-house/ external resources as relevant. The investment team members are trained on the ESGMS requirements and follow ESG related responsibilities in the day to day duties to ensure effective implementation with support from the Vice President (Head-ESG). Appropriate financial budget is allocated for monitoring portfolio companies.

EverSource Capital works closely with its portfolio companies for building their relevant ESG resources and expertise.

3.2 ESG INTEGRATION IN THE INVESTMENT PROCESS

The subsequent sections and the figure below present below an overview of the investment process that is typically followed at EverSource Capital from deal sourcing, screening, evaluation, finalization of the deal and integration of ESG into the same.

Figure 3.1 ESG integration in the Investment Process



3.2.1 DEAL SOURCING AND TRIAGE

The investment lifecycle commences with sourcing of deals by the investment team who identify potential investment opportunities through proprietary and established intermediary networks, market research, bidding etc. As a first step, all deals are logged into the system and staffing assigned to it.

EverSource Capital conducts weekly deal pipeline meetings (involving investment team, operations, legal and ESG) to discuss all the new incoming deals and status of live deals. Deal team members review deal collaterals and present their initial analysis to the entire investment team at the deal pipeline meetings. The deals are triaged as green (actively evaluating), yellow (more information is required but prima facie interest) or red (does not fit investment criteria).

3.2.2 SCREENING FOR EXCLUDED ACTIVITY

Any potential opportunity logged into the system is screened against the Exclusion List ([Reference Appendix A](#)) to ensure that the opportunity does not involve any activity which triggers exclusion.

3.2.3 PRELIMINARY EVALUATION

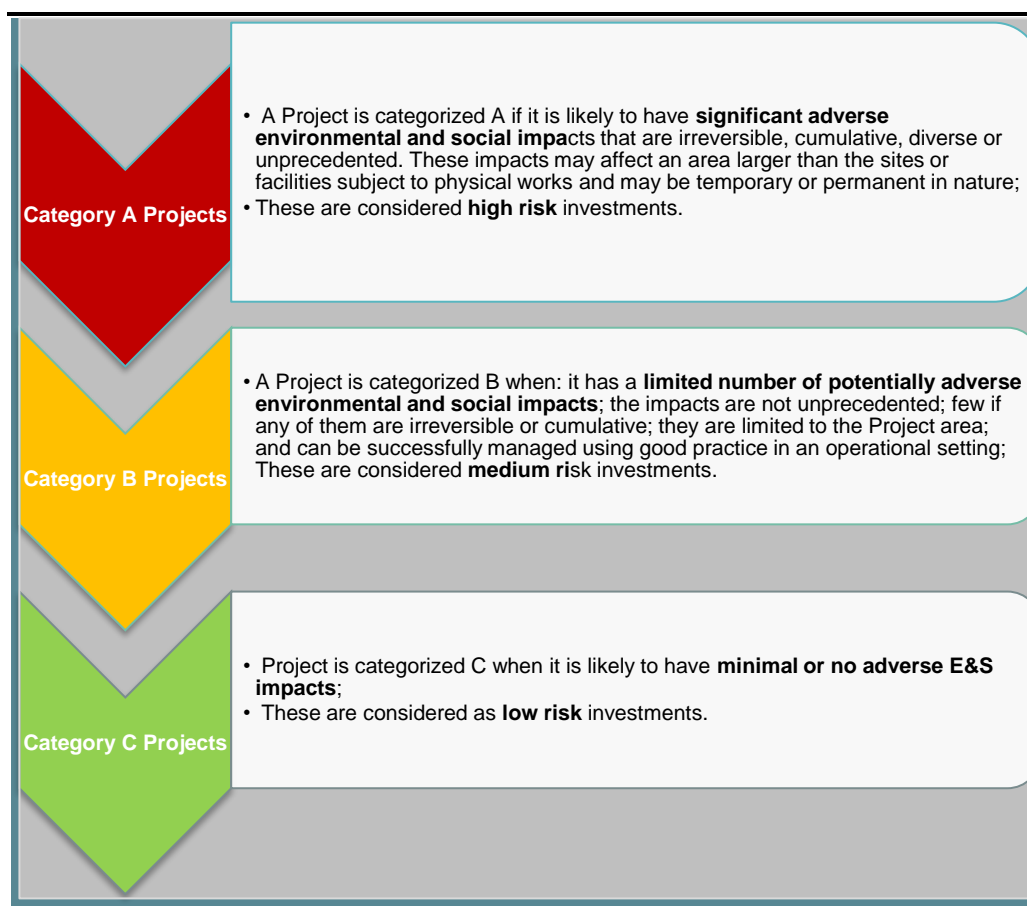
EverSource Capital undertakes a preliminary evaluation exercise on the opportunity and initiates discussion with counter-parties. The deals are evaluated based on expected returns for the Fund's investors along with other indicators such as potential to cause impact, scaling up potential, etc.

A NDA is signed at this stage with the target company/ intermediary for sharing of further information. The NDA is reviewed by the legal team and signed by either Board member, Head of Operations (HoO) or Head of Investments (Hol).

3.2.4 PRELIMINARY ESG RISK SCREENING AND CATEGORIZATION

A high-level screening is also conducted at this stage in terms of sector, region, external factor review of the target company/ project etc. Based on the same, the opportunity is categorized as Category A, B or C (Reference Figure 3.2). The ESG risk evaluation checklist for preliminary categorization is provided in [Appendix C](#). This screening process permits the provisional categorization of proposed projects into high, medium and lower risk (Category A, B or C respectively) projects. The findings and preliminary risk categorization at this stage informs the decision for Go/No Go and also scope of the ESGDD to be undertaken.

EverSource Capital has identified select United Nations Sustainable Development Goals that align with the Funds' investment themes, as summarised in [Appendix B](#). During the screening process, the area of operations of the potential investee company is broadly assessed for alignment to these identified SDGs. The impact indicators align to the identified SDGs are captured in GGEF's Impact Indicator Framework (link in Appendix B).

Figure 3.2 Parameters for categorization

3.3 PRE-INVESTMENT STAGE (PRE-IC)

At this stage, the deal team presents a pre-investment note which typically covers the Investment Summary, Investment Structure, Future Roadmap, Industry Overview & Update, Regulatory Framework, Company Overview, Investment Rationale, Risks (including ESG), Key Terms, Valuation, Expected Returns and Next Steps. The note is shared and presented at the Investment team meeting for a decision on Go/No-go.

Based on Go ahead decision, a non-binding term sheet is shared with the potential investee company. Non-binding term sheets are reviewed by the EverSource Capital's legal team, discussed at the Pre-IC stage and approved by a member of the Board / HoI. The deal team can re-present pre-investment note highlighting updates as relevant.

3.4 DUE DILIGENCE

Post execution of the non-binding term sheet, a comprehensive review of the potential opportunity is carried out through detailed commercial, financial, legal, business ethics and ESG due diligences (DDs). HoO ensures that scope is approved by the relevant authority and maintains tracker of all DD agencies appointed, fees etc.

The findings of the DDs are presented in the Pre-IC meeting(s) again to clarify points raised in the initial Pre-IC meeting(s). The findings along with corrective actions are also discussed with the Risk Committee, whose feedback and recommendations are incorporated in the investment memo presented to the Investment Committee.

3.4.1 ESG DUE DILIGENCE (ESGDD)

The rationale and resources for conducting ESGDDs is referred as follows:

Table 3.1 Rationale and resources for conducting the ESGDD exercise

Preliminary Project Categorization	Nature of Due diligence	Due diligence
Category A	<ul style="list-style-type: none"> ESGDD based on GGEF Investment Standards Any additional studies if identified¹ 	Conducted by External consultant
Category B	<ul style="list-style-type: none"> ESGDD based on GGEF Investment Standards Any additional studies if identified 	Conducted by External Consultant/In-house team depending on sector and its risks and preliminary understanding of the company/projects, its stage etc.
Category C	<ul style="list-style-type: none"> ESGDD based on GGEF Investment Standards /Verification of ESG Permits and Consents and IFC PS Applicability 	Conducted by In-house team

Terms of References (ToR) for hiring an external consultant (also referred as third-party consultant) for ESGDD along with a typical report structure is presented in [Appendix D](#). The consultant also rates the company as per the DFID Rating toolkit presented in [Appendix D1](#). For Category B projects, based on the preliminary categorization dependent on ESG risks of the sector/company/project, a decision is taken whether to conduct an ESGDD in-house or to hire external consultants. For undertaking an ESGDD in-house, a typical format for Internal ESGDD is presented in [Appendix D2](#). Key National EHS Regulations are included in [Appendix D3](#). An indicative list of E&S risks and impacts are included in [Appendix D4](#).

¹ Based on the nature of the project and the outcome of the ESGDD, Investee Company may need to commission specific studies or develop measures to assess the significance of the risks and impacts more accurately and develop specific recommendations linked to those risks, opportunities, or value creation, such as Management plans on EHS issues, ESIA or update of existing ESIA, Biodiversity assessment, Supply chain audit, Phase I/II level assessment of associated assets etc.

Important aspects that EverSource Capital considers for scoping the ESGDD are as follows:

- Generally, all project sites are considered within the scope of physical ESGDD visits, however for investee companies with large number of Project sites, EverSource Capital considers a representative sample of the subsidiaries of the potential investee companies (wherever applicable) in the scope for the physical DD site visits. However, it is ensured that all projects/sites are included in the organizational and document screening against the E&S Investment Standards and covered through legal DD for E&S compliances and liabilities. This also applies to assets of the target investment, whether directly or indirectly owned, and
- EverSource Capital considers data of employees, (sub)contractors and workers on the target investment's premises in the ESGDD scope.

Especially in case of ESGDD of holding Company/Platform investments that has multiple entities and is expected to make acquisitions in future, special purpose vehicles, projects and locations will be undertaken as follows:

- An overview of the Corporate level management systems for environmental, social, Governance and Business Integrity aspects, with specific attention to the procedures for the responsible acquisition and/or development of projects/assets;
- An understanding of the operations of the holding company across different verticals and subsidiaries in order to identify a representative sample;
- To conduct an ESGDD on a representative sample of project/vertical/ subsidiary ensuring that all applicable legal E &S compliances are checked; and
- The categorization of the holding Company investment/platform investment will reflect the highest categorization accrued to any of the representative individual projects/subsidiaries.

The desirable outcome of the ESGDD is the identification of material ESG risks that the investment may get exposed to during the investment cycle and looking at areas of improvements as well as opportunities.

DEVELOPING ESG Action Plan (ESGAP)

Based on the findings of the ESGDD, an ESGAP is prepared that includes specific corrective actions and improvements that are required to

- Address non-conformances and red flag issues that are identified during the ESGDD;
- Ensure compliance with the Fund's ESG policy, applicable requirements and investment standards; and
- Improve ESG performance/ work on opportunities;

The ESGAP is finalized based on discussions with the deal team, Head-ESG, the target investee and third-party consultant, where relevant. The discussions focus on clarification on action points; agreement on timelines, responsibilities and financial budget for successful corrective actions of the red flag issues that have been identified during the ESGDD. The ESGAP specifies timelines for implementation and allocation of responsibility to control the risks/ issues and opportunities identified.

3.4.2 RISK COMMITTEE APPROVAL

The Risk Committee reviews the deal including sign off on legal, financial, technical, ESG and other diligence items. The Risk Committee comprises of the CFO of Everstone Capital, Partner and Group General Counsel of Everstone Capital and Group General Counsel of Lightsource BP.

The ESGDD findings along with ESGAP are shared with the Risk Committee for approval. This then forms a part of the final IC memo note and uploaded to the systems prior to final IC. The format for final IC note capturing the ESG aspects is provided in [Appendix E](#).

3.5 FINAL IC

The deal team negotiates the final transaction terms including any value adjustments based on the DD findings. The Investment Committee reviews the deal including review of Final-IC memo, corrective actions and relevant DD reports.

Some of the ESG factors leading to business interruption risk and reputational risks, etc. leading to rejection of the investment at this stage may include:

- Irreversible Impacts of ESG issues identified;
- Material risks on account of findings of ESGDD;
- Non-compliance with Indian regulations, which may potentially lead to punitive actions etc.

3.6 BOARD DECISION

Based on a Go-ahead decision from IC, the final investment decision is presented to the Board of EverSource Capital for decision making. The Board votes on the investment opportunity and approves or rejects a deal.

3.7 SIGNING THE DEAL DOCUMENTATION AND REMITTANCE

Based on go ahead from the Board, the legal team and deal team proceeds towards execution of final deal documentation. Team ensures deal documentation incorporates relevant Fund policy covenants including ESG in line with the Investment Standards mentioned in Section 2.1.

The ESGAP, forms a part of the deal documentation. [Appendix F](#) provides an overview of ESG Covenants which indicatively can be:

- A general ESG warranty/covenant that the investee company should comply with the applicable national ESG laws and regulations, applicable Investment Standards of the Fund and will remain in compliance for as long as the Fund is a shareholder;
- An undertaking by the investee company to provide EverSource Capital with an annual report on its ESG performance and status of ESG covenants in the Investment Agreement;
- Notification of any accident/incident to EverSource Capital no later than 48 hours of the incident;
- The ESGAP in the main body of the agreement or as an Annexure and linked to disbursement milestones as relevant.

Remittance is carried out based on fulfillment of the Conditions Precedent, after informing the IC and Board.

3.8 POST CLOSING COMPLIANCE

Post closing compliance is carried out by HoO and Head-Legal and Compliance to ensure that relevant deal documents are properly filed and maintained.

3.9 INVESTEE COMPANIES REVIEW PROCESS

EverSource Capital undertakes a collaborative approach with the investee company to achieve compliance with ESG regulatory requirements and Fund's Investment Standards. The primary responsibility of investee companies' monitoring remains with the deal team and is supported by the designated Head-ESG.

EverSource Capital will conduct active post-investment monitoring of the investee companies. The purpose of the monitoring is to:

- Evaluate compliance with applicable ESG requirements and applicable Investment Standards of the Fund (Reference Section 2.1);

- Pro-actively track any non-compliance, incidents, accidents (if any) and status of corrective actions. In addition, investee company monitoring ensures effectiveness of mitigation measures, action plans and remedial measures/conditions subsequent (CS) as agreed in the ESGAP;
- Optimally monitor any changes or expansions in investee company and/ or its operations and local context that may affect the ESG profile of projects being executed;
- Monitor emerging ESG issues and risks, and change in ESG regulations that have material implication on the business and
- Track the contribution to the SDGs as per the impact monitoring indicators agreed with the investee (Refer Appendix B for identified SDGs and impact framework);

For each investee company where GGEF's investment has been operational for atleast six months, the monitoring requirements will be:

Table 0.2 Indicative ESG Monitoring*

Project Categorization	Monitoring Frequency
Category A	Ongoing Supervision with six monthly meeting with investee company's team responsible for ESG management. Six-monthly visits to under-construction projects and annual visits to operational projects
Category B	Ongoing supervision with six-monthly meeting with investee company's team responsible for ESG management. Annual visits to under-construction projects. Site visits to operational projects to be decided, as required
Category C	Desk based review on six monthly basis (site visit depending on any trigger*)

*Note: Monitoring frequency may increase in case of occurrence of any project-related incidents, accidents or any significant change in the nature and scale impacts and in case of any projects under construction. External monitoring/support may be triggered based on criticality of ESG issues of the sector as identified at the time of investment or for any specific triggers.

Additionally, EverSource Capital as and when required, works closely with its portfolio companies to set up their ESG management systems, capacity building of relevant ESG personnel, advising on ESG aspects such as key legislative amendments, developing of terms of references for E&S studies and standard requirements for the overall portfolio, existing and pipeline projects.

Reporting by Investee companies

Additionally, EverSource Capital expects the investee companies to adhere to reporting requirements, provided as part of the terms and conditions of the Investment Agreements. A sample format for the annual ESG reporting format has been provided as [Appendix G](#) which is aligned to the IFC PS requirements. The format for reporting of accidents/ incidents by investee companies is provided in [Appendix H](#). In case of any accident/incident, investee companies are required to inform EverSource Capital preferably within 48 hours of the occurrence of the incident.

The investee companies will also report on the SDG impact indicators as applicable for the investee company.

Based on the trends and findings in the report, the Head-ESG along with the respective deal team discusses outstanding issues on ESG and impact performance with the investee companies and works with the appropriate personnel from the companies to address the issues. In case any non-compliances, appropriate corrective action would be undertaken by the Investee Company and reported back to EverSource Capital.

3.10 INVESTMENT EXIT

EverSource Capital will evaluate multiple exit options before any investment is made and will continue to evaluate the exit strategy throughout the life of the investment and monitor the market to optimize the timing of the exit. Typical exit paths considered would be sale to strategic buyers, sale to financial buyers, initial public offerings and could also include share buybacks or sale to other shareholders in the investee companies.

The recommendations of exits are taken to the IC for decision-making and finally to Board of EverSource Capital for voting.

Another set of exit indicators tracked at the time of exit are current status of ESG performance. Sample ESG indicators are provided in [Appendix I](#).

3.11 ANNUAL REPORTING TO INVESTORS OF GGEF

The annual reports of GGEF to its investors will provide overview of ESG performance of its investee companies. The format for the same is presented in [Appendix J](#). The deal team will take inputs from relevant teams and compile the annual report for applicable reporting period as required by investors. The Head- ESG supports compilation of the ESG aspects within the same.

4 Implementation of ESG Management System

4.1 ROLES AND RESPONSIBILITIES

The EverSource Capital's team comprises of dedicated team members consisting of investment professionals, operating professionals (including ESG), finance, legal and compliance and business development. The dedicated EverSource Capital's leadership team has a strong track record including more than 100 deals, a combined leadership experience of over 50 years in private equity and an average track record of 2.0x on over USD2.8 billion invested in India.

The investment team along with the operations team is responsible for implementation of ESG policy and framework requirements. The Head-ESG works closely with each deal team to guide the ESG requirements, informs IC on decision regarding key ESG risks and covenants to be used in the investment agreement, share ESG reports with LPs etc. Detailed roles and responsibilities can be referred from [Appendix K](#).

The organizational structure of EverSource Capital is presented in Figure 4.1.

Figure 4.1 Organisation Structure

Managing Partners	Chief Executive Officer (CEO)	Head of Investments (HIO)	Managing Partner
Deal Leads	Executive Director and Head of Operations	Executive Director	Senior Vice Presidents
Critical Portfolio & Execution	Vice President (ESG)	Senior Vice President (Legal)	
Deal Support	Associates	Analysts	
Back Office	Vice President (Finance)	Fund Admin*	Office Admin

**Fund administration services provided by Vistra ITCL*

The team is supported further by shared platform resources from Everstone Capital and Lightsource BP including professionals from portfolio and asset management, finance, reporting and accounts, deal generation and investor relations, risk management, human resources, investment analytics and monitoring.

The Investment Committee is comprised of three members from Everstone Capital and three members from Lightsource BP. The Final investment decision goes to Board of EverSource Capital for voting.

4.2 TRAINING AND CAPACITY BUILDING

EverSource Capital recognizes that training and capacity building of team members is essential to ensure effective integration of ESGMS in the investment process of GGEF. Head-ESG periodically conducts training sessions with investment team members for application of ESG Framework. The matrix presented in Table 4. assists in identifying the milestones for training requirement for employees of EverSource Capital.

Table 4.1 Milestones for identification of frequency for Training on ESGMS

Training topic	Training frequency	Applicability
<ul style="list-style-type: none"> Overview of requirements of ESG Policy and demonstration of ESG integration in investment steps Training on the use of various appendixes during investment process 	During Initial ESMS Roll out and any amendments	All Employees of EverSource Capital
<ul style="list-style-type: none"> Refresher Training on ESG Policy and Compliance Handbook 	Annual	All Employees of EverSource Capital
<ul style="list-style-type: none"> Induction training to every new employee 	As per need	Newly inducted employees

4.3 ESGMS REVIEW AND CONTINUOUS IMPROVEMENT

The ESGMS framework will be reviewed periodically to ensure that it remains relevant and effective over time and incorporates improvements as relevant. The review involves the following:

- Identifying potential difficulties with operational aspects of ESG framework implementation and making necessary changes;
- Reviewing the scope of procedures of the framework to ensure that emerging ESG risks of investee companies are detected and identified during the due-diligence process; and
- Updating framework to reflect revisions in applicable national laws on environment, health, and safety, labour practices, etc. and the international reference frameworks used (Reference Section 2.1- Investment Standards).
- The revision will be carried by Head-ESG and reviewed by the HoO and approved by the Board of EverSource Capital. The updates will be communicated to all team members through relevant communication channels.

Appropriate guidance frameworks for grievance management and stakeholder engagement has been included in [Appendix L](#) and [Appendix M](#). Each investee

company is required to develop appropriate grievance management and stakeholder engagement systems based on the frameworks and allocate resources for its smooth functioning.

Supporting Appendices



APPENDIX A: EXCLUSION LIST

GGEF will not invest in any of the following activities ⁽¹⁾:

- Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements subject to international phase outs or bans, such as:
 - polychlorinated biphenyls⁽ⁱ⁾, pharmaceuticals⁽ⁱⁱ⁾, pesticides, herbicides and wastes ⁽²⁾;
 - ozone depleting substances ⁽³⁾;
 - wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora⁽⁴⁾;
 - unsustainable fishing methods ⁽⁵⁾;
 - transboundary trade in waste or waste products⁽⁶⁾;
- Production of or trade in arms (i.e. weapons, ammunitions or nuclear products, primarily designated for military purposes, including paramilitary material)*;
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest or old-growth forests;
- Production or trade in wood or other forestry products other than from sustainably managed forests;
- Destruction⁷ of High Conservation Value areas⁸
- Production or activities involving harmful or exploitative forms of forced labour⁽⁹⁾ and child labour ⁽¹⁰⁾;
- Production of, use of, or trade in, unbounded asbestos fibres ⁽¹¹⁾;
- Production of or trade in alcoholic beverages (excluding beer and wine)*;
- Production of or trade in radioactive materials ⁽¹²⁾;
- Racist and/or anti-democratic media
- Any businesses, if any of the following activities represents a substantial portion of such business ⁽¹³⁾:
 - Gambling, gaming casinos and equivalent enterprises*;
 - Production of or trade in Tobacco or tobacco related products *(14); or
 - Pornography;

Note: (*) Implies that this does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

(1) IFC's project exclusion list

(http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects/aips+added+value/ifc_project_exclusion_list).

(2) As specified in the 2004 Stockholm Convention on Persistent Organic Pollutants ("POPs"), see www.pops.int; the 2004 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and list of pesticides and herbicides subject to phaseouts or bans, see www.pic.int; and the 1992 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see www.basel.int; as may be amended from time to time

(3) A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is specified in the 1999 Montreal Protocol on Substances that Deplete the Ozone Layer, together with target reduction and phaseout dates see www.unep.org/ozone/montreal.shtml, as may be amended from time to time

(4) As specified in the 1975 Convention on International Trade in Endangered Species of Wild Flora and Fauna ("CITES"), see www.cites.org, as may be amended from time to time

(5) These will include: such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats; and blast fishing.

(6) As defined by the Basel Convention; see <http://www.basel.int>

(7) Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost

(8) High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

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

(10) Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

(11) This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

(12) This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded

(13) For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions, "substantial" means more than 10% of their underlying portfolio volumes.

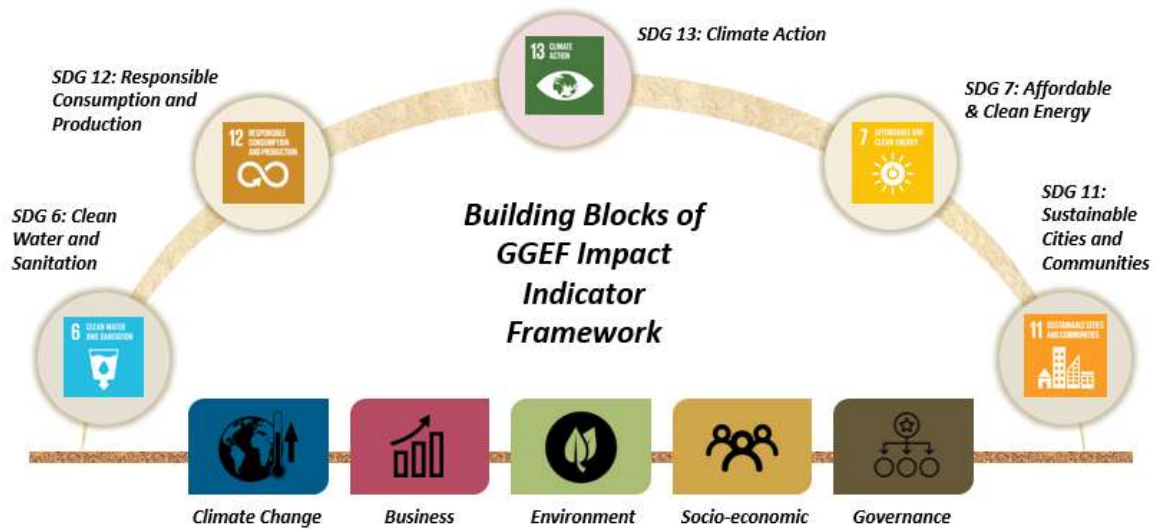
(14) Except, in the case of tobacco production only, with an appropriate timeframe for phase out

(i) A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

(ii) A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

APPENDIX B: GGEF FOCUS SUSTAINABLE DEVELOPMENT GOALS

EverSource Capital has identified the following SDGs from the UN's Sustainability Goals to align the Fund's investments and contribute to shared global goals and commitments.



[Link for GGEF's Impact Strategy and Indicator Framework](#)

APPENDIX C: PRELIMINARY ESG SCREENING CHECKLIST

Details of the Potential Deal	
Name of the Potential Investee Company:	Location:
Sector:	Brief description:

Sector Risk:

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Area/Location Risk of Projects:	Details
<input type="checkbox"/> Proximity to legally protected area (e.g., core zone or buffer zone of forest, special area for protecting biodiversity)/ecologically sensitive area (e.g., mangrove, estuarine, wetland/breeding grounds) <input type="checkbox"/> Proximity to culturally sensitive/indigenous area <input type="checkbox"/> Located in critically polluted area <input type="checkbox"/> Located in natural disaster prone area (such as floods, landslide, earthquake, cyclone, etc.) <i>(Information can be obtained through web search/ MoEFCC website/ CPCB Website/Satellite imageries)</i> <u>Reference Web links</u> Eco sensitive areas: http://www.moef.nic.in/content/esz-notifications and: www.ibat-alliance.org Critically Polluted areas: http://cpcb.nic.in/divisionsofheadoffice/ess/NewItem_151_Final_Book1.pdf National Parks and wildlife sanctuaries: https://data.gov.in/catalog/number-and-area-national-parks-and-wildlife-sanctuaries-india Protected areas: http://www.wiienviis.nic.in/Database/Protected_Area_854.aspx Natural Disaster: http://www.ndma.gov.in/en/	
Management systems:	Y/N
<input type="checkbox"/> Documented environmental and social policy <input type="checkbox"/> Documented human resources policy (e.g., employee rights/non-discrimination/sexual harassment etc.) <input type="checkbox"/> Documented policies on labour and working condition (e.g., prohibition on engagement of child labour, forced labour etc.) <input type="checkbox"/> Documented governance and business integrity related policy (e.g. Code of conduct, Whistle Blower Policy, Anti Money Laundering, etc.)	

<input type="checkbox"/> Designated or nominated person in charge of ESG issues <i>(Information can be obtained through website search/ discussion with investee company)</i>	
Applicable requirements and EHS aspects:	Details
<input type="checkbox"/> Applicable regulatory requirements <input type="checkbox"/> Air Emissions and noise disturbance <input type="checkbox"/> Wastewater Discharge <input type="checkbox"/> Soil contamination <input type="checkbox"/> Generation and disposal of Solid Waste <input type="checkbox"/> Generation and disposal of Hazardous Waste <input type="checkbox"/> Resource scarcity (e.g. water, electricity, any particular raw material as a forest product etc.) <input type="checkbox"/> Risks and vulnerabilities related to occupational and community health and safety issues <input type="checkbox"/> History of major accidents/incidents: <div style="border-bottom: 1px solid black; height: 15px; width: 350px; margin-top: 5px;"></div> <input type="checkbox"/> Any Statutory fines/Litigations (Labour-related/ environmental/others): <div style="border-bottom: 1px solid black; height: 15px; width: 350px; margin-top: 5px;"></div> <i>(Information can be obtained through sectoral understanding, web search/ discussion with investee company)</i> <i>(Detailed Regulatory requirements, permits, fines, non-compliances may be captured during the Legal Due Diligence/ESGDD)</i>	
Social aspects:	Y/N
<input type="checkbox"/> Whether Land acquisition is required <input type="checkbox"/> Displacement/resettlement of local settlements (physical displacement) <input type="checkbox"/> Impact on local settlements/livelihood (economic displacement) <input type="checkbox"/> Impact on indigenous peoples, including territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset. <input type="checkbox"/> Any stakeholders/community complaints or grievances <input type="checkbox"/> CSR Activities <i>(Information can be obtained through web search and, discussion with investee company)</i>	
Governance and Business integrity:	Y/N
<input type="checkbox"/> Are there any other Governance & Business Integrity, reputational and/or fair trade practice issues that may impact or influence the potential deal, going forward? <input type="checkbox"/> Does the company operate in sectors known to be prone to bribery and corruption?	

<input type="checkbox"/> Is the company active in countries where corruption is prevalent? <input type="checkbox"/> Any news in public domain about company and / or its Directors, Principal Officers been accused and/or convicted on charges of fraud, bribery, insider trading, sexual harassment, etc. <i>(Review news websites, proprietary databases (WorldCheck, Dow Jones Factiva, SaveRisk, etc.), RBI List of Blacklisted Companies, SEBI database of defaulter companies, Transparency International, Global Financial Reporting, OECD, IMF, etc. and other publicly available information and company website)</i>	
Additional comments/observations:	
<p>In case, at this stage, a project is found to potentially impact the following, an external ESGDD has to be commissioned to effectively capture these aspects.</p> <ul style="list-style-type: none"> • Involves land purchase/acquisition • Causing physical and/ or economic displacement (forced movement of people from their land/ house/ income generating asset); • Potentially impacting Indigenous Population in the project-affected area; • Potentially impacting a site of cultural heritage/traditions. • Potentially impacting natural/critical habitat or priority ecosystem services • Involves substantial unskilled/low-skilled labour force • Involves high health & safety risks to workers and/or communities (during construction and/or operation) • Involves substantial workforce influx / migratory labour • Involves high contextual and/or reputational risks • Any others: _____ 	
Preliminary Project Categorisation with Justification:	
<input type="checkbox"/> Category A <input type="checkbox"/> Category B <input type="checkbox"/> Category C	
Recommendation for further study:	
Due diligence:	

APPENDIX D: TERMS OF REFERENCE FOR AN EXTERNAL CONSULTANT

The following subsections provide a sample Terms of Reference (ToR) for due diligence as well a sample reporting structure that can be utilized for an ESGDD by engaging services of third party consultants. The third-party consultants will need to adhere to the scope of work and reporting format; however, they will refer to their internal tools for conducting the study and associated gap assessments.

Note: The governance and business integrity aspects gets covered through the legal and financial DDs.

Sample Terms of Reference for an ESGDD

Objective

The ESGDD is to be conducted to support EverSource Capital's potential investment decision and follow-up approach and strategies by reviewing and verifying the project against the reference framework (refer below) to identify compliance gaps, necessary mitigation and follow-up actions, and outlining a managing / monitoring regime.

This review must specifically address anticipated risks, mitigation measures and should give an overall opinion on the ability of the Project to meet the reference framework.

Reference Framework

The applicable reference framework will be:

- Applicable local, national and international environmental and social (including occupational health and safety) legislations;
- IFC Performance Standards, 2012;
- IFC/World Bank EHS General and relevant Sector Specific Guidelines as applicable;
- ESG Framework of the Department of International Development (DFID); and
- ESM Policy Framework of National Investment and Infrastructure Fund ("NIIF");
- Green Climate Fund's (GCF): (i) Environmental and Social Policy; (ii) Indigenous Peoples Policy; (iii) Gender Policy; (iv) Information Disclosure Policy; and (v) Interim Environmental and Social Safeguards ("ESS")
- FMO Sustainability Policy
- The UN Guiding Principles on Business and Human Rights

Consultant Qualifications

The Consultant must have appropriate experience in doing ESG assessments of projects, with particular focus on the support the specific sector of investment.

Scope of Work and Tasks

The scope of work would entail verification of all relevant ESG aspects of the project within the reference framework (including the current operations and the future planned additions/ expansions). This will include, but not be limited to, the following aspects:

- Environmental and Social impact management;
- Management of Governance and business integrity issues;
- Health and safety management;
- Human resources management (including human rights and labour standards); and

- Community engagement.

Specifically, this work will entail:

- Verifying to what extent such aspects of the project are in accordance with the Fund's policies;
- Reviewing whether capacity and management structures to address the impacts are adequate;
- Developing an Action Plan with timelines and responsibilities, to address any gaps or issues that need to be managed through the life of the project.
- Rating the company as per the DFID ESG rating Toolkit (Refer D1)

The ESGDD review will comprise the following steps:

- **Information Review:** This should include a review of all relevant environmental, health and safety, social, labour and governance and business integrity related documents and information (i.e., environmental permits / licenses and associated applications, health and safety plan, land acquisition and Resettlement & Rehabilitation if relevant, emergency plan, consultation plans and documentation of consultations done till date, concession and construction contracts, any other additional environmental, health and safety studies, etc. and for governance and business ethics related policies, balance sheets, annual reports etc.) and, subsequent to the site reconnaissance, review of any additional information obtained or collected;
- **Site Reconnaissance:** A site investigation of the plant will be performed consisting of visual observation of relevant areas directly and indirectly affected by the project / company, meetings with relevant individuals / entities associated with the project / company to discuss the social, environmental issues, health and safety and labour issues, and obtaining any additional information required;
- **Discussions:** These will be held with the Management and members of the team to understand policies and documentation;
- **Report Preparation:** A tabulated table of red flags/key observations/ conference call for red flag and a detailed Due Diligence Report with the ESGAP.

The report should include a clear compliance overview table providing for each IFC Performance Standard and for each applicable EHS Guideline requirements. It should cover the following information (at the minimum) while more specifications can be added as per requirement:

- Description of the requirement;
- Compliance status;
- Description of the observed situation / compliance gap;
- Comments on opportunities for positive impacts, and;
- Recommended follow-up.

Schedule

- The site-visits are to be concluded within 1 week after the preparatory information/ documentation has been made available to the consultant. (Typically would mean 2 days site visit but could be more if the project/portfolio is large).

- The Consultant shall submit a draft due diligence report within 10 working days of completion of the site visit. The final Report shall be submitted within 1 week after receiving comments from EverSource Capital on the draft report.
- All reports should be written and prepared in English and delivered in electronic.

Note: The timeframe of the ESGDD can vary depending upon the complexity of the project. The timeline will be agreed based on discussion with the investee and External consultant.

Sample Structure of ESGDD Report

A typical ESGDD report will need to cover the following at minimum.

- 1. Introduction:** This section shall primarily detail:
 - Background to the Due Diligence
 - Primary Objective and Scope of the study
 - Methodology adopted for the study, and
 - Limitations to the study
- 2. Project Overview:** This section primarily entails the complete project, its various components, as well as the current status of the project/ company, operational/ manufacturing process, organizational structure, number of employees, status of key applicable permits/licenses.

In case of FI, (i) provide overview of the expected investment volume and composition. (ii) Describe and analyse the types of investment provided (iii) Provide information on top exposures and portfolio sector breakdown and analyse ESG risks associated with portfolio to be supported.

- 3.** Summary of national, local, and any other applicable environmental and social laws, regulations, and standards.
- 4.** Audit and site investigation procedures
- 5. Key Findings Section:** This section incorporates the key findings and gaps that were observed and assessed from the documentation review and site assessment. The findings are based on the assessment of the project as per the applicable reference framework and guidelines pertaining to the same. A sample structure of a key findings table is provided below for reference.

S. No.	Requirements as per the Applicable Reference Framework	Key Findings & Gaps	Recommendations

- 6. Environmental Social and Governance Action Plan:** This section outlines the key mitigation measures and corrective actions as prescribed to the assessed gaps highlighted in the findings table. The ESGAP will primarily incorporate:

- Key Issues and Concerns Identified;

- Mitigation or Corrective Actions including costs;
- Responsibility of Investee;
- Deadline for completion and implementation of the corrective actions;

A sample template is provided below for referencing.

Key Issues & Gaps	Corrective Actions	Responsibility	Measurable Outcome	Target Timeline

7. **Opportunities:** A comment on the potential opportunities for value addition as per Sustainable Innovations Policy Commitment.

Potential Opportunities	Measures Recommended	Review Period	Support Required from FI

APPENDIX D1: DFID ESG RATING TOOLKIT

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
1	ENVIRONMENT				
1.1	Environment Impact and Environment Health and Safety (EHS) Management Systems				
Minimize Impacts on Environment and Have Robust Management Systems.	<p>Environmental, Health and Safety issues are identified and managed to meet (national and local) regulatory compliance requirements including the EIA process.</p> <p>Environmental monitoring system is designed to meet regulatory requirements.</p>	<p>Environmental issues are managed for regulatory purposes but few key operational procedures and management plans are available.</p> <p>EHS management is a dedicated and independent function but the role and responsibilities are not well defined.</p> <p>Basic EHS monitoring parameters are defined and company carries out basic monitoring and reporting over and above the required compliance requirements.</p>	<p>There is a broad corporate commitment to EHS issues, demonstrated by a corporate policy on EHS. The policy refers to good practices and does not restrict itself to only regulatory compliances.</p> <p>An EHS team has been designated with the responsibility of EHS management with well-defined roles and responsibilities.</p> <p>The legal register is updated, and there is reasonable documentation on permitting.</p> <p>The company has a reasonable environmental management system, with evidence of monitoring and reporting.</p> <p>The EIA, wherever required, covers all the major sector specific issues, though still does not meet applicable international standards.</p>	<p>There are clear EHS policies at the corporate level, supplemented by a certified management system (e.g., ISO 14001). The policy states a commitment to meet international standards.</p> <p>There is clearly identified organisational structure on EHS management.</p> <p>The EIA, where required, has been conducted through a credible independent agency, and is scoped out accurately, and uses some international benchmarks and standards.</p> <p>The Environment Management Plan (EMP) has been further developed into Standard Operating Procedures (SOPs), and is monitored at regular frequency.</p>	<p>Excellent EHS management systems, certified against the relevant international standards (e.g., ISO 14001, OHSAS 18001), Corporate policies have been adopted by the various business units.</p> <p>EHS Systems monitored internally on a regular frequency and audited by a third party. Formal reporting system exists including submission to the management for review and actions.</p> <p>Demonstrated efforts made to minimize impacts of the company and its projects on environmental receptors. EIAs conducted to meet international standards.</p> <p>The company produces an environmental and / or sustainability report and discloses in the public domain.</p>
					Recommended Rating-
1.2	Pollution Prevention (Wastewater / Effluent, Emissions and Waste Management) and Resource Efficiency				
Wastewater / Effluent, Emissions	Pollution prevention measures are adopted to manage compliance	Pollution prevention measures are	SOPs and management plans for a few high risk activities (like toxic effluent management,	Documented SOPs for all environmental issues are not available but implementation	Dedicated SOPs exist to manage environmental aspects like emissions

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
and Waste Management; and Resource Efficiency	<p>requirements during construction and operational stages.</p> <p>Relevant Permits, Licenses, and records are obtained and maintained and conditions laid out in the consents are complied with.</p> <p>Pollution levels meet the prescribed regulatory standards.</p> <p>Solid waste management processes have been designed to meet regulatory requirements.</p>	<p>considered at all stages of project life cycle.</p> <p>Environmental management measures are adopted but are generally limited to meeting Compliance requirements.</p> <p>Site is not segregating the hazardous and non-hazardous waste streams and is disposing the mixed waste together.</p>	<p>hazardous chemicals and waste management, etc.) are prepared and followed.</p> <p>Environmental monitoring is conducted for a few essential parameters.</p> <p>Site is appropriately handling, segregating and disposing of the waste streams including hazardous waste in accordance with the laws and regulations.</p> <p>No specific measures have been adopted to conserve natural resources like reduction in water consumption quantity, reduction in raw material quantities or change in raw materials by adopting greener products.</p> <p>Efforts have been made to reduce and recycle waste, if any.</p>	<p>on the ground is observed to be adequate and well managed.</p> <p>Environmental Management Plan (EMP) is prepared and implemented by the site. Site is recycling part of the treated wastewater within its premises.</p> <p>The company is implementing the 4 R's (reduce, reuse, recycle and recovery) of waste management but there is no documentation related to it.</p> <p>Monitoring covers all key parameters and is conducted regularly. Monitoring aspects cover regulatory requirements as well as requirements defined in the management systems.</p> <p>There is concrete evidence of efforts towards continual improvement and evidence of a systematic process towards waste reduction, reduction in use of resources like water and energy, etc.</p>	<p>management, effluent management, and waste management. Relevant and key sources of pollution are identified and quantified and the trend over a period illustrates reduction in quantities and magnitude. Site has implemented zero discharge condition for wastewater management.</p> <p>Regular internal as well as third party monitoring (by government accredited lab) is conducted to manage effluent and emissions quality. Monitoring results demonstrate well managed pollution control systems.</p> <p>The waste management systems are benchmarked against internationally recognised standards like the IFC's general and relevant industry specific EHS guidelines or other internationally recognized good industry practices are followed. Sustainability is at the core of EHS management, and there are tasks and programmes in place to look at sustainability issues, resource efficiency, reuse and recycling and it has integrated 4 R's in waste management.</p>
Observations:					Recommended Rating
1.3	Greenhouse Gases (GHG) Emissions Management – Actions to reduce sources or enhance sinks of greenhouse gases				

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
Greenhouse Gases Emissions Reduction (applicable to only carbon intensive investments, e.g., cement, thermal power)	Some / no efforts have been made to reduce /offset GHG emissions at any stage of project lifecycle.	Some ad hoc measures have been adopted to reduce / offset GHG emissions.	Long term plans to reduce / offset GHG emissions exist, though no specific targets have been included in their policy.	<p>Company-wide policy and programmes on GHG reduction exists.</p> <p>Direct GHG emissions from the facilities have been quantified in accordance with internationally recognized methodologies and good practice.</p> <p>Adoption of low carbon energy sources wherever possible to supplement main energy source.</p>	<p>EHS policy and procedures reflect specific commitment to reduce GHG emissions and being sustainable and has set tough targets.</p> <p>Technical / engineering alternatives have been considered and adopted to reduce GHG emissions during design and operation stage and measures have been taken to reduce GHG emissions.</p> <p>Company has adopted low carbon energy sources and renewable sources of energy, leading to substantial cost savings.</p> <p>The company has certified its reductions in GHG emissions and has applied for / received approval under Clean Development Mechanism.</p> <p>Both direct and indirect GHG emissions have been quantified and reported annually in accordance with internationally recognized methodologies and good practice.</p>
Observations:					Recommended Rating
2	SOCIAL				
2.1	Labour ad Workforce				
Provide safe and fair working conditions	<p>Labour management for regulatory compliance</p> <p>Specific provisions against use of child or forced labour</p>	Satisfactory compliance levels on labour laws including equal wages and minimum wages.	<p>Contractors are monitored but only for regulatory compliance.</p> <p>HR Policy available to all employees. Where necessary,</p>	A robust HR Policy, with additional commitments against discrimination of any kind, equal opportunities, provision for contract workers and their	HR Policy and management systems that cover a number of additional commitments covering discrimination, equal opportunities, provision for contract workers and their living conditions, provisions for

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
	<p>Contractors required to meet regulatory compliance for labour. Working conditions provided in compliance with requirements of law.</p> <p>Accommodation and facilities for the labour force is basic with scope for improvement on hygiene, sanitation, adequacy and quality.</p>	<p>HR policy available, but only focussed on employee benefits and requirement.</p> <p>No affirmative policies on inclusion, non-discrimination, equal opportunities, etc.</p> <p>No policy towards contractors, though legal provisions to be followed for the contract workers as per various labour laws are monitored.</p> <p>No provisions for collective bargaining, but informal systems of grievance redressal in place.</p>	<p>employee Standing Orders (if applicable) displayed.</p> <p>Internal labour audits conducted for employees, a formal system of employee communication and grievance redressal exists (including on sexual harassment). The grievance redressal system also includes the workers.</p> <p>The HR Policy and contract agreements has specific commitment towards non-tolerance of child labour and forced labour and clearly communicates requirements from employees as well as their benefits.</p> <p>Employee engagement demonstrated through active forums, though minutes of the meetings of such forums are not recorded or reviewed for actions taken.</p>	<p>living conditions, provisions for employees transferred to remote locations, etc.</p> <p>HR Policy and procedures include contractors. Contractors are monitored for regulatory compliance as well as good performance.</p> <p>HR Policies and programmes disclosed and discussed on a regular basis.</p> <p>Regular labour audits and at least an annual third party audit.</p> <p>Trade Union or an alternative process of collective bargaining in place. Regular interaction between management and employees take place. A functional and documented grievance system clearly communicated to everyone.</p> <p>High level of awareness of rights and responsibilities as well as system among employees / workers.</p> <p>Provisions for women workers in accordance with regulatory and ILO requirements.</p>	<p>employees transferred to remote locations, etc., benchmarked against ILO standards in addition to regulatory requirements.</p> <p>A labour and contractor management plan in place.</p> <p>Internal as well as third party audits conducted and corrective action plans implemented.</p> <p>Inclusion of migrant workers / contract workers in welfare programmes as well as audits. Where relevant, a policy on retrenchment available. Provision of services like housing and transport where relevant.</p> <p>Contract workers have access to grievance systems.</p> <p>Effective collective bargaining systems: management and employees communicate on a regular basis.</p> <p>Employee engagement programme undertaken.</p> <p>Employee satisfaction surveys are regularly conducted and actions taken. HR Policy proactively looks at recruitment and retention of employees from vulnerable groups.</p>

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
				<p>Functional sexual harassment committee.</p> <p>Various forums for employee engagement and feedback. Meetings duly minuted, though no clear evidence of how these were followed up.</p>	<p>Functional and effective anti-sexual harassment committee.</p> <p>Structured formal and informal channels of employee / contractor engagement, minutes of meetings maintained and actions taken communicated back.</p>
Observations:					Recommended Rating
2.2	Social Impacts and Resettlement				
Minimize impacts and provide fair compensation and livelihood restoration	<p><i>For project with significant land acquisition and resettlement</i></p> <p>Land acquisition process is led by the government and is in line with the existing law / regulation.</p> <p>Land acquisition process does not involve significant social issues such as physical displacement.</p> <p>The land acquisition process has resulted in some local opposition.</p> <p>Community development</p>	<p>Land and resettlement dependent on government processes but supported by company.</p> <p>The company has done an assessment of impacts but has not done anything to manage / mitigate them.</p> <p>Occasional protest in the community with regard to the project / company.</p> <p>One-off instance of support like donations for festivals, sports, etc.</p> <p>Responsibility for community relations not defined. Handled in</p>	<p>The company participates actively on land and resettlement issues and is working with the government.</p> <p>The company has documented a baseline profile of the area and documented the impacts. However, these impacts are managed in disorganized manner basis with no strategic focus. Non-regulatory risks not covered.</p> <p>No history of protests but there are issues which could flare up leading to protests / violence without proper engagement.</p> <p>Small community development works carried out when requested for by community.</p>	<p>The company leads the land and resettlement process either through direct negotiations or working proactively with govt on rates, benefits, etc.</p> <p>There has been an assessment of social impacts done by the company and there is a management plan that is being implemented and monitored.</p> <p>The project / company enjoys good relations with the community and there is a broad community support.</p> <p>There is a strategic plan for community development which is being implemented.</p> <p>Clearly defined responsibility and designated personnel for management of community relations.</p>	<p>Land acquisition and resettlement done through willing buyer- seller arrangement based on good faith negotiations.</p> <p>A social impact assessment and resettlement action plan prepared and implemented based on international standards.</p> <p>The company has excellent relations and ongoing consultations with the community.</p> <p>A documented and long term community development plan based on needs assessment and which is being implemented.</p> <p>A team of dedicated and qualified people handling community relations and resettlement.</p> <p>A clearly documented local employment plan which has been</p>

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
	initiatives are limited to meeting demands.	disorganized manner by non-specific people. Very little contribution to local employment and contract benefits for the community.	Responsibility for community relations shared with other functions like HR / IR or Administration. Local employment and contract benefits shared with the community but on a very limited basis.	The company / project contributes significantly to local employment and contractual benefits.	communicated and agreed upon by the community.
Observations:					Recommended Rating
2.3	Social Inclusion				
Ensure inclusion of the marginalised and vulnerable groups	<p>No evidence of any obvious discrimination against any groups and communities (based on gender, religion, caste, ethnicity, physical status, etc.).</p> <p>Employee profile does not demonstrate equal opportunity and inclusion.</p> <p>A generic baseline has been undertaken without specific identification of any marginal or vulnerable groups.</p> <p>There is a lack of guidelines to advise departments within the</p>	<p>Policy makes commitments against discrimination but not enough evidence that this is being actively practiced.</p> <p>Development initiatives or CSR activities, if any, focus on community requests in general.</p>	<p>Policies in place that meet the rights, needs and interests of all groups on the principles of equity. Resources allocated accordingly.</p> <p>Effective HR procedures and processes. Access to jobs, work and facilities for all groups and categories.</p> <p>Needs and demands of vulnerable groups given a priority in developmental programmes (CSR or employee relations).</p>	<p>Clearly laid out affirmation / reservation policies for recruitment and retention.</p> <p>Key role of women and other groups in decision making and leadership processes.</p> <p>Incentives for employee behaviour in line with objectives of social inclusion.</p> <p>Dedicated programmes for vulnerable and marginalised groups.</p>	<p>Clearly laid out affirmation / reservation policies and stated commitment to international human rights conventions.</p> <p>Having women representation in the board / leadership and decision making process.</p> <p>Evidence of innovativeness in making organisation inclusive. Having ways and methods to promote inclusiveness.</p> <p>Incentivising social inclusion behaviour of employee and management staff.</p> <p>Dedicated welfare programmes for vulnerable and marginalised groups.</p> <p>A progressive plan to develop vulnerable workers and communities.</p>

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
	company on promoting social inclusion.				Annual audit should also have a component of social inclusion.
Observations:					Recommended Rating
2.4	Health and Safety				
Ensure health and safety of employees, workers and communities	<p>Key documents required for ensuring compliance (like labour license, factories license, etc.) to key health and safety regulations are maintained.</p> <p>General health and safety conditions and working conditions of workers / labourers need to be improved.</p> <p>Recent occurrence of loss time accident (LTA) or fatality in the past two years and site is maintaining records of reportable accidents as required under law.</p>	<p>Facility requires some improvement to meet requirements stated under Governmental regulations and / or corporate requirements.</p> <p>Occurrence of LTA with permanent loss.</p> <p>Occurrence of significant irreversible internal damage due to fire or explosion.</p> <p>Business interruption between 12 to 24 hours primarily owing to health and safety related issues.</p>	<p>Facility is substantially in compliance with government regulations and / or corporate requirements with some improvements possible.</p> <p>Occurrence of LTA with temporary incapability to work</p> <p>Occurrence of major but reversible damage due to fire or explosion.</p> <p>Business interruption between 8 to 12 hours primarily owing to health and safety related issues.</p>	<p>Facility substantially meets government regulations and / or corporate requirements. Need improvement to demonstrate compliance with IFC / OHSAS or any other international requirements.</p> <p>Occurrence of injury / illness without losing any man hours / first aid and minor injuries. Occurrence of minor reversible internal damage due to fire or explosion.</p> <p>Business interruption of less than four hours primarily owing to health and safety related issues.</p> <p>Site / business has dedicated Emergency Preparedness and Response system which covers both natural and manmade disasters / emergencies to mitigate any harm to people and / or environment.</p>	<p>Comply significantly with IFC / OHSAS or any other international requirements.</p> <p>No occurrence of injury / work related illness.</p> <p>No occurrence of damage due to any fire or explosion.</p> <p>No financial impact.</p> <p>No cases of business interruption primarily owing to health and safety related issues.</p> <p>Guidelines formed and implemented for provision of safety and security at work, especially for women.</p> <p>Defined H & S vision and mission with defined H & S management framework.</p> <p>Site / business has dedicated and dynamic Emergency Preparedness and Response system with sufficient resources, supporting infrastructure and well defined responsibilities. The</p>

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
					ERP extends to include affected communities.
Observations:					Recommended Rating
3	GOVERNANCE				
3.1	Disclosure & Transparency				
Disclosure & Transparency	Financial information is based on credible figures of profit, loss, liabilities and assets, and follows applicable laws.	Financial information is prepared in accordance with Indian Institute of Chartered Accountants (ICAI) standards and other applicable laws and regulations.	Financial information is prepared in accordance with ICAI standards and other applicable laws and regulations. Audit opinions on application of accounting standards are unqualified.	Financial information is prepared in accordance with ICAI standards and other applicable laws and regulations. Audit opinions on application of accounting standards are unqualified. Reports on basic ESG information.	Financial information is prepared in accordance with ICAI standards and other applicable laws and regulations. Progressively adopts early new standards in transition. Audit opinions on application of accounting standards and controls are unqualified. Adopts and reports on UN CoP or other standards for ESG reporting.
Observations:					Recommended Rating
3.2	Controls & Risk Management				
i) Internal Audit & Control Functions	Simple internal checks, by staff with other responsibilities.	Setting up of an internal control system for key areas of operations.	Board oversees the internal audit function that is commensurate with the size of the business. The internal audit function reports to the Board at least annually. In case an audit committee is required by law, such committee oversees the function.	Independent internal auditor or a CA firm is appointed who reports to the audit committee on an annual basis. The internal auditors have their plans, which is a risk based methodology approved by the audit committee	Independent internal auditor or a CA firm is appointed, which reports to the audit committee on a six- monthly basis. The internal auditors review the risks identified by the company and report to the audit committee on the results based on such risk assessment.
Observations:					Recommended Rating

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
ii) External Audit	External audit according to law and applicable standards.	Audit firm conducts audits and reports on internal controls and deficiencies to the management.	Robust external audit, and internal compliance mechanism exists with audit committee oversight, if such committee is required, by law. Otherwise, BOD oversees the function.	The audit firm also comments on the adequacy of the system of controls and risks and reports to audit committee. Consider rotating audit partner every three years.	The statutory auditors report on adequacy of controls, risk management and integrity of financial information to the audit committee. Consider rotating audit firm every five years.
Observations:					Recommended Rating
iii) Risk Management	Informal systems to identify and address basic risks.	Formal management systems incorporated for identification and mitigation of key risks.	Integrated risk management system, with reviews by internal auditors.	Formal risk management processes with risk mitigation measures in place and overseen by the BOD.	Formal risk management processes with risk mitigation measures in place and overseen by the BOD. Internal and external auditors report on the adequacy of such measures.
Observations:					Recommended Rating
iv)Expenditure Reporting & Management Compliance	Simple annual expenditure reporting and budgetary processes. Systems are capable of tracking DFID fund provided to the investee company.	Six-monthly expenditure reporting to the BOD on budgets, actuals and compliances of investments / loan covenants.	Quarterly expenditure reporting and budgets reviewed by the BOD. The company has basic MIS system and performance indicators.	Formal budgetary expense and MIS reporting processes in place and all reports of results are reviewed by the BOD every quarter.	The management sets robust and documented business processes and certifies to the BOD the adequacy of all controls over key processes at least once a year.
Observations:					Recommended Rating
3.3	Board Of Directors or Equivalent Body				
Board Of Directors or Equivalent Body	A board of directors or equivalent body exists or can be set up in the next six months for non-corporate entities.	Creating a minimum BOD size of three directors, with at least one of them being unrelated.	Audit committee, if required under the law, has independent director(s).	BOD and audit committees are in place with special focus and oversight on risks, strategy, related party transactions, ESG	BOD and audit committees function with special focus and oversight on risks, strategy, business reviews, related party transactions, ESG compliances, and succession planning.

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
	It deliberates key issues including ESG, independent of the executive, periodically.		Board reviews related party transactions, CEO remuneration, and ESG. BOD reviews adherence to investment and loan covenants.	compliances, and succession planning. BOD and internal auditor reviews adherence to investment and loan covenants.	BOD and external auditors review adherence to investment and loan covenants.
Observations:					Recommended Rating
3.4	Protection of Minority Shareholders				
Protection of Minority Shareholders	Respects rights of all owners and documents such rights and principles.	Follows all compliances as required by the Companies Act and not limiting to: <ul style="list-style-type: none"> Disclosure of all significant information relating to minority interest. Upholding minority rights. Approval of related party transactions in the general meeting. 	Complies with all requirements of Companies Act and other laws. Sets a mechanism to review all transactions that affect minority shareholders. Sets up a minority redressal mechanism.	Complies with all requirements of Companies Act and other laws. Appoints an independent director to review all matters affecting minority rights and interests. Sets a code of conduct for employees, vendors and customers.	Compliance with Indian laws and also IFC principles. Appoints a board committee to look after minority grievances. Reviews by BOD of the effectiveness of the code of conduct. Sets up a whistle blower mechanism.
Observations:					Recommended Rating
3.5	Commitment To Business Integrity				
Commitment To Business Integrity	The business entity follows the applicable anti- corruption and	The business entity has adopted a code of ethics conforming to DFID's business integrity	The code of ethics is being effectively implemented and the management reports annually	The business entity adopts an ACCF action plan based on detailed risk assessment, linked to funds flow.	The ACCF action plan is effectively operational.

S. No	Requirement Level 1	Requirement Level 2	Requirement Level 3	Requirement Level 4	Requirement Level 5
	<p>counter fraud laws and regulations.</p> <p>It has, or is ready to, formulate and announce anti- corruption, counter- fraud (ACCF) policies (in three months) and a simple ACCF management programme (in six months) with a basic compliance mechanism.</p>	<p>guidance contained in its ESG Framework including a compliance mechanism.</p>	<p>on compliance to BOD and shareholders.</p>	<p>The business entity adopts mechanisms to effectively implement the ACCF action plan.</p> <p>The management signs off on compliance at least twice a year.</p>	<p>Where applicable, in accordance with its AML / KYC policies, the business entity undertakes character risk due diligence (CRDD) to ascertain relevant information regarding the background and reputation of entities and individuals it plans to deal with. The management and BOD sign off on compliance of the codes at every quarter.</p>
Observations:					Recommended Rating

APPENDIX D2: INTERNAL ESGDD CHECKLIST

When not hiring an external consultant, EverSource Capital uses the following evaluation checklists for undertaking an internal Environmental Social and Governance Due Diligence (ESGDD). Primary objective of the ESGDD is to assess the status of the project and the Environmental Social and Governance issues associated with it or which may arise due to project activities and to assess existence and adequacy of control systems in place to manage the specific ESG issues identified. In case any residual ESG risk is perceived during site visit, the same should be recorded as an observation and discussed with the company. The key steps to populate the checklist include:

- A. Discussion with the management about the project and ESG issues along with existing systems;
- B. Undertaking site visits, interaction with workers (both local and migrant), employees and surrounding community, indigenous population groups (if present);
- C. Populating the check list below, based on site visit, interviews and document review;

Issues can be described on the basis of their risk and materiality implication.

Internal ESGDD Checklist

(Governance aspects to be referred from DFID ESG rating Toolkit)

The checklist below is only filled for the applicable IFC Performance standard as triggered.

All companies may not have all the aspects mentioned in the 'checklist below'. Some may have more, some less. The idea is to understand the Environment Health safety and social risks associated with the company's business, how the company manages it and to determine whether singularly or collectively they align with the Fund's ESG policy and investment standards. Also to capture the key recommendations that may be included as CP and/or CS as part of the investment agreement.

S. No.	Question	Guidance for review at site and document review	Observations made during site visit/ Response	Description of Issue	Recommendation
ESG Management Systems related Check: (Reference: IFC Performance Standard-1)					
1.	Does the organization have a defined management system for managing the ESG aspects?	<ul style="list-style-type: none"> Check for presence of certified ISO based systems for e.g. ISO 14001 or anything equivalent 			
2.	a) Are there any written down policies on Environment and Social? b) Are they signed by the senior management?	<ul style="list-style-type: none"> Check approved policies if any 			
3.	Is there any organizational arrangement for managing Environmental and Social issues/risks?	<ul style="list-style-type: none"> Project phase specific organizational chart and responsibility details; 			
4.	Is the ESG team or responsible personnel adequately qualified and trained?	Discuss with management at site and relevant staff entrusted with ESG responsibility			
5.	Whether the company maintains ESG regulatory requirements and compliance register and reviews the same time to time?	See the entries and their details in the register			
6.	Is there an ESIA (Environmental and Social Impact Assessment) conducted and completed for the project?	Review the ESIA report			
7.	Is there a HIRA (Hazard Identification and Risk Assessment)	Review the HIRA if it captures construction/operational hazards			
8.	Is there a specific ESG management programme/ action plan prepared to take care of the ESG risks / impacts identified?	Review document describing ESG issues and mitigation measures e.g. project feasibility report, ESG Action Plan from the ESG assessment report etc.			

S. No.	Question	Guidance for review at site and document review	Observations made during site visit/ Response	Description of Issue	Recommendation
9.	Does the company have in place goals and targets and any continuous improvement plans on ESG themes/ energy efficiency/resource conservation/ emission reduction?	Review list of ESG targets and goals and progress achieved on the same			
10.	Does the company have monitoring/auditing systems in place to measure and analyse the trends in its ESG performance?	Review list of ESG monitoring indicators, associated monitoring data and trends of performance / audit reports			
11.	Is there any defined and documented channel of logging grievances?	Review the Grievance recording system and supporting documents			
12.	Whether company has arranged Occupational health and safety training for its workers, including contractor worker and training records are maintained in-house?	Check training records, if any			
13.	Is there any regular reporting system from site level to top management on occupational health / community / security issues?	Check internal reporting records, if any			
14.	Whether Environmental clearance conditions are complied with? If applicable.	Discuss each condition status with site management.			
15.	Whether conditions under consent to establish/consent to operate complied with? If applicable	Discuss each condition status with site management.			
16.	Emergency preparedness plan: Check if the company has appropriate emergency preparedness plan, as required for the project setup at project sites	Physical inspection, plan document			
Significant Environmental and Social Impacts and Risks related Check: (Reference: IFC Performance Standard- 2 & 3)					
17.	Is there any written down Human Resource policy manual which addresses non-discrimination, mechanism for workers to express their grievances and protect their rights , non-tolerance of child labour and forced labour, retrenchment, etc.?	Check approved policy manual, if any			
18.	Is the policy shared with all the existing employees and new joiners in the company?	Check the display and electronic circulation of HR policy			
19.	How are the general and specific working conditions, leaves, wage rates, working hours etc. communicated to the employees?	Check whether Shift hours, wage rates, etc. displayed or communicated to the employees through employee handbooks, HR Policy manual, Joining letters, etc.			
20.	Does company engage reputed contractors approved by regulatory bodies?	Review the Principle Employer certification and Contract Labour			

S. No.	Question	Guidance for review at site and document review	Observations made during site visit/ Response	Description of Issue	Recommendation
		Licence of the contractors involved in site work			
21.	Whether the company has systems to track and screen child labour at its own premises or by its major suppliers?	Discuss with management whether they maintain copies of identity cards mentioning their age; Discuss with security on their system of tracking the workers, visitors along with workers and incoming vehicles			
22.	Whether the company follows country regulation with respect child labour, forced labour, Contract labour, Equal opportunity, Work environment and worker management relationship (minimum wages, duty hours, Leave and others)?	Discuss with worker and management on this issue. Check proper PPE provided to workers, verify attendance registers, overtime registers, wage registers, PF and ESIC challans, etc.			
23.	a) Whether the company has clearly articulated policy on third party workers (<i>contractual workforce, including security personnel</i>); b) The contractors need to have (and company needs to ensure) valid licenses (CLRA) for providing labour (type and number).	Verification of contractual agreements and copies of licences			
24.	Whether the company has identified migrant workers? Whether the migrant workers are engaged/ employed on substantially equivalent terms and conditions with local workers?	Check whether Shift hours, wage rates and frequency of payments made, etc. are same?			
25.	Whether there is provision of sufficient and clean drinking water, toilets and rest rooms for the workers?	Physical verification, copies of drinking water test reports			
26.	Whether there is First Aid facility at site?	Physical verification			
27.	Whether there are emergency contact nos. at site to take care of any emergency situation?	Fire brigade, Local Police station/ Ambulance/ Hospital/ Doctor/ Plant manager phone nos.			
28.	Is there any workplace safety procedures?	Copy of safety procedures			
29.	Are the employees insured under ESI	ESIC challans			
30.	Any accidents at the site within a year from the date of site visit?	Latest accident or incident reports			
31.	Whether hazardous materials (LPG/ HSD/ Explosive substance etc.) are stored in dedicated licensed premises clearly displaying notices mentioning "Hazardous material storage area"?	Discussion with site management staff and site visit			

S. No.	Question	Guidance for review at site and document review	Observations made during site visit/ Response	Description of Issue	Recommendation
32.	If accommodation services have been provided, whether they are non-discriminatory and cover basic services requirements like proper sanitation facilities, minimum space, supply of safe drinking water, sewage/garbage disposal, etc.?	Physical Inspection of accommodation facility			
33.	Whether the project envisage/has pollution from and are there are mitigation measures in place: Air emissions Waste water discharge Soil contamination (spillage etc.) Surface/groundwater contamination (due to release of untreated effluent) Noise pollution Solid waste generation (fly ash etc.)	Discussion with plant management, plant worker, project feasibility report, monitoring reports and through site visit.			
34.	What is the procedure of disposal of waste? Hazardous material disposal to be done through only licensed vendors.	Valid licensed vendors agreement			
35.	Whether there are any impacts from the project that may get exacerbated by climate change? If yes, then whether any mitigation measures have been planned?	Discussion with plant management, plant worker, local people, project feasibility report, site visit.			
Significant Environmental and Social Impacts and Risks to community related Check: (Reference: IFC Performance Standard- 4 & 5)					
36.	Are there any health risks to the nearby community due to project operations?	Water logged areas/ Waste disposal areas visible during site visit/details of any communities/ villages within 500 m from project site			
37.	Is there any possibility of impact on community health and safety due to project activities during pre and post commissioning stage? (e.g. fire at project site which might affect safety situation of the neighbouring community, tearing of high voltage transmission/ distribution line passing through neighbouring locality)	Physical check and discussion with plant management on plant storage facility of flammable fuels, Strong Acids and volatile toxic substances. Discuss with plant worker and local people.			
38.	Whether security personnel of the company are sufficiently trained to avoid and handle any untoward situation involving local community?	Discuss with existing security personnel			

S. No.	Question	Guidance for review at site and document review	Observations made during site visit/ Response	Description of Issue	Recommendation
39.	Is there any grievance lodged by neighbouring community to project management against the land acquisition process/ any other grievances with respect to cattle grazing or access to their source of water, livelihood, cultural or other heritage, complaints of noise/ pollution from nearby villages?	Discuss with the surrounding community/ families displace/plant management.			
Significant Biodiversity Impacts and Risks related Check: (Reference: IFC Performance Standard- 6)					
40.	Does the project involve any Biodiversity rich area national park/ reserve forest/ sensitive mangrove land/ Areas which are habitat of endangered or ecologically sensitive species?	Discuss with site management staff/ workers from local area and surrounding community / local SPCB offices in addition to web search at office.			
41.	Whether the company is aware of existence of any endangered species (flora and fauna) within 10 km of the project boundary and envisages impact on those species due to the project activities?	Discuss with local people, plant management, local plant workers in addition to web search.			
Significant Environmental and Social Impacts and Risks to Indigenous People related Check: (Reference: IFC Performance Standard- 7)					
42.	Are there any indigenous people (Scheduled Tribe/ Tribal groups) living in / around (within 10 km of the project site) the project area identified for the project?	Discuss with site management staff/ workers from local area and surrounding community / local village head			
43.	Does the project has a potential to impact indigenous people and whether any management measures been taken to avoid/mitigate any negative impacts?	Discuss with site management staff/ workers from local area and surrounding community.			
44.	Whether any consultation on possible E&S issues has been carried with those scheduled tribal people or their representative has been documented?	Discuss with local tribal labour, local tribal people or their representative and plan management.			
Significant Environmental and Social Impacts and Risks to cultural heritage related Check: (Reference: IFC Performance Standard- 8)					
45.	Does the project/company propose to use the cultural resources, knowledge, innovations, or practices of Indigenous Peoples for commercial purposes?	Discuss with the site people and management staff			
46.	Are there any archaeological, religious, historical, and other cultural heritage sites in the vicinity of the company's operations which might get impacted due to the project?	Discuss with site management staff/ workers from local area and surrounding community / local village head in addition to web search at office.			
47.	Does the project activity involve alteration, damage, or removal of internationally recognized heritage?				
48.	Whether any formal complaint has been lodged on damage of cultural heritage site? If Yes, whether client has investigated and formally responded to the complainer about their findings and actions if necessary?				

APPENDIX D3: KEY ENVIRONMENTAL AND SOCIAL (INCLUDING OCCUPATIONAL HEALTH AND SAFETY) REGULATIONS IN INDIA

- Environmental Protection Act, 1986 and Environment (Protection) Rules, 1986 and Amendment Rules, 2017;
- Environmental Impact Assessment Notification, 2006;
- Water (Prevention & Control of Pollution) Act, 1974;
- Air (Prevention & Control of Pollution) Act, 1981;
- Manufacture, Storage and Import of Hazardous Chemicals Rules 1989, amended 1994 and 2000;
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
- E- Wastes (Management & Handling) Rules, 2016
- Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010;
- Factories Act, 1948 and corresponding Factories Rules;
- Solid Waste Management Rules, 2016
- Construction and Demolition Waste Management Rules, 2016
- Public Liability Insurance Act, 1991 and Rules
- Contract Labour (Regulation and Abolition) Act, 1970;
- Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979;
- Building and Other Construction Workers Act (Regulation of Employment & Conditions of Service) Act, 1996;
- Child Labour (Prohibition and Regulation) Act, 1986;
- Employees' State Insurance Act, 1948;
- Workmen's Compensation Act, 1923;
- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Inter-State Migrant Workmen's (Regulation of Employment and Conditions of Service) Act, 1979.
- Payment of Wages Act, 1936 (amendments thereafter)
- Minimum Wages Act, 1948 and Minimum Wages Rules, 1950;
- Employees Provident and Miscellaneous Provisions Act, 1952;
- Right to Fair Compensation and Transparency in Land Acquisition and Rehabilitation and Resettlement Act, 2013.

Note: The above list is an indicative one. Updates to the above and screening for additional applicable legislations is required to be done for every project.

APPENDIX D4: INDICATIVE LIST OF E&S RISKS AND IMPACTS ON GGEF FOCUS SECTORS

GGEF's Focus Sectors	Environmental risks/impacts	Social risks/impacts
Renewable energy generation & distribution	<p>Impacts on biodiversity and natural habitats</p> <p>Impacts on resource consumption</p> <p>Generation of hazardous and non-hazardous waste materials</p> <p>Environmental impacts linked to construction works: pollutions, dust, hazardous and non-hazardous waste management (including electronic waste), increased GHG emissions, etc.</p> <p>Risks of fire</p>	<p>All risks related to labor and working conditions</p> <p>Impacts due to construction works on community health and safety (dust, pollution, noise, etc.)</p> <p>Visual and architectural impact, noise</p> <p>Impacts on land tenure and use, involuntary displacement</p> <p>Stakeholder engagement and participation of local communities</p> <p>Social risks linked to grid connections and access energy (including tariffs)</p>
Resource Efficiency	<p>Water & Wastewater Treatment:</p> <p>Impacts on marine ecosystems linked to water collection or release of treated waste water</p> <p>Release of pollutants links to the construction, rehabilitation and/or use of infrastructures</p> <p>Impacts linked to underground water collection</p> <p>Increase of waste water</p> <p>Impacts linked to the release of effluents (pollution of ecosystems, concentration of pollutants, agricultural use, contamination, etc.)</p> <p>Increase of energy consumption, GHGs emissions</p> <p>Impacts on biodiversity</p> <p>Pressure on quality and quantity of water resource</p> <p>Waste Management:</p> <p>Various pollutions, including surface and underground water contamination, linked to the dispersal of waste,</p>	<p>Water & Wastewater Treatment:</p> <p>Use of chemical products</p> <p>All risks related to labor and working conditions</p> <p>Stakeholder engagement, consultation and participation of local communities</p> <p>Impacts on livelihoods (e.g. fishing for marine areas, farming in case of changes induced in land tenure/use)</p> <p>Involuntary displacements</p> <p>Health and safety impacts on local communities (noise, air or sea pollution, odors, landscape changes, etc.)</p> <p>Access to water resource and related infrastructures (including affordability of services)</p> <p>Impacts on cultural heritage</p> <p>Waste Management:</p> <p>All risks related to labor and working conditions</p>

	<p>the release of pollutants used for waste treatment, etc.</p> <p>Increase of GHG emissions</p> <p>Impacts on quantity and quality of water resource</p> <p>Risks of fire and explosion in waste storage facilities</p> <p>Impacts on biodiversity</p>	<p>Impacts on land tenure, involuntary displacement, loss of livelihoods, particularly for informal workers involved in waste collection or selection</p> <p>Health and safety impacts on local communities (noise, air or sea pollution, odors, landscape changes, etc.)</p> <p>Impacts on cultural heritage</p> <p>Risks linked to the lack of stakeholder engagement and local communities participation</p>
E-Mobility	<p>Increased water and energy consumption</p> <p>Air, soil, water and waste pollution (specifically during battery manufacturing)</p> <p>Increase of GHGs</p> <p>Impacts on sensitive areas due to changes in surface water runoff</p> <p>Increase in demand of e-mobility and thereby redundancy of existing infrastructure</p>	<p>All risks related to labor and working conditions</p> <p>Impacts on cultural heritage (in particular for underground networks)</p> <p>Impacts on local livelihoods</p> <p>Involuntary displacement, land tenure and land use</p> <p>Risks linked to social acceptability and access to new infrastructures for local communities</p> <p>Impacts on community health and safety</p> <p>Visual and noise impacts</p>
Energy Services	<p>Impacts on biodiversity and natural habitats</p> <p>Impacts on resource consumption</p> <p>Generation of hazardous and non-hazardous waste materials</p> <p>Environmental impacts linked to construction works: pollutions, dust, hazardous and non-hazardous waste management (including electronic waste), increased GHG emissions, etc.</p> <p>Risks of fire</p>	<p>All risks related to labor and working conditions</p> <p>Impacts due to construction works on community health and safety (dust, pollution, noise, etc.)</p> <p>Visual and architectural impact, noise</p> <p>Impacts on land tenure and use, involuntary displacement</p> <p>Stakeholder engagement and participation of local communities</p> <p>Social risks linked to grid connections and access energy (including tariffs)</p>

APPENDIX E: NOTE FOR INVESTMENT COMMITTEE MEETING

Post the ESG Due Diligence (internal or external based on applicability), a note is included in this format for placing before the Investment Committee Approval

Investor:
Investee Company Name:
Circulated to Risk Committee by Deal team
Reports Annexed

A. Commercial Diligence – (Advisor:_____)

Key issues identified and discussed during Pre-IC can be categorized broadly in the following categories –

S. No.	Issue	Resolution	Deal team's assessment of Risk

B. Legal DD (Advisor:_____)

Key Agreements

1. xxxxxxxxxxxxxxxx
2. xxxxxxxxxxxxxxxx

Key issues identified in the Legal DD and discussed during Pre-IC can be categorized broadly in the following categories –

S. No.	Issue	Resolution	Legal and Deal team's assessment of Risk

C. ESGDD (Advisor:_____)

Key issues identified in the ESG DD and discussed during Pre-IC can be categorized broadly in the following categories –

S. No.	Describe, key ESG issues observed in ESG due-diligence, and discussed during Pre-IC stage	Resolution	ESG and Deal Teams' assessment of Risk

*e.g. Pre-investment condition/ Detail corrective action plan to be appended with Investment agreement/ any other, please mention.

D. Financial and Tax Diligence (Advisor:_____)

S. No.	Issue	Resolution	Deal Team's assessment of Risk

APPENDIX F: ESG CLAUSES IN INVESTMENT AGREEMENT

(This Appendix intends to guide the investment team to incorporate ESG clauses into the Investment agreement as relevant to an investment.)

The ESG Investment Conditions which may be included are as follows:

- General ESG definitions;
- Representations and warranties;
- Disbursement conditions and/or covenants regarding compliance with the requirements as defined by the Fund's ESG Policy and Framework;
- Critical mitigating actions and/or action plan that address gaps with ESG Policy and Framework;
- Post-investment reporting requirements for the investee Company; and
- Event of default- It would include specific ESG events of default that may refer for specific remedy period or exit in case of continuous default

The Investment Agreement shall also include appropriate ESG clauses as relevant covering the following areas:

- A general ESG warranty/covenant that the company is currently in compliance with the applicable ESG Laws and regulations and any relevant IFC Performance Standards/DFID ESG framework and NIIF ESG framework, and will remain in compliance with the Fund's requirements;
- If ESG due diligence has identified any specific issues of concern, appropriate corrective action is negotiated with the company in terms of implementation and financing responsibility;
- For investments classified as Category A or B, the Agreement should contain an undertaking by the Investee Company to provide EverSource Capital with an annual report on its ESG status. The format of this report is provided in **Appendix G**;
- Any specific conditions decided on a case-by-case basis. In particular, The Fund's investment is conditional to the implementation of an ESG Action Plan;

Coverage of the following points shall be inserted after consideration by Investment Team to clearly specify the ESG Investment Conditions in its legal documentation as relevant:

Point 1

"The Investee has not received nor is aware of any existing or threatened complaint, order, directive, claim, citation or notice from any Authority under applicable [specify country] law and local requirements which has, or could reasonably be expected to have, a Material Adverse Effect or any material impact on the implementation or operation of the Project";

Point 2

The Investee has obtained certified copies of all government or administrative approvals required for the Project, unless due to the status of the Project, they are not yet required to be obtained.”

Point 3

“Design, construct, operate, maintain and monitor all its projects in compliance with the Government of [specify country] and local requirements, as well as Fund’s ESG policy and investment standards;

Point 4

“Use all reasonable efforts to ensure the ESG performance of the Project is in compliance with the Fund’s ESG policy and investment standards”;

Point 5

“Implement the mitigation and management measures specified in the [ESGAP]”;

Point 6

“[Specify any particular conditions of disbursement addressing certain corrective actions recommended for any particular project]”;

Point 7

“The applicable representations and warranties to be made or repeated are true and correct in all material respects by reference to the facts and circumstances then existing.”;

Point 8

“Within 30 days after the end of each Financial Year, an Annual Monitoring Report must be submitted to EverSource Capital, consistent with the requirements of this Agreement confirming compliance with the Action Plan, the ESG covenants set forth in Section [], or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy any such deficiency”;

Point 9

“Within 48 hours after its occurrence, notify EverSource Capital of any governance, business ethics, social, labour, health and safety, security or environmental or incident, accident or circumstance having, or which could reasonably be expected to have, any material and/or negative reputational impact on the implementation or operation of the Project in compliance with Fund’s ESG Policy and investment standards or a Material Adverse Effect, specifying in

each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Investee company is taking or plans to take to address them and to prevent any future similar event; and keep the EverSource Capital Team informed of the on-going implementation of those measures”;

Point 10

“[Specify additional covenants – e.g., additional monitoring or reporting requirements, or provisions addressing certain corrective actions recommended for the project]”.

APPENDIX G: ANNUAL ESG REPORTING FORMAT FOR INVESTEE COMPANIES

Investee Company:
Project Name and Location:
Name of the Relationship Officer in the investee Company:
Brief Project Description:
Summary of Investment Context and Objectives:
Reporting period:
Number of Annual ESG Reports submitted by the Company (prior to the current):

Project Status

<input type="checkbox"/> Design <input type="checkbox"/> Construction <input type="checkbox"/> Expansion <input type="checkbox"/> Operation <input type="checkbox"/> Closure <input type="checkbox"/> Other (<i>specify</i>)
<ul style="list-style-type: none"> List any developments which have taken place in relation to the project over the reporting period. For example, has construction been started or completed, has new equipment been installed, or has production capacity increased? Describe any changes to management procedures instigated as a result of project changes or completion.

Significant Events and Issues

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- Mention details on any events¹ that may have caused damage; brought about injuries or fatalities or other health problems; attracted the attention of outside parties; affected project labour or adjacent populations; affected cultural property; or created liabilities for your company?
- If yes, please provide details of the event/issue or complete an incident report.

Liaison with External Parties

- Describe any reporting/monitoring requirements imposed by local regulatory authorities.
- Describe any ongoing public consultation and disclosure, liaison with non-governmental organizations (NGOs), civil society or public relations efforts (e.g. establishment of a web page)
- Describe any ongoing social or community development initiatives, programs or dialogue.

Management Capability

- Is there a corporate ESMS in place for the company?
- Has the company obtained or is it working towards an environmental/social or quality management system (e.g. to ISO 14001 or ISO 9000 or SA 8000)?
- If the answer to the above question is “No”, does the company has an environmental policy and/or a set of environmental/social or quality management objectives or programs in place?
- Have there been policies developed for Governance and business integrity related aspects? Add relevant details?
- Is there staff in the company with identified roles relating to ESG issues?
- Briefly describe new initiatives implemented during the reporting period or additional managerial efforts on E&S aspects (e.g. Energy/water savings, sustainability report, waste minimization, etc)

¹ Examples of significant incidents may include - Chemical and/or hydrocarbon materials spills, fire, explosion or unplanned releases, including during transportation; ecological damage/destruction; local population impact, complaint or protest; failure of emissions or effluent treatment; legal/administrative notice of violation; penalties, fines, or increase in pollution charges; negative media attention; chance cultural finds; labour unrest or disputes; local community concerns.

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ESGAP Completion Status

S. No	Corrective Action	Status	Budgeting	Key Remarks	Document Submitted

Note: The requirements mentioned in the section below may not be applicable to all investee companies. Hence, the points not applicable to any particular company may be written as not applicable.

RESOURCE AND ENERGY CONSUMPTION

Inputs	Unit	Total Consumption
Electricity Direct	kWh /annum	
Fuel		
Coal	T/annum	
Diesel	lit / annum	
Furnace Oil	lit / annum	
Natural Gas	Nm3/annum	
Water	m ³ /annum	

Environmental and Social Monitoring Data

The Environmental and Social Monitoring data is not required for all investee companies and hence will need to be referred to only as applicable. The following tables are a recommended format; if the data is available in another format, the same can be submitted to EverSource Capital accordingly, ensuring coverage of all relevant points. Name and location of all monitoring points must be provided along with the data in the units mentioned in the below sections.

Ambient Air Quality

Sample Frequency (e.g. quarterly)	Ambient Air Quality Parameter	World Bank Group/IFC Maximum Levels	Performance In WBG/IFC Units - Annual Average	India Regulatory Limits and units	India Country units -Annual average
Monitoring Location (please specify)					
	Particulate Matter (PM ₁₀)				
	Annual arithmetic mean	50 µg/m ³	µg/m ³		
	Maximum 24 hour average	70 µg/m ³	µg/m ³		
	(List other relevant parameters)	µg/m ³	µg/m ³		
Monitoring Location (please specify)					
	Particulate Matter (PM ₁₀)				
	Annual arithmetic mean	50 µg/m ³	µg/m ³		
	Maximum 24 hour average	70 µg/m ³	µg/m ³		
	(List other relevant parameters)	µg/m ³	µg/m ³		

Single Point Air Quality Monitoring

Individual samples and individual reports are required for all air emission discharge points (e.g. process stacks, power generation stacks, etc.). In some cases, estimates of these emissions through mass balance calculations will be acceptable. *Create sufficient sections in the table for each separate emission source by copying and pasting the sections.*

Sample Frequency (e.g. quarterly)	Required Laboratory Analysis for Collected Samples	World Bank Group/IFC Maximum Levels	Performance In WBG/IFC Units Annual Average	India Regulatory Limits and units	India Country units Annual Average
Monitoring Location (please specify)					
	Particulate matter (PM ₁₀)	mg/Nm ³	mg/Nm ³		
	(List other relevant parameters)	mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
Monitoring Location (please specify)					
	Particulate matter (PM ₁₀)	mg/Nm ³	mg/Nm ³		
	(List other relevant parameters)	mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		
		mg/Nm ³	mg/Nm ³		

Ambient Noise

Ambient noise monitoring must take place while the facility is operating. *Create sufficient sections in the table for each separate receptor by copying and pasting the sections.*

Sample Frequency (e.g. quarterly)	Ambient Noise Parameters	Performance in WBG/IFC units	Project Performance In WBG/IFC Units Average	Host Country Regulatory Limits and Units	Performance in Host Country Unit Average of Biannual Events
Monitoring Location (please specify)					
	Residential, institutional, educational receptors, Daytime (07:00-22:00 hours)	L _{eq} (hourly), 55 dB(A)	dB(A)		
	Residential, institutional, educational receptors, Night time (22:00-07:00 hours)	L _{eq} (hourly), 45 dB(A)	dB(A)		
	Industrial, commercial receptors Daytime (07:00-22:00 hours)	L _{eq} (hourly), 70 dB(A)	dB(A)		
	Industrial, commercial receptors, Night time (22:00-07:00 hours)	L _{eq} (hourly), 70 dB(A)	dB(A)		

Liquid Effluent Discharges

Individual samples and individual reports are required for each surface water discharge point (e.g. sanitary waste, process effluent, and contaminated storm water). *Create sufficient sections in the table for each separate emission point by copying and pasting the sections.*

- Please describe the water course(s) which the effluent is discharged into (e.g. river, municipal system, sea).
- If the effluent is treated prior to discharge from the site please describe the level of treatment provided.
- If the effluent is discharged into a municipal system please confirm the level of treatment provided and where the municipal system discharges to.

Sample Frequency (e.g. quarterly)	Required Laboratory Analysis for Collected Samples	WBG/IFC Maximum Levels	Performance in WBG/IFC units Annual average	Host Country Regulatory Limits and Units	Performance in Host Country Units
	pH	6-9			
	Biochemical oxygen demand (BOD ₅)	50 mg/L	mg/L		
	Chemical oxygen demand (COD)	250 mg/L	mg/L		
	Oil and grease	10 mg/L	mg/L		
	Total suspended solids (TSS)	50 mg/L	mg/L		
	Total coliform bacteria, Most Probable Number (MPN) or plate count (PC)	□ 400 /100 ml	/100 mls		
	Ambient temperature of receiving waters at edge of zone where mixing with effluent takes place (if not defined, 100 meters from discharge point).	□ 3°C (maximum increase is 3°C)	°C		
	Heavy Metals, Total	10 mg/L	mg/L		
	(list other parameters)	mg/L	mg/L		

Corrective Actions

If any of the World Bank Group or Indian guideline levels in any of the above tables are exceeded please explain the cause and, if appropriate, describe the planned corrective actions to prevent re-occurrence.

Parameter Exceeded	Cause of Exceedance	Corrective Action, Responsible Person/Entity, indicative cost and Completion Schedule

Hazardous Substances and wastes

Use of Hazardous Materials during reporting period:

Hazardous Substance/Chemical	Total Consumption During Reporting Period (kg)

Hazardous Wastes disposed of during reporting period:

Hazardous Waste	Quantities Disposed of (kg)

Data on Greenhouse gas emission (if applicable)

Total ton CO2 Emissions Generated annually by the Company:

Occupational Health and Safety

Incident statistics reporting for Company and Contractors

Occupational Health and Safety Incidents	Number of Incidents	Investment Name Occupational Health and Safety Incident Details ¹
Fatalities		1. Date(s) of fatality: 2. Cause of fatality: 3. Corrective or preventive measures to prevent reoccurrence:
Total Lost Time Accidents (including vehicular)²		1. Date(s) of lost time accidents: 2. Cause(s) of lost time accident(s): 3. Corrective or preventive measures to prevent reoccurrence:
Total number of lost workdays³ resulting from incidents.		1. Total lost workdays this reporting period: 2. Total lost workdays last reporting period:
Total man-hours worked (total hours worked by all employees) during the reporting period and Incidence calculation.		1. Total man-hours worked this reporting period: 2. Incidence = total lost workdays/total hours worked 3. Incidence this reporting period: 4. Incidence last reporting period: 5. Incidence next to last reporting period:
Training⁴		1. For each type of training, list the date and number of employees that attended during this reporting period.

¹ Provide additional sheets as needed.

² Inability to work for at least one full workday beyond the day on which the accident or illness occurred.

³ Lost workdays are the number of workdays (consecutive or not) beyond the date of injury or onset of illness that the employee was away from work or limited to restricted work activity because of an occupational injury or illness.

⁴ Personnel should be trained in environmental, health and safety matters including accident prevention, safe lifting practices, the use of Material Safety Data Sheets (MSDS), safe chemical handling practices, proper control and maintenance of equipment and facilities, emergency response, personal protective equipment (PEP), emergency response, etc.

Fire Safety Monitoring

Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies ¹	Corrective Actions and Schedule For Implementation ²
1. Fire Drills	Minimum: three (3)/year			
2. Inspection and certification of fire detection and suppression electrical and mechanical systems.	Minimum: one (1)/year			
3. Portable fire extinguisher inspection, refilling/recharging	Minimum: two (2) inspections/year			

If any of the in-country standards are exceeded please explain the cause and, if appropriate, describe the planned corrective actions

Labour and Working Conditions

A number of labour related compliances and working conditions have to be tracked in order to assess the performance of investee companies. Some of the general points are mentioned below but a sector specific coverage should be ensured for every project based on its type, scale and nature of operations.

1. Number of direct employees (on the Company's rolls) on last date of the financial year for which this report has been prepared?
2. Number of contract workers engaged on the Company's premises on the last day of the year.
3. Employee turnover/Attrition rate?

¹ Attach additional sheets as needed to fully describe observed deficiencies.

² Attach additional sheets as needed to fully describe corrective actions and implementation.

4. Please provide a brief summary of the number and nature of complaints processed through the employee grievance redress mechanism.
5. Has the Company carried out internal and/or third party audit of contractor/sub-contractor compliance with labour law (statutory provisions) across all of its project and O&M sites? Please provide a summary of key findings and key variances from host country labour laws/ statutory requirements including the corrective action implemented.
6. Has the Company carried out audit of labour camp facilities provided by the company's contractors/subcontractors? Please provide a summary of key findings and key variances from host country labour laws and good international industry practices (GIIP) and the corrective action implemented.
7. Additional points to be assessed can include:
 - Attrition Rate and Trends;
 - Region-wise Employee and Labour Disputes;
 - Labour Compliance;
 - Sub-contractor Work Orders;
 - Labour Camp Inspection Parameters;
 - Worker Compensation Claims;
 - Results of any Employee Satisfaction Survey.

Region/ Zone	Applicable Regulations	Number of Non- compliances	Related Labour Grievances	Total Monetary Impact	Grievances forwarded for Legal Redress

Land Procurement

Site/Facility	Land Procured	Number of Land Sellers	Average Rate/Acre	Additional Entitlements	Other Land Permits

Stakeholder Engagement

The assessment of stakeholder engagement should be done using the following indicative parameters.

- Public Consultation/Disclosure on Environmental and Social Risks around Sites;
- Grievance Redressal;
- Interactions with NGOs/Local Media
- Community Health & Safety Awareness Campaigns
- Local Employment and procurement Efforts.
- Gender responsiveness efforts

The following table can be used for tracking the Stakeholder engagement efforts quantitatively.

Region/ Zone	Type of Grievance	Number of Cases	% of Grievances Closed	Total Monetary Impact	Grievances forwarded for Legal Redressal

Community Development

Project Name	Project Description	Total Individuals Benefited	Total Budget/ Total Expenditures/ % of Total	Completion Date

UNDERTAKING

Undertaking from the investee company that

“We are aligned to the GGEF Fund’s ESG Policy and Investment standards the requirements are being complied with”.

“We hereby declare that all the information provided and referred to in this report is authentic and that we have not withheld any information pertaining to Environment, health, safety and social matters related to the project/company”.

Name and designation of the official:

Contact number:

Signature:

Date:

Add relevant documentation as and when relevant:

- Monitoring Reports;
- Accident/Investigation Reports for Significant Events;
- Stakeholder Engagement/Consultation Checklist and Minutes;
- Records/photographs/articles as supporting;
- Media articles etc.;
- ESGAP compliance report;
- Any other improvement points on ESG front which company may like to highlight;

APPENDIX H: ACCIDENT/ INCIDENT REPORTING FORMAT FOR INVESTEE COMPANIES

The Investee Company must report within 48 hours to the EverSource Team about occurrence of any serious incidents at the investee companies that result in loss of life, material effect on the environment or material breach of law. The Investment Team and the Head-ESG shall in turn inform the Board about accidents/ incidents reported by investee companies.

Sample format for reporting on a serious incident is provided below and should be shared with the portfolio companies too.

The Investee company must supply to the Investor within 14 days of the Serious Incident a report in the form set out below incorporating, in each case, details of (1) the nature of the incident and the on-site and off-site effects and (2) any action the Group Company proposes to take in order to remedy the effect of the Serious Incident. The Company must keep the Investor informed about the progress of any remedial action.

REPORT on ESG ISSUES/INCIDENT in [Name of Company]	
Date of report	
Company contact person	
Description of issue	<ol style="list-style-type: none"> 1. Date and time of incident. 2. Type of incident: environmental issue, fatality, alleged fraud or other. 3. Name of person/s involved/injured/deceased, if applicable 4. Narrative and contextual information. 5. Whether incident was work or non-work related. 6. Causes of incident. 7. Status of investigation. 8. Listing of parties involved in investigation (witnesses and staff, unions, police, other authorities and other parties. 9. Publicity
Follow-up by Company management	<ol style="list-style-type: none"> 1. Company view of incident – degree of severity, possible uncertainties or disputed facts to be investigated. 2. Status of investigation. 3. Reports produced (and outstanding, if any). 4. Immediate actions taken by company and other parties. 5. Further actions to prevent re-occurrence of incident. 6. Monitoring/reporting arrangements to follow up on efficacy of actions taken. 7. Results to date of actions taken.
Conclusion	Next steps: whether to close the case, or proceed investigations, how to do so, and the rationale for it.

A **Serious Incident** is one of the following which affects any employee, customer, supplier or other person who has dealings with, or is affected by the activities of, a Group Company [or a *Client*] or which occur on or nearby any site, plant, equipment or facility of any Group Company [or *Client*]:

- (a) an incident resulting in death or permanent injury to any person;
- (b) any other incident which has a material negative impact on the environment or the health, safety and security situation (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination); and
- (c) any incident of a social nature (including without limitation any violent labour unrest or dispute with local communities, accident/incident to local person due to company related activity), which has or is reasonably likely to have a material negative effect on the social and cultural context.

APPENDIX I: ESG INDICATORS FOR EXIT

This format can be used for assessing the current status of the ESG aspects at the time of exit, presenting the same for valuation related to ESG risks as well as can be used by the new management for sustained performance on ESG aspects.

S. No	Questions	Yes	No	Remark for Investment Exit Planning
1	Have all issues as identified in the initial ESGDD been resolved? Are there any residual risks/pending actions from the original ESGDD?			
2	Has there been continued improvement in ESG performance, in comparison to the baseline performance measured during the start of investment period of EverSource Capital?			
3	Have sufficient resources been allocated to manage ESG performance during the investment period?			
4	Is there any pending/unresolved major legal non-compliance on ESG requirements that can potentially impact the exit/buyer's decision?			
5	Has there been any change in the ESG risk profile of the investee company due to any new development/unplanned event?			
6	Is all documentation to demonstrate the ESG performance available with the company?			
7	Are all the best practices and major ESG performance improvements/achievements documented and available for review of buyer? For e.g. a) Cost savings and emission reductions achieved out of energy efficiency improvement projects implemented at the company. b) Literature to demonstrate that good ESG performance has improved the returns on the investment Note- This may include negative ESG performance trends (if any) during specific period and reasons for the same, including actions taken to rectify the causes.			
8	Is a competent ESG resource available with the company to answer/manager ESG related queries from the potential buyer? And to ensure that the ESG management is self-sustaining?			
9	Is the investee company's disclosure on ESG performance up to date? For e.g. Non-financial reporting applicable to the investee companies, annual publishing of Sustainability Reports/Corporate Sustainability Reports, Annual Reports covering aspects of E&S performance. Note- In case an IPO is the pursued exit route, sellers should be aware that listing regulations of stock exchanges increasingly include ESG disclosure requirements.			

Appendix J: ANNUAL ESG PERFORMANCE REPORTING TEMPLATE TO INVESTORS

GGEF collates ESG and development impact performance data for all its investments. This report format is our preferred reporting template and allows to provide information on the implementation of the Fund's Environmental and Social (E&S) and Governance and Business Integrity (G&BI) Management System¹ (Section 2) as well as wider development impacts including job creation and quality. We also report on the performance of investments (Section 3).

We welcome feedback on this template and will endeavour to work with our investors (LPs) to agree a joint reporting template wherever possible.

Section1:

Report Contributors

Information on E&S performance	<i>Please provide contact details (name, email and phone number) of individuals who provided information relating to E&S issues</i>
Information on BI/G performance	<i>Please provide contact details (name, email and phone number) of individuals who provided information relating to G&BI issues</i>
Jobs and business performance data	<i>Please provide contact details (name, email and phone number) of individuals who provided Jobs and business performance data</i>
Other inputs	<i>Please provide contact details (name, email and phone number) of any other individuals who have provided information to this report</i>

¹ Depending on the structure of the Fund, it may be that this represents a review of the Funds E&S Management System, or G&BI Processes which may be undertaken by different individuals within the Fund.

Section 2:

Performance of the Fund's ESMS/ Business Integrity and Governance Systems

Fund ESG policy / processes

Have there been any updates to the Fund's E&S and G&BI policies or process (ESGMS) since the last report?	<i>If yes, please highlight principal changes and provide updated document to LPs.</i>
Have you worked with any other DFI (e.g. IFC, DEG, FMO) with respect to developing your E&S and G&BI systems or processes in the past year?	<i>Please describe which DFI, when and whether an external third party consultant was involved How has this improved E&S and G&BI performance?</i>

Fund Capacity

<p>Please provide details of who is responsible for the implementation of E&S, G&BI policies within the Fund.</p> <p>If there are specific (additional) responsibilities associated with the management of these issues at the investments level describe these as necessary</p>	<p><i>Please include the name and contact details of respective staff including.</i></p> <ul style="list-style-type: none"> • <i>Individual with senior level oversight of E&S and BI/G:</i> • <i>Individual with operational level E&S and BI/G responsibility:</i> • <i>Role of deal officers with respect to E&S and G&BI.</i>
Please summarize specific training provided to Fund staff/ investee companies related to E&S and G&BI issues undertaken since the last report	<i>Please indicate how many individuals and broadly what type of training was delivered and by whom</i>

Section 3:

E&S, G&BI and Economic and Employment Data: Annual report for [investee Company]

Note - Please complete this form for each underlying investee company using a new sheet for each

Country/ Region ¹	Industry Sector	Rating of E&S AND G&BI risks ²		
		E&S		G&BI
Reporting period for data	Influence (equity stake % and listed / unlisted)	Board Seat (Yes/ No)		Action Plan included in legal or other documents (Yes/No)
Currency of financial data	Total assets (current year)	Sales revenue/turnover	Cost of goods sold (COGS)	EBITDA

¹ Country or countries of operation.

² High, medium, low – level of inherent risk (i.e. excluding quality of management).

Direct employee numbers (full time equivalents) ¹	Number of female employees (FTEs)	Number of youth employees (under 25 years old) (FTEs)	Total cost of employees (wages & other costs)	Taxes paid ²
Third party E&S consultant used for DD and/ or monitoring?	<i>Please provide name of firm and whether local or international firm</i>			
E&S and G&BI issues and opportunities identified at the time of investment	<i>Please provide details of highest priority action plan items if applicable. Please confirm if external consultant was used for DD.</i>			
E&S and G&BI improvements achieved	<i>Including action plan items achieved if relevant</i>			
Status / Further actions to be undertaken with timeframe	<i>Including action plan items outstanding/ delayed</i>			

¹ Number of full-time equivalent employees as per local definition working for the client company or project at the end of the reporting period. This includes directly hired individuals and individuals hired through third party agencies as long as those individuals provide on-site services related to the operations of the client company. Also, this includes full-time equivalent worked by seasonal, contractual and part time employees. For further guidance see: <http://www.ifc.org/wps/wcm/connect/d7d1128041773cdb9af3bb9e78015671/Harmonization+MOU.pdf?MOD=AJPERES>

² All transfers to the government made by client company over the reporting period. At a minimum, this includes payments to the government in the form of corporate income or profit taxes. Additional forms of transfer to be reported as appropriate include (i) GST/ sales taxes, (ii) net VAT, (iii) royalties, (iv) dividends and related taxes, (v) management and/or concession fees, (vi) license fees, (vii) tax on payment of interest, and (viii) other material payments net of any direct subsidies received.

Specific Improvements to company's E&S and G&BI management systems ¹	<i>Outline any improvements or changes that occurred this reporting period (whether or not they were promoted by the Fund)</i>
Have there been any serious E&S and G&BI incidents (environmental, fatality/ corruption) at the company since the last report?	<i>Please provide an overview of the incident and follow up actions by the GP and company. Cross refer to the incident report as appropriate.</i>
What channels do you use to monitor and influence E&S and G&BI in this investment	<i>For example, Board seat, regular company visits / meetings with management, reports, consultant monitoring and typical frequency.</i>
Amount Spent on Corporate Social Responsibility (CSR) and brief of the activities carried out	<i>Provide the total amount spent and outline of the CSR activities</i>
Total Number of Board Meetings held	<i>Provide the number of Board meeting held within the reporting period</i>
Number of legal notice received from any statutory authorities and reason thereof	<i>Provide details if any</i>

¹ Improvements might include formalisation (to be identified) of processes to manage ESG risks and opportunities, training courses attended and outcomes identified, revised performance indicators or improved communication lines to report ESG issues within the fund, appointment of independent directors

Appendix K: ROLES AND RESPONSIBILITIES OF ESGMS IMPLEMENTATION

The roles and responsibility for ESG Framework implementation are tentatively captured in the table below. The roles and responsibility will to be reviewed and revised (if need be) on a regular basis.

S. No.	Designation	Responsibility
1.	Investment Team Members	<ul style="list-style-type: none"> No further processing of investment, if it comes under exclusion list; Seeking ESG related information from potential investee; Preparation of Pre-investment note incorporating ESG issues any if identified; Sending detail documentation request checklist to client; Facilitating selection of expert for conducting external ESG due-diligence for projects, Issuance of purchase order (PO) with detailed scope of work, Review of third party due-diligence report; Preparation of summary of ESG findings for inclusion in Investment note to be placed before senior management; Preparation of Pre-investment and post investment ESG conditions for inclusion in relevant approvals; Preparation of draft investment agreement with relevant ESG clauses; Review of filled in monitoring report (half yearly/ annually) submitted by investee companies and record the gaps and informing them for any non-conformance observed for closure and follow up.
2.	Head-ESG	<ul style="list-style-type: none"> Support all above responsibility; Review of final ESG covenants to be included in the final investment agreement; Review of Pre-investment and post investment ESG conditions for inclusion in relevant approvals; Review of fulfilment of ESG investment conditions precedents prior to investment approval by Investment Committee; Oversee the implementation of the ESG framework as part of the investment activities for EverSource Capital; Facilitating E& S due diligence and review of reports; Communicating roles and responsibility, coordination and follow up; Preparation of ESG training calendar/ need identification matrix/ training evaluation in line with the ESG framework; To report any major environmental and social risks and/or issues to the senior management; and Taking feedback/suggestion from investment team for operational difficulties and make necessary amendments to ESG policy and framework; Review of structure, roles and responsibility; Submission of annual ESG performance report to Lenders; Monitor building of relevant ESG expertise and personnel at Portfolio companies Review and monitor relevant ESG policies implementation by ESG personnel at Portfolio companies
3.	Investment Committee	<ul style="list-style-type: none"> Investment approval; Approve ESG Covenants in the Investment agreement; Approve changes to ESG policy and framework;
4.	Board	<ul style="list-style-type: none"> Final investment approval Approval of GGEF's Policy and ESGMS and any changes

APPENDIX L: GRIEVANCE MANAGEMENT MECHANISM AT PORTFOLIO COMPANY and PROJECT LEVEL

All portfolio companies of GGEF are required to develop a grievance management mechanism to allow external stakeholders to submit concerns, queries, grievances and/or feedback in general or with respect to a specific project. The purpose of the grievance mechanism is to allow stakeholders the ability to give continuous input and/or to lodge concerns against some project/operations, and to allow for the resolution of grievances. GGEF perceives that such a mechanism if appropriately managed supports development of trust with stakeholders and is important for business continuity.

SCOPE:

The grievance management mechanism must be designed appropriate to a business in accordance with applicable legal requirements and aligned to IFC Performance Standard requirements. The mechanism will be applicable to all GGEF's portfolio companies and its projects/operations across GGEF's lifecycle (including design and development, construction, operations and exit). The scope of this document covers external stakeholders and a separate process exists for internal stakeholder covered under Human Resources.

Create stakeholder awareness on existing Grievance management mechanism	Grievance registered through different channels	Maintain grievance log and acknowledge receipt of the same to aggrieved party	Investigate and determine action for resolution	Aggrieved party is informed of outcomes of the investigation and any action being taken or reasons for not taking action	Assign Responsibility for action to be taken	Maintain log and records of all details such as investigations, communications, actions taken, any pending issues and further action
 	  	 	 	 	 	 

ROLES AND RESPONSIBILITIES

Corporate Level of Portfolio Company

At the Corporate level, grievances are required to be directly handled by the Operations Head/Legal Head. The Operations Head may then based on nature of the grievance, assign it to the concerned team for resolution of the grievance. A log of grievances shall be maintained by Operations team and consolidated by HR team.

Project Level of Portfolio Company

The Site Manager or Site Operations Manager shall be held responsible for handling grievances, supported by relevant support staff on ground/site. The Operations Head shall act as the grievance owner and monitor the process being followed for resolution. The operations Head may assign a grievance coordinating Panel/ person on ground who shall be responsible for effective implementation of Grievance Management Mechanism and for day to day coordination. Periodic meetings and reviews of the grievances registered/handled shall be conducted by the Panel or person responsible to update about the status.

(Details of responsibility to be captured for specific Portfolio and Project/Operation)

ABOUT THE PROCESS:

1. Stakeholder Awareness about existing Grievance Registering Mechanism

During meeting with local stakeholders / project affected persons, grievance registering mechanisms should be explained and discussed to ensure that the stakeholders agree that the selected methods are the most appropriate. The details of this discussion should be recorded and included in the stakeholder meeting summary.

In some cases, the public disclosure of the grievance management mechanism may not be through a physical meeting but may be through websites/display on transport modes/prominent locations etc. Though the mode may vary, the intent will remain the same to create awareness amongst stakeholders that a process for registering complaints/concerns/feedbacks is in place.

Every Portfolio company at the Corporate level will maintain a feedback/concern mail id on its website for contact/ registering any feedbacks/ grievances by external stakeholders. Mails to this id has to be responded and recorded. Responsibility shall be assigned accordingly for each portfolio company.

For each project/operation, at a minimum a “grievance / feedback register” should be physically available in an appropriate location (such as project site, each bus, bus depot, site office etc). In addition to the register, at least one additional method should be chosen and should be appropriate for the business context. Other methods may include:

- Telephone access
- website
- other as suitable

(Details to be captured for specific Portfolio and project/operation about the mechanism such as telephone number, website, grievance book for registering grievances and also about process for stakeholder awareness about the mechanism)

2. Grievance receipt and acknowledgment:

- Upon receipt of any grievance/concerns from external stakeholder, same is required to be submitted to the responsible person; Where relevant confidentiality will be maintained to the extent possible.
- In case, of any site/operation level grievances, the necessary format is required to be submitted to the site or project manager who in turn shall communicate the grievance to Operations Head. The grievances would be registered in a format which shall comprise of the following information at the minimum:
 - Date of grievance
 - Name and gender of Complainant
 - Name of village/Area (resident)/ Bus route/ details as applicable
 - Subject of the Issue
 - Details of the issue
 - Hearing officer
 - Present Status
 - Remarks (Open, Closed, and Pending Status)
 - Total time taken to close the grievance
- The HR head will have the accountability for receiving and maintaining all the grievances along with the reference number.
- The receipt of the grievance should be acknowledged to the complainant with reference number and estimated timeline for investigation.

3. Investigating and Addressal of grievances

- The Corporate level/site representative registering the grievance shall try to assess the legitimacy of the grievance and try to absolve the grievance at hand or immediately in case feasible;
- All grievances even if resolved at site level needs to be informed to the Operations Head and a database shall be maintained by the HR Department for all grievances received, their subject and status of closure;
- In case it is adjudged that the grievance addressal requires participation of additional company representatives, the Operations head will form a grievance redressal panel, and a meeting of the panel members would be convened at appropriate time

with or without the participation of the aggrieved person as deemed necessary by the panel. The grievance would be mutually discussed, and action agreed by panel members;

- The grievance panel shall comprise of but not limited to the Operations Head, HR head, site manager level and any independent member if relevant among others;
- The decision taken by Panel members would be forwarded to Managing Director (MD) for further approval;
- Once approval from MD is received, the decision would be communicated to the aggrieved accordingly;
- The panel shall resolve the grievance /complaint received before 90 days or as agreed in business agreement with authorities. In cases where additional time is required to resolve, the same may be noted in the grievance database (providing reason for delay) and practical/implementable timelines should be fixed.
- In case no decision is reached, the same shall also be communicated back to the aggrieved person. The aggrieved person/party may approach and may repeal with the company for a maximum of two (2) more times;
- In case the grievance is still not resolved, the aggrieved person is free to register the grievance with statutory authorities having necessary power and authority to resolve the grievance.

MONITORING THE PROCESS

Monitoring and reporting can be tools for measuring the effectiveness of the grievance management mechanism, and for determining broad trends and recurring problems so they can be resolved proactively before they become points of contention. Monitoring enables the company to capture any lessons learned in addressing grievances. Periodic review of internal and external grievances has to be carried out at the E&S Management committee meetings at each portfolio company level.

TRAINING AND COMPETENCY

Personnel with responsibility for grievance handling and management should have understanding on about functioning of the grievance management mechanism and ways to handle and resolve grievances. Those having the responsibility shall have detailed knowledge about the project, local area, interpersonal and supervisory skills and capacity to maintain harmonious relations with local authorities and communities.

All project/operations staff shall be trained on the grievance management mechanism and should know action to be taken in case of grievances/concerns from external stakeholders.

APPENDIX M: STAKEHOLDER ENGAGEMENT FRAMEWORK FOR PORTFOLIO COMPANIES

As per IFC Performance Standards 1¹, Stakeholder Engagement is the basis for building strong, constructive and responsive relationships that are essential for the successful management of a project's environmental and social impacts. Stakeholder engagement is an ongoing process that may involve, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism and ongoing reporting to Affected Communities. The nature, frequency, and level of effort of stakeholder engagement may vary considerably and will be commensurate with the project's risks and adverse impacts, and the project's phase of development.

A stakeholder is "a person, group, or organization that has a direct or indirect stake in a project/organization because it can affect or be affected by the Project/organization's actions, objectives, and policies". Stakeholders thus vary in terms of degree of interest, influence and control they have over the project. While those stakeholders who have a direct impact on or are directly impacted by the project are known as Primary Stakeholders, those who have an indirect impact or are indirectly impacted are known as Secondary Stakeholders.

SCOPE:

The stakeholder engagement process at each portfolio company level has to be designed appropriate to a business and guide stakeholder engagement across the lifecycle of any project/operations demonstrating commitments towards stakeholders while addressing IFC Performance standard requirements.

PRINCIPLES FOR STAKEHOLDER ENGAGEMENT:

The process of stakeholder engagement shall be undertaken with the following principles:

- **Transparency and Fairness:** The process of engagement shall be transparent, in harmony with the local culture and in the appropriate language. This would enable trust to be build amongst the stakeholders towards the project by allowing for a clearer understanding to be developed of the reasoning and motivation behind the activities and thus of the fairness of the process.
- **Congruence and Materiality:** The engagement activities undertaken should be aligned to the business objectives, priorities and the identified issues/ impacts/ risks associated with the project. As part of the planning, the engagement activities should

¹https://www.ifc.org/wps/wcm/connect/8804e6fb-bd51-4822-92cf-3dfd8221be28/PS1_English_2012.pdf?MOD=AJPERES&CVID=jiVQIfc

be prioritized on the basis of their significance to immediate and long-term interests of the business and/or the stakeholders.

- **Cultural Appropriateness and Inclusivity:** The engagement activities undertaken should be in cognizance of the cultural norms and practices of the stakeholder groups as well as the differences in social position of the various groups. To the extent possible, the engagement activities should be carried out within the existing institutions and processes of the stakeholders identified, while ensuring participation by all groups, especially the vulnerable groups such as women and economically weaker population. Furthermore, aspects such as individual sub-group cultures, access to knowledge and information across various sub-groups, language and socio-economic status of the stakeholder groups must be kept in mind while undertaking engagement activities.
- **Consultative and Collaborative:** Stakeholder engagement is a two-way process of communication between the project and the stakeholders. A collaborative engagement process allows for the ideal engagement activities to be identified in keeping with the individual group requirements, while balancing the competing needs and interests of all stakeholders. Such an engagement process also enables for trust to be built amongst stakeholder groups and assists towards ensuring sustainability of project activities and a 'social license to operate'. Collaboration is viewed as one of the critical differences between information disclosure and engagement with stakeholders.
- **Documenting and Disclosing:** The stakeholder engagement process evolves through the lifecycle of the project, which is informed by the experiences and learnings from engagement activities undertaken in previous stages. Engagement activities with the stakeholders should be documented and recorded, along with photographic evidence wherever possible. Also, as part of the engagement activities the project should disclose the summary of these activities and the key outcomes of the same to the external stakeholders identified, along with the key project information.

IMPLEMENTATION OF STAKEHOLDER ENGAGEMENT PROCESS

STAKEHOLDER MAPPING

As part of its stakeholder engagement process, all portfolio companies need to have a stakeholder Engagement plan (SEP) and the process starts with identification of the stakeholders and analysing them based on aspects of context, impact and influence on the project/operations. The plan must be tailored to the size of the project, as with all parts of the project implementation plan. A very elaborate stakeholder engagement plan is probably not necessary for all projects as long as the concept/intent is still present to address and manage even a single stakeholders concern.

Every portfolio company based on its business will map the typical stakeholder and then for every project, identify the area of influence and work out the specific analysis and add/remove as relevant. It is difficult to identify all potential stakeholders and anticipate their level of influence over project at the onset of any project. Therefore, stakeholder mapping/analysis of influence shall be reviewed and updated on a periodic basis.

TIMING

Stakeholder engagement should be start out in the planning stage itself to capture any stakeholder concerns and take it into consideration for project implementation. In greenfield projects, where an Environmental and Social Impact Assessment (ESIA) is being carried, the ESIA should identify the various stakeholders that are likely to be affected or influenced by or because of the project and engage them. Where in for projects, where ESIA is not required, the planning team based on nature of the project/business will carry out stakeholder mapping and engagement. For other projects in case of acquisitions, the stakeholder mapping can be done during the diligence stage and the process of engagement can be planned subsequently. The grievance mechanism of the projects/operations needs to be disclosed during stakeholder engagement.

The identification of stakeholders and their inclusion in the decision-making process is essential in the process of prioritizing, analysing and addressing issues; and in creating management systems and strategies to address the concerns/ expectations of the various stakeholders.

Stakeholder Groups	Primary stakeholders	Secondary stakeholders	Impact/ Influence of the Project on the Stakeholder Group	Impact/ Influence of the Stakeholder Group on the Project	Key Concerns/Expectations of Stakeholders
Community/Public/Passengers					
Institutional/local bodies					
Regulatory bodies					
Suppliers					
Operating partners/Contractors					

Any specific stakeholder considering gender responsiveness					
Others					
Others					

METHODS OF STAKEHOLDER ENGAGEMENT

The methods of communication can be either verbal or written, depending on the purpose of communication and the target stakeholder group. Some of the key methods of communication are as follows:

- **Meetings and Discussions:** The designated team of portfolio company shall have regular interface with their counterparts at the Site level project/Operations to review the current engagement with community public or relevant stakeholder.
- **Reports, Display boards/Notices:** Information disclosure is an important process of communication with the stakeholders and can be used accordingly and in appropriate language that is understood by the relevant stakeholders.

Based on this, a strategy for the engagement with each key stakeholder group shall be developed as part of any project/operation's Stakeholder Engagement Plan (SEP). This may cover at least the following:

Stakeholder Groups	Stage of consultation/engagement (Planning/Construction/Operations)	Aspects requiring engagement/communication/triggering community need based programs	Mode of Consultation/engagement	Responsibility within the Portfolio team for engagement	Monitoring responsibility	Reporting requirements
Community/Public						
Institutional/local bodies						
Regulatory bodies						
Suppliers						

Operating partners/ Contractors						
Others						
Others						

RESPONSIBILITIES

For ensuring the proper maintenance and functioning of the stakeholder engagement process, the portfolio company shall make use of internal resources from the corporate and project setups. The portfolio company shall identify specific project/operations personnel who are to manage the stakeholder engagement process. These personnel would be part of teams who have been involved with engaging the community or other stakeholders so far, such as Land, Operations/ Asset Management, EHS or any others as relevant. Portfolio company management shall allocate sufficient budgets to meet any expenses incurred for the stakeholder consultation meetings, disclosures requirements etc.

(Details of responsibility to be captured for specific Portfolio and Project/Operation as relevant)

MONITORING THE PROCESS

The monitoring of the SEP and the efficacy of its implementation for any project are required to be carried out as per formats devised or planned as per requirement of the project. The monitoring and reviewing schedule can either be developed as part of the impact assessment planning and planned out in commensuration with the developed management plan or developed standalone to meet or suffice the requirements of the project.

APPENDIX N: GGEF's GRIEVANCE MANAGEMENT MECHANISM AT FUND LEVEL

EverSource Capital, the Investment Manager to GGEF maintains a "Feedback" email address on the "Contact" page of its website. Emails received through this address are directed to the Firm's Head of Operations and Head of legal and Compliance. Any such mails are acknowledged with a system auto reply.

A grievance log is maintained by the Head of ESG, which includes:

- date of grievance
- name of aggrieved party and any affiliation/organization
- contact details of aggrieved party
- category of grievance (environmental, social, governance, others)
- whether the grievance is directed at Fund level or an investee (if investee, its name should be listed)
- summary of the issue
- whether the grievance is an appeal to an earlier grievance management outcome
- relevant parties to engage at Fund level and any applicable investee of GGEF
- recommended investigation of issue
- outcome of investigation and actions taken
- date of closure and information provided to aggrieved party

Once a feedback/concern/grievance is received at the fund level, the Head of Operations and Head of legal and Compliance analyses the issue and sees the legitimacy of it and accordingly assigns it to concerned person. If requested, emails submitted to the email address will be kept confidential.

The Head of ESG is responsible for monitoring that:

- Any grievance which is found to be legitimate, a response would be provided to the aggrieved party for information about next steps with a timeline or directly with the resolution.
- Discussions and effort is initiated at Fund level and/or investee level to evaluate the grievance and determine if any action should be taken to remedy it.
- Investigations into grievances can vary depending on the nature of the grievance, but best efforts are made to ensure that grievances are handled promptly. Most investigations should not last more than 90 days subject to promptness on the aggrieved party's response to any queries from the Fund's side.

- Aggrieved party is appropriately engaged if required either through writing, conference call and/ or meeting during investigation and any such engagement with an aggrieved party be noted in the grievance log.
- Aggrieved party is informed of outcomes of the investigation and any action being taken or reasons for not taking action.
- The investigation outcomes are recorded in the grievance log, including a summary of actions taken or rationale for not taking action and the date of response to the aggrieved party.
- The contents of the grievance log and its management are maintained with confidentiality of the aggrieved party where relevant, and there is no unfair practice like retaliation, threat or intimidation against aggrieved parties or whistle-blowers.

APPENDIX O: RESETTLEMENT POLICY FRAMEWORK

This Resettlement Policy Framework (RPF) provides guidance on the resettlement screening, assessment, institutional arrangements, and processes regarding land acquisition and involuntary resettlement to be complied with by Investee Companies and beneficiaries.

IFC Performance Standard 5 sets the standards for addressing and mitigating risks resulting from involuntary resettlement, including any case of involuntary land taking. “Involuntary resettlement” as used in this document shall refer to physical displacement (relocation or loss of shelter) and economic displacement, including loss of assets or restriction of access to assets that lead to loss of income, as directly or indirectly affected by project activities. Involuntary resettlement arises when persons or communities do not have the right to refuse or object land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation, or temporary or permanent restrictions on land use, and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller failed.

The majority (if not all) acquisition of the land for project activities is expected to use willing seller-willing buyer approach. The RPF provides guidance for the acquisition of land through willing seller willing buyer or mutual agreement as the preferable mode of acquisition.

Involuntary land acquisition is unlikely as the footprint of the infrastructure is flexible. While the investee companies will endeavor to avoid involuntary resettlement, there may be instances, where specific land is required. Should it be identified that specific land is necessary for Investee Companies or the options for land are limited because of constraints, and a negotiated settlement is not successful, the requirements of involuntary land acquisition under this Resettlement Policy Framework (RPF) will be implemented.

Involuntary resettlement will also be avoided as a priority. If it is unavoidable, the RPF will be applied. The RPF specifies the preparation of Land Acquisition and Resettlement Action Plan (LARAP) for involuntary land acquisition or resettlement. Involuntary resettlement includes land acquisition implemented under the eminent domain principle that could involve physical and economic displacement. In all other cases of any adverse economic, social, or environmental impacts from project activities other than for land acquisition, such impacts will be avoided, minimized, mitigated or compensated for through the process of social assessment as part of the environmental and social impact assessment. Investee companies will refer to the principles and requirements of this framework as well as those of IFC’s and GCF’s safeguard standard on land acquisition and involuntary resettlement.

The overall objectives of involuntary resettlement are the following:

- a) involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs;
- b) where it is not feasible to avoid resettlement, resettlement activities should be designed and executed as part of a sustainable development program, e.g., providing sufficient resources to enable the persons displaced by the project to share in project benefits. Persons displaced by the project should be meaningfully consulted and be given the opportunity to participate in the planning and implementation of resettlement programs; and
- c) displaced persons should receive assistance in their efforts to improve their livelihoods and living standards, or at least to restore them, in real terms, to pre-displacement levels, or to levels prevailing prior to the project commencement, whichever is higher.

Prior to implementation of land acquisition and resettlement activities, investee companies will ensure the following approaches and methodology of social assessment:

- a) Avoid involuntary resettlement and, if unavoidable, minimize its potential impacts;
- b) Assess the potential social and economic impacts of involuntary land acquisition and resettlement on PAP and their livelihoods;
- c) Identify affected persons and their respective entitlements;
- d) Set out the clear process of consultation with and participation of Project Affected People in the preparation and planning of involuntary land acquisition and resettlement, if any, as well as information dissemination to the Project Affected People;
- e) If applicable, develop and implement a Resettlement Action Plan or a Livelihood Restoration Plan aligned with the requirement of IFC PS5¹
- f) Compensate for lost assets at full replacement cost;
- g) Compensate informal/illegal land users for lost assets and provide assistance in relocating, if needed;
- h) Compensate and obtain legal access to expropriated land before starting construction;
- i) Provide information and prepare special assistance programs for vulnerable groups including the persons without any immovable property; and
- j) Provide and prepare plans for grievance redress and monitoring in line with the RPF.

Local laws and policies related to land acquisition

Investee companies will assess Indian laws and policies related to land acquisition. A comparison and gaps assessment between the Indian laws and policies and the GCF safeguards standards relevant to land acquisition and involuntary resettlement will identify any gaps in the policies and requirements and the gap filling measures that will be implemented at the projects. The comparison also identifies the most stringent measures and approaches that may be adopted by the projects.

¹ https://www.ifc.org/wps/wcm/connect/75de96d4-ed36-4bdb-8050-400be02bf2d9/PS5_English_2012.pdf?MOD=AJPERES&CVID=jqex59b

The comparison between Indian laws and policies and safeguards standards related to land acquisition will take into consideration requirements to be met in acquisition and resettlement, eligibility for compensation, valuation, treatment of displaced people without formal tenure to the land or properties, requirements for stakeholder consultation and grievance redress, among others.

Required information for the involuntary acquisition

As part of the project development, Investee Companies will provide information on land requirements including existing land ownership and land use. They will review the information and determine options and remedies if there are any circumstances that would impede conformance with the ESG Investment standards. The assessment or due diligence will include the following information and documentation:

- a) assessment of the temporary and permanent impacts of land acquisition or expropriation, and categories of persons/households affected, number of lands/plots affected, the percentage of land/plots affected in any landholding, land use before and after the acquisition, prior land use and number of owners;
- b) documentation of the socioeconomic situations of affected households to understand the adverse impacts on livelihoods of displaced persons and provide restoration measures to compensate for their income losses;
- c) valuation and compensation standards applied for temporary and permanent loss of land, loss of crops, loss of productive trees, loss of residence and businesses following the requirement for full replacement cost;
- d) provision for replacement land and description of resettlement areas, if relevant, and
- e) provision of stakeholder engagement, grievance redress and monitoring.

The matrix for identifying the applicable instrument for land acquisition and resettlement is as follows:

Trigger	Instrument
Voluntary land acquisition through a willing buyer-willing seller, or market transaction arrangement.	No instrument required List of landowners, size of land, minutes of consultations, sales agreements and invoices are documented.
Assets are affected by a sub-project, but not related to land acquisition or resettlement.	Determined in the environmental and social assessments and Incorporated in the ESMP of the subproject
When involuntary land acquisition for a sub-project affects less than 200 people, less than 10% of households' productive assets are affected and/or does not involve physical relocation.	An abbreviated Resettlement Action Plan (ARAP) and/or Livelihood Restoration Plan (LRP)
When involuntary land acquisition for a sub-project affects more than 200 people, affects more than 10% of households' productive assets and/or involves physical relocation.	A comprehensive RAP and/or Livelihood Restoration Plan

Projects requiring involuntary resettlement of third parties from public land, the Investee Companies shall develop a RAPs and/or LRP and submit to Investee companies for approval before implementation of land acquisition and resettlement. RAPs will include a

detailed description of resettlement planning and implementation. The scope and level of details of the RAP will vary with the magnitude and complexity of the land acquisition and compensation issues.

Negotiated Land Settlement / Voluntary Transaction

The negotiated land acquisition, or voluntary transaction, will be the preferred method for acquiring land. The locations of the projects and supporting infrastructure will be based on some negotiations as to which site is selected based on land-owners' willingness to sell or lease land. The investee companies will apply the principles for negotiated land acquisition / voluntary transaction to include:

- a) Meaningful consultations with project-affected people, including those without legal title to land and assets;
- b) The offer of a fair price for land and other assets at replacement cost. Deduction of income tax for the land transaction will be openly communicated with and agreed by the project affected people;
- c) Transparency in negotiation free of pressure and coercion with project-affected people to reduce risks of asymmetry of information and bargaining power of the parties. An independent external party will be engaged to document and validate the negotiation and settlement process. Verification (for example, notarized or witnessed statements) of the voluntary nature of land donations must be obtained from each person selling or leasing land.

For land acquisition using willing-seller and willing-buyer approach, Investee Companies will document the land acquisition preparation and implementation that will include, at least: list of affected landowners and size of land acquired, the procedure for determining the assets value, minutes of consultation and negotiation and amount/level of compensation offered to the affected landowners.

Eligibility criteria for affected persons and cut-off dates

For the purposes of this framework, eligibility for a project affected person is described below.

- a) any person or household adversely affected by the acquisition of assets or change in use of land due to exploration activities;
- b) any vulnerable and affected person including women, destitute, artisans, tribal communities, squatters,
- c) those with usufruct rights, poverty groups depending for livelihood upon the land to be acquired by the project; and
- d) any other person who may prove and establish his/her right as an affected person to the satisfaction of the Investee Companies.

The cut-off date for eligibility for compensation and/or resettlement assistance is the last day of the census/inventory of assets. The affected people / communities will be informed of the cut-off date through the responsible agencies, community elders and leaders.

Entitlement

The ESS safeguards of GCF requires compensation be paid at replacement value in addition to transitional assistance. Land is replaced with that of equal value and

amenities. Livelihood assets are replaced with those of equal value. Benefit sharing is assured through additional support mechanisms where possible. Project affected people will be entitled to value compensation, rehabilitation, and resettlement support as described in the entitlement matrix as follows:

Type of Loss	Category of Project Affected Person	Compensation Entitlements
Permanent agricultural land loss		
Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)		Full replacement cost and relocation allowance.
Tenant		Cash compensation for above ground assets and relocation allowance. Owner/tenant agreements apply
Encroachers/informal or unofficial land users		Cash compensation for above ground assets and relocation allowance
Permanent residential land loss		
Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)		Full replacement cost and relocation allowance
Tenant		Relocation allowance
Encroachers/informal or unofficial land users		Relocation allowance
Permanent commercial land loss		
Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)		Full replacement cost and relocation allowance and compensation for temporary income loss
Tenant Encroachers/informal or unofficial land users		Relocation allowance, compensation for temporary income loss
Temporary land loss		
Owner: Person / group with legal title/registration of land ownership (including customary and traditional rights under country's laws and policies)		Cash compensation for rent, or, plot rehabilitation equivalent to 1/10th of market land value.
Tenant Encroachers/informal or unofficial land users		Cash compensation lump sum equivalent to 1/10th of market land value shared between land users as per proportions.
Residential building loss		
Owner: Person / group with legal title/registration of ownership		Cash compensation for a residential building at replacement value based on market price free of depreciation/transaction costs and salvaged materials plus relocation allowance.

	Partial impacts will entail the compensation of the affected portion of the building plus repairs to return to at least pre-project standard.
Tenants / squatters in residential buildings who are identified in the census.	Relocation and severe impact allowance as below.
Commercial and non-residential	
Owner of commercial or non-residential buildings/assets with registration or who	Cash compensation for non-residential building and

Verification

Investee company will monitor and verify all land acquisition for compliance with the ESF and RPF through its own processes or through an independent agency. This process will audit the documentation and interview landowners and affected land / resource users to verify both the process and the outcomes. Any discrepancies or non-compliances will be brought to the attention of GGEF and will be recorded as a grievance for resolution through that process.

APPENDIX P: INDIGENOUS PEOPLES PLANNING FRAMEWORK

This indigenous peoples planning framework (IPPF) will be applied when indigenous peoples (IPs) are present in a project's area of influence as identified during the social and environmental screening process or subsequently during the ESIA. The Investee Companies are responsible for implementing the necessary actions to meet the requirements outlined by this framework.

There is no universally accepted definition of Indigenous Peoples. Indigenous Peoples may be referred to in different countries by such terms as indigenous ethnic minorities, aboriginals, hill tribes, minority nationalities, scheduled tribes, first nations, or tribal groups. IFC Performance Standard 7 defines Indigenous People as follows:

The term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

General requirements of the IPPF

Investee Companies will identify, through the social and environmental screening and ESIA, communities of indigenous peoples that may be present in the subproject's area of influence, as well as the nature and degree of the expected social impacts, impacts on physical cultural resources, environmental impacts as well as potential benefits to the Indigenous Peoples.

Investee Companies shall put all necessary measures to avoid adverse impacts to indigenous peoples. When avoidance is not feasible, the projects will minimize, mitigate or compensate for these impacts in a culturally appropriate manner. The proposed actions will be developed with the informed participation of affected Indigenous Peoples and included in a time-bound Indigenous Peoples Plan (IPP), or a broader community development plan, depending on the nature and scale of impacts. When the project is considered high impact due to other potential risk such as conflict around natural resources, the project should include measures to obtain free, prior and informed consent and an agreed process for maintaining such consent for the subproject before commencing the project.

Projects shall establish a continuing relationship with the affected indigenous peoples and communities as early as possible in the subproject planning and throughout the life of the sub-project. Specialists may be engaged to assist Investee Companies to design and implement an appropriate consultation approach. Projects with indigenous communities in the project area, the consultation process will ensure their free, prior, and informed consent (FPIC) and facilitate the communities' informed participation on matters that affect them, such as proposed impact mitigation measures, sharing of development benefits and opportunities, and implementation issues. The process of community engagement will need to be culturally appropriate and correspond with the potential risks

and impacts to the indigenous peoples. In particular, the process will include the following steps:

- a. Involve representatives or representative bodies of indigenous peoples such as councils, elders, etc.;
- b. ensuring that consultation will be inclusive of both women and men and of various age groups in a culturally appropriate manner;
- c. provide sufficient time for the collective decision-making process;
- d. facilitate the expression of views, concerns, and proposals in the language of their choice, without external manipulation, interference, or coercion, and without intimidation;
- e. ensure that the grievance mechanism established for the project is culturally appropriate and accessible for indigenous peoples communities; and
- f. ensure that the IPP and other plans and project documents are available to the affected indigenous peoples and communities in an appropriate form, manner and language.

The aim is to obtain and maintain free, prior and informed consent for the projects. This determination generally is based upon collective and evidenced expression of supportive views regarding subproject purposes, plans, and implementation arrangements. This determination does not require unanimity as support may exist even when there is internal disagreement within the community or when there is limited opposition to subproject purposes or proposed arrangements. The subproject level IPP will describe the basis of the determination as well as the consultation process undertaken.

Development Benefits

Through the FPIC process and informed participation of the affected IPs communities, projects shall identify opportunities for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of project impacts, aimed at improving their living standards and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend. The benefits and the agreed process for sharing benefits will be documented through the IPP and provided to the indigenous peoples and communities in a timely and equitable manner to assist in the deliberation and decision-making.

Indigenous Peoples Development Plan

Where indigenous peoples and communities are identified in the project area through the screening process, an IPP will be prepared by Investee Companies. The IPP will be informed by a social and economic assessment, as part of the ESIA, and the consultation processes. The Plan will set out the measures through which Investee Companies will ensure that (a) indigenous peoples affected by the projects receive or partake in culturally appropriate social and economic benefits; and (b) if potential adverse effects on indigenous peoples are identified, those adverse effects will be avoided, minimized, mitigated or compensated. The IPP will provide important inputs to the design and structure of projects.

Social Assessment

The social assessment will include the following elements, as may be relevant:

- a. description of the projects and potential issues or impacts to communities including indigenous peoples, indicating if there are subgroups such as indigenous peoples that may be affected differently;

- b. identification of relevant communities and other key stakeholders to be consulted;
- c. baseline information on the demographic, social, cultural, and economic characteristics of relevant communities;
- d. assessment of the potential adverse impacts and benefits likely to be associated with the project including views on such derived from consultations; and
- e. summary of preferences and concerns of communities relating to project objectives, access and cultural appropriateness of project benefits, mitigation of any adverse impacts, and project implementation arrangements.

Special Requirements

If indigenous peoples seem vulnerable to the project circumstances, appropriate requirements will be required such as those related to addressing impacts to traditional and customary lands, relocation of indigenous peoples, and cultural resources. When any of these special cases apply, qualified external experts may be engaged to assist in conducting the social assessment and ensuring their adequate inclusion in the IPP or community development plan.

(a) Impacts on traditional or customary

Indigenous peoples have association with their customary lands and the natural and cultural resources on the land. The use of the land, including seasonal or cyclical uses, by the indigenous peoples and communities for their livelihoods, or cultural, ceremonial, or spiritual purposes that define their identity and community, can be substantiated and need to be duly documented. If the project location is decided to be on traditional or customary land, and adverse impacts are expected on the livelihoods or cultural, ceremonial, or spiritual uses that define the identity and community of the indigenous peoples, Investee Companies shall ensure that the process of land acquisition is respectful of their use of the land. They will do this by taking the following measures:

- a) Investee Companies shall document efforts to avoid or at least minimize the proposed project footprint;
- b) Experts will be engaged to document land uses in collaboration with the affected indigenous peoples communities without prejudicing their land claim;
- c) Affected indigenous peoples communities are informed of their rights with respect to their land under national laws, particularly those recognizing customary rights or use;
- d) Projects may offer the affected indigenous peoples communities fair compensation and due process such as benefit-sharing mechanisms; and/or land-based and/or in-kind compensation in lieu of cash compensation where feasible; and
- e) Investee Companies enter into good faith negotiation with the affected indigenous peoples communities and document their informed participation and outcomes of consultations.

(b) Relocation of indigenous peoples

Investee Companies shall consider alternative subproject designs to avoid relocation of indigenous peoples from their communally held traditional or customary land. If such relocation is unavoidable, projects will not proceed, unless there has been good faith

negotiation with the affected indigenous peoples communities, and document evidence of free, prior and informed consent (FPIC) as an outcome from the negotiation and validated by the LFP and AFD. Any relocation of Indigenous Peoples will need to be consistent with the IFC and GCF standards on land acquisition and involuntary resettlement. The option for relocated indigenous peoples to return to their traditional or customary land, should the reason for their relocation cease to exist should remain throughout the project cycle.

(c) Cultural resources

Where a project proposes to use the cultural resources, knowledge, or practices of indigenous peoples for commercial purposes, projects shall document and inform the indigenous peoples and communities of: (i) their rights under national laws; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. Projects shall not proceed with such commercialization unless it: (i) enters into a good faith negotiation with the affected indigenous people communities; (ii) evidence the free, prior and informed consent as outcome from the negotiation and such consent to be validated by the Investee Compaies; and (iii) provides for fair and equitable sharing of benefits.