

**AFRICA FINANCE CORPORATION  
(AFC)**

**ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT MANUAL**

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## ABBREVIATIONS

AFC	Africa Finance Corporation
BO	Business Originator
BoD	Board of Directors
BRIC	Board Risk and Investment
CAESMR	Client Annual Environmental and Social Monitoring Report
CESAP	Committee Client Environmental and Social Action Plan
CRO	Chief Risk Officer
DFI	Development Finance Institution
EIM	Early Investment Memorandum
EHS	Environmental Health and Safety
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
ESRO	Environmental and Social Risk Officer
ESDD	Environmental and Social Due Diligence
E&S Manager	Environmental and Social Manager
ESMS	Environmental and Social Management System
E&S Policy	Environmental and Social Policy
E&SR Procedures	Environment and Social Review Procedures
ESRS	Environmental and Social Review Summary
EXCO	AFC Executive Committee
FIM	Final Investment Memorandum
IFC	International Finance Corporation (subsidiary of World Bank)
ILO	International Labour Organization
IM	Investment Memorandum
INVESTCO	Corporation's Sub Investment Committee
NGO	Non-Governmental Organization (e.g. Greenpeace)
OECD	Organization for Economic Cooperation and Development
Sub INVESTCO	Corporation's Sub Investment Committee

## **1. AFC ENVIRONMENTAL AND SOCIAL POLICY**

### **1.1 Introduction**

Africa Finance Corporation (AFC) is committed to identifying, managing and monitoring on an on-going basis environmental and social (E&S) risk<sup>1</sup> in all areas of its business activities.

In practice, this means adhering to international standards and best practice in the assessment and management of E&S risks, by incorporating standards developed by other International institutions into AFC's decision-making process.

AFC recognizes that the failure to identify and manage E&S risks can represent a serious threat to AFC's reputation and its business. Thus, adherence to the Corporation's E&S Risk Management Policy represents a fundamental objective for AFC, to minimize the risk of damage to the Corporation's business and reputational risk. Adherence also provides significant benefits to the Corporation, its clients and all stakeholders.

### **1.2 Applicable Standards and Scope**

AFC's E&S Risk Management Policy and System is based on the following best practice standards:

1. The Equator Principles;
2. International Finance Corporation Performance Standards;
3. World Bank Group's Environmental, Health, and Safety Guidelines;
4. African Development Bank Integrated Safeguards System;

By adhering to these standards AFC is committed to promoting E&S sustainability in its project financing and direct equity investments in infrastructural projects and project development financing.

### **1.3 Approach**

AFC's commitment to managing E&S risks implies the following:

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<sup>1</sup> This includes consideration of health, safety and security.

- When national standards in countries where AFC invests are below International standards, AFC will collaborate with its clients to attain International standards (or if appropriate Equator Principle standard over time).
- AFC will not invest in activities that are listed on the AFC Exclusion list.
- E&S Risk assessment is integrated into the entire Investment process, from pre-investment to exit.
- If appropriate, AFC will engage with stakeholders directly, but usually through representatives of companies in which we have invested.
- AFC's investments will have appropriate structures that provide appropriate oversight in the areas of audit, risk management and potential conflicts of interest. AFC has a zero tolerance to bribery and other improper payments to public officials in accordance to the U.S. Foreign Corrupt Practices Act, the Organization for Economic Cooperation and Development (OECD) Anti – Bribery Convention and similar laws in other countries.
- AFC will encourage entities in which AFC has invested to educate their supply chain in managing their E&S risks in accordance with global best practice.
- To ensure resources for managing E&S risks are used efficiently and effectively, investments are rated / categorised for E&S risks. The basis for categorisation into "A" High Risk, "B" Medium Risk and "C" Low Risk categories is dependent on the adverse impacts and whether these impacts are site specific, diverse or unprecedented.

#### **1.4 Implementation of the Policy**

AFC has developed an E&S Risk Manual that details how, who will implement and tools for implementing this policy. This Policy will be implemented by the E&S Risk Officer (ESRO) and Transaction Teams, under the guidance of AFC's E&S Manager (Chief Risk Officer).

#### **1.5 Capacity Building**

As part of our commitment to on-going assessment and management of E&S risks, AFC will provide periodic training on E&S risk management training to management and staff of the Corporation.

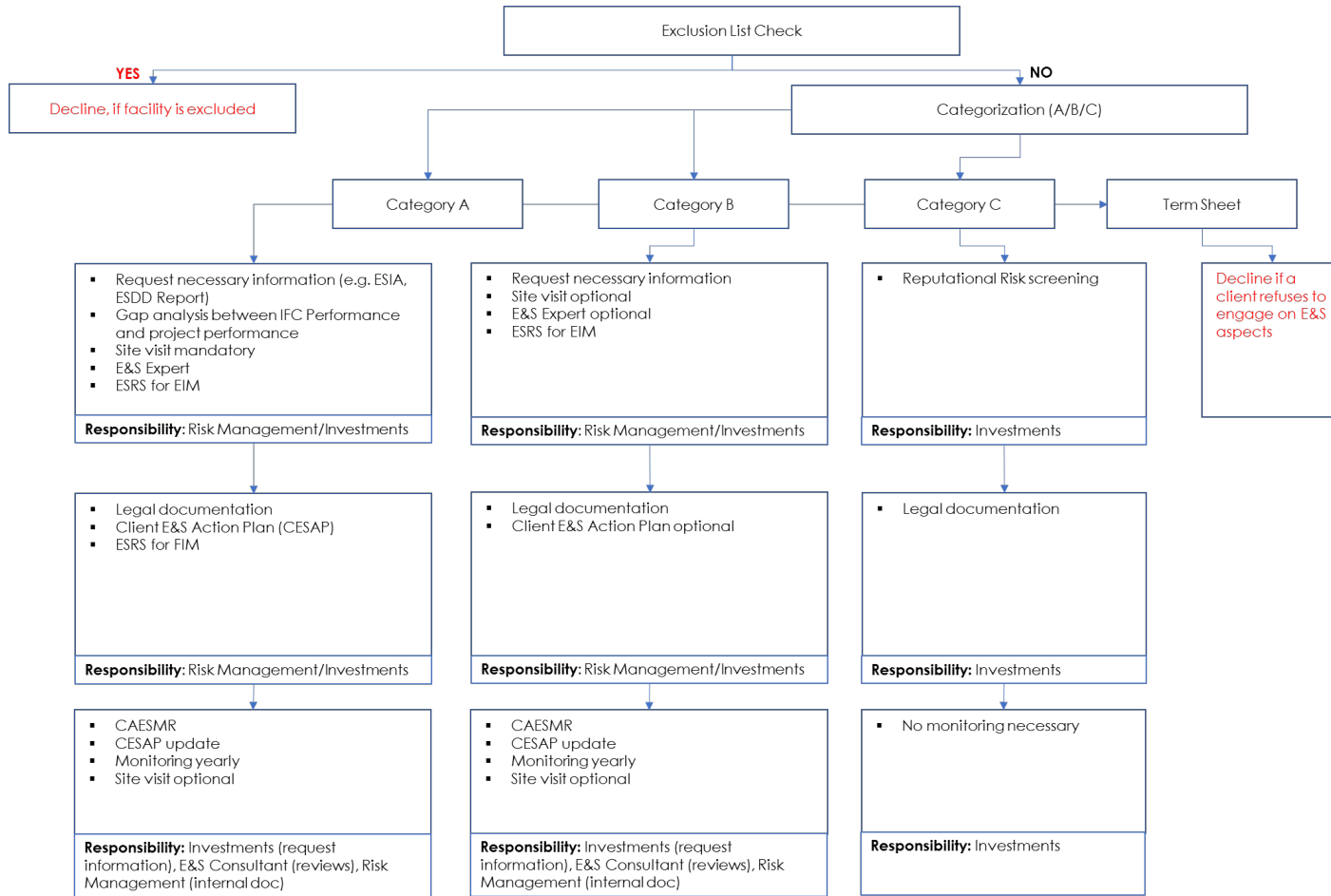
## **1.6 On-going Monitoring**

Beyond compliance at the point of investment, periodic investment monitoring reports include updates on E & S risks.

## **1.7 Policy Updates or Revision**

This Policy will be reviewed annually by AFC's Risk Management department, and then recommended to Executive Management Committee for endorsement approval and Board Risk and Investment Committee for approval.

## 2. E&S PROCESS FLOW CHART AND TOOLS



Investment Phases	Responsibility	Required Documents / Outputs
ID Memo	Investments Team (including Origination)	Exclusion list (Annex 1) AFC Toolkit Term sheet
Early Investment Memo (EIM)	Investments Team (including Origination) Risk Mngmnt Team	E&S DD Questionnaire (Annex 4) E&S Sector-specific DD Questionnaire (Annex 4a) ToR for Consultants (Annex 10)
Final Investment Memo (FIM)		E&S Review Summary Guidelines (Annex 5) Legal Clauses CESAP (Annex 6 and 7) plus Annex 2 and Annex 3
BRIC Memo	Investments Team (including Origination) E&S Consultant Risk Mngmnt Team	CAESMR (Annex 8) CESAP (Annex 6) Internal Client E&S Monitoring (Annex 8) KPIs (Annex 9A)



### 3. PROJECT ACQUISITION / IDENTIFICATION MEMORANDUM (“ID”)



#### 3.1 STEP 1 – EXCLUSION LIST

Initially, the Business Originator (“BO”) in charge of a transaction checks whether the project is on the **AFC Exclusion List** (please refer to **Annex 1**).

Projects on the AFC Exclusion List will not be financed.

#### 3.2 STEP 2 – INITIAL ANALYSIS AND EVALUATION – CATEGORIZATION

All projects within the scope of the ESMS (please refer to the Section 2.0 of this Manual) shall be categorized during the Early investment memorandum stage according to their potential E&S impacts. The purpose of project categorization is not only to signify its E&S relevance, but also to determine the procedures for the next steps in the E&S Procedures.

There are three risk categories - A, B, and C. The following table defines the categories and briefly summarizes the depth of E&S due diligence (“ESDD”) and E&S requirements. For a more detailed description of due diligence requirements by E&S category, please refer to **Annex 2**. For a list of examples of Category A projects, please refer to **Annex 3**.

	High Risk (Cat A)	Medium Risk (Cat B)	Low Risk (Cat C)
E&S Impact	Projects with significant adverse E&S impacts that are diverse, irrevocable, or unprecedented.  These impacts cannot be mitigated or remedied or can only be so at significant cost.	Projects with limited potential adverse E&S impacts that are site-specific and may be readily addressed through mitigation measures.	Projects with minimal or no adverse E&S risks or impacts.
	Examples of such projects can be found in <b>Annex 3</b> .		
E&S Due Diligence	E&S Impact Assessment or E&S audit by a qualified external consultant against IFC Performance Standards (gap analysis)	E&S compliance with applicable E&S local laws.  Potential site visit.  Assistance of E&S consultant optional	Compliance with applicable E&S local laws.  Reputational risk screening.
E&S Requirements	Compliance with applicable local E&S laws.  Compliance with applicable IFC Performance Standards and World Bank ("WB") Environmental, Health and Safety ("EHS") Guidelines.  Remedial measures to be included into the legal agreement in the form of a Client Environmental and Social Action Plan ("CESAP").	Compliance with applicable local E&S laws.  If necessary, remedial measures need to be included into a legal agreement in the form of CESAP.	Compliance with applicable local E&S laws.

The BO in charge of the planned transaction will collect all necessary data from the client to categorize it with the help of AFC’s Environmental and Social Categorization Toolkit 2.0. This spreadsheet identifies and scores the generic and endemic E&S risks in various industries and countries. Because the tool comes with a preloaded database, the scoring takes into consideration local regulation and (or absence of) enforcement.

Custody of the Environmental and Social Toolkit 2.0 remains with Risk Management. The Investment Teams are responsible for inputting the data into the preloaded data base, in order to arrive at the scorecard for the project or transaction.

### 3.3 SCREENSHOT OF THE CATEGORIZATION TOOL

Environmental & Social Overview		Risks, Management & Opportunities		
Investment:	CHEMCO	E&S Risk Category	High	
Investment stage	Pre analysis		11/14/2013	
Amount	\$30,000,000	E&S Management Score (most recent)	67%	
Country	South Africa			
Investment type	Expansion	E&S Opportunity Category	0	
Sector	Manufacturing			
Sub Sector	Manufacture of chemicals and chemical products			

Sector Risks & Country Issues Performance standards 2-8 (more info <a href="#">here</a> and links below)	Relevance of Performance Standard (1 = low, 5 = high)	Risk a	Risk b	Risk c
PS 2: Labor and Working Conditions ( <a href="#">click here</a> )	4	Working Conditions & OHS		
PS 3: Pollution Prevention and Abatement ( <a href="#">click here</a> )	5	Pollution Prevention & (hazardous) waste	Emergency Preparedness and Respons	Energy Efficiency/GHG Emissions

After the BO has categorized the project, it is the Environmental and Social Risk Officer (“ESRO”) who crosschecks the results (“four-eye principle”). The ESRO has the right to override the categorization proposed by the BO, if deemed necessary. The appropriate Category designation will also be reviewed by AFC’s Sub Investment Committee (“SUB-INVESTCO”) as part of its approval process.

The BO will also try to identify any obvious red flags (such as serious reputational risks) and quantify the scope and cost of conducting an ESDD. The BO will also obtain a signed authorization from the client's management authorizing the budget for E&S due diligence, environmental consultants or environmental impact assessment.

**3.4 STEP 3 – TERM SHEET**

In order to ensure that from the beginning clients are aware of the E&S requirements of AFC for high risk projects (**Category A**), the following standard clause must be added to the term sheet:

*“The client must comply with the IFC Performance Standards over time. Progress of implementation of the Performance Standards will be monitored throughout the AFC's engagement.”*

Category B and C projects do not trigger a particular clause in the term sheet.

**4. DUE DILIGENCE/EARLY INVESTMENT MEMORANDUM (“EIM”)**



The procedures to be followed after the risk categorization process strongly depend on the potential risks identified.

**4.1 Category C Projects**

For **Category C** projects no extensive ESDD is necessary. The BO will check the company's compliance with E&S laws and conduct a reputational risk screening.

**4.2 Category B Projects**

For **Category B** the ESRO is in charge of the ESDD, assisted by the respective BO. To assess the E&S impacts and risks, the E&S Due Diligence Questionnaire and the E&S sector-

specific Questionnaire (**Annex 4** and **Annex 4A**, when applicable) will be used.

If any red flags become apparent, further investigations may have to be initiated and external consultants' involvement may be necessary. If considered necessary by the ESRO or external consultant, a CESAP and mitigatory activities (please refer to **Annex 6** for a CESAP template) leading the client to eventual compliance with AFC's E&S requirements must be developed.

The ESDD for Category B projects therefore has to involve the following steps:

- Requiring the client to fill in AFC's E&S Due Diligence Questionnaire and the E&S sector-specific Questionnaire (**Annex 4** and **Annex 4A**, when applicable);
- Collecting and studying original Environmental and Social Impact Assessment ("ESIA") documents or other relevant documents (audit reports, etc.) if applicable;
- Carrying out internet research on potential risks / potential non-governmental organizations ("NGO") interest;
- Optionally - visit the site;
- Optionally - preparing a CESAP if the AFC's E&S requirements for Cat. B projects are not yet being met; and
- Optionally - assistance of an external expert.

Based on the ESDD, the ESRO will prepare an Environmental and Social Review Summary report ("ESRS"), containing a description of E&S risks and the various mitigation measures required to manage them. **Annex 5** contains a guide for the preparation of the ESRS. The ESRS is included in the Early Investment Memorandum ("EIM") that the BOs submit to AFC's SUB INVESTCO for approval.

### **4.3 Category A Projects**

For **Category A projects**, the ESRO is in charge of the ESDD, assisted by the respective BO. Assistance of an external expert is mandatory.

The most important element of the ESDD is to determine the gaps between the current E&S performance and the benchmark performance (IFC Performance Standards, and the AFC's E&S requirements). The gap analysis with regard to these requirements is considered crucial to ensure that the client is managing E&S risks in accordance with local or internationally recognized E&S risk management standards and laws (whichever is more stringent).

The gap analysis must be provided by a qualified external expert. It must lead to the formulation of a reasonable action plan (please refer to **Annex 9** for a template), which describes all the actions necessary to achieve AFC's E&S requirements in a given time frame after factoring in the criticality of the E&S risks.

The ESDD for Category A projects therefore has to involve the following steps:

- Requiring the client to fill in AFC's E&S Due Diligence Questionnaire (please refer to **Annex 4**);
- Handing over to the client the relevant, sector-specific Sector Guidelines<sup>2</sup>
- Requiring the client to prepare a gap analysis between client's performance and the performance defined in the IFC Performance Standards and IFC Sector Guidelines with the help of an external expert;
- Collecting and studying original ESIA documents or other relevant documents (audit reports, etc.);
- Carrying out an internet research on potential risks / potential NGO) interest;
- Site visit by an external E&S consultant; and
- Preparing a CESAP if the AFC's E&S requirements are not met (based on the gap analysis findings).

Based on the ESDD, the ESRO will prepare an ESRS report containing a description of E&S risks and the various mitigation measures required to manage them. **Annex 5** contains a guide for the preparation of the ESRS. The ESRS is included in the Early Investment Memorandum ("EIM") that the BOs submit to AFC's SUB INVESTCO for approval.

## 5. APPROVAL/FINAL INVESTMENT MEMORANDUM



### 5.1 Category C Projects

In this step, the decision makers are systematically informed about potential E&S risks. For Category C projects, the Final Investment Memorandum ("FIM") must have a standard clause indicating the expected E&S risks:

<sup>2</sup> <http://www.ifc.org/ifcext/sustainability.nsf/Content/EnvironmentalGuidelines>

*"The project has the Environmental and Social Category C. Related risks are considered to be low". "Reputational risks exist" (if applicable).*

The BO must ensure that this clause is inserted into the appraisal report.

## **5.2 Category B and A Projects**

For Category A and B projects:

The ESRO must add an updated ESRS to the FIM to be reviewed by the Investment Committee ("INVESTCO"). The summary primarily informs the decision makers about the clients' compliance with the local standards, the gap analysis to IFC Performance Standards, the associated risks and the company's management capabilities to cope with the risks.

When a FIM is submitted for INVESTCO (and EXCO's consideration), Risk Management will provide copies of the scorecard. It will be the responsibility of Risk Management to ensure that a copy of the scorecard will be attached to the FIM if approved by EXCO within Delegated Management Authority or sent to BRIC for approval.

## **6. LEGAL DOCUMENTATION**

Based on the recommendations set out in the project appraisal report, the BO shall ensure that the E&S requirements are appropriately covered in the loan agreement / contract document. This can take the form of:

- Necessary Terms and Conditions;
- Clauses to be incorporated in the Legal Contract;
- Conditions to be fulfilled prior to disbursements;
- Conditions to be fulfilled on best efforts basis; and
- Status reports to be submitted to AFC by the project proponent / sponsor and the time framework for such reports (status reports could be at various time intervals or at various milestones of the project).

### **6.1 Category C Projects**

For Category C projects, it is sufficient to require the client to comply with local E&S legislation and AFC's Exclusion List

### **6.2 Category B Projects**

For Category B projects, the requirements must encompass:

- Compliance with local E&S legislation;
- Compliance with AFC's Exclusion List;
- Preparation of a Client Annual E&S Monitoring Report ("CAESMR") in a pre-

- described format;
- Reporting ad hoc in case of relevant serious E&S events;
- Implementation of recommendations from ESIA or CESAP plan, if relevant; and
- Other relevant clauses where deemed necessary.

### 6.3 Category A Projects

For Category A projects, the BO and the ESRO have to suggest **relevant contract clauses** in close cooperation with the Legal department, based on a series of pre-formulated building block clauses (see under **Annex 7**). In line with AFC's E&S Policy the requirements must encompass:

- Compliance with local E&S legislation;
- Compliance with AFC's Exclusion List;
- Compliance with the IFC Performance Standards;
- Preparation of a Client Annual E&S Monitoring Report ("CAESMR") in a pre-described format;
- Reporting ad hoc in case of relevant serious E&S events;
- Implementation of recommendations from ESIA or CESAP plan, if relevant; and
- Other relevant clauses where deemed necessary.

## 7. MONITORING AND REPORTING/BRIC MEMORANDUM



Management will receive a copy of this annual review for independent scrutiny and review purposes and reports any concerns to the appropriate approving authority.

### 7.1 Category C Projects

For **Category C** projects no monitoring and reporting is necessary.



## 7.2 Category B Projects

For **Category B** projects the client must provide CAESMR on a yearly basis and, if applicable, prepare an update on the CESAP and specific E&S requirements that have been agreed upon (please refer to **Annex 6** and **8**). Whenever applicable, the ESRO shall also record project specific performance by using a set of project performance indicators. Sample of the indicators to be monitored are found in **Annex 9A**.

## 7.3 Category A Projects

For **Category A** projects,

- 1) The ESRO must **monitor the E&S performance** of Category A projects annually and visit the site occasionally on a risk-based basis..
- 2) The client company must report annually in a form of CAESMR and CESAP (please refer to **Annex 6** and **8** applicable). The BO is expected to request this information from the client on an annual basis.
- 3) An E&S Consultant will prepare an internal annual reporting review per client (please refer to **Annex 9**). Whenever applicable, the E&S Consultants shall also record project performance by using a set of project specific performance indicators. Sample of the indicators to be monitored are found in **Annex 9A**.

The ESRO shall report to the Environmental and Social Manager ("E&S Manager"), on any kind of non-compliance / non-fulfillment. The E&S Manager shall take appropriate remedial action on a case-by-case basis. Depending on the seriousness of the violations, s/he shall report the same to BRIC and agree on the corrective actions.

## 7.4 Image/Picture Protocol for Project Monitoring Visits

Annex 12 contains a protocol or guidance for taking E&S-related images during monitoring visits.

## 8. ROLES/RESPONSIBILITIES

The Board of Directors ("BoD"), acting through BRIC, is responsible for the approval, review and supervision of AFC's E&S Policy.

AFC's EXCO is responsible for ensuring compliance with the Policy by AFC's business units, under the supervision of BRIC.

## **8.1 Risk Management**

The Chief Risk Officer (“CRO”) is also the E&S Manager; s/he is responsible for the corporation’s adherence to AFC’s E&S Policy. The E&S Manager bears the overall responsibility for the ESMS. In particular the E&S Manager is in charge of:

- Planning for the implementation of the ESMS;
- Implementation of the ESMS;
- Developing the monitoring / reviewing mechanisms
- Assuring regular training;
- Generating routine / adhoc reports to the senior management, BRIC and other external stakeholders / organizations as and when required;
- Reviewing and improving the system as and when required;
- Liaising with the General Counsel to ensure that E&S representations, warranties and conventions are incorporated in investment documentations; and
- Ensuring that matters relating to the corporation’s adherence to this policy are accurately reflected in the annual report.

For the efficient implementation of this policy, the E&S Manager may delegate responsibility to AFC personnel designated as ESRO or specialist E&S consultants.

## **8.2 Environmental and Social Risk Officer**

The ESRO is in charge of the day-to-day business with regard to the ESMS. In particular and in line with procedures, s/he validates the E&S categorization of each eligible project, and carries out the ESDD for high risk projects. S/He ensures that for each investment the EIM and FIM contain the information as required by procedures. The ESRO prepares an Annual E&S report giving an overview of the portfolio (per risk categories) as well as a brief summary of all new Category A projects. S/He directly reports to the E&S Manager and is responsible for filing the relevant documentation.

## **8.3 Business Originators**

In preparing an IM for a project, the BOs will indicate whether an ESDD of projects is required, what information is required to carry out the Assessment in accordance with the framework above, and finally the proposed Category (A,B or C). BOs also have the responsibility to obtain the information that is necessary for Risk Management to carry out the ESDD.

## **8.4 Internal Audit**

Internal Audit is responsible for ensuring that AFC adheres to its own E&S Policy. It does so by arranging for, and supervising independent consultants to carry out periodic transaction sample inspections, in order to ensure compliance. The modalities for arranging and supervising independent consultants to carry out periodic transaction sample inspections will feature in its annual Audit Plan.

## **8.5 External E&S Consultants**

External E&S Consultants are hired in case AFC intends to finance projects with high E&S risks and impacts (Category A projects) and the information provided by the client is not sufficient to determine to which degree the client is complying with the AFC's E&S requirements (to be decided on a case-by-case basis). For a sample Terms of Reference for the involvement of E&S consultants, please refer to **Annex 10**. A list of approved E&S Consultants is provided in **Annex 11**.

## 9. AUDIT CONSIDERATIONS

The issues to consider while auditing the compliance with the AFC E&S Policy:

- E & S Flow chart (please see section: E & S Flow chart and tools) provides a roadmap of issues/processes that would be of interest to Internal Audit during the annual risk management audit.
- Below are a list of E&S items for review by Internal Audit:
  1. **Environmental and Social Policy:** Existence; Approvals, including Board; Annual Reviews and Recommended Changes.
  2. **Investment Screening and correct Categorization:** Compliance with Exclusion list; determination of a correct risk category by using a categorization tool and the risk-adequate (Cat A, B, or C) scope of due diligence performed.
  3. **Environmental and Social Due Diligence:** Whether this is commensurate with the risk category (A, B, or C); the depth of the assessment; site visits for all Category A projects; and if necessary (Category A projects), engaging an external expert compliance with country's environmental and social regulatory framework; compliance with IFC Standards if applicable; compliance with ILO Core Labour Standards, environmental and occupational health and safety areas of concern; historical/potential impact including contamination of soils, surface and ground water and structures.
  4. **Corrective Action Plan:** Mitigation measures which have been determined to be necessary in the light of the due diligence or monitoring of the investee company's performance; prioritization; compliance with specified timeframe; cost of implementing the corrective actions.
  5. **Environmental and Social Covenants:** Clauses in legal agreements, incorporated based on the corrective action plan.
  6. **Monitoring Environmental and Social Performance:** Investee company's compliance with its environmental and social requirements; including periodic site visits.
  7. **Record Keeping:** On Environmental and Social Issues associated with each investment.
  8. **Staffing for E&S and Skills and Competencies in Environmental and Social Areas:** Specific roles and responsibilities.
  9. **Training of Staff, especially in Investments, Origination & Coverage, Legal and Risk**
  10. **Management on ESMS.**
  11. **Reporting of results to Management and the Board**

The extent of the E & S audit for an investment is mainly driven by the E & S categorization of the project.

## **10. DISCLAIMER**

AFC views this policy as a financial industry benchmark for developing individual, internal E&S policies, procedures and practices. As with all internal policies, this does not create any rights in, or liability to, any person, public or private. AFC is adopting and implementing this policy voluntarily and independently, without reliance on or recourse to other supranational financial institutions.

## **ANNEX 1. AFC EXCLUSION LIST**

The AFC Exclusion List defines the type of projects that AFC does not finance.

AFC does not finance the following projects:

- 1) Production, use or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase outs or bans such as pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances, polychlorinated biphenyls (PCBs), and other hazardous substances, as well as wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) or subject to United Nations and African Union bans.
- 2) Production or trade in weapons and munitions.
- 3) Production or trade in narcotics.
- 4) Production or trade in alcoholic beverages (excluding beer and wine)
- 5) Pornography or Prostitution
- 6) Tobacco products with the exception of wholesale tobacco export financing in instances where the proceeds from tobacco exports represent a significant portion of an African country's foreign exchange earnings, and the total export financing amount does not exceed 10% of AFC's total loan portfolio.
- 7) Uranium mining or production with the exception of exporters or suppliers of uranium products for medical purposes.
- 8) Projects which substantially involve casinos or which carry out gambling and equivalent enterprises.
- 9) Production, use or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where AFC considers the radioactive source to be trivial and/or adequately shielded.
- 10) Production, use or trade in unbounded asbestos fibres. This does not apply to the purchase and use of bonded asbestos sheeting where the asbestos content is less than 20%.
- 11) Racist and Anti Democratic Media
12. Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length
- 13) Cross border trade in waste and waste products unless compliant with the Basel

Convention and the underlying regulations.

14) Commercial logging operations for use in primary tropical moist forest.

15) Product or trade in wood or other forestry products other than from sustainably managed forests.

16) Production or activities involving the use of harmful or exploitative forms of forced labour extracted under threat of force or penalty.

17) Production or activities involving the use of harmful child labour (which means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral or social development.

18) Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without the full documented consent of such peoples.

19) Destruction<sup>3</sup> of High Conservation Value areas<sup>4</sup>

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<sup>3</sup> 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

<sup>4</sup> 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>)

## ANNEX 2: DUE DILIGENCE REQUIREMENTS BY E&S CATEGORIZATION

	<b>Category A project (High risk)</b>	<b>Category B project (High/medium risk)</b>	<b>Category C project (Low risk)</b>
<b>Level of E&amp;S risk &amp; impact assessment required for due diligence</b>	<p>Comprehensive ESIA or Audit<sup>5</sup> prepared by a qualified consultant and in accordance with international good practice and national legislation; including required levels of stakeholder consultation.</p> <p>Assessment/audit to include an assessment of company's E&amp;S management systems, commitment, capacity and track record and review of information in the public domain to check for any controversy associated with company's activities.</p> <p>Verification of client information and assessment by qualified expert.</p> <p>Site visit by E&amp;S consultant and AFC representative (ESRO, E&amp;S Manager, and/or BO).</p>	<p>Assessment of key high-risk E&amp;S issues, identified by AFC or a qualified consultant.</p> <p>Stakeholder consultation to be undertaken if required.</p> <p>E&amp;S Questionnaire.</p> <p>Site visit by external expert optional, site visit by AFC representative (ESRO, E&amp;S consultant, E&amp;S Manager, and/or BO) optional</p>	<p>Cross check and verification by AFC that categorization is correct; that there are no significant E&amp;S risks and that company complies with E&amp;S national laws.</p>
<b>Reference Standards for E&amp;S assessment /audit</b>	<p>National law</p> <p>ILO's Core Labour Standards</p>	<p>National law</p> <p>ILO's Core Labour Standards</p>	<p>National law</p> <p>ILO's Core Labour Standards</p>

<sup>5</sup> ESIA's are generally prepared for new developments whereas an audit would be undertaken on an existing operation looking at both compliance and effectiveness of management systems. In some situations a combination of both assessments would be required.



	<b>Category A project (High risk)</b>	<b>Category B project (High/medium risk)</b>	<b>Category C project (Low risk)</b>
	<p>ILO Basic Terms and Conditions of Employment</p> <p>IFC Performance Standards, general and any specific WB EHS Guidelines</p>	<p>ILO Basic Terms and Conditions of Employment</p>	<p>ILO Basic Terms and Conditions of Employment National law</p>
<b>Minimum Requirements</b>	<p>Compliance with national laws</p> <p>Compliance with applicable IFC Performance Standards and EHS guidelines</p> <p>Compliance with Core Labour Standards</p> <p>Compliance with ILO Basic Terms and Conditions of Employment</p> <p>Comprehensive action plan detailing measures to address identified risks and impacts and close performance/compliance gaps (CESAP)</p> <p>Yearly performance monitoring and reporting (CAESR)</p>	<p>Compliance with national laws</p> <p>Compliance with Core Labour Standards</p> <p>Compliance with ILO Basic Terms and Conditions of Employment</p> <p>Optional: Comprehensive action plan detailing measures to address identified risks and impacts and close the gaps (CESAP)</p> <p>Yearly performance monitoring and reporting (CAESR)</p>	<p>Compliance with national law</p> <p>Compliance with Core Labour Standards</p> <p>Compliance with ILO Basic Terms and Conditions of Employment</p>

<b>Output of due diligence activity</b>	ESIA and/or audit report by a qualified expert.	Potentially, ESIA and/or audit report by a qualified expert.  ESRS document	
	Category A project (High risk)	Category B project (High/medium risk)	Category C project (Low risk)
	CESAP of prioritized actions	Potentially, CESAP of prioritized actions	
<b>Monitoring &amp; reporting requirements</b>	<p>Regular reporting (at least once a year and ad hoc in case of special incidents) on E&amp;S mitigation and management performance (CAESR and CESAP)</p> <p>Verification of performance monitoring data reported by independent party advisable.</p> <p>E&amp;S performance audits recommended.</p>	<p>Regular reporting (at least once a year and ad hoc in case of special incidents) on E&amp;S mitigation and management performance (CAESR and potentially CESAP)</p> <p>Auditing of specific risks identified recommended.</p>	Report on any changes to the business activities that may change the E&S risk profile.

### **ANNEX 3: CATEGORY A (HIGH RISK) PROJECT EXAMPLES**

1. On and off-shore Oil & Gas developments and crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. Extraction of petroleum and natural gas for commercial purposes (including activities incidental to oil and gas extraction, excluding surveying).
3. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
4. Extraction, agglomeration and processing of peat, coal and lignite, metal ores, chemical and fertilizer minerals.
5. Production of salt.
6. Quarries and open cast mining operations.
7. Thermal power stations and other combustion installations with a heat output of 300 megawatts usually equivalent to a gross electrical output of 140 MWe for steam and single cycle gas turbines power stations. For combined cycle gas turbines (CCGT) the limit 300 MWth is interpreted as 200 MWe.
8. Integrated works for the initial smelting of cast-iron and steel; installations for the production of nonferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
9. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous-, nitrogen- or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and of biocides; basic pharmaceutical products using a chemical or biological process; explosives.
10. Construction of motorways, express roads and lines for long-distance railway traffic and of airports with a basic runway length of 2,100 metres or more; construction of a new road of four or more lanes, or realignment and/or widening of an existing road so as to provide four or more lanes, where such new road, or realigned and/or widened section of road would be 10 km or more in a continuous length.
11. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
12. Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1,350 tonnes.
13. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
14. Municipal waste water treatment plants with a capacity exceeding 150,000 population equivalent.
15. Municipal solid waste-processing and disposal facilities.

16. Large<sup>6</sup> dams and other impoundments designed for the holding back or permanent storage of water.
17. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
18. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
19. Large-scale logging.
20. Large-scale tourism and retail development.
21. Construction of overhead electrical power lines.
22. Large-scale land reclamation.
23. Activities involving the release of genetically modified organisms (GMOs) into the natural environment, and trade in GMOs to be released into the environment.
24. Large-scale primary agriculture / silviculture involving intensification or conversion of natural habitats.
25. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
26. Installations for the intensive rearing of poultry or pigs with more than: 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
27. Projects which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in the above list. Such sensitive locations include protected areas under national law or international conventions, sites of scientific interest, habitats of rare or endangered species, locations of international, national or regional importance, such as wetlands, forests with high ecological or biodiversity value, ...
28. Projects with significant impacts on economic and social basis of local communities.
29. Projects affecting indigenous or tribal populations (including lands directly inhabited or occupied or lands and watercourses used for subsistence activities such as livestock grazing, hunting and fishing).
30. Projects which may adversely affect areas of archaeological or cultural significance.
31. Projects with physical or economic resettlement components.
32. Projects with adverse impacts on communities (e.g. impacts on social and economic infrastructure, community health & safety, vulnerable groups or projects with high influx of immigrant workers and "rent seekers", extended traffic or construction activities) especially greenfield projects or large expansions.
33. Projects which involve large retrenchment (more than 20 per cent of the present workforce or >50 workers and,
34. Projects which impose serious occupational or health risks.

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<sup>6</sup> As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m<sup>3</sup> are also classified as large dams.

## ANNEX 4: E&S DUE DILIGENCE QUESTIONNAIRE

### Environmental and Social Screening Questionnaire

#### 1. Company Information

Company Name	
Company Address	
Company/Project Activities	

#### 2. Surrounding Environmental Characteristics

Are there any significant cultural heritage, geological, historical or religious interests in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any water bodies including delta, rivers and lakes in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any residential areas, including villages in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any agricultural areas in or around the Project/Company location?	
If yes, where?	Location in/Vicinity of:
Are there any critical habitats, forests, savannahs, mangrove swamps in or around the Project/Company location?	

#### 3. Risks posed by Project/Company Operations on Immediate Community

Is the Project/Company exposed to any of the following E&S risks? Indicate Y or N:

	Danger of fire or explosion and/or transport of hazardous goods		Construction activities
	Increase of communicable diseases (e.g. HIV/AIDS)		Resettlement and/or land acquisition

	Flooding (e.g. from water reservoirs/dams)		Marked increase of traffic with heavy load vehicles
	Influx of migrant/temporary workers		Overland lines (more than 200kV)
	Armed security forces		Pollution
	Limiting access to basic necessities (e.g. access to water bodies, communal land)		

**4. Procurement and Supply Chain**

Which of the following does the Project/Company's supply chain comprise of?

	Dependent micro enterprises		Home workers / informal sector
	Mines / Extractive industries		Wood from natural forests and/or plantations
	None of the above		

**5. Employment and Job Creation**

Total staff strength of Project/Company	
No. of permanent male staff	
No. of permanent female staff	
No. of temporary male staff	
No. of temporary female staff	
No. of temporary migrant workers (male)	
No. of temporary migrant workers (female)	
If the client provides migrant workers with dormitories, how much is the rent charged?	
Do workers have separate beds?	
Is "hot bedding" practiced?	
What is the maximum number of workers in a room?	
What is the maximum number of workers that share a toilet?	

In the construction phase of this project (if applicable), how many jobs will be created? Fill the table below:

Project/Company (Male)	Jobs		Project/Company (Female)	Jobs	
Contractor Jobs (Male)			Contractor Jobs (Female)		
Supply Chain Jobs (Male)			Supply Chain Jobs (Female)		
<b>Total Male</b>			<b>Total Female</b>		
Length of construction period					

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

In the table below, list which valid permits or reports are available, missing or pending for Project/Company operations:

(add more rows if necessary)

Permit	Available	Not available	Pending
1.			
2.			
3.			
4.			
5.			

Does the Project/Company comply with all relevant national and international environmental and social laws?	
How does the Project/Company currently manage environmental and social risk?	
Have there been any incidents and/or occupational accidents that caused fatalities, incidents involving evacuation, compensation claims, serious injuries, illness, fires, explosions, sudden release of hazardous substances, pollution event or major damage within	

the Project/Company location or in the vicinity of the location during the last five years?	
Is there a risk of incidents and/or occupational accidents that can cause fatalities, incidents involving evacuation, compensation claims, serious injuries, illness, fires, explosions, sudden release of hazardous substances, pollution event or major damage within the Project/Company location or in the vicinity of the location?	
Are there any legal claims pending?	
Has the Project/Company conducted an Environmental and Social Impact Assessment (ESIA)?	
Was the ESIA conducted according to applicable local law?	
Was the ESIA conducted according to IFC Performance Standards?	
If yes, was the ESIA conducted by an independent consultant?	
Does the Project/Company have an environmental and social impact action plan?	
Does any international Development Finance Institution (DFI) have board approval to participate in this project?	
If yes, which one(s)?	
What is the Project/Company's engagement process for stakeholders, affected communities and NGO's?	
Does the Project/Company address stakeholder, community and worker grievances?	
If yes, please describe the process	
Is environmental and social performance information reported to senior management, the board, investors and stakeholders?	
Have Project/Company workers ever been on strike?	
Have there been negative media campaigns or community protests relating to the Project/Company?	
If yes, please describe	



Has there been a fire, explosions, pollution event, hazardous substance or occupational accident or fatalities?	
If yes, please describe	

**IFC Performance Standard 2 - Labour and Working Conditions**

Does the Project/Company's HR policy provide information on rights under national labour and employment law?	
Is this policy understood and accessible to all staff?	
Please, provide a copy of the policy (Indicate 'Yes' if HR Policy is included)	
Does the Project/Company lodge deposits or original identity papers upon commencing employment with the Project/Company?	
Please elaborate	
Do signed employment contracts, provided to staff, state remuneration, and terms and condition of service?	
Please elaborate	
Do all employees have signed contracts?	
If not, please elaborate	
What is the process by which employee grievance is addressed and reviewed (if in place)?	
Does the Project/Project/Company withhold salaries from staff?	
If yes, please describe	
What is the local legal minimum age?	
Are employees between local legal minimum age and 18 employed?	
Are trade unions allowed in the Project/Company?	
What is the percentage difference between the	

Project/Company's average monthly wage and the local legal minimum monthly wage?	
Will there be retrenchment of workers at a certain stage in this project?	
Has there been retrenchment within the last five years?	
If yes, please elaborate	
Does the Project/Project/Company contractually bind subcontractors to comply with at least the relevant local environmental, health, safety and labour laws and regulations?	
Does Project/Project/Company ensure that children and forced labour are not used in the supply chain?	
If yes, please elaborate	
Are there first aid facilities on site?	
Are staff exposed to dust, hazardous substances, heat, noise, radiation or electromagnetic fields in the course of work?	
Is potable water to all employees (to at least local standard) available?	
What are the regular working hours?	
Do employees have any time off per week?	
If yes, how much?	
Do employees work overtime?	
If yes, please specify the average number of overtime hours per week and if paid at premium	

**IFC Performance Standard 3 - Resource Efficiency and Pollution Prevention**

Does the Project/Project/Company manage ambient conditions on and around project site for the purposes of monitoring the impact of operations, and ensuring effluents are within guidelines? Ambient condition	
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parameters include air quality, water (surface and ground) quality and flows, and soil quality	
Has the Project/Project/Company a detailed emergency prevention, preparedness and response plan?	
Is there a waste management plan in place for hazardous and non-hazardous waste?	
Do activities conducted or controlled by the Project/Project/Company Project/Company release more than 100,000 tonnes of greenhouse gas emissions into the atmosphere annually?	

#### **IFC Performance Standard 4 - Community Health, Safety and Security**

Has the Project/Project/Company established communication lines with host communities or affected communities?	
Please elaborate	
Is the mechanism by which community grievances are communicated to the Project/Company effective (if in place)?	
Does the Project/Project/Company employ armed security guards to safeguard lives and properties?	
Are they contracted or employed directly?	
If armed, do they have a valid arm license?	
Is there any code of conduct for armed guards?	
If yes, please, provide a copy	
Are people of vulnerable groups (e.g. elderly, women, children, poor, ethnic groups) being affected by the project?	
If yes, please describe possible impacts	

#### **IFC Performance Standard 5 - Land Acquisition and Involuntary Resettlement**

Does the project involve land acquisition?	
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If yes, what was the previous use of the land and how was the land acquired?	
Was the land acquisition managed by the government?	
Does the project involve resettlement?	
If yes, please elaborate on number of households to be resettled, who manages the resettlement	
Even when the land acquisition has been managed by the government, has the Project/Project/Company engaged with the affected / displaced community to consider how the community may derive developmental benefits from the investment?	
If applicable, are there any instances of historical pollution associated with operational sites?	
Are there any community complaints / negative media coverage with regards to community impacts and community health & safety?	
Does the Project/Company's emergency preparedness and response plan take into account risks and impacts from project activities to local communities, and provide for adequate response procedures in the event of an incident?	
Has a resettlement action plan been developed?	
If yes, please provide a copy	
Has the Project/Company disclosed all relevant information to and consulted with affected persons and communities to be resettled?	
Has the Project/Company facilitated the informed participation of affected persons and communities in the decision-making process relating to resettlement?	

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

Does the Project/Company conduct any operations in legally protected areas or has/will have an impact on protected, rare, endangered species?	
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If so, what are the Project/Project/Company's plans to address the impact of its operations on biodiversity?	
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**IFC Performance Standard 7 - Indigenous People**

What are the Project/Project/Company's plans for constructive engagement with indigenous people?	
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**IFC Performance Standard 8 - Cultural Heritage**

Will the Project/Project/Company's activities have an impact on cultural properties with historical, archaeological or religious value?	
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Name & Position of Project/Company Contact	
Signature	
Date	

## ANNEX 4A: E&S SECTOR-SPECIFIC DUE DILIGENCE QUESTIONNAIRE<sup>7</sup> - CEMENT INDUSTRY

This checklist should be used for all proposals for financing in the cement sector. It is to be used in addition to the main AFC Environmental and Social Questionnaire.

Particulars	Yes / No / NA
1. <b>Air emissions:</b> <i>Are air emission prevention and control measures systems installed in all point sources of emissions in operational processes and also in the handling and storage of intermediate &amp; final goods?</i>	
2. <b>Wastewater / ETP:</b> Is there an Effluent Treatment Plant (ETP) to treat the wastewater discharges?	
Does the ETP design ensure that there is no bypass arrangement?	
3. <b>Solid waste:</b> Are there responsible methods to dispose the solid waste /sludge from the ETP been included in the design?	
Have proper provisions been made for the management of solid waste - including clinker production waste and kiln dust?	
4. <b>Noise:</b> Have noise control measures been put in place in grinding, handling and transportation?	
5. <b>Monitoring:</b> <i>Does environmental monitoring for continuous monitoring equipment on all dust emission lines?*</i>	

\*The italicized questions are the more important / critical ones.

## CHEMICAL INDUSTRY - Fertilizers

This checklist should be used for all proposals for financing in the fertilizer sector. It is to be used in addition to the main AFC Environmental and Social Questionnaire.

Particulars	Yes / No / NA
1. <b>Hazardous chemicals:</b> Does the design provide for handling, storage and transportation of hazardous chemicals in the manufacture of fertilizers?	
2. <b>Wastewater / ETP:</b> Is there an Effluent Treatment Plant (ETP) to treat the wastewater discharges in the design?	

<sup>7</sup> Annex to E&S Due Diligence Questionnaire (Annex 4), when applicable

Does the ETP design ensure that there is no bypass arrangement?	
3. <b>Solid waste:</b> Are there responsible methods to dispose the solid waste /sludge from the ETP been included in the design?	
Does the business activity include an approach towards handling and disposal of spent catalyst / toxic metals, if any? Have provisions been made for the management of these hazardous wastes?	
4. <b>Air emissions:</b> <i>Are air emission prevention and control measures in place for ammonia, nitric oxides and Nitrou oxides in nitrogenous fertilizer manufacturing, and in utilities such as boilers?</i>	
5. <b>Noise:</b> Are noise control measures in place for the largesized rotating machines?	
6. <b>Monitoring:</b> <i>Does environmental monitoring include continuous monitoring systems of storm water for pH, fluoride &amp; ammonia?</i>	

*\*The italicized questions are the more important / critical ones.*

### **CHEMICAL INDUSTRY - Pesticides**

This checklist should be used for all proposals for financing in pesticide sector. It is to be used in addition to the main AFC Environmental and Social Questionnaire.

<b>Particulars</b>	<b>Yes / No / NA</b>
1. <b>Guidelines:</b> <i>Is the pesticide manufacturing been carried out in line with the WHO Guidelines, Stockholm Convention and Rotterdam Convention?</i>	
2. <b>Hazardous chemicals:</b> Does the design provide for handling, storage and transportation of hazardous chemicals in the manufacture of pesticides?	

3. <b>Wastewater / ETP:</b> <i>Is there an Effluent Treatment Plant (ETP) to treat the wastewater discharges in the design?</i>	
Does the ETP design ensure that there is no bypass arrangement?	
4. <b>Solid waste:</b> Are there responsible methods to dispose the solid waste /sludge from the ETP been included in the design?	

Has provision been made for the proper management of solid waste (e.g. chemical residues and filtrates) and liquid waste (e.g. spent solvents)?	
5. <b>Air emissions:</b> Are proper air pollution control device included to tackle emissions during pesticide manufacturing, formulating and packaging?	
6. <b>Fire / explosions:</b> <i>Have proper design provisions been made to prevent fire and explosion hazards that may arise from solvent use, handling and storage?</i>	

7. **Monitoring:** Is environmental monitoring, particularly the effluent characteristics, proposed on a periodic / regular basis?

*\*The italicized questions are the more important / critical ones.*

### CHEMICAL INDUSTRY - Pharmaceuticals

This checklist should be used for all proposals for financing in the pharmaceutical sector. It is to be used in addition to the main AFC Environmental and Social Questionnaire.

Particulars	Yes / No / NA
1. <b>Hazardous chemicals:</b> <i>Have methods been included for the safe storage and use of hazardous chemicals?</i>	
2. <b>Wastewater / ETP:</b> <i>Is there an Effluent Treatment Plant (ETP) to treat the wastewater discharges in the design?</i>	
Does the ETP design ensure that there is no bypass arrangement?	
3. <b>Solid waste:</b> Are there responsible methods to dispose the solid waste /sludge from the ETP been included in the design?	
Are there responsible methods to dispose off-specification drugs / damaged medicines?	
4. <b>Air emissions:</b> <i>Have methods to manage the hazardous air pollutants (e.g. benzene and carbon tetrachloride and toluene) and odorous compounds (e.g. mercaptans)?</i>	
5. <b>Genetic resources:</b> Have proper procedures been followed if there is the use of particular genetic resources that have threats to biodiversity?	



6. <b>Bioethics:</b> Are good bioethics management approaches been adopted if genetically modified foods or related new areas of work are involved?	
7. <b>Monitoring:</b> Is environmental monitoring, particularly of the air emissions (stack and fugitive), proposed on a periodic / regular basis?	

*\*The italicized questions are the more important / critical ones.*

**ANNEX 5: ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY GUIDANCE (CATEGORY A and B PROJECTS)**

Environmental Category	Social Category
Client:	
Amount / type of finance :	
Project description	
Purpose:	
<p><b>Detailed Information:</b></p> <p>PS1: Social and Environmental Assessment and Management Systems            (a) Area of Influence of the Project, (b) Environmental and Social Assessment, (c) Management Program, (d) Organization, (e) Training, (f) Public Consultation; (g) Community Engagement, (h) Monitoring, (i) Reporting</p> <p>PS2: Labor and Working Conditions            (a) Human Resource Policy and Management, (b) Number of Workforce / Worker's Organizations, (c) ILO Core Labour Standards, (d) Basic Terms and Conditions of Employment, (e) Non-Discrimination and Equal Opportunity, (f) Retrenchment, (g) Protecting the Work Force, (h) Occupational Health and Safety; (i) Supply Chain and Sub Contractor Management</p> <p>PS3: Pollution Prevention and Abatement            (a) Pollution Prevention, Resource Conservation, Energy, Resource and Water Efficiency, (b) Waste, (c) Hazardous Materials, (d) Emergency Preparedness and Response, (e) Greenhouse Gas Emissions, (f) Pesticide Use and Management</p> <p>PS4: Community Health, Safety and Security            (a) Community Health, Safety and Security, (b) Community Emergency Preparedness and Response, (c) Security Personnel Requirements and Security Forces, (d) Grievance Mechanism, (e) Community Engagement &amp; Development</p> <p>PS5: Land Acquisition and Involuntary Resettlement            (a) Compensation and Benefits for Displaced Persons, (b) Consultation and Grievance Mechanism, (c) Resettlement Planning and Implementation, (d) Physical Displacement, (e) Economic Displacement, (f) Private Sector Responsibilities under Government-Managed Resettlement</p> <p>PS6: Biodiversity Conservation and Sustainable Natural Resource Management</p>	

(a) Protection, Conservation and Management of Biodiversity (Habitat, Modified Habitat, Natural Habitat, Critical Habitat, Legally Protected Areas, Invasive Alien Species), (b) Management and Use of Renewable Natural Resources (Natural and Plantation Forests, Freshwater and Marine Systems)

**PS7: Indigenous Peoples**

(a) Indigenous people within or adjacent to the project footprint, (b) potential impacts on indigenous people (use of traditional or customary lands, cultural resources, resettlement etc.), (c) Avoidance of Adverse Impacts, (d) Information Disclosure, (e) Consultation and Informed Participation

**PS8: Cultural Heritage**

(a) Impacts on cultural habitat, (b) Removal of Cultural Heritage, (c) Protection of Cultural Heritage in Project Design and Execution, (d) international recognized practices, chance find procedure, consultation

**Contractual Requirements:**

**Scope and execution of environmental and social review:**

Evaluation documents (submitted, reviewed):

On-site visits environmental officer or external consultant

**Date/Responsible:**

## ANNEX 6. CLIENT ENVIRONMENTAL AND SOCIAL ACTION PLAN (CESAP)

AREA OF CONCERN	ACTION	DELIVERABLE / INDICATOR	RESPONSIBILITY	DEADLINE	COST
PS 1. Social and Environmental Assessment and Management System					
PS 2. Labour and Working Conditions					
PS 3. Pollution Prevention and Abatement					
PS 4. Community Health, Safety and Security					
PS 5. Land Acquisition and Involuntary Resettlement					
PS 6. Biodiversity Conservation and Sustainable Management of Living. Natural Resources					
PS. 7 Indigenous People					
PS 8. Cultural Heritage					

## ANNEX 7: LEGAL CLAUSES (BUILDING BLOCKS)

**“Basic Terms and Conditions of Employment”** means the requirements as applicable to any Obligor on wage, working hours, labour contracts and occupational health & safety issues, stemming from ILO conventions 26 and 131 (on remuneration), 1 (on working hours) and 155 (on health & safety).

**“Coercive Practice”** means the impairing or harming, or threatening to impair or harm, directly or indirectly, of any party or the property of the party to influence improperly the actions of a party.

**“Collusive Practice”** means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

**“Core Labour Standards”** means the requirements as applicable to any Obligor on child and forced labour, discrimination and freedom of association and collective bargaining, stemming from the ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998 and covering: (i) freedom of association and the right to collective bargaining, (ii) the elimination of forced and compulsory labour, (iii) the abolition of child labour and (iv) the elimination of discrimination in the workplace.

**“Corrupt Practice”** means the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

**“Designated Categories of Offences”** means the following categories of offences as defined by the third FATF Recommendation and its interpretative note: participation in an organised criminal group and racketeering; terrorism, including financing of terrorism; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage-taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation.

**“Client Environmental and Social Action Plan (CESAP)”** means the environmental and social action plan agreed upon between the Obligors and the Lenders, defining actions, responsibilities, budgets, deliverables, compliance indicators and a timeframe for the measures required to remedy the known non-compliances with the environmental and social requirements in the business activities of the Obligors and for any other measure agreed upon, as amended from time to time. The CESAP will clearly specify identified

gaps between the Obligors' performance and the IFC Performance Standards and will propose mitigation activities to close those gaps within a reasonable time.

**“Environmental and Social Claim”** means any claim, proceeding or investigation by a person in respect of an Environmental Law or a Social Law or an environmental and social agreement between the Obligors and another person.

**“Environmental and Social Management System”** means the part of the overall management system of the Obligors that includes the relevant policies, organisational structure, planning activities, responsibilities, practices, procedures and resources for developing, implementing, achieving, reviewing and maintaining compliance with the environmental and social requirements under this Agreement, dedicated to the systematic and structured improvement of environmental and social performance, specifically targeted to identify and manage environmental and social risks relating to the business of the Obligors and its Affiliates and assuring compliance with the provisions of Annex 1 (AFC Exclusion List), satisfactory to the Lenders.

**“Client Environmental and Social Monitoring Report”** means the Annual Environmental and Social Monitoring Report (CAESMR) prepared by the Obligors and submitted to the Lender no later than 90 days after the end of the financial Year. The CAESMR reports about Project progress, compliance with the Environmental and Social Requirements, challenges in connection with the same and how they are addressed, project benefits and other environmental and social issues relating to the development and operation of the Project. The form of the Client Environmental and Social Monitoring Report will be provided to the Obligors by the Lender in a timely manner.

**“Environmental and Social Permit”** means any environmental and/or social permit, license, consent, approval or other Authorisation required by any Obligor to conduct its business.

**“Environmental and Social Requirements”** means the stricter of (i) Environmental Law, (ii) Social Law, (iii) Environmental and Social Permits, (iv) Basic Terms and Conditions of Employment, (v) Core Labour Standards, (vi) IFC Performance Standards, including all applicable IFC Environmental Health and Safety Guidelines<sup>8</sup>, and (vi) any other internal requirements set by the Environmental and Social Management System, including compliance with AFC Exclusion List (Annex1).

**“Environmental Law”** means any law, rule or regulation (including international treaty obligations) concerning environmental matters and natural resource management and in each case having the force of law and applicable in respect of any Obligor or any country in which that Obligor carries out business activities financed by any Lender.

**“Excluded Activities”** has the meaning given to such term in Annex 1 (Exclusion List). **“FATF**

**Recommendations”** means such recommendations as defined from time to time by the Financial Action Task Force (being an inter-governmental body whose purpose is

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<sup>8</sup> With respect to high Risk Clients (Category A)

the development and promotion of national and international policies to combat money laundering and the financing of terrorism).

**“Financial Sanctions Lists”** means the list of persons, groups or entities which are subject to African Union, United Nations or European Union financial sanctions.

**“Fraudulent Practice”** means any action or omission, including misrepresentation, which knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

**“IFC”** means the International Finance Corporation, an associated institution of the World Bank.

**“WB Environmental, Health and Safety Guidelines”** means the General Environmental, Health and Safety Guidelines and applicable sector-specific Environmental, Health and Safety Guidelines of the World Bank.

**“IFC Performance Standards”** means IFC's Performance Standards on Social and Environmental Sustainability for achieving sustainable development dated January 2012. IPS Performance Standards means the following documents published by the International Finance Corporation:

- (a) Performance Standard 1: Social and Environmental Assessment and Management System;
- (b) Performance Standard 2: Labour and Working Conditions;
- (c) Performance Standard 3: Pollution Prevention and Abatement;
- (d) Performance Standard 4: Community Health, Safety and Security;
- (e) Performance Standard 5: Land Acquisition and Involuntary Resettlement;
- (f) Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management;
- (g) Performance Standard 7: Indigenous Peoples;
- (h) Performance Standard 8: Cultural Heritage.

**“ILO”** means International Labour Organisation.

**“ILO Standards”** means any treaty, convention or covenant of the ILO signed and ratified by the country and the Core Labour Standards.

**“Obstructive Practice”** means:

- (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede a Finance Party investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(b) acts intended to materially impede the exercise of any Finance Party's access to contractually required information in connection with a Finance Party investigations into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

**“Sanctionable Practice”** means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice.

**“Social Law”** means any law, rule or regulation (including international treaty obligations) having the force of law and applicable in respect of any of the Obligor and any country in which that Obligor carries out business activities concerning (i) labour, (ii) social security, (iii) the regulation of industrial relations (between government, employers and employees), (iv) the protection of occupational as well as public health and safety, (v) the regulation of public participation, (vi) the protection and regulation of ownership of land rights (both formal and traditional), immovable goods and intellectual and cultural property rights, (vii) the protection and empowerment of indigenous peoples or ethnic groups, (viii) the protection, restoration and promotion of cultural heritage, (ix) all other laws, rules and regulations providing for the protection of employees and citizens.

## **Section 1 – Representations**

- (a) Each Obligor makes the representations and warranties set out in this Section 1 to each Finance Party on the date of this Agreement and the date of Financial Close.
- (b) Each of the representations and warranties set out in this Section 1 are deemed to be made by each Obligor on each Utilisation Date and on the first day of each Interest Period.
- (c) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

### **1.1 Origin of funds**

Neither the Obligor nor any of their respective equity nor any funds for projects or transactions they participate in are (a) of illicit origin with respect to, without limitation, the FATF Recommendations or (b) resulting from activities such as fraud, a Corrupt Practice, or any other Designated Categories of Offences.

### **1.2 Sanctionable Practices**

None of the Obligor or their affiliates, or other person acting on their behalf, has committed or is engaged in any Sanctionable Practice, with respect to any transaction contemplated by the Facility Agreement.



### **1.3 Social and environmental**

- (a) No Environmental and Social Claim has been commenced or (to the best of its knowledge and belief) is threatened against any Obligor; and

The Obligors are in full compliance with all applicable Environmental and Social Requirements and have taken all reasonable steps in anticipation of known or expected future changes or obligations arising under the same.

## **Section 2 - Information Undertakings**

The undertakings in this Section 2 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### **2.1 Origin of funds**

The Obligors shall supply to the Lenders, promptly upon becoming aware of them, the details of any information regarding any illicit origin of its or any of its equity or funds they procure with respect to, without limitation, (i) the FATF Recommendations or (ii) resulting from activities such as fraud, a Corrupt Practice or other Designated Categories of Offences.

### **2.2 Environmental and Social Claims**

The Obligors shall inform the Lenders in writing as soon as reasonably practicable but in any event within 7 days upon becoming aware of the same of (i) any breach by an Obligor of any Environmental Law or any Environmental and Social Permit; (ii) any Environmental and Social Claim being commenced against any member of the Group; (iii) any facts or circumstances which will or are reasonably likely to result in any Environmental and Social Claim being commenced or threatened against any Obligor, and within 3 days of the occurrence of any of the events set out below, (i) details of any incident or accident (including without limitation any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination) or any material incident of a social nature (including without limitation any violent labour unrest or material dispute with local communities) occurring on or nearby any site, plant, equipment or facility of the Obligors which has or is reasonably likely to have a material adverse effect on the environment, health and safety and social and/or cultural context together with, in each case, a specification of the nature of the incident or accident and the on-site and off-site effects of such events; and (v) details of any action the Obligors propose to take in order to remedy the effects of these events and shall keep the Lender informed about any progress in respect of such remedial action.

### **2.3 Client Environmental and Social Monitoring Report**

- (a) The Obligors shall, not later than ninety (90) days after the end of each of their financial years, deliver to the Lenders a Client Environmental and Social Monitoring Report, describing the environmental and social status of the Project, policies and standards being complied with by the Obligors, providing an update on all applicable matters set out in the Client Environmental and Social Action Plan and Environmental and Social Management System, positive and negative impact and how the latter is to be mitigated referring to requirements and guidelines set out in Clause\*

### **Section 3 - Positive Undertakings**

The undertakings in this Section 3 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

#### **3.1 Sanctionable Practices – monitoring**

In the event that a Lender notifies any Obligor of its reasonable concerns that there has been a violation of the provisions of this Clause - *Sanctionable Practices –monitoring* or of any other Clause on *Sanctionable Practices*, setting out in reasonable detail the basis of such concern, the Obligors shall cooperate in good faith with the Lenders and their representatives in determining whether such a violation has occurred, and shall respond as soon as reasonably practicable and in reasonable detail to any such notice from a Lender, and shall furnish documentary support for such response upon the Lenders' request.

#### **3.2 Compliance with Environmental and Social Requirements**

The Obligors shall comply in all material respects with the Environmental and Social Requirements (*including the applicable IFC Performance Standards*) and the Client Environmental and Social Action Plan (*when applicable*), and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same.

#### **3.3 Environmental and Social Action Plan**

- (a) The Obligors shall, in a manner reasonably satisfactory to Lenders, implement all actions as provided in the Client Environmental and Social Action Plan within the time-frames mentioned. The Obligors will provide to the Agent for distribution to the Lenders the relevant deliverables and compliance indicators evidence directly upon completion of such action items.

#### **3.4 Environmental and Social Management System**

The Obligors shall (*implement, maintain, certify*) an Environmental and Social Management System consistent with leading, accepted international good practice standards such as (*ISO 14001, OHSAS 18001, SA 8000*), and shall at all times conduct its business in accordance with the Environmental and Social Management System.

#### **3.5 Environmental and Social Monitoring**

The Obligors will indemnify each Lender from costs and expenses relating to monitoring by a Lender upon Default in relation to Environmental and Social Requirements.

#### **Section 4 - Negative Undertakings**

The undertakings in this Section 4 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

##### **4.1 Excluded Activities**

The Obligors shall not perform any of the excluded activities as listed in Annex 1 (AFC Exclusion List) or (ii) enter into transactions or business relationships with any person performing any of the excluded activities as listed in Annex 1 (AFC Exclusion List).

##### **4.2 Sanctionable Practices**

The Obligors shall not engage in (and shall not authorise or permit any other person acting on its behalf to engage in) any Sanctionable Practice with respect to any transaction contemplated by this Agreement.

##### **4.3 Anti-money laundering diligences**

The Obligors undertake:

- (a) that they shall not enter into business relationships with persons or entities which appear on any of the Financial Sanctions Lists (including, in particular, the financing of terrorism);
- (b) that they shall not finance or participate in material or sectors subject to United  
i. Nations, African Union or European Union embargo; and
- (c) that neither their equity nor the funds for projects or transactions it participates in will ever (i) be of illicit origin with respect to, but not limited to, the FATF Recommendations or (ii) result from activities such as fraud against the financial interests of countries within the African Union, the European Communities, Corrupt Practice, or other Designated Categories of Offences.

#### **Section 5 - Events of Default**

##### **5.1 Anti money laundering diligences**

- (a) Existence of business relations between any Obligor and a person, a group or an entity which is on the Financial Sanctions List (including, in particular, the financing of terrorism);
- (b) Any Obligor entering business involving materials or sectors subject to embargo by the African Union, United Nations or the European Union;

any transaction or business relationship involved in by any Obligor permits or results in a Corrupt Practice or all or part of any Obligor's equity or funds such Obligor procures for their business are (i) of illicit origin with respect to, without limitation, the FATF Recommendations or (ii) resulting from activities such as fraud against the financial interests of the countries in the African Union, European Communities, a Corrupt Practice, or any other Designated Categories of Offences.

## **Section 6 - Inspection Rights**

The undertakings in this Section 6 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

- a. Each of the Obligors shall permit the Technical Adviser, the Lenders and the Agent as appropriate or may be required or any of their respective representatives, consultants, professional advisers or agents, without unreasonably disrupting its normal course of business, to (in the presence of the Obligor) inspect its place of business and its books and records (including any environmental or social monitoring and auditing which will include any monitoring visits and audits permitted under the Environmental and Social Requirements) during normal business hours and upon ten (10) days' prior notice and shall permit and authorise the Agents to contact and address questions directly to the auditors and senior management employees of the Obligor, if so requested in the presence of representatives of the Obligor.
- b. Each of the Obligors shall permit the Technical Adviser, the Lenders and/or the Agent, as appropriate or may be required or any of their respective representatives, consultants, professional advisers or agents (in the presence of the Obligor) full access during normal business hours and upon reasonable prior notice, to the Project and all data and information relating thereto to enable the Technical Adviser, the Lenders and/or the Agent, as appropriate or may be required to check its compliance with the terms of this Agreement provided that such access does not unreasonably disrupt its normal course of business.
- c. Each of the Obligors shall reimburse the Technical Adviser, the Agent and/or the Lenders on demand for all costs and expenses reasonably incurred as a consequence of the exercise of any inspection rights in accordance with paragraphs (a) and (b) above.

## ANNEX 8 CLIENT ANNUAL E&S MONITORING REPORT FORMAT (CAESMR)

### AFRICA FINANCE CORPORATION

Environmental and Social Annual Report

Company name:

Company address:

#### **In the reporting period:**

Have there been any positive incidents reported (awards, positive media press) reported?  
\_\_\_\_\_

Have there been any strikes, protests, law suits, claims, fatalities, fire, explosions, environmental accidents, pollution, community complains or other negative adverse incidents including negative press releases related to the Client?

What is the project's status (construction, operational, etc.)?  
\_\_\_\_\_

Has an Action Plan been contractually agreed on? If yes, please, attach a copy and provide an update  
\_\_\_\_\_

1.

Employment

( i ) Staff strength of the client?

Total:

Permanent Male Staff:

Permanent Female Staff:

Temporary Male Staff:

Temporary Female Staff:

( ii ) Number of temporary migrant workers

Male:

Female

If the client provided migrant workers with dormitories, how much was the rent charged  
(as a percentage of monthly salary)

Did workers have separate beds and their privacy was respected?

Assessment and Management of Environmental and Social Risks and Impacts –Please list which valid permits or reports are available, are there any permits that are not available,

missing or pending?

Permit	Available	Not available	Pending
Example: International Convention for Prevention of Pollution from Ships, 1973/1978 <b>(MARPOL)</b> certificates			

Did the client comply with all relevant national environmental and social law?

How the client did manage its environmental and social aspects?

What is the client's engagement process for stakeholders, affected communities and NGO's?

How has the client engaged with stakeholders, communities and workers? Have there been any grievances

## **PS 2 Labour and Working Conditions**

Does the company's HR policy provide information on rights under national labour and employment law? Is this policy understood and accessible to all staff? Please, provide a copy of the policy

Does the company lodge deposits or original identity papers upon commencing employment with the company? Please, elaborate

Do signed employment contracts, provided to staff, state remuneration, and terms and condition of service? Please elaborate

Do all employees have signed contract? If not, please elaborate

What is the process by which employee grievance is addressed and reviewed (if in place)?

Does the client withhold salaries from staff? If yes, please describe?

Are employees between local legal minimum age and 18 employed? What is the local legal minimum age?

Are trade unions allowed in the company?

What is the percentage difference between the company's average monthly wage and the local legal minimum monthly wage?

Has there been retrenchment? If yes, please elaborate

Does the Client contractually bind sub contractors to comply with at least the relevant local environmental, health, safety and labour laws and regulations?

Did client ensure that children and forced labour are not used in the supply chain? If yes, please elaborate

Was first aid on site?

Was staff exposed to dust, hazardous substances, heat, noise, radiation or electromagnetic fields?

Was portable water to all employees (to at least local standard) available?

What was the regular working time? Did employees have one day off per week? Did employees work overtime? If yes, please specify number of overtime hours per week and if paid at premium

### **PS 3 Resource Efficiency and Pollution Prevention**

Did the client monitor ambient conditions on and around site including air quality, water (surface and ground) quality and flows, soil quality for the purposes of monitoring the impact of operations, and ensuring effluents are within guidelines?

Has the client a detailed emergency prevention, preparedness and response plan?

Was there a waste management plan in place for hazardous and non-hazardous waste?

Did activities conducted or controlled by your organization release more than 100,000 tonnes of Greenhouse gas emissions into the atmosphere annually?

### **PS 4 Community Health, Safety and Security**

Has the client established communication lines with host community or affected community?

Was there a mechanism by which grievances from the affected community is communicated to the company effective (if in place)?

Did the client employ armed security guards to safeguard lives and properties? Were they contracted or employed directly? If armed, did they have a valid arm license and was there any code of conduct? If yes, please, provide a copy.

Were people of vulnerable groups (for example, elderly, women, children, poor, ethical groups) being affected by the project? If yes, please describe the possible impacts.

**PS 5 Land Acquisition and Involuntary Resettlement**

Did the project involve land acquisition? If yes, what was the previous use of the land and how was the land acquired?

Was the land acquisition managed by the government?

Did the project involve resettlement? If yes, please elaborate on number of households replaced, who managed the resettlement and provide a copy of the Resettlement Action Plan, if in place

Even when the land acquisition has been managed by the government, has the client engaged with the affected / displaced community to consider how the community may derive developmental benefits from the investment?

Were there any community complaints / negative media coverage with regard to community impacts and community health & safety?

Did the company's emergency preparedness and response plan take into account risks and impacts from project activities to local communities, and provide for adequate response procedures in the event of an incident?

What's the current status of the Resettlement Action Plan?

**PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Did the company conduct any operations in legally protected areas or has/will have an impact on protected, rare, endangered species?

**PS 7 Indigenous People**

Did the project impact Indigenous people?

**PS 8 Cultural Heritage**

Did the project impact cultural properties with historical, archaeological or religious value?

Name of Responsible:

Date

Signature



**ANNEX 9. INTERNAL CLIENT E&S MONITORING TEMPLATE (CATEGORY A and B)**

<b>Environmental Category</b>		<b>Social Category</b>	
Client:			
Monitoring Year			
<p><b>Detailed Information</b>            Project Category; compliance with contractual requirements (environmental and social), compliance with action plan (CESAP) if agreed, any negative occupancies in the reporting period, any positive occurrences (awards, nominations), is there any reputational/financial risk to the AFC?</p>			
<p><b>Contractual Requirements</b>            Is the client in compliance with contractual requirements?            Is the client in compliance with the Client Environmental and Social Action Plan (CESAP)?</p>			
Scope and execution of environmental and social monitoring		Evaluation documents (submitted, reviewed):  On-site visits environmental officer or external consultant	
<p><b>Date/Responsible</b></p>			

## ANNEX 9A. PROJECT KEY PERFORMANCE INDICATORS<sup>9</sup>

### PROJECT NAME:

<b>Key Performance Indicators:</b>		2013	2014
<b>Employment:</b> Total number of permanent jobs at time of reporting.			
<b>Female employment:</b> Total number of permanent jobs for women at the time of reporting.			
<b>Management Systems</b> <sup>10</sup> implemented/certified			
<b>Government revenue:</b> Net financial flows to the government (including taxes, dividends, subsidies, grants and any other payment, net of any subsidies and investment costs) over the year	USD		
<b>Infrastructure:</b> extra installed power generation capacity - MW (where applicable)	MW		
<b>Infrastructure:</b> total power generation in GWH (where applicable)	GWH		
<b>Infrastructure:</b> number of new connections (where applicable, internet, GSM, etc)			
<b>Infrastructure:</b> Km of roads built (where applicable)	Km		
<b>Infrastructure:</b> Decrease in vehicle operating costs (where applicable)	USD		
<b>Infrastructure:</b> Decrease in transport costs (where applicable)	USD		
Port <b>capacity (area) expanded</b> (Total m <sup>2</sup> available / year)	m <sup>2</sup>		
<b>Ton of cement</b> <sup>11</sup> produced per year	tons		
<b>Resource use</b> <sup>12</sup>	Kwh/m		
<b>Waste generation</b>	tons		

<sup>9</sup> Note: The following examples of KPIs are a general set recommended to be used. Nevertheless, according to the nature of the business that is being invested in and specifics of the project, a project specific set of KPIs will be chosen. This narrower set could be included in the examples list but it is not limited to it.

<sup>10</sup> ISO 14001, OHSAS 18001, SA8000, and other

<sup>11</sup> Or other product

<sup>12</sup> Energy, water

<b>Emissions/Effluents<sup>13</sup></b>			
<b>Number of Fatalities</b>			
<b>Number of Serious Accidents<sup>14</sup></b>			
<b>Reputation</b>			

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<sup>13</sup> Within local limits/within IFC Performance Standards limits?

<sup>14</sup> Environmental or social

## ANNEX 10: SAMPLE TERMS OF REFERENCE FOR E&S CONSULTANTS

### Outline for Terms of References for Environmental and Social Due Diligence Assessment

<date>

Africa Finance Corporation ("AFC") requires the services of an independent environmental and social consultant ("Consultant") to perform an Environmental and Social Due-Diligence of the <name> ("Project") proposed for financing by AFC.

The following Terms of References are applicable to the execution of the requested services.

#### 1. Description of the Project

Include description of the project. Include information about the project itself, (sector and subsector), size of the assets, associated activities (like captive power plants, mines or pits etc) but also information about the surroundings (villages, towns in the vicinities, infrastructure, natural areas, protected areas etc)

#### 2. Objective

The requested services are to support AFC investment decision and follow-up approach by independently reviewing and verifying the project against the reference framework elaborated in paragraph 3, identifying compliance gaps, necessary mitigation and follow-up actions, and outlining a managing/monitoring regime.

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

Furthermore, the review should evaluate the feasibility of the possible opportunities raised through the AFC preliminary evaluation.

#### 3. Reference Framework

The reference framework will be:

- a) IFC Performance Standards in general with a focus on preselected aspects by
- b) AFC through its initial verification step;
- c) Applicable local, national and international environmental and social legislation;
- d) All ILO conventions covering Core Labor Standards and all ILO conventions covering the Basic Terms and Conditions of Employment;
- e) Specifically, the following EHS Guidelines:  
<insert other EHS Guidelines >

#### 4. Team

The assignment has to be carried out by a qualified independent local environmental expert and a qualified independent local social (labour / SA 8000 / community) expert

with appropriate environmental and social auditing background and experience in the sector and region. Both experts should have appropriate knowledge and understanding of management aspects in line with the requirements of Performance Standard 1. In case the consultants do not have extended expertise in management issues, additional expertise in this field will be required.

## **5. Scope of Work and Tasks**

The scope of work entails the independent verification of all material environmental and social aspects of the Project, within the framework stipulated in paragraph 3. This will include but not be limited to the following major facilities:

<description of the relevant facilities> Specifically, this work will entail:

- a)** verifying to what extent such aspects of the Project are in accordance with the framework stipulated in paragraph 3, and industry best practice;
- b)** reviewing whether capacity and management structures to address environmental and social impacts are feasible and appropriate;
- c)** reviewing the adequacy of proposed designs, measures and budgets, and recommending additional actions as necessary, to be used in the Environmental and Social Action Plan, detailing actions required to be implemented during the life of the Project and timeframes for completion of such activities or measures, as such plan may be amended from time to time with the consent of all shareholders;
- d)** reviewing of proposed monitoring systems and suggesting amendments as necessary.
- e)** [reviewing the adequacy of the ElsA process, of the ElsA report, of the management programs and systems, and of the follow-up and implementation to date, and judge it against the IFC Performance Standards, only if relevant]

The review will comprise of four steps:

1. Information Review. This should include a review of all relevant environmental, social, and health and safety Project documents and information (i.e., Project environmental and social impact assessments/environmental and social audit, environmental licenses and associated applications, health and safety plan, Human Resource Policy, Code of Conduct contingency/emergency plan, concession and construction contracts, any other additional environmental, health and safety studies, etc.) and, subsequent to the site reconnaissance, review of any additional information obtained or collected.
2. Site Reconnaissance. A site investigation will be performed consisting of visual observation of relevant areas directly and indirectly affected by the Project, meetings with relevant individuals/entities associated with the Project to discuss the environmental and social issues, and obtaining any additional information required. In case of issues under Performance Standards 2 techniques of SA 8000 audit will be applied in order to verify all information
3. Management Review: The management review will include management structure, definitions of responsibilities, communication about responsibilities, training programs and internal reporting systems and will evaluate whether the structure will be adequate

- to manage environmental and social issues;
4. Report Preparation. Two documents will be required associated with the Environmental and Social Due-Diligence: 1) Preliminary Summary of Principal Findings, and 2) Environmental and Social Due-Diligence Report (refer to paragraph 6 'Deliverables' for details on the content and submission of the two required documents).

## **6. Deliverables**

The expert will provide a concise back-to office report in the English language, focusing on main preliminary observations and identified issues, shortly after conclusion of the site-visit.

The consultant will provide a full report in the English language, describing: working approach; project description; reviewed information and documentation; inspected sites and interviewed peoples and entities; due diligence findings and recommendations, fully reflecting the scope of work.

The report will include a clear compliance overview table, providing for each relevant aspect of the applicable IFC Performance Standard as selected by AFC pre-screening (Toolkit) or as deemed applicable by the experts, including the applicable EHS Guideline at least the following information per key requirement:

- 1) Description of the requirement;
- 2) Relevance of the pre-selected IFC Performance Standard issue (PS 2-8);
- 3) Compliance status, differentiating between minor and major gaps to completion;
- 4) Description of the observed situation/compliance gap;
- 5) Management issue (Performance Standard 1) should be evaluated in a separate section;
- 6) Recommended follow-up

Furthermore the consultant will give a qualitative judgment about the feasibility of selected opportunities for improvement.

The report will at the beginning provide a non-technical executive summary with the key findings and key recommendations.

## **7. Timeframe**

The review is to start at the earliest available timeslot.

The site-visits are to be concluded within four weeks after the preparatory information/documentation has been made available to the consultant.

The preliminary back-to-office report is to be made available within a week after conclusion of the site-visit.

A draft of the full report is to be made available within 2 weeks after conclusion of the site visit. A final report is to be submitted 1 week after receiving feedback on the first draft.

## 8. Proposal

The proposal for the Environmental and Social Review should contain the four sections (information) listed below:

- a) **SCOPE OF WORK.** The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section the Terms of Reference. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as "Optional Tasks".
- b) **PROJECT TEAM AND QUALIFICATIONS.** This should include the name of the principal staff members and any sub-contractors. Qualifications of staff should include relevant technical capabilities, specific previous project experience similar to this Project, specific in-country experience and knowledge, specific language skills.
- c) **SCHEDULE.** A proposed schedule for performance of the due-diligence must be presented. The schedule must indicate the proposed start and completion dates for each required scope of work task listed in paragraph 5 and any important or specific project milestones (i.e., report submittal, etc.).
- d) **ESTIMATED COSTS.** A total lump sum cost estimate, in US Dollars (or EUR), must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented (i.e., tabular format) and should include consultant costs (number of days or days per staff and their associated unit costs) and expenses (i.e., travel, per diem) If needed, sub-contractors must be specified separately. Any assumptions related to the estimated costs must be clearly stated.

## 9. Consultant's Auditable Criteria

<b>Performance Standard 1</b>	
<b>Social and Environmental Assessment and Management System</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Environmental and Social Assessment</b>	<p>1. Does the client have a process to assess the environmental and social impacts and risks of the project?</p> <p>Review the process to determine if the scope of assessment provides for evaluation/consideration of:</p> <ol style="list-style-type: none"> <li>a) the significance of the adverse impacts, including the issues identified in Performance</li> <li>b) Standards 2 through 8;</li> <li>c) applicable laws and regulations of the jurisdiction in which they operate;</li> <li>d) the project's area of influence; as well as the role and capacity of third parties, if</li> <li>e) applicable.</li> </ol>

	2. Have disadvantaged or vulnerable groups been identified? If so, do any adverse impacts fall disproportionately on them?
<b>Management Program</b>	<p>1. Does the client have a program(s) of mitigation and performance measures that addresses identified impacts and risks?</p> <p>a) Can the program be tracked over definite time periods?</p> <p>b) Is the program supported adequately by the client?</p> <p>2. Has/will an appropriate Action Plan document(s) been/be prepared and disclosed to affected communities?</p>
<b>Organization</b>	1. Are responsibilities and authorities for implementation of the management program defined and communicated appropriately through the client's organization?
<b>Training</b>	1. Has the client identified the training needs for those persons with responsibility for implementing the management program?
<b>Community Engagement</b>	<p>1. Has the client established a community engagement process for affected communities?</p> <p>a) Has/will appropriate disclosure of assessment information to, and consultation with, affected communities been/be conducted in a timely and culturally appropriate manner?</p> <p>b) Has the process ensured, or will it ensure free, prior and informed consultation of the affected community, if applicable?</p> <p>c) Is there a procedure for receiving and facilitating resolution of affected communities concerns and grievances regarding environmental and social performance?</p>
<b>Monitoring</b>	1. Has the client established procedures to monitor and measure on a regular basis the key characteristics and performance of the management program, including the use external experts where appropriate?
<b>Reporting</b>	1. Is appropriate environmental and social performance information periodically reported internally to senior management?



<b>Performance Standard 2 Labor and Working Conditions</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Human Resources Policy and Management</b>	<p>1. Does the client have an appropriate human resources policy that addresses all requirements of the performance standard and includes:</p> <ul style="list-style-type: none"> <li>a) Being readily accessible by employees?</li> <li>b) Being clear and understandable?</li> <li>c) Providing information on rights under national labor and employment law?</li> </ul> <p>2. Has the client documented and communicated working conditions and terms of employment to all workers directly contracted?</p> <p>3. Are the terms and conditions in accordance with:</p> <ul style="list-style-type: none"> <li>a) Any collective agreement (s)?</li> <li>b) National Law?</li> <li>c) ILO Core Labour Standards and Basic Terms and Conditions of Employment?</li> </ul> <p>4. Has the client implemented a grievance mechanism to review and address employee complaints?</p> <ul style="list-style-type: none"> <li>a) Are all workers aware of the existence of a grievance mechanism?</li> <li>b) Is there a responsible person to review complaints and follow up on them in a timely and transparent manner?</li> </ul>
<b>Worker's Organization</b>	<p>1. Does the client comply with national law in allowing workers to form and join workers organizations without retaliation or discrimination?</p> <p>2. If national law substantially restricts workers organizations has the client provided alternative means for workers to express their grievances and protect their rights organizations without retaliation or discrimination?</p>
<b>Non-Discrimination and Equal Opportunity</b>	<p>1. Does the client have documented transparent procedures, including recruitment, discipline, performance and grievance procedures, to ensure that employment decisions are not made on the basis of personal characteristics unrelated to job requirements?</p>

<b>Retrenchment</b>	<p>1. If the client anticipates retrenchment of a significant number of employees, have they:</p> <p>a) Developed a plan to implement the retrenchment and selected those who will be dismissed, based on non-discriminatory principles?</p> <p>b) Developed a plan to mitigate adverse impacts; and</p> <p>c) Have they consulted workers appropriately?</p>
<b>Protecting the Work Force</b>	<p>1. Does the client ensure child labor is not used directly, or through contractors or in the supply chain?</p> <p>a) Does the client check the ages of all employees?</p> <p>b) Does the client ensure that young workers (15-18 years) are not employed in dangerous work?</p> <p>c) Does the client ensure that child labor is not used in their supply chain and do they commit contractors and suppliers to not use child labor?</p> <p>2. Does the client ensure that forced labor is not used directly, or through contractors or the supply chain?</p> <p>a) Does the client ensure that unacceptable prison labor is not used?</p> <p>b) Does the client ensure that forced labor is not used in their supply chain and do they commit contractors and suppliers to not use forced labor?</p>
<b>Occupational Health and Safety</b>	<p>1. Does the client provide its workers with a safe and healthy work environment?</p> <p>a) Has the client taken steps to prevent accidents, injury, and disease by minimizing the causes of hazards?</p> <p>b) Has the client trained workers in occupational health and safety?</p> <p>c) Does the client document and report on occupational accidents, diseases, and incidents?</p> <p>d) Does the client have an emergency prevention, preparedness and response arrangement?</p>

<b>Performance Standard 3 Pollution Prevention and Abatement</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Pollution Prevention, Resource Conservation and Energy Efficiency</b>	<p>1. Does the client apply project-specific pollution prevention and control and waste management techniques that are consistent with good international industry practice, such as those reflected in the EHS Guidelines?</p> <p>a) If less stringent levels or control measures are to be applied, has the client provided justification for the deviation and have they demonstrated that the approach is consistent with the overall requirements of this Performance Standard (i.e. minimize or reduce adverse impacts on human health and the environment)?</p>
	<p>2. If the project has the potential for significant impacts to ambient conditions, have ambient considerations been taken into account and appropriate strategies to minimize impacts promoted?</p> <p>3. Has the client's operations incorporated resource conservation and energy efficiency measures?</p>
<b>Wastes</b>	<p>1. Has a hierarchical approach of avoidance, minimization, recovery, reuse, and environmentally sound disposal been applied to the management of hazardous and non-hazardous wastes?</p>
<b>Hazardous Materials</b>	<p>1. Does the client manage hazardous materials so as to avoid uncontrolled releases to the environment?</p>
<b>Emergency Preparedness and Response</b>	<p>1. Does the client have emergency preparedness and response plans that are commensurate with the level of project risks?</p>
<b>Green House Emissions</b>	<p>1. Where GHG emissions (direct plus indirect from purchased electricity) exceed 100,000 tons CO<sub>2</sub> annually, does the client conduct annual monitoring, and evaluate options for emissions reductions or offsets?</p>
<b>Pesticide Use and Management</b>	<p>1. If pesticides are used, is their selection and management consistent with good international industry practice and part of an integrated pest management and/or vector management strategy?</p>

<b>Performance Standard 4 Community Health, Safety and Security</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Community Health and Safety</b>	<p>1) During design and construction, operations, and decommissioning and closure, has the client evaluated the potential for community impacts associated with the project considering:</p> <ul style="list-style-type: none"> <li>a) Infrastructure and equipment safety?</li> <li>b) Hazardous material and safety?</li> <li>c) Natural resource issues?</li> <li>d) Exposure to disease?</li> </ul>
<b>Emergency Preparedness and Response</b>	<p>1) In the event emergency preparedness and response requires participation of the community, has the client:</p> <ul style="list-style-type: none"> <li>a) Collaborated with government agencies and the community and assisted these entities to establish and maintain preparedness for emergencies?</li> </ul>
	<ul style="list-style-type: none"> <li>b) Gauged government capacity shortcomings to adequately aid the community in emergency response?</li> <li>c) Compensated for government capacity shortcomings to ensure adequate emergency response?</li> </ul>
<b>Security Requirements</b>	<p><b>Personnel</b></p> <p>1) If the client retains security services for the project, has the client:</p> <ul style="list-style-type: none"> <li>a) Performed due diligence of the proposed security services provider?</li> <li>b) Incorporated specific requirements of PS4 into contract specifications for the security services provider?</li> <li>c) Established a grievance mechanism allowing affected communities to present and obtain a robust client response to communities' expressed issues with security arrangements?</li> <li>d) Investigated allegations of unlawful and/or abusive acts of security providers?</li> </ul>

<b>Performance Standard 5 Land Acquisition and Involuntary Resettlement</b>	
<b>Compensation and Benefits for Displaced Persons</b>	1. Has the client provided opportunities to displaced persons and communities to derive appropriate development benefits from the project?
<b>Consultation and Grievance Mechanism</b>	1. Has the client disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision making process relating to resettlement? 2. Has client established an effective grievance mechanism?
<b>Resettlement Planning and Implementation</b>	1. Has client considered alternative designs to avoid or minimize economic and physical displacement? 2. Has client identified persons to be displaced by the project and those eligible for compensation and assistance through a baseline census with appropriate socio-economic baseline data? 3. Has the census established the status of displaced persons according to their legal rights or claim to land? 4. Has cut off date for eligibility been established or disseminated? a. Has client prepared RAP or resettlement framework ( <i>if physical displacement</i> ) that mitigates negative impacts of displacement, identifies
	development opportunities and establish entitlement for all affected persons? b. Has the client (if economic but not physical displacement) developed procedures to offer compensation or other assistance that will establish entitlement for affected persons or communities? c. Has client established M&E mechanism?
<b>Physical Displacement</b>	1. Has the client offered displaced persons choices amongst resettlement options, relocation assistance, and/or compensation according to their status and entitlements as described by the PS?
<b>Economic Displacement</b>	1. Has the client provided replacement property, compensation, targeted assistance and/or transitional support in accordance with PS5 requirements?
<b>Private Sector Responsibilities under Government-Managed Resettlement</b>	1. Has client supplemented government actions and bridged the gaps (if applicable) between the government-assigned entitlements and procedures and the requirements of this PS?

<b>Performance Standard 6</b>	
<b>Biodiversity Conservation and Sustainable Natural Resource Management</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Protection and Conservation of Biodiversity</b>	<p>1. Has the client specifically addressed the significance of project impact on biodiversity as part of their social and environmental assessment process (with specific attention to birds and bats)?</p> <p>2. Has client identified /modified, natural and critical habitat which may be impacted by their activities?</p> <p>a) In natural habitat, has the client considered alternatives, cost &amp; benefit analysis of their activities and adequately mitigated any potential degradation?</p> <p>b) In critical habitat, has the client determined that there will be no measurable adverse impact on species or habitat?</p> <p>c) In legally protected areas, has the client addressed the requirement for critical habitat as well as ensured that their activities are consistent with defined protected area management plans, and consulted with key stakeholders, and implemented appropriate program to and enhance conservation.</p> <p>3. Has the client identified any alien species which may be internationally or unintentionally introduced through its activities?</p>
	<p>a) If intentional introduction of alien species is planned, has this received appropriate government regulatory approval, or in the absence of a mechanism for this, has an appropriate risk assessment been completed?</p>
Management and Use of Renewable Natural Resources	<p>1. Has the client identified renewable natural resources which it will use, and committed to managing them in a sustainable manner?</p> <p>a) In natural and plantation forests, has the client obtained independent certification to show</p>

<b>Performance Standard 7 Indigenous Peoples</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Avoidance of Adverse Impacts</b>	<ol style="list-style-type: none"> <li>1. Has client identified through ESIA adverse impacts on IPs and avoided impacts wherever possible?</li> <li>2. Has client mitigated unavoidable adverse impacts and compensated in a culturally appropriate manner?</li> </ol>
<b>Consultation and Informed Participation</b>	<ol style="list-style-type: none"> <li>1. Has client established Informed Participation through an FPIC process on mitigation measures, sharing of developmental benefits and opportunities and implementation issues as outlined in the PS?</li> </ol>
<b>Impacts on Traditional or Customary Lands under Use</b>	<ol style="list-style-type: none"> <li>1. Has client informed IPs of their rights according to national laws including those recognizing traditional/customary rights?</li> <li>2. Has client offered at least compensation and due process to those with full legal title to land together with culturally appropriate development opportunities; land-based compensation or compensation-in-kind in lieu of cash compensation where feasible?</li> <li>3. Has client entered in good faith negotiations with affected communities and documented their informed participation and the successful outcome?</li> </ol>
<b>Relocation of Indigenous Peoples (IPs) from Traditional or Customary Lands</b>	<ol style="list-style-type: none"> <li>1. Has the client conducted a successful good faith negotiation, applied requirements of Performance Standards and, where feasible, ensured that IPs can return to their traditional or customary lands should the reason for their relocation cease to exist?</li> </ol>
<b>Cultural Resources</b>	<ol style="list-style-type: none"> <li>1. Has client informed IPs of their rights, scope and consequences of commercial development?</li> <li>2. Has client entered in good-faith negotiation?</li> <li>3. Has client provided for fair and equitable sharing of benefits with IPs?</li> </ol>

<b>Performance Standard 8 Cultural Heritage</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
<b>Protection of Cultural heritage in Project Design and Execution</b>	<p>1. Has the client considered cultural heritage as part of the environment and social assessment? Is the project located in an area where cultural heritage is expected to be found? If so, has a Chance Find Procedure been established?</p> <p>2. If the project may affect cultural heritage, has the client:</p> <ul style="list-style-type: none"> <li>a) Retained qualified and experienced experts?</li> <li>b) Sited the project to avoid significant damage to cultural heritage?</li> <li>c) Considered protection through preservation in place?</li> <li>d) Removed cultural heritage only: (a) when no technically or financially feasible alternatives existed; (b) the benefits of the projects outweighed the anticipated cultural heritage loss from removal; and (c) removal was conducted by the best available technique</li> <li>e) Consulted with relevant national or local regulatory agencies entrusted with the protection of cultural heritage and with affected communities who use, or have used within living memory, the cultural heritage, and incorporated the views of these communities into the client's decision making process.</li> </ul> <p>3. Has critical cultural heritage been identified where significant damage may be unavoidable? If so, has the client (in addition to 2. above):</p> <ul style="list-style-type: none"> <li>a) Conducted good faith negotiations with, and documented the informed participation of, affected communities and the successful outcome of the negotiation?</li> </ul>
	<ul style="list-style-type: none"> <li>b) Appropriately mitigated other impacts on critical heritage with the informed participation of the affected communities?</li> </ul> <p>4. Is the project located in a legally protected area or a legally defined buffer zone? If so has the client (in addition to 2 and 3 above):</p> <ul style="list-style-type: none"> <li>a) Complied with defined regulations and the protected area management plans;</li> <li>b) Consulted the protected area sponsors and managers, local communities and other key stakeholders?</li> <li>c) Implemented additional programs as appropriate to promote and enhance the conservation aims of the protected area?</li> </ul>



Project use of Cultural Heritage	<p>1. Has the client identified proposed project use of cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes? If so, has the client informed these communities of:</p> <ul style="list-style-type: none"> <li>a) their rights under national law</li> <li>b) the scope and nature of the proposed commercial development</li> <li>c) the potential consequences of such development</li> </ul> <p>2. If commercialization has proceeded, has the client:</p> <ul style="list-style-type: none"> <li>a) entered into good faith negotiation with the affected community embodying traditional lifestyle</li> <li>b) documented their informed participation and successful outcome of the negotiation</li> </ul>
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## **ANNEX 11. SHORT LIST OF QUALIFIED E&S CONSULTANTS**

### **Innovativkonzept, Pvt**

Bruchhöfen 4  
27305 Bruchhausen Vilsen  
Germany  
T:(+)49  
T: +27 010880006427177 333 6543\_E; [www.innovativkonzept.com](http://www.innovativkonzept.com)

### **Environmental Resources Manager, Ethos**

Kings Road  
SA1 Swansea Waterfront  
Swansea Bay  
SA1 8AS  
United Kingdom  
M: +44 (0)7748 612 331  
T: +44 (0)1792 306 933  
E: [sarah.dewsbury@erm.com](mailto:sarah.dewsbury@erm.com)

### **Sustainable Finance Advisory, Ltd.**

The Exchange  
28 London Bridge Street  
London  
SE10 8QE  
United Kingdom  
E: [info@sustainablefinanceadvisory.com](mailto:info@sustainablefinanceadvisory.com) [carey@sustainablefinanceadvisory.com](mailto:carey@sustainablefinanceadvisory.com)  
T: +44 7590 351 919

### **EBS Advisory**

8 Dalmeny Road Pine Park  
Randburg  
Johannesburg  
South Africa  
E: [raylene.watson@ebsadvisory.com](mailto:raylene.watson@ebsadvisory.com)

## **ANNEX 12 - ENVIRONMENTAL AND SOCIAL IMAGE/PICTURES PROTOCOL DURING MONITORING VISITS**

When visiting project/company sites, take the following images (to the extent feasible) to provide useful context on environmental and social (E&S) characteristics, aspects and issues.

*NB – It is important that all images are labelled before they are sent to the E&S Risk Officer.*

Specifically, any photos that show:

1. The natural environment surrounding the project/company site or operations;
2. The nature of communities (people, dwellings etc) surrounding the project/company site or operations;
3. The nature of lifestyles e.g. house structures, modes of cooking, levels of sanitation
4. Animals in/around communities;
5. Evidence of gender aspects and diversity in both the project/company and communities
6. Transport corridors to the project/company site;
7. Actual operations on site;
8. Machinery or installations on site;
9. Any employees working at their jobs;
10. Any existing controls used to prevent risks or accidents e.g. signage, emergency points, personal safety equipment, fire-fighting tools or equipment etc
11. Potential issues of interest e.g.
  - a. Non-compliance with E&S controls
  - b. Notable proximity of communities to project/company sites
  - c. Encroachment of communities around project/company sites
  - d. Any evidence of relocation of peoples