

MANDALA CAPITAL SSEA FOOD PROGRAMME

Environmental and Social Management System

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1. Glossary:

AE: means Accredited Entities. Accredited Entities (AEs) are appointed by the Green Climate Fund (GCF) to develop funding proposals and implement programme using GCF resources. Their responsibilities typically include designing, managing, and monitoring GCF-funded activities.

MCL: Mandala Capital Limited, the Accredited Entity for the GCF Program.

MCSSEAFP: Mandala Capital South and Southeast Asia Food Programme, the programme.

MCSSEAFF: Mandala Capital South and Southeast Asia Food Fund, the fund of the programme.

APR: refers to the annual performance reports required by the Green Climate Fund (GCF) for all GCF-funded programs. These reports cover key activities and performance indicators (KPIs) related to the implementation of the funded programs.

Due Diligence: An environmental and social assessment conducted for all prospective Portfolio Companies, particularly for existing facilities. This process involves the use of questionnaires, site visits, interviews, and the review of company policies and procedures.

EE: means Executing Entity. The institution responsible for implementing GCF-funded programme.

ESG: means Environmental, Social, and Governance. A framework used to assess the sustainability and ethical impact of an investment or organization.

ESGAP: means Environmental, Social, and Governance Action Plan: A risk mitigation tool used to address environmental and social issues identified during due diligence on Portfolio Companies.

ESIA: means Environmental and Social Impact Assessment. A process for identifying and evaluating the environmental and social risks and impacts associated with a GCF-funded program.

ESMS: means Environmental and Social Management System, structured and ongoing process led by management to manage environmental and social performance. It includes engagement with clients, workers, affected local communities, and other relevant stakeholders.

E&S means Environmental and Social. A term encompassing policies, management practices, risks, impacts, mitigation measures, and reporting mechanisms related to environmental and social aspects of a program or investment.

ESS: means Environmental and Social Safeguards. A set of standards that define desired environmental and social outcomes and the requirements to achieve them. These standards are tailored to the type and scale of the activity and its associated risks.

GAP: A Gender Action Plan outlines metrics and targeted actions designed to achieve the gender-related objectives of a GCF-funded program. It supports the implementation of gender equity goals in line with this policy and GCF requirements.

GCF: Green Climate Fund - A global fund established under the UNFCCC framework, serving as an operating entity for Financial Mechanism. The GCF supports developing countries in undertaking climate change adaptation and mitigation efforts.

GRM: Grievance Redress Mechanism: The formal process established by Executing Entities to receive, manage, and resolve complaints or grievances from stakeholders.

IFC: International Finance Corporation. A member of the World Bank Group, the IFC is a global financial institution that promotes private sector development in developing countries through investment, advisory, and asset management services.

IFC PS: The IFC Performance Standards. The Environmental and Social Performance Standards of the IFC, which define the responsibilities of clients for managing environmental and social risks and impacts.

NDA: National Designated Authorities - Government agencies designated to act as the official liaison between the GCF and their respective countries. NDAs provide strategic oversight and national-level guidance on GCF-related activities.

KPI: means Key Performance Indicator. Metrics used by Mandala Capital Limited to monitor performance and impact, including on gender, climate, and environmental and social (E&S) outcomes, in GCF-funded programs.

Portfolio Company: company that receives investment capital from MCSSEAFP for which Mandala Capital Limited is an Accredited Entity and which uses GCF funding.

SEAH: means Sexual Exploitation, Sexual Abuse and Sexual Harassment.

Stakeholder: Refers to individuals, groups, communities, or government entities who: are or may be directly or indirectly affected by the activities; and/or have an interest in the activities (i.e., other interested parties)

LP: Limited Partner - refers to an investor in a fund who provides capital but does not participate in the day-to-day management or decision-making of the fund.

TAF: means technical assistance facility. TAFs are grant funded pools of capital funded by GCF and co-investors for support initiatives of portfolio companies and ecosystems in which they operate.

2. Introduction

2.1. Context

- 2.1.1. Mandala Capital SSEA Food Programme ("MCSSEAFP") is a programme focusing on climate adaptation within South-East Asia's food and agriculture sector.
- 2.1.2. MCSSEAFP will use equity to address the funding gap in adaptation solutions in agriculture in Southeast Asia. Its primary climate rationale addresses the region-specific challenges like food wastage, price surges, malnutrition, low agricultural productivity, escalating protein demands and the significant contribution of food production to GHG emissions.
- 2.1.3. MCSSEAFP is committed to ensuring robust environmental and social safeguards through a systematic approach using a comprehensive Environmental and Social Management System in compliance with the GCF's Updated Environmental and Social Policy. The ESS framework of MCSSEAFP will adhere to international best practices, including GCF standards, the IFC Exclusion List, and IFC Performance Standards.
- 2.1.4. MCSSEAFP will implement a Stakeholder Engagement Plan, an Indigenous Peoples Policy, a Gender Action Plan, and a Grievance Redress Mechanism.

2.2. Scope

- 2.2.1. The ESMS applies to: Mandala Capital Limited, MCSSEAFP Portfolio companies and third-party consultants.
 - 2.2.1.1. Mandala Capital Limited: The Mandala Capital team will develop and implement the ESMS Program to identify and address ESG risks at the programme level, ensuring the identification, due diligence, mitigation, management, reporting, and disclosure of risks and incidents across portfolio companies.
 - 2.2.1.2. Portfolio Companies invested from MCSSEAFP will be required to follow the ESG Requirements of MCSSEAFP ESMS. Each Portfolio company is expected to have an ESMS to assess, address and monitor.
 - 2.2.1.3. Consultants: Any third-party consultants must follow the ESMS guidelines established by Mandala Capital.

3. MCSSEAFP Environmental, Social and Governance Policy

3.1. Context

- 3.1.1. As a climate adaptation programme investing in agriculture and food across Southeast Asia, Mandala Capital shows leadership in both seeking positive impact and the approach we take to managing environmental, social and governance (ESG) risk and performance investment

3.1.2. Mandala Capital is committed to sustainable and responsible investing. We believe that responsible investing practices generate sustainable, long-term value for both our investors and portfolio companies. As a result, we have adopted a systematic approach to integrating ESG management into our investment activities in the programme.

3.1.3. We reference globally accepted benchmarks, such as the Green Climate Fund Environmental and Social Safeguards (GCF ESS), International Finance Corporation Performance Standards (IFC PS), IFC Operating Principles, and the UN-supported Principles for Responsible Investment (PRI), and we make a meaningful contribution to the Sustainable Development Goals (SDGs) in our operating countries. We identify, promote, and measure positive impact through our investments under the following SDGs in particular:

3.1.3.1. SDG 2: Zero Hunger

3.1.3.2. SDG 3: Good Health and Wellbeing

3.1.3.3. SDG 8: Decent Work and Economic Growth

3.1.3.4. SDG 10: Reduced Inequalities

3.1.3.5. SDG 12: Responsible Consumption and Production

3.1.3.6. SDG 13: Climate Action

3.1.4. The following policies apply to Mandala Capital investment procedures and activities.

3.2. Governance

3.2.1. MCSSEAFF Director is responsible for signing off on the Mandala Capital operational practices, including the ESG Policy.

3.2.2. The investment team assigned for each investment is responsible for the implementation of the policy on a deal-by-deal basis.

3.2.3. The second impact consultant has the responsibility for monitoring day-to-day implementation of the ESG Policy and related procedures as well as for monitoring and preparing reports on MCSSEAFP and its portfolio companies' ESG performance.

3.3. Revision of Policy

3.3.1. The policy is reviewed after each investment is made, if there is an ESG incident, and thereafter once a year. The team will be made aware of any changes during the annual ESG review meeting and training session. All the communication will be via email to Mandala Capital and external stakeholders.

3.4. Scope

3.4.1. Mandala Capital's position on Responsible Investing is to maximize portfolio performance through ESG and good corporate governance.

3.4.2. This policy will apply to all MCSSEAFP investments and throughout the life of the investment including initial research, due diligence, monitoring and exit.

3.5. Commitment to Responsible Investment

3.5.1. Mandala Capital is aligned with the United Nations supported Principles Responsible Investment (PRI) and is committed to applying the following 6 PRI principles throughout its programme activity:

3.5.1.1. Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

3.5.1.2. Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

3.5.1.3. Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

3.5.1.4. Principle 4: We will promote acceptance and implementation of the principles within the investment industry.

3.5.1.5. Principle 5: We will work together to enhance our effectiveness in implementing the principles.

3.5.1.6. Principle 6: We will report each of our activities and progress towards implementing the principles.

3.5.2. Mandala Capital is committed to upholding non-discrimination, equal opportunity, and fair treatment for all employees, contractors, consultants, and investors involved in the Program and at the Portfolio Company level. Mandala Capital aims that all program activities and investments align with its Environmental and Social Management System. Mandala Capital is dedicated to minimizing the risk of Sexual Exploitation, Abuse, and Harassment (SEAH) by implementing robust protections for Program staff, Portfolio Company staff, and other stakeholders.

3.5.3. Mandala Capital is committed to the following risk management practices in our investments as outlined by the Green Climate Fund:

3.5.3.1. Avoid, and where avoidance is impossible, mitigates adverse impacts on people and the environment.

3.5.3.2. Enhance equitable access to development benefits; and

3.5.3.3. Give due consideration to vulnerable populations, groups, and individuals (including women, children, and people with disabilities, and people marginalized by virtue of their sexual orientation or gender identity), local communities, indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by our activities

3.5.3.4. Throughout our programme life, we will also refer to the policies by GCF:

3.5.3.5. Green Climate Fund ESS Safeguards (2021)

3.5.3.6. Green Climate Fund Gender Policy and Action Plan (2018)

3.6. Excluded Activities

3.6.1. Mandala Capital will apply the IFC Exclusion list and will not invest in companies that have investment or activities from the IFC exclusion list as highlighted in Annex 4.

3.7. Our approach to ESG Risk Management

3.7.1. Mandala Capital is committed to best practices in ESG risk management and achieving positive social and environmental impact, i.e., “to do no harm” while also improving environmental and social outcomes and generating co-benefits to the environment and communities.

3.8. How we Assess Risk

3.8.1. Mandala Capital is to invest in companies in the Southeast Asia market that represent low overall ESG risk and, where ESG risks are identified, that management teams understand and are committed to managing these risks in line with good international practice.

3.8.1.1. To implement this policy, MCSSEAFP will refer to the following standards and principles as benchmarks for good international practices to be applied by portfolio companies:

3.8.1.2. UN Global Compact 10 Principles: The Ten Principles | UN Global Compact

3.8.1.3. IFC Performance Standards: 2012-ifc-performance-standards-en.pdf

3.8.1.4. Other Risks

3.8.1.5. Physical and Transition Climate Assessment

3.8.2. Consideration will be given to ESG risks throughout the investment cycle until the company exits.

3.8.3. MCSSEAFP is only allowed to make E&S Risk Category B and C investments.

3.8.4. MCSSEAFP will use internal knowledge and procedures as well as independent ESG experts to undertake appropriate levels of ESG due diligence prior to investments as well as ongoing ESG monitoring and engagement with portfolio companies after investments. In doing so, MCSSEAFP will adopt a scaled, risk-based approach in line with good practice and GCF requirement.

3.8.5. In determining risk levels, MCSSEAFP refers to the following GCF Category definitions as well as the GCF Sustainability Guidance note screening and categorizing GCF Financed Activities (2019):

- 3.8.5.1. **Category A.** Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.
- 3.8.5.2. **Category B.** Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
- 3.8.5.3. **Category C.** Activities with minimal or no adverse environmental and/or social risks and/or impacts.

3.9. Implementation

3.9.1. Mandala Capital commits to:

- 3.9.1.1. Inform potential portfolio companies of our ESG expectations and processes during early phases of engagement.
- 3.9.1.2. Follow a formal ESG due diligence process during the early screening processes.
- 3.9.1.3. Based on any gaps identified prior to investment, work with portfolio companies to determine a suitable Action Plan for performance improvement during the life of the investment.
- 3.9.1.4. Embed ESG commitments and Action Plans in the investment with clear timelines, responsibilities, and reporting requirements.
- 3.9.1.5. Work with portfolio companies throughout the life of investment to enhance business value through improved ESG performance.
- 3.9.1.6. Champion ESG strategic considerations and planning as part of fiduciary duty in our participation as nominated directors at board level.
- 3.9.1.7. Monitor value created through improved ESG performance throughout the life of the investment and measure total value created by the time of exit.
- 3.9.1.8. Report to our Limited Partners and broader stakeholders on the aggregate ESG performance of our investment portfolio.

3.9.2. In the case of non-compliance with the policy by a portfolio company, MCSSEAFP will make all efforts to remedy the situation and work with the company to achieve compliance as quickly as possible. Should the engagement not be successful, MCSSEAFP reserves the right to exit the investment in cases of egregious and irremediable breaches in order to protect the reputation and integrity of our Limited Partners.

3.10. Monitoring and Review

3.10.1. Mandala Capital will assess and monitor the ESG performance of portfolio companies prior to investment and on an annual basis.

3.10.2. Selected KPIs will be requested from portfolio companies on an annual basis.

3.10.3. Portfolio companies are also required to notify MCSSEAFP in cases of serious incidents or where changes in business structure or operations affect the ESG risk profile of the investment.

3.11. Disclosure and Contribution

3.11.1. Mandala Capital will share an annual ESG report on our portfolio performance with our LPs community.

4. Introduction

4.1. Context

4.1.1. The Principles and Commitments stated in this policy will be implemented at two levels:

4.1.1.1. ESMS at Portfolio Companies: Portfolio companies will be required to meet the ESG requirements of the programme. Companies will be required to establish and maintain their ESMS to assess, address, monitor ESG risks and impacts in line with the programme requirements

4.1.1.2. ESMS at programme Level: The programme management team will establish and maintain the programme ESMS to assess, oversee and support the management of ESG matters by the Portfolio Companies as well as oversee ESG matters at overall Portfolio level.

4.1.2. These Operational Guidelines aim to provide the information needed to support the implementation and operationalization of the ESMS. They are based on the IFC Policy and Performance Standards on Social and Environmental Sustainability 2012, and their Guidance Notes, which have been harmonized with the GCF's Environmental and Social Principles and Standards.

4.1.3. The following tables highlight the operational guidelines:

ESMS Section	Summary
Section 5 Environmental and social Impact Assessment (ESIA)	This section gives an overview of the environmental and social risks and impacts associated with the agricultural sector in the targeted region.
Section 6: ESMS at the programme level	The section highlights the methods used throughout the investment lifecycle to assess, plan, implement, monitor and review ESG of the portfolio companies.

Section 7: Allocation of Resources, Organizational Capacity and Responsibilities	This section gives an overview of the expected resources.
Section 8: Environmental, Social and Governance Safeguards Standards	This section includes the criteria and requirements of the aspects of good governance and environment and social performance.
Section 9: Monitoring and Reporting	This section underlines the programme monitoring of the ESG performance of Portfolio companies and reporting to limited partners.
Section 10: Disclosure of Information	This section underlines the timely and accessible disclosure of environmental and social information to all stakeholders. It ensures transparency throughout the project lifecycle, enabling informed stakeholder engagement and effective risk management.

5. Environmental and Social Impact Assessment (ESIA):

5.1. MCSSEAFP Impact Assessment Executive Summary:

5.1.1. Mandala Capital SSEA Food Fund (MCSSEAFF) is a private equity fund, focusing on climate adaptation within South-East Asia's food and agriculture sector. Its primary climate rationale addresses the region-specific challenges like food wastage, price surges, malnutrition, low agricultural productivity, escalating protein demands and the significant contribution of food production to GHG emissions. MCSSEAFF supports scalable adaptation solutions that improve agricultural productivity, strengthen value chains for nutritious food, and build the resilience of smallholders and supply chains to climate shocks. Gender considerations are integrated across the fund's investment cycle to ensure that adaptation benefits are inclusive and responsive to the needs of women and vulnerable groups.

5.1.2. MCSSEAFF team engaged in a comprehensive environment and social impact assessment, which analyzed risk from a fund-level, country-specific risks and climate risks.

5.1.3. MCSSEAFP is committed to ensuring robust environmental and social safeguards through a structured and systems-based approach described in the Environment and Social Management System (ESMS) in line with the Green Climate Funds' (GCF) Updated Environment and Social Policy. The ESS Framework adopted by MCSSEAFP adheres to leading international standards, including GCF's safeguards, the IFC Performance Standards and

the IFC Exclusion List. In addition, MCSSEAFP has developed a Gender Action Plan, an Indigenous People Policy and a Grievance Redress Mechanism (Annex 10).

5.1.4. To identify and evaluate potential environmental and social risks associated with the MCSSEAFP program and its target portfolio companies, MCSSEAFP has conducted desktop research.

5.1.5. In addition, MCSSEAFP has had extensive stakeholder engagement to shape the design and strategy of the Program. Some of those consultations included investors, pipeline companies, government agencies, industry experts, consultants, gender groups, academia and beneficiaries. Engagement formats included in-person meetings, consultation, events. The stakeholder collaboration will remain an integral part of the program throughout the implementation. (Refer to Annex 8 for further information)

5.1.6. MCSSEAFP team has a deep sectoral knowledge, prior investment experience in agriculture, and continuous stakeholder input. MCSSEAFP classified the program as Environment and Social Risk Category I-2 in accordance with GCF'2021 Revised Environmental and Social Policy.

5.1.7. This section will outline sector-wide trends in agriculture, as well as national and project-level risks and MCSSEAFP strategies to mitigate them.

5.2. MCSSEAFP Programme Overview:

5.2.1. MCSSEAFP is a \$202m fund in which MC is requesting \$35m investment from GCF and \$1m in grant funding from GCF towards \$10m Technical Assistance Facility (TAF). MCSSEAFP intends to focus on priorities on Southeast Asia (Vietnam, Indonesia, Philippines and Thailand). To arrive at the focus countries, the team conducted a rigorous market evaluation considering the need for climate financing to meet NDC targets, the country alignment, the investment ecosystem and the current market gap.

5.2.2. Mandala Capital has been working for the past 14 years in food and agriculture in Southeast Asia through investment in agribusinesses. The management team builds directly from the experience gained during the predecessor funds. The investment team brings a combined 40+ years of experience investing in food and agriculture, climate and emerging markets. The team has a deep understanding of food and agriculture value chain, technologies prevalent in the region and local market knowledge within South-East Asia with proprietary access to deal flow. Through predecessor Funds, the team has built up an unparalleled reputation as a leading food and agriculture investor in, having invested in many of the companies at the forefront of the food and agriculture landscape.

5.2.3. MCSSEAFP prioritizes investments that deliver measurable progress in yield enhancement, improved nutritional outcomes, and strengthened food security. To do so, MCSSEAFP is focused on five themes within the food and

agri sector in the region which represents the greatest opportunity for climate resilience strategies. These are:

5.2.3.1. Protein: Firms involved across the protein value chain from feed to protein production and processing

5.2.3.2. Productivity: Firms involved in increasing productivity at the farm or factories - through technology, productivity, seeds, fertilizer, machinery and so on

5.2.3.3. Waste Management / Resource Efficiency: Firms involved in converting waste into higher value products, upcycling of materials, circular economy technology.

5.2.3.4. Health and Nutrition: Firms involved in creating healthy and sustainable food products and derivatives to cater to the emerging needs of consumers.

5.2.3.5. Logistics: Firms involved in sustainable development of the logistics sector in agri and food businesses such as cold chain businesses.

5.2.4. MCSSEAFP will focus on SMEs with \$0.5m - \$10m in profitability and expect to invest \$5m-25m per transaction. The Fund will invest in a staggered manner and aim to take controlling positions in companies where it can drive change, catalyze climate innovation, technology adoption, access to knowledge and true value creation to make these companies sustainable and scalable.

5.2.5. The Food and Agriculture sector remains a relatively unknown sector for investors given its unique characteristics, lack of multiple funds and lack of many publicly listed companies in the region. However, with the right mix of GCF, DFIs and private capital, MC believes that this will be the right combination, along with the TAF money, to drive this strategy forward and mobilize additional capital for future funds.

5.3. Agriculture Context

5.3.1. MCSSEAFP aims to unlock strong climate adaptation, food security, and community benefits through its agricultural investments.

5.3.2. Positive environmental and social impacts include:

5.3.2.1. Promote climate-resilient agricultural practices to strengthen food security in the face of changing climate conditions

5.3.2.2. Reduce food loss and waste along the value chain through improved storage, cold chain logistics, and processing innovations

5.3.2.3. Promote low-emissions livestock management practices, including improved feeding, manure management

5.3.2.4. Support diversification of crops and income sources to enhance the adaptive capacity of vulnerable agricultural communities

5.3.2.5. Strengthen inclusive value chains and local food systems to enhance resilience, nutrition, and livelihoods, especially for women and marginalized groups

5.3.2.6. Improve water-use efficiency in farming systems through climate-smart irrigation and water harvesting technologies

5.3.3. The Program also recognizes that these activities may carry material environmental and social risks. The risks and potential impacts vary by sub-sector and lifecycle stage, from design and construction to operations and eventual closure. MCSSEAFP's due diligence and portfolio management systems are designed to ensure these risks are anticipated, monitored, and mitigated in accordance with IFC Performance Standards (PS).

Investment Themes	E&S Risks	Mitigation Strategies	IFC Performance Standards
Protein	- Land degradation, water pollution from effluents. - Biodiversity loss due to land conversion for feed. - Methane and GHG emissions from livestock. - Excessive use of antibiotics and animal welfare concerns. - Odors and waste affecting nearby communities. - Labor risks and safety hazards in processing.	- Support low-emission livestock and regenerative systems. - Require proper waste treatment and effluent control in aquaculture. - Promote certifications (e.g. Global GAP, ASC) and responsible veterinary practices. - Ensure animal welfare and humane slaughtering. - Adopt OHS protocols in processing facilities.	- PS1 - Assessment and Management of E&S Risks - PS2 - Labor and Working Conditions - PS3 - Resource Efficiency and Pollution Prevention - PS4 - Community Health, Safety and Security - PS6 - Biodiversity Conservation
Productivity	- Soil and water pollution from chemical overuse. - Groundwater depletion due to irrigation. - Worker safety risks from pesticide exposure and machinery use. - Unequal access to mechanization or agtech. - E-waste or digital exclusion from agri-tech tools.	- Promote Integrated Pest Management and safe agrochemical handling. - Support water-efficient irrigation (e.g., drip systems). - Provide PPE and training for farm workers - Encourage inclusive access to digital ag	- PS1- Assessment and Management of Environmental and Social Risks and Impacts - PS2- Labor and Working Conditions - PS3- Resource Efficiency and Pollution Prevention - PS4- Community Health, Safety and Security - PS6- Biodiversity Conservation and

		solutions. - Implement e-waste handling protocols.	Sustainable Management of Living Natural Resources
Waste Management / Resource Efficiency	- Air, water, or soil pollution from poorly managed waste. - Greenhouse gas emissions from decomposition. - Odors and vermin near waste sites. - Worker injury or disease risk in waste facilities. - Community resistance to waste infrastructure.	- Implement pollution controls and containment systems. - Promote composting, biogas, and circular systems. - Train workers in health and safety practices. - Consult with communities and establish grievance mechanisms. - Ensure compliance with waste and emissions regulations.	PS1- Assessment and Management of Environmental and Social Risks and Impacts PS2- Labor and Working Conditions PS3- Resource Efficiency and Pollution Prevention PS4- Community Health, Safety and Security
Health and Nutrition	- Food safety issues from contamination. - Unsafe or unfair labor practices in food production and packaging. - Exclusion of vulnerable consumers due to price or availability. - Marketing of unhealthy products or misleading claims. - Generation of solid waste from packaging or agricultural residue - Effluent discharge or Air emissions from food processing or handling	- Require HACCP or equivalent food safety certifications. - Enforce fair contracts, working hours, and safe conditions. - Promote inclusive product development and affordability. - Set ethical guidelines for advertising and product labelling. - Implement waste management protocols for packaging and agricultural residues - Ensure proper treatment of effluents and emissions to meet environmental standards	PS1- Assessment and Management of Environmental and Social Risks and Impacts PS2- Labor and Working Conditions PS3- Resource Efficiency and Pollution Prevention PS4- Community Health, Safety and Security PS5- Land Acquisition and Involuntary Resettlement
Logistics	- High energy consumption and carbon emissions. - Use of harmful refrigerants (e.g., HFCs). - Road safety hazards and	- Invest in energy-efficient and climate-friendly cold storage. - Transition to natural refrigerants (e.g.,	PS1- Assessment and Management of Environmental and Social Risks and Impacts PS2- Labor and Working

	occupational risks. - Displacement risks from facility construction. - Gender or labor inequities in informal logistics work	ammonia, CO ₂). - Provide driver and worker training, PPE, and route safety planning. - Conduct land due diligence and apply FPIC where needed. - Require formal labor policies for logistics partners.	Conditions PS3- Resource Efficiency and Pollution Prevention PS4- Community Health, Safety and Security PS5- Land Acquisition and Involuntary Resettlement PS7- Indigenous Peoples
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5.4. Country Context

5.4.1. Thailand: Agriculture is vital to Thailand's economy, accounting for about 8.1% of GDP and providing employment to over 30% of the workforce.¹ Thailand is a global leader in rice, rubber, and cassava exports. However, the sector faces substantial challenges from climate change, including increased temperatures, irregular rainfall, and extreme weather events like droughts and floods, which threaten productivity and stability. Rising temperatures and erratic rainfall patterns can reduce yields of key crops, such as rice and cassava, by up to 15% by mid-century. Thailand's agricultural sector is regulated under the Enhancement and Conservation of National Environmental Quality Act and labor laws governing worker conditions and rights. While these laws aim to address environmental impact and labor protections, rural enforcement is limited, particularly concerning pesticide use and worker safety in farming communities.

5.4.1.1. Environmental Risks

5.4.1.1.1. Climate-Driven Water Scarcity: Increased temperatures and erratic rainfall create water shortages, especially for water-intensive rice paddies. In the dry season, droughts are projected to become more frequent, stressing both irrigation and drinking water supplies.

5.4.1.1.2. Increased Risk of Pests and Diseases: Warmer temperatures create favorable conditions for pests and crop diseases, reducing yields and increasing the need for pesticides, which further contaminate soil and waterways.

5.4.1.1.3. Sea-Level Rise and Saltwater Intrusion: Coastal agricultural areas, particularly in the Mekong Delta, face increasing saltwater intrusion due to rising sea levels. This affects soil quality and reduces arable land, particularly for rice production.

¹ Food and Agriculture Organization of the United Nations. (2018). *Case study Thailand: Agriculture, forestry and fisheries sectors overview*.

5.4.1.1.4. Deforestation and Greenhouse Gas Emissions: The expansion of rubber and cassava farming contributes to deforestation, releasing stored carbon and increasing emissions. Thailand's forests play a key role in carbon sequestration, and their loss exacerbates climate impacts.

5.4.1.2. Social Risks

5.4.1.2.1. Labor Exploitation in Farming: Migrant labor, particularly from Myanmar and Laos, is common in Thailand's agricultural sector. These workers often face inadequate legal protections, low wages, and unsafe conditions, with instances of child labor reported in certain crops.

5.4.1.2.2. Community Health Concerns: Communities in agricultural regions are exposed to health risks from pesticide contamination in water supplies, leading to respiratory issues and skin diseases.

5.4.1.2.3. Land Ownership and Displacement: Commercial agricultural expansion often leads to land disputes, particularly impacting indigenous communities and smallholders who may lose access to farming land.

5.4.2. Vietnam: Agriculture in Vietnam is a cornerstone of the economy, contributing around 18% of GDP and employing over 47% of the population.² The Mekong Delta, known as the "rice bowl," is highly productive yet vulnerable to climate change impacts, including rising sea levels and salinization. These changes threaten crop yields, with rice production projected to decline by up to 20% due to saltwater intrusion and changing rainfall patterns. Vietnam's Law on Environmental Protection governs pollution, waste management, and biodiversity, while labor laws set standards for fair treatment in agriculture. However, enforcement remains a challenge, particularly in remote farming areas.

5.4.2.1. Environmental Risks

5.4.2.1.1. Sea-Level Rise and Soil Salinization: Rising sea levels increase saltwater intrusion in the Mekong Delta, reducing rice yields and threatening local livelihoods. Salinity levels are expected to rise by up to 30%, making previously fertile land unsuitable for rice farming.

5.4.2.1.2. Increased Frequency of Extreme Weather: Vietnam faces increasingly frequent typhoons and heavy rains, which cause flash floods that damage crops and agricultural infrastructure, disrupting local food supplies and economic stability.

² Food and Agriculture Organization of the United Nations. (n.d.). *Viet Nam / Integrating Agriculture in National Adaptation Plans (NAPs)*. FAO. Retrieved July 2025, from FAO website

5.4.2.1.3. Soil Degradation from Climate-Driven Flooding: Frequent flooding causes soil erosion and nutrient loss, especially in rice paddies, leading to declines in crop productivity.

5.4.2.1.4. Heat Stress and Crop Yields: Higher temperatures, especially during the growing season, stress crops and reduce yields for heat-sensitive crops like rice and coffee, which are key to the country's agricultural output.

5.4.2.2. Social Risks

5.4.2.2.1. Rural Poverty and Inequality: Smallholder farmers, particularly ethnic minorities, face limited access to markets and financial resources, increasing their economic vulnerability.

5.4.2.2.2. Climate-Induced Migration: Extreme weather and flooding force rural communities to migrate, disrupting agricultural labor availability and affecting local economies.

5.4.2.2.3. Land Tenure Conflicts: Rapid agricultural expansion has increased land disputes, with local farmers and ethnic minorities often losing access to arable land.

5.4.3. Indonesia: The agriculture sector represents 13% of GDP, employing about 30% of the workforce.³ Palm oil, rice, and rubber are key exports, but climate change, with rising temperatures and unpredictable rainfall, threatens crop productivity. Coastal agriculture faces additional challenges from sea-level rise and saltwater intrusion, especially in low-lying rice-growing regions. The Environmental Management Act and labor laws aim to regulate environmental practices and worker rights in agriculture. However, enforcement is often lacking, especially in remote areas and informal farming communities.

5.4.3.1. Environmental Risks

5.4.3.1.1. Deforestation and Greenhouse Gas Emissions: Large-scale deforestation for palm oil plantations accelerates greenhouse gas emissions and reduces carbon sequestration. Peatland conversion, in particular, releases significant carbon, contributing to global warming.

5.4.3.1.2. Droughts and Reduced Water Availability: With rainfall patterns shifting due to climate change, certain regions experience prolonged dry spells, affecting water availability for rice paddies and plantations. This is projected to increase by up to 20% in Java, Indonesia's main rice-growing region.

³ Organisation for Economic Co-operation and Development. (2023). *Indonesia* (Agricultural Policy Monitoring and Evaluation 2023 country chapter). In *Agricultural Policy Monitoring and Evaluation 2023: Adapting Agriculture to Climate Change* (pp. -). OECD Publishing.

5.4.3.1.3. Increased Flooding and Landslides: Rising rainfall intensity causes more frequent flooding, damaging crops, displacing farming communities, and increasing the risk of landslides, especially in steeply sloped areas like coffee plantations.

5.4.3.1.4. Soil Erosion and Nutrient Loss from Extreme Weather: Increased frequency of extreme weather degrades soil quality, eroding topsoil and depleting nutrients, reducing agricultural productivity in the long term.

5.4.3.2. Social Risks

5.4.3.2.1. Labor Exploitation in Plantations: Poor labor conditions, including low wages, inadequate safety measures, and cases of child labor, are common in Indonesia's palm oil and rubber plantations.

5.4.3.2.2. Community Health Risks: Pesticide exposure impacts community health, with nearby residents facing increased respiratory illnesses and skin diseases.

5.4.3.2.3. Indigenous Land Rights Conflicts: Expansion of commercial agriculture encroaches on indigenous land, leading to disputes and displacement of local communities

5.4.4. Philippines: The agriculture in the Philippines is essential for food security and rural employment, contributing 10% of GDP and employing about 25% of the workforce.⁴ The sector faces significant challenges from frequent typhoons, flooding, and rising temperatures, which threaten rice, coconut, and corn production. Climate models project that rising temperatures and sea-level rise will reduce arable land and productivity, directly impacting food security.

5.4.4.1. Environmental Risk

5.4.4.2. Typhoon and Storm Damage: The Philippines is hit by an average of 20 typhoons annually, causing severe crop loss, especially in rice and coconut sectors. Typhoon intensity has increased, with storm surges causing saltwater intrusion that damages arable land.

5.4.4.3. Soil Erosion Due to Extreme Weather: Intense rainfall and flooding from typhoons increase soil erosion, particularly in mountainous regions where crops like corn are grown on sloped land, reducing arable land and soil fertility.

5.4.4.4. Rising Temperatures Impacting Crop Growth: Higher temperatures, particularly during critical growth stages, reduce yields for rice and coconut. A projected increase of 1.5°C by 2050 could decrease rice production by up to 15%, affecting food security.

⁴ World Bank. (2022). *Country Climate and Development Report: Philippines* (pp. Section 4.21). Retrieved from World Bank Open Data repository.

5.4.4.5. Sea-Level Rise and Saltwater Intrusion: Rising sea levels threaten coastal agricultural land, with saltwater intrusion reducing soil fertility in rice-producing areas, especially in low-lying regions like the Cagayan Valley and Visayas.

5.4.4.6. Social Risks

5.4.4.6.1. Food Insecurity from Crop Losses: Crop losses due to typhoons and flooding drive up food prices, disproportionately affecting low-income communities dependent on affordable staples.

5.4.4.6.2. Labor Rights Violations: Many agricultural workers are informally employed without contracts, leaving them without access to legal protections or benefits.

5.5. Environmental and Social Risks using the IFC Performance Guidance

The table below outlines key environmental and social risks associated with MCSSEAFP programme's target sectors, drawing from IFC Performance Standards. Additional risks may arise depending on the specific context of each assessment and will be analyzed during the Fund's ESG Due diligence. For every deal, ESG Risks and mitigation measures will be conducted as part of the due diligence.

IFC Performance Standard 1: Risks across Environmental and Social Management	
Indicator	Risk and Mitigant Description
Environmental and Social Management System	Risk: Lack of a structured process to identify, assess, and manage environmental and social risks. Mitigant: Implement an ESMS that includes risk identification, assessment, management plans, and regular monitoring. Companies with lack of capacity will be trained as part of technical assistance.
Risk Assessment	Risk: Failure to accurately assess environmental and social risks, leading to unforeseen impacts and liabilities. Mitigant: Conduct comprehensive risk assessments, engagement with local experts and communities, and update assessments regularly. Companies with lack of capacity will be trained in environmental and social risk identification, mitigation, and capacity as part of technical assistance.
Stakeholder Engagement	Risk: Inadequate engagement with stakeholders, leading to conflicts and lack of support. Mitigant: Due Diligence will be conducted on stakeholder engagement. Those with insufficient practices will develop and implement a stakeholder engagement plan, ensure transparent communication, and address stakeholder concerns. (Refer to Annex 8)

Gender-based abuse, exploitation or harassment (SEAH)	Risk: Companies may have a lack of knowledge of gender-based violence. They may have limited understanding of SEAH risks affecting their employees and customers. Additionally, some Grievance Redress Mechanisms (GRMs) may not be included in their SEAH provisions. Mitigant: Conduct a due diligence to assess companies SEAH-related capacity, awareness, policies, and procedures. If gaps are identified, Mandala Capital's impact consultant, who specializes in gender, will support companies in building and strengthening their capacity, including enhancing grievance redress mechanisms to incorporate SEAH considerations. (Annex 10)
Emergency Preparedness	Risk: Companies may lack adequate emergency response systems. This could include missing or inadequate safety protocols, equipment, signage, alarm systems, staff training, and regular emergency drills. Inadequate preparedness can pose serious risks to employee and community safety and may compromise the company's ability to maintain operations during a crisis. Mitigation: During the ESG due diligence, companies will be assessed on the strength of their emergency preparedness. Site visits may be conducted to assess on the ground practices. If gaps are identified, the MCSSEAFP team will incorporate corrective actions into the company's ESG Action Plan requiring improvements to emergency protocols, training and equipment. MCSSEAFP will advise portfolio companies on EPRP including the identification of areas where accidents and emergency situation may occur, communications and individuals that may be impacted. (Annex 18)
IFC Performance Standard 2: Labor and Working Conditions Risks	
Indicator	Risk and Mitigant Description
Worker Safety and Health	Risk: Poor working conditions, inadequate health and safety measures, and labor rights violations. Mitigant: Establish and enforce comprehensive health and safety policies, ensure fair labor practices, and provide training and protective equipment.
Fair Treatment and Non-Discrimination	Risk: Discrimination and unfair treatment of workers, leading to legal issues and employee dissatisfaction. Mitigant: Implement non-discrimination policies, ensure equal

	opportunity employment, and provide grievance mechanisms for workers. (Refer to Annex 10)
Occupational Health and Safety (OHS)	Risk: High incidence of workplace accidents and health hazards, resulting in worker injuries and health issues. Mitigant: Regularly audit OHS practices, provide ongoing training, enforce safety protocols, and maintain emergency response plans.
Worker feedback	Risk: Companies may lack formal whistleblowers, grievance, or complaints mechanisms. Without structured systems, employees may have no safe way to report grievances, including cases of gender-based violence (GBV) and sexual exploitation, abuse, and harassment (SEAH). This could lead to legal issues and reputational harm. Mitigant: During due diligence prior to investments, companies will be required to provide their whistleblower and grievance policies. (Refer to Annex 10) If any risks or gaps are identified, companies must outline measures to address them in their ESG Action Plan. MCSSEAFP will provide technical assistance to support the creation and implementation of ESGAP. This will be monitored on an annual basis by Mandala Capital's impact consultant.
Safeguards to avoid sexual harassment at work (SEAH)	Risk: Companies may lack formal measures to prevent sexual exploitation, abuse, and harassment (SEAH) in the workplace, such as a comprehensive sexual harassment policy that includes confidential and anonymous complaint mechanisms and trained HR personnel to handle cases effectively. This deficiencies in SEAH protection could result in important challenges for companies' staff who experience sexual harassment for reporting incidents safely and obtaining a resolution. Mitigants: Conduct due diligence on SEAH policies, procedures and any past incidents. Where risks are identified, Mandala Capital's impact consultant, who specializes in gender, will provide clear improvement actions in the Gender Action Plan. MCSSEAFP will provide technical assistance to support the creation and implementation of GAP. Companies will also be required to report annually on SEAH matters.
Gender Equality	Risk: Companies may lack formal commitments to gender equality and gender action plans. This may lead to inadequate policies and procedures, and limited accountability in advancing gender equality. Mitigant: Conduct gender assessment during due diligence prior to any investments. If gaps are identified, Mandala

	Capital's impact consultant, who specializes in gender, will support companies in building and strengthening their capacity. This will be documented and tracked within a company-specific Gender Action Plan. MCSSEAFP will also offer gender technical assistance for portfolio companies to strengthen their gender practices.
Compliance with national labor and employment law	Risk: Companies may not be in compliance with national labor and employment law. Non-compliance may lead to legal action and harm company's operations Mitigant: Conduct due diligence on compliance with local labor law. MCSSEAFP will monitor companies for legal compliance on an annual basis.
Forced and child labor	Risk: Some companies may engage in forced labor and child labor. Mitigant: MCSSEAFP will not invest in any company involving forced labor and/or child labor. Forced labor and child labor are both part of the IFC exclusion list, hence no companies from the IFC exclusion list will be able to receive funding from MCSSEAFP. (Refer to Annex 4)
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention	
Indicator	Risk and Mitigant Description
Resource Use and Waste Management	Risk: Inefficient use of resources, high levels of waste, and pollution. Mitigant: Adopt resource-efficient processes, waste reduction practices, and pollution control measures.
Energy Efficiency	Risk: High energy consumption leading to increased costs and environmental impact. Mitigant: Implement energy efficiency measures, invest in renewable energy sources and monitor energy usage.
GHG emissions	Risk: Greenhouse gas emissions may arise from various agricultural activities, excessive application of nitrogen-based fertilizers, conversion of forests or wetlands to farmland, and improper disposal or burning of crop residues. Many agricultural enterprises may lack the technical capacity or tools to accurately monitor and manage their emissions. Mitigant: Through the TA, agricultural companies will be supported in understand their emission sources and adopting climate-smart practices to reduce their GHG emissions.
IFC Performance Standard 4: Health, Safety, and Security	
Indicator	Risk and Mitigant Description

Impact on Local Communities	Risk: Negative impacts on community health, safety risks from project activities, and inadequate security measures. Mitigant: Engage local communities through regular consultations to ensure their concerns are addressed (Refer to annex 8 for Stakeholder Engagement Plan) Establish clear grievance redress mechanisms (Refer to Annex 10 on Grievance Redress Mechanism). Ensure all security personnel are properly trained in human rights and use of force protocols. Monitor and report incidents transparently, with corrective actions taken promptly.
Community Engagement and Development	Risk: Lack of community participation and benefits from project activities, leading to social unrest and opposition. Mitigant: Develop community engagement plans, ensure equitable distribution of benefits, and support community development initiatives.
Cultural Heritage Protection	Risk: Damage or destruction of cultural sites and heritage, leading to loss of cultural identity and community disapproval. Mitigant: Identify and protect cultural heritage sites, involve local communities in preservation efforts, and integrate cultural heritage considerations into project planning. Chance Find Procedures (CFPs) should be used when a project involves any activities that disturb the ground and there is a possibility of encountering previously unknown physical cultural resources, refer to annex 9.
Gender-based Violence, Exploitation and Harassment (SEAH)	Risk: Company staff may commit sexual harassment, abuse, or exploitation in the communities they serve, causing serious harm to community members and directly contradicting the programme gender equity objectives. Such incidents expose companies to legal action and reputational damage. Mitigant: Due Diligence will assess gender-related practices and risks prior to any investments. Where risks are identified, Mandala Capital's impact consultant, who specializes in gender, will provide clear improvement actions in the Gender Action Plan. MCSSEAFP will provide technical assistance to support the creation and implementation of the GAP.
Worker Conduct and Community Impact	Risk: Company employees may engage in misconduct within the communities where they work, including violence, harassment, stalking, or other harmful behaviors. Companies' staff that are community-facing may also attempt to exploit customers. This may negatively affect business activities and expose the company to lawsuits. Mitigant: Due diligence will assess consumer protection policies, codes of conduct, and sales practices. Identified shortcomings

	will be incorporated into the ESG Action Plan (ESGAP) and reviewed on an annual basis.
IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement	
Indicator	Risk and Mitigant Description
Resettlement and Livelihood Restoration	Risk: Displacement of communities, loss of livelihoods, and inadequate compensation or resettlement support. Mitigant: Develop and implement resettlement action plans, ensure fair compensation, restore livelihoods, and provide ongoing support to affected communities. (Refer to Annex 5)
IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Indicator	Risk and Mitigant Description
Biodiversity Impact Assessment	Risk: Negative impacts on biodiversity and ecosystem services, affecting local ecosystems and species. Mitigant: Conduct biodiversity assessments, implement conservation plans, and integrate biodiversity considerations into project design and operations.
Sustainable Resource Management	Risk: Unsustainable use of natural resources, leading to depletion and long-term environmental degradation. Mitigant: Promote sustainable resource management practices, adopt resource-efficient technologies, and engage with stakeholders on sustainable development goals
Land Use and Biodiversity Conservation	Risk: Habitat loss, biodiversity impacts, and disruption of ecosystem services due to project activities. Mitigant: Conduct biodiversity assessments, implement conservation measures and promoting sustainable land use practices to mitigate impacts.
IFC Performance Standard 7: Indigenous People	
Indicator	Risk and Mitigant Description
Free, Prior, and Informed Consent (FPIC)	Risk: Lack of respect for Indigenous Peoples' rights to consent and participation in project decisions affecting their lands and resources. Mitigant: Ensure FPIC processes are followed, engage with Indigenous communities in culturally appropriate ways, and incorporate Indigenous knowledge and traditions into project planning and implementation. (Refer to Annex 12 if required)
Cultural and Socioeconomic Impacts	Risk: Disruption of cultural practices, loss of traditional livelihoods, and socio-economic disparities for Indigenous Peoples.

	Mitigant: Conduct cultural impact assessments, implement cultural heritage protection measures, and support socio-economic development initiatives that benefit Indigenous communities.
IFC performance Standard 8: Cultural Heritage	
Indicator	Risk and Mitigant Description
Protection and Preservation	Risk: Damage or destruction of cultural heritage sites and artifacts, undermining cultural identity and historical significance Mitigant: Identify and protect cultural heritage sites, implement monitoring and conservation measures and engage with local communities to safeguard cultural heritage values. Chance Find Procedures (CFPs) should be used when a project involves any activities that disturb the ground and there is a possibility of encountering previously unknown physical cultural resources (Annex 9)

6.

ESG Management at the Programme Level

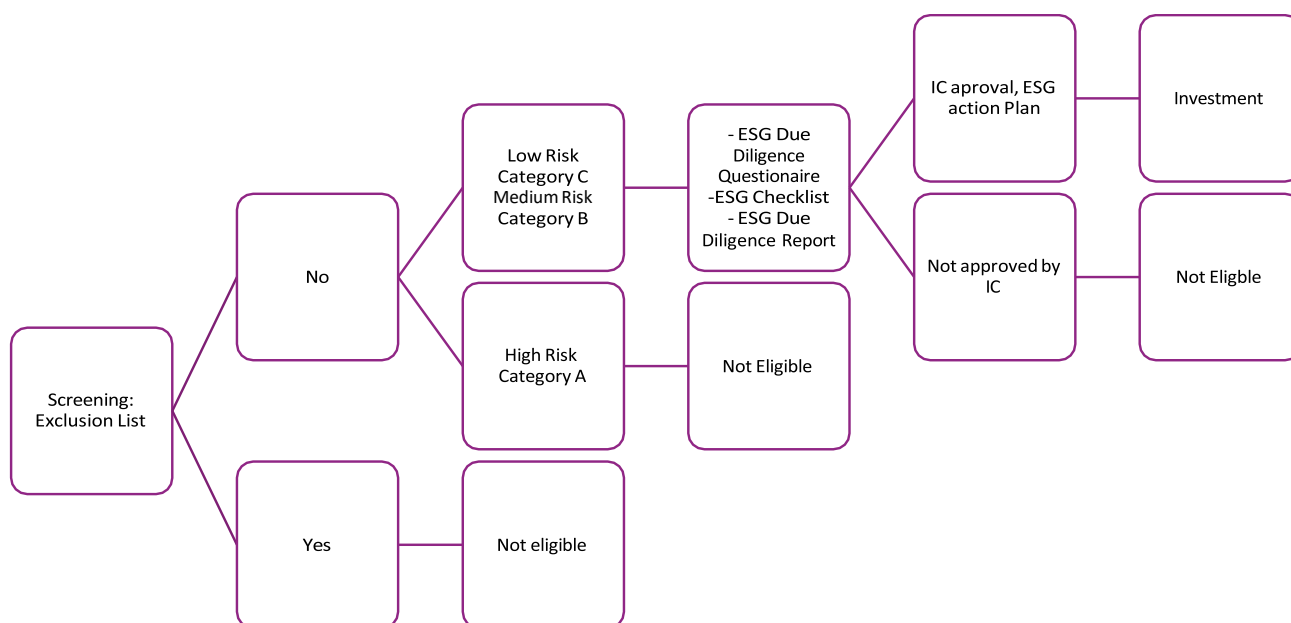
6.1. ESG Management Overview

6.1.1. MCSSEAFP will incorporate environmental and social factors in screening, due diligence (environmental and social audit), term sheets, post- investment supports, monitoring, and reporting.

6.1.2. MCSSEAFP will be applying the following ESG process:

Themes	Protein	Productivity	Waste Mngmt	Health & Nutrition	Logistics
Definitions	companies that are involved in protein production and processing	firms involved in increasing productivity at the farm or factories through technology, productivity, seeds, fertilizer, and machinery.	firms involved in converting waste into higher value products, upcycling of materials, circular economy technology.	firms involved in creating health and sustainable food products and derivatives to cater to the emerging needs of consumers	firms involved in sustainable development of the logistics sector in agri and food businesses such as cold chain businesses
Average	\$5m to \$25m				

Ticket Size	
Screening	Annex 1: ESG Checklist Annex 4: Exclusion List
ESG Diligence	Annex 2: MCSSEAFP ESG Due Diligence Questionnaire Annex 13: Guidance on Environmental and Social Impact Assessment ESIA (if required)
Investment Decision	Annex 3: MCSSEAFP Due Diligence Report Annex 5: Environmental Social and Governance Action Plan Template (ESGAP)
Post Investment	ESG Monitoring and Reporting Implementation of ESGAP Annex 6: ESG Incident Report Template - <i>if necessary</i>
Monitoring and Reporting	Annex 7: MCSSEAFP Annual Report on ESG Performance



6.2. ESG Considerations in the Investment Process

Screening

- 6.2.1. All companies under consideration for investment must verify that they do not engage in any activities from the Exclusion List as highlighted in Annex 4.
- 6.2.2. Companies that are involved in any activity from the Exclusion List will not progress to the due diligence stage
- 6.2.3. Mandala Capital Team will perform a preliminary ESG assessment of the pipeline including research and examining any materials provided by the company. This includes background research into public information about

the company including search of public information on the internet, reviewing news articles. Mandala Capital will also review any initial materials shared by the company including policies, ESG reports, pitch deck. The inputs found will be used to complete Annex 1: ESG Checklist

6.2.4. The impact consultant (seconded by an impact consulting firm) is expected to support the ESG due diligence process.

6.2.5. If the pipeline company does not perform any activities from the exclusion list and is not categorized as IFC Category A, then the team will continue forward with due diligence. If there is evidence that the investment may be considered Category B, the team may decide to start an ESIA (Refer to Annex 13)

Due Diligence

6.2.6. Mandala Capital will then process the due diligence of ESG using the framework established in Annex 2. Mandala Capital is dedicated to conducting an objective and thorough ESG due diligence process for potential Portfolio Companies before investment. This process aligns with best practices, investor expectations, and stakeholder needs. The due diligence will enable MCSSEAFP to identify and measure the ESG risk and their capacity to mitigate the risks.

6.2.7. The following steps will be taken during due diligence:

ESG Due Diligence	Use ESG due diligence questionnaires, supplementary questionnaires, company policies and procedures. Questions are related to company level ESMS, ESG capacity, community health, safety and security, stakeholder engagement, labor and working conditions, occupational health and safety, resource efficiency, pollution and e-waste. Companies will be asked to provide a set of their policies, procedures and evidence of implementation. The policies include: ESMS, ESG policy, HR Policy, Employee Code of Conduct, Grievance Mechanism, Stakeholder Engagement Plan, Anti-Sexual Harassment Policy and others. The companies will also be asked to share their logs of OHS incidents, grievance, report of harassment and any other material necessary. Companies will be required to share evidence of trained staff and awareness of these policies.
Climate Risk Assessment	Evaluates climate risks in the geographic area of the Portfolio Company's operations, measures climate vulnerabilities of served populations, and assesses intervention for climate resilience or adaptation capacity. (Refer to annex 14). Results included in the ESG due diligence report and investment memo.

Site Visits	Some site visits may be conducted (Annex 17). The findings will be included in the ESG due Diligence Report (Annex 3). The site visit will be performed by the impact consultant with an investment team member. Some companies may have additional questionnaires such as a consumer protection questionnaire (Annex 15) and employee engagement surveys for larger investment. The team will seek to learn about staff understanding of labor and working conditions may be conducted (Refer to annex 16)
ESG Due Diligence Report	The ESG Due Diligence Report summarizes ESG information, risks, opportunities, and company's capacity to mitigate risks, aligns with IFC Performance Standards and GCF Environmental and Social Safeguards in Annex 3. The ESG Due Diligence Report will also confirm that the activity is either Category B or C. If it is Category A, MCSSEAFP will not be able to invest.
Review by MCSSEAFP	The impact consultant will review all ESG materials to assess the Portfolio Company's ESG risks, evaluate the materials and decide on the ESG performance and potential risks associated with the investment. Companies will be evaluated on the following: (i) the quality and robustness of existing policies, including their alignment with recognized ESG best practices, (ii) the extent to which the policies reflect the company's internal capacity to manage ESG matters, (iii) the degree of organizational awareness and understanding of the policies across relevant staff and departments, (iv) demonstrated evidence that ESG policies are actively implemented and integrated into operations and (v) identification of gaps, weaknesses, or potential risks arising from absent or incomplete policies Additional experts may be involved if major issues arise. If companies are considered Category B, the team may consider undergoing an ESIA (Annex 13) The ESG Due Diligence findings will provide all the information needed to understand ESG risks taking an investment decision and identify reforms necessary to comply with the Program.
Investment Decision	ESG due diligence report attached to the investment memo, reviewed by the Investment Committee as part of the decision-making criteria.

6.3. ESG Considerations in the Investment Process

- 6.3.1. Once the legal obligation is determined, ESG Action Plan development (Annex 5) and investment agreement signed, the portfolio company is expected to fully comply with the reforms.
- 6.3.2. Portfolio companies will have the opportunity to receive consultations with ESG experts and consultants to support their ESG Action plans (Annex 5)
- 6.3.3. Using the TA, portfolio companies will have the opportunities to access additional training, resources and webinars to develop additional knowledge and support on ESG.
- 6.3.4. Portfolio companies are expected to not engage in Exclusion List activities.
- 6.3.5. Portfolio companies that make significant changes to their business will be required to undergo further due diligence and may be required to undergo an ESG Assessment.
- 6.3.6. Reporting: Companies are expected to report on ESG performance on an annual basis.
- 6.3.7. Portfolio companies are also expected to report ESG incidents within five days of the incident.
- 6.3.8. To receive follow-on investments, companies will need to demonstrate compliance with ESG requirements. Companies are expected to comply with other expectations including labor and working conditions, environmental policies, occupational health and safety. Further due diligence and a revised ESG action plan will need to be completed.

7. Allocation of Resources, Organizational Capacity and Responsibilities

7.1. MCSSEAFP Team Responsibilities

- 7.1.1. The MCSSEAFP impact consultant will handle ESG diligence, site visits and monitor the ESG action plans. The investment team will support the impact consultant when required.
- 7.1.2. In the screening stage, MCSSEAFP will ensure that pipeline companies do not engage in any excluded list activities as shown in annex 4. The investment team will support the impact consultant when required.
- 7.1.3. The MCSSEAFP impact consultant will first go through the ESG checklist prior to moving on to the due diligence stage. The investment team will support the impact consultant when required.
- 7.1.4. The MCSSEAFP impact consultant will need to complete the ESG due diligence questionnaire as shown in annex 2 and the gender assessment. If required, the impact consultant along with an investment team member will also go on a site visit, interview the company team and investigate ESG risks, emergency operations and safety issues.
- 7.1.5. The MCSSEAFP impact consultant will provide an ESG due diligence report as part of the investment memo.

7.1.6. The MCSSEAFP impact consultant will ensure that portfolio companies will be in line with their ESG action plan.

7.1.7. The MCSSEAFP impact consultant will monitor post-investment ESG activities in progress with ESG Action Plan. They will report on the findings with the team and relevant.

Stage	Responsibility
Screening	Investment Team and Impact Consultant (seconded full time impact consultant)
Due Diligence	Investment Team and Impact Consultant (seconded full time impact consultant)
Due Diligence Report	Impact Consultant (seconded full time impact consultant)
Investment Decision	MCSSEAFP Investment Committee (including ESG, Gender and Impact Specialist)
Post Investment	Investment Team and Impact Consultant (seconded full time impact consultant)
Monitoring	Investment Team and Impact Consultant (seconded full time impact consultant)
Reporting	Investment Team & Impact Consultant (seconded full time impact consultant)

7.2. Impact Consultant (Seconded Full Time) Job Description

Impact Consultant	
Job Description	Full-time dedicated resource supporting operational implementation of ESG, gender, and impact activities.
Key Responsibilities	• Conduct ESG and Impact Screening checklists • Perform impact and ESG Due Diligence • Evaluate gender policies, GAP alignment, SEAH readiness • Lead annual ESG and impact performance reviews • Track gender KPIs and SEAH safeguards • Analyze climate and gender-related risks • Prepare recommendations and monitor action plans. • Identify quick wins across ESG and impact priorities • Draft ESG and impact sections of exit reports • Document gender and SEAH outcomes • Develop impact case studies and value creation narratives. • Develop and update Fund policies (ESG Policy, Gender Action Plan, SEAH Protocols, ESMS)

7.3. 7.3 ESG, Gender and Impact Specialist Job Description

ESG, Gender and Impact Specialist

Job Description	Provide strategic oversight, compliance, and guidance on ESG, gender, and impact objectives across the Fund.
Key Responsibilities	• Identify emerging ESG/impact priorities and drive continuous improvement • At the IC level, he plays a key role in reviewing and confirming that all investment decisions align with the Fund's gender objectives • Review engagement effectiveness and recommend improvements • Identify quick wins across ESG and impact priorities. • Approve exit reports, including gender and SEAH outcomes

7.4. Training and Resources

7.4.1. The MCSSEAFP team will receive annual ESG training to enhance their knowledge and strengthen their ability to identify and mitigate environmental and social risks. This training will include topics such as resource efficiency, OHS, ESMS, community safety, SEAH and other relevant ESG topics.

7.4.2. The Investment Officer at Mandala Capital will participate in annual training programs covering these areas, including the prevention and management of Sexual Exploitation, Abuse, and Harassment (SEAH), gender equality and inclusion, ESG standards and best practices, and any other relevant topics needed to strengthen their capacity to implement the ESMS effectively. MCSSEAFP portfolio companies will receive ongoing training, consulting, and resources from third-party experts covering topics like ESMS and ESG subjects. This will be part of the activities using the TA. This training will include topics such as resource efficiency, OHS, ESMS, community safety, SEAH and other relevant ESG topics. There will also be a source of the center with tools and templates to help companies improve their ESG practices. Portfolio companies will have access to consultants that can provide support as part of the TAF.

7.5. Portfolio Company Capacity

7.5.1. MCSSEAFP Portfolio companies are expected to comply with the guidance of the MCSSEAFP ESMS to receive program funding and technical assistance.

7.5.2. As part of the due diligence and audit process, companies must provide evidence confirming they do not engage in any activities listed in the Exclusion List. Companies determined to not have engaged in Excluded Activities and approved for MCSSEAFP funding are legally obligated to refrain from engaging in any such activities thereafter.

- 7.5.3. Companies are expected to participate fully, honestly, and transparently in the ESG due diligence process. They must certify the accuracy of all submitted due diligence and audit materials.
- 7.5.4. If any gaps are identified in due diligence, companies will be contractually required to implement an ESG Action Plan and Gender Action Plan.
- 7.5.5. By the end of MCSSEAFP Programme, portfolio companies are expected to have established the following: ESMS, ESP, Grievance Mechanism, GAP, Stakeholder Engagement Plan and IPP (if required).
- 7.5.6. Throughout the investment period, companies are required to report on their environmental and social performance. Progress on ESG Action Plans must be reported annually. Broader environmental and social measures will also be reported on an annual basis.
- 7.5.7. MCSSEAFP companies are expected to report grievances and ESG incidents to the MCSSEAFP team within 5 days of knowledge of the incident. Please refer to section 8 for ESG incident.

8. Environmental, Social and Governance Safeguards Standards

8.1. General Integrity and Good Governance

8.1.1. Identification of Beneficiaries

8.1.1.1. MCSSEAFP is committed to maintaining high ethical and legal standards, with a focus on transparency in ownership and management across all investment activities. To ensure compliance, all new investments must meet both the programme's and local legal and ethical standards and regulations. The programme will avoid investments in companies with unverified or substantiated allegations against them. Enhanced due diligence will be conducted on companies with complex or potentially opaque corporate structures to ensure clarity on beneficial ownership.

8.1.2. Integrity Clearance

8.1.2.1. The programme will refer to internationally recognized sanction and embargo lists ("blacklists") to assess whether any entity, key person, management, or shareholder associated with an investment appears on these lists. If any red flags are identified during due diligence, further investigation will be undertaken. Where red flags remain unresolved through regular due diligence, the programme may employ an independent investigator to conduct additional background checks. These checks will examine compliance with the programme's integrity

principles, ensuring no association with activities listed in the Exclusion List.

8.1.3. Excluded Investments List

8.1.3.1. MCSSEAFP will follow the IFC Exclusion List to guide investment decisions. Investments will not be made in companies, nor accepted by investors, involved in any activities on this list. The Exclusion List serves as a preliminary screening tool, and prospective investees are required to confirm that none of their business activities fall within the listed exclusions.

8.2. Environmental and Social Standards

8.2.1. ESG Key Performance Indicator:

8.2.1.1. MCSSEAFP seeks to focus on climate adaptation within South-East Asia's food and agriculture sector. Its primary climate rationale addresses the region-specific challenges like food wastage, price surges, malnutrition, low agricultural productivity, escalating protein demands and the significant contribution of food production to GHG emissions.

8.2.1.2. The project will measure, monitor and evaluate the performance of its activities and impact using KPIs which will be defined throughout the different investments of the project. Some of the KPIs included will be the following:

- 8.2.1.2.1. Number of direct and indirect beneficiaries
- 8.2.1.2.2. Number of agricultural jobs created by portfolio companies
- 8.2.1.2.3. Number of women reached as direct and indirect beneficiaries
- 8.2.1.2.4. GHG Emission avoided or reduced by portfolio companies
- 8.2.1.2.5. Percentage of portfolio companies with active grievance redress mechanism and whistleblower policies
- 8.2.1.2.6. Percentage of portfolio companies with ESG policies adopted and disclosed
- 8.2.1.2.7. Percentage of portfolio companies conducting annual environmental risk assessments
- 8.2.1.2.8. Number of women reached for training opportunities in the agriculture sectors
- 8.2.1.2.9. Number of direct and indirect beneficiaries with better access to adaptation solutions

8.2.2. International Environmental and Social Standards

IFC Environmental and Social Performance Standard 2012:

PS1: Assessment and Management of Environmental and Social Risks and Impacts	This standard requires the identification and management of environmental and social risks and impacts throughout the project lifecycle.
PS2: Labor and Working Conditions	This standard ensures fair treatment, safe working conditions, and compliance with labor laws for workers.
PS3: Resource Efficiency and Pollution Prevention	This standard aims to reduce resource consumption, minimize pollution, and mitigate greenhouse gas emissions.
PS4: Community Health, Safety and Security	This standard focuses on avoiding or minimizing risks and impacts to the health and safety of local communities.
PS5: Land Acquisition and Involuntary Resettlement	This standard addresses the impacts of land acquisition and involuntary resettlement, ensuring that affected people are compensated and provided with opportunities to improve or restore their livelihoods.
PS6: Biodiversity Conservation and Sustainable	This standard promotes the protection and conservation of biodiversity and encourages the sustainable management of living natural resources.
PS7: Indigenous People	This standard requires respect for the rights, cultures, and livelihoods of Indigenous Peoples, ensuring their participation in project decisions that affect them.
PS8: Cultural Heritage	This standard aims to protect cultural heritage from the adverse impacts of project activities and promote its preservation.

8.2.3. Assessment and Management of Environmental and Social Risks and Impacts

8.2.3.1. MCSSEAFP portfolio companies are expected to design and implement an Environmental and Social Management System (ESMS) aligned with IFC Performance Standard 1 prior to the disbursement of funds to the investees.

8.2.3.2. The ESMS developed at the company level will act as a supporting framework to guide companies in addressing ESG risks and opportunities both during and after the Program's duration.

8.2.3.3. Portfolio companies will be required to establish an ESMS that includes: clear procedures and tools for identifying, mitigating, and managing environmental and social risks, allocation of

sufficient resources and internal capacity to operationalize the system, monitoring and reporting mechanisms that align with investor and funder requirements, and stakeholder communication tools to support transparent, inclusive, and ongoing engagement.

8.2.3.4. Portfolio companies will be required to have the following policies and procedures in their ESMS:

- ESMS or ESMP: Portfolio companies must adopt an E&S Policy aligned with MCSSEAFP Policy. This policy should outline measurable goals and cover key areas such as social safeguards, biodiversity, and environmental protection. Existing policies will be reviewed for alignment; where gaps exist, updates will be required through the ESG Action Plan.
- ESIA and mitigation strategy: MCSSEAFP will conduct tailored ESG due diligence, with findings reflected in the Due Diligence Report, Investment Memo, and ESG Action Plan. Where no prior risk assessment exists, MCSSEAFP will support the company in completing one. For category B investments, MCSSEAFP may require third-party Environmental and Social Impact Assessments (Annex 13). Assessments must consider the type, severity, and likelihood of risks, include stakeholder input, and comply with local laws. Companies must develop a risk mitigation and performance improvement plan based on their E&S Policy and ESIA finding.
- Organizational capacity: Companies must ensure appropriate staffing, training, and resource allocation. MCSSEAFP will provide support, including ESG training and webinars, to strengthen internal capacity and its TAF.
- Stakeholder Engagement Plan and processes (Annex 8): Companies are expected to engage stakeholders regularly, integrating feedback into both their ESMS and day-to-day operations. Engagement should be continuous, inclusive, and aimed at improving environmental and social outcomes.
- Grievance Mechanism (Refer to Annex 10): Portfolio Companies must establish a grievance mechanism aligned with MCSSEAFP guidelines and GCF policies. It must be public, accessible, culturally appropriate, and allow for transparent, timebound investigations. If the

company is found responsible for harm, it should involve affected communities in crafting a fair resolution. Companies must track, report, and share grievance summaries with MCSSEAFP.

- Emergency Preparedness Procedures: Companies must have clear emergency plans, signage, and equipment in place. MCSSEAFP will assess this during due diligence and site visits if required. If gaps are found or documentation is lacking, improvements will be mandated through the ESGAP, with follow-up reporting required. (Annex 5)

8.2.3.5. Monitoring and Review: Companies are required to embed environmental and social monitoring into their ESMS, including clear KPIs and reporting procedures. ESGAP indicators must be tracked and reported during milestone reviews and annually (Annex 5)

8.2.4. Labor and Working Conditions

8.2.4.1. MCSSEAFP portfolio company must comply with national labor laws, ILO core conventions, IFC Performance Standard 2, and ESS 2. They will undergo ESG due diligence audits focusing on labor practices, including working conditions, employee relations, health and safety, and supply chain issues. Companies are expected to provide information on working conditions and the management of labor relations, including terms of employment, workers' rights to organize, non-discrimination and equal opportunity policies, collective dismissals, internal grievance mechanisms, child and forced labor, occupational health and safety, and supply chain practices.

8.2.4.2. Portfolio Companies are required to establish or align with HR policies, codes of conduct, non-discrimination, workplace harassment, and health and safety standards. They should extend these policies to subcontractors and maintain records of training and incidents. Companies are required to keep records of SEAH, human resources, and occupational health and safety training activities and incidents.

8.2.4.3. Companies with large land suppliers must ensure fair treatment of land tenants.

8.2.4.4. Portfolio Companies may receive technical assistance to enhance labor practices and access a resource library for policy development.

8.2.4.5. Companies must track, investigate, and report on labor activities, training, capacity improvements, and significant incidents as per the ESMS.

8.2.5. Resource Efficiency and Pollution Prevention

8.2.5.1. MCSSEAFP will apply principles aligned with good international industry practice (GIIIP), including IFC Performance Standard 3, ESS 3, and EHS Guidelines.⁵

8.2.5.2. Companies will undergo due diligence on resource efficiency and pollution mitigation, assessed through audits, policies, site visits, and research.

8.2.5.3. Portfolio Companies can receive technical support to enhance e-waste management, recycling, and resource efficiency, accessing a resource library for guidance.

Companies are required to track, investigate, and report environmental activities, training, and incidents as per the ESMS.

8.2.6. Community Health, Safety and Security

8.2.6.1. MCSSEAFP will follow Annex 8: Stakeholder Engagement Plan to engage with communities, ensuring active listening, learning and annual reports to stakeholders

8.2.6.2. Portfolio Companies will undergo diligence for anti-money laundering, KYC, and counterterrorism financing, including background checks on board members, founders, and senior leadership to exclude those with serious criminal convictions.

8.2.6.3. Portfolio Companies must establish community health and safety systems aligned with international best practices such as IFC Performance Standard 4 and GCF ESS 4.

8.2.6.4. Companies will undergo due diligence on their ability to mitigate community health and safety risks through audits, policies, site visits, and research, focusing on product and food safety, emergency preparedness, security, and consumer protection, gender-based violence and SEAH.

8.2.6.5. Companies must prevent food safety issues, ensuring proper hygiene and adherence to food safety regulations to protect community health.

8.2.6.6. Portfolio Companies must avoid selling unsafe products, adhering to product safety and consumer protection laws and standards.

8.2.6.7. Companies must safeguard personnel and property in accordance with human rights principles, ensuring community

⁵ International Finance Corporation. (2000). *General environmental, health and safety guidelines*. Insights & Reports. Retrieved July 11, 2025, from <https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines>

safety through proper security policies and emergency preparedness.

8.2.6.8. MCSSEAFP will enforce corrective actions for companies lacking adequate security or community health and safety strategies.

8.2.6.9. Companies in disaster-prone areas must collaborate with local communities and governments for emergency preparedness and response, documenting and disclosing their efforts.

8.2.6.10. Companies are required to track, investigate, and report community health and safety activities and incidents as per the ESMS.

8.2.7. Land Acquisition and Involuntary Resettlement

8.2.7.1. Portfolio Companies must adhere to guidelines in Annex 11 on land acquisition and resettlement, following the best practices outlined in IFC Performance Standard 5 and GCF ESS 5.

8.2.7.2. Agricultural operations may involve land use that poses resettlement risks, potentially impacting communities both physically and economically, leading to adverse social and environmental consequences.

8.2.7.3. While acknowledging resettlement risks, the Program strives to avoid involuntary displacement whenever feasible and seeks to minimize and mitigate impacts when displacement cannot be avoided.

8.2.7.4. Portfolio Companies should explore alternatives to minimize physical and economic displacement, considering environmental, social, and financial factors, with a focus on mitigating impacts on vulnerable populations.

8.2.7.5. When displacement cannot be avoided, Portfolio Companies must compensate displaced persons for lost assets at full replacement cost and provide assistance to improve their livelihoods. Compensation standards must be transparent and consistent for all affected communities.

8.2.7.6. Portfolio Companies must engage with affected communities throughout the resettlement process, ensuring ongoing consultation and information disclosure.

8.2.7.7. Portfolio Companies must establish a grievance mechanism to address concerns raised by displaced persons or host community members regarding compensation and relocation in a timely manner.

8.2.8. Biodiversity Conservation and Sustainable

- 8.2.8.1. Portfolio Companies must develop policies and procedures aligned with IFC Performance Standard 6 and GCF Environmental and Social Safeguards to protect biodiversity and natural resources.
- 8.2.8.2. The Program aims to minimize impacts on biodiversity, focusing on risks associated with fertilizer, pesticides, water, and land use.
- 8.2.8.3. Companies will undergo due diligence on e-waste management, environmental policies, and local regulatory compliance through audits, policies, site visits, and research.
- 8.2.8.4. Portfolio Companies are expected to conserve biodiversity, improve habitats, and avoid harm to critical ecosystems. They must maintain environmental health and safety policies and avoid activities harmful to biodiversity.
- 8.2.8.5. Companies are required to track, investigate, and report environmental health and safety activities and incidents as per the ESMS.

8.2.9. Indigenous People and Cultural Heritage

- 8.2.9.1. Portfolio Companies must develop and adhere to processes for Indigenous Peoples and Cultural Heritage protection in accordance with IFC Performance Standard 7 and 8, the GCF Indigenous Peoples Policy, and GCF Environmental and Social Safeguards 7 and 8.
- 8.2.9.2. Some Portfolio Companies operate in areas inhabited by Indigenous communities or interact with Indigenous peoples. Given their vulnerability, Companies must identify and respect Indigenous presence and practices.
- 8.2.9.3. During audits, Companies will detail their interactions with Indigenous peoples, including cultural respect, consultation practices, and grievance mechanisms tailored for Indigenous communities.
- 8.2.9.4. Companies must respect local cultural heritage in their operations, ensuring logos and advertising do not misuse cultural symbols.
- 8.2.9.5. Companies potentially affecting Indigenous communities must develop and implement an Indigenous Peoples Plan to mitigate adverse impacts. (Annex 12)

9. Monitoring and Reporting

9.1. Process Overview

9.1.1. MCSSEAFP Portfolio companies will monitor ESG activities on ongoing basis and will report to MCSSEAFP on an annual basis. MCSSEAFP Team will report to investors and relevant stakeholders annual a report on ESG.

9.1.2. MCSSEAFP will establish various KPIs with portfolio companies at the beginning of the investment to report on an annual basis.

9.1.3. MCSSEAFP Portfolio companies are expected to report to MCSSEAFP on an annual basis. The annual report template can be found in Annex 7.

9.1.4. MCSSEAFP Portfolio company ESG reported will be shared with external impact consultants who will ensure that the ESG standards are met and advise on any changes required. If a portfolio company shows weaknesses, the management team will request more frequent reporting.

9.2. ESG Incidents

9.2.1. MCSSEAFP are expected to report ESG incidents within five days of knowing the ESG Incident. An ESG incident refers to an event or occurrence that negatively impacts an organization's environmental, social, or governance performance. These incidents can harm the company's reputation, financial performance, and stakeholder relationships.

9.2.2. Serious incident including the following:

Environmental Incidents	- Environmental impact is attributed to investing activities that have led to serious contamination, destruction or degradation of natural habitats. - Climate Change Violations: Significant breaches of emission regulations, contribution to global warming and severe weather patterns
Social Incidents	- Labor Rights Violations: Systematic exploitation of workers, including child labor, forced labor, and unsafe working conditions, often resulting in legal actions and consumer boycotts. - Human Rights Abuses: Involvement in or turn a blind eye to human rights violations, such as in conflict zones or supply chains with unethical labor practices. - Community Displacement: large- scale displacement of local communities due to industrial activities, leading to loss of homes and livelihoods, and sparking protests and opposition. - Health and Safety Failures: Incidents leading to significant injuries or deaths, such as

	factory fires or unsafe construction sites, reflecting poor safety standards. • SEAH Incidents: incidents in which staff of MCSSEAFP portfolio companies commit sexual exploitation, abuse, or harassment of colleagues or customers while performing their duties.
Governance Incidents	• Corporate Fraud and Corruption: Large-scale financial fraud, embezzlement or bribery scandals. • Regulatory Non-Compliance: Persistent failure to comply with regulatory requirements, resulting in hefty fines, legal battles, and operational shutdowns. • Executive Misconduct: High-profile cases of unethical behavior or misconduct by senior executives. • Lack of transparency: Deliberate obfuscation of company operations or financial health.

9.3. ESG Incidents Reporting

9.3.1. After receiving a report of an incident, the following must be done:

Step 1	Portfolio companies should notify MCSSEAFP about the serious incident. Anonymity and whistleblowing protection should be provided to those who report ESG incidents to safeguard them from retaliation.
Step 2	Incident recipients should notify Investment Team.
Step 3	Within 5 days of notification, the MCSSEAFP team should investigate the incident. The incident reporting template, annex 6 should be used.
Step 4	Disclose incident finding to LPs and other stakeholders needed
Step 5	Assess and continue the investigation, potentially involving additional interviews or third-party support
Step 6	For ongoing incidents, seek weekly updates from portfolio companies and update accordingly.
Step 7	Cooperate with authorities if legal procedure or formal inquiries are involved
Step 8	Assist the Portfolio company in resolving the incident when possible
Step 9	Create a final report for stakeholders, LPs including lesson learned, corrective steps and resolution of incident.

9.3.2. Mandala Capital will use the following mitigation hierarchy as a fundamental principle for managing ESG risks and impacts:

Principle	Description
Avoid	Anticipate and avoid adverse risks and impacts on people and environment
Minimize	Minimize adverse risks and impacts through abatement measures when avoidance is not possible
Mitigate	Mitigate any residual risks and impacts
Remedy	When other measures are insufficient, and with adequate evidence, design and implement measures for remedy and restoration before ensuring adequate and equitable compensation for any remaining risks and impacts.

9.4. Reporting and Closure

9.4.1.ESG incident must be closed, and a final report should be submitted to relevant stakeholders.

9.4.2.Incidents may be open for long periods of time if there is litigation or investigation.

9.4.3.ESG incident can only be closed when the investigation is complete, resolution is implemented and there are no further actions that can be taken.

10. Disclosure of Information

10.1. MCSSEAFP is committed to engaging investors, donors, stakeholders, and Portfolio Companies with transparency, integrity, and clarity. Upholding these core values, the MCSSEAFP management team is dedicated to sharing and facilitating access to relevant information about its operations with stakeholders.

10.2. MCSSEAFP will implement program-level activities to ensure proper disclosure of information, including the Environmental and Social Management System (ESMS), the Grievance Redress Mechanism, and the Stakeholder Engagement Plan. These activities will publicly disclose information about program operations. Additionally, MCSSEAFP will include the Indigenous Peoples Policy, guidance on Land Resettlement and Livelihood Restoration, and other relevant ESG materials. The program will also publish annual community reports on its website as well as Annual Performance Reports (APR) to GCF. Each of these documents will be made publicly available once appropriate online communication channels are developed.

10.3. MCSSEAFP will also require Portfolio Companies to publicly disclose relevant policies and procedures, which may include their ESMS and Grievance Redress Mechanism. The program does not intend to establish extensive subprograms.

11. Annexes

Annex 1: ESG Checklist

Context: This checklist is intended to be completed during the screening process.
MCSSEAFP

Company Name			
Date			
Provisional E&S Category			
Does the Company have any activities on the Exclusion List?			
Environmental and Social Policies and Procedures	Y	N	NA
Does the company have an E&S policy?			
Does the Company have an overarching E&S Management System identifying environmental and social risks and impacts associated with its operations?			
Does the Company have a procedure to identify and engage with relevant stakeholders including affected communities? Does this include SEAH activities			
Does the Company have Emergency Preparedness and Response Plan?			
Human Resources			
Please list the key personnel responsible for HR management			
Please provide details on the composition of teams responsible for SEAH			
HR Policy			
Internal Grievance Mechanism: Does the mechanism allow for anonymous complaints? Does it include SEAH provisions? Does the Company record all grievances? Is the grievance mechanism accessible to third party workers, if any?			
Code of Conduct			
Do all employees have written contracts?			
Have there been any collective dismissals or labor			

disputes in the past two years?			
Does the company have a contractor management plan?			
Does the company operate in a sector where the primary can supply chain is considered high risk?			
Occupational Health and Safety			
Does the company have health and safety management plan?			
Does the company have a documented risk assessment?			
Does the Company record health and safety incidents?			
Does the company have mechanisms in place to communicate health and safety measures to its employees e.g., training, toolbox talks, permits to work etc.			
Resource and Efficiency and Pollution Prevention			
Does the company generate any air emissions?			
Does the company generate any wastewater?			
Does the company generate any solid waste?			
Does the company generate any hazardous waste?			
Does the company have mechanisms to monitor the use of and improve the efficiency of energy, water, raw materials and other inputs?			
Is there a process in place to manage spills or accidental discharges?			
Community Health Safety and Security			
Are there any communities located near the company's facilities?			
Are there security personnel on the company's premises?			
in the case of transportation of materials or outputs, does the company have a traffic management plan?			
Other E&S Risks			

Is there any land acquisition required for the proposed transaction?			
Will there be physical and/or economic displacement because of the land acquisition?			
Are the company facilities/operations close to an environmentally sensitive or protected area?			
Are there any Indigenous Peoples, or groups identified under national terminology that may meet the characteristics of Indigenous Peoples under paragraph 14 of the GCF Indigenous Peoples Policy, located in, using, or collectively attached to the area of operations or potentially affected by the investment? For Vietnam, this includes ethnic minorities (dân tộc thiểu số), with particular attention to operations in the Central Highlands, northern mountainous provinces and Khmer Krom areas of the Mekong Delta.?			
Are the company facilities/operations close to an area where there are existing or potential areas of cultural heritage?			

Annex 2: MCSSEAFP ESG Due Diligence Questionnaires.

Context: This questionnaire (audit) is the ESG diligence questionnaire for all potential Portfolio Companies. The Investment Team will send ask these questions to Portfolio Companies as part of our Due Diligence. All companies are expected to complete the questionnaire.

If any of these questions require clarification, please reach out to the Mandala Capital ESG at esg@mandala-capital.com for more information.

E&S Policy and ESMS	- Do you have a formal Environmental, Social and Governance (ESG) Policy or an Environmental and Social Management System (ESMS)? If yes, please provide the policy or ESMS If question (1) is yes, then: - How are staff and stakeholders made aware of the ESMS or ESG policy? - Who is responsible for implementing the ESMS or ESG policy? Who is responsible for oversight of the policy? - How do you ensure organizational capacity for mitigating
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	environmental and social risks? - How do you identify environmental and social risks across businesses? How do you mitigate the identified risks? - How do you monitor the environmental and social risks and mitigants across the business? - What business activities are exposed to climate or nature-related risks? - What is the organization's governance structure and process around climate-related risks and opportunities? - Does the GRM allow for anonymous complaints? Does it include SEAH provisions? Does the Company record all grievances? Is the grievance mechanism accessible to third party workers, if any? - Do you have an emergency preparedness plan? How is that communicated to different stakeholders, locations, teams
Stakeholder Engagement	- How does your company engage stakeholders including local communities and community leaders? If yes to question (1), then answer the following: - How does the company ensure an appropriate assessment of communities that you sell your products within? - Does your company have a grievance mechanism? If so, please share the mechanism. - Does the Company have a procedure to identify and engage with relevant stakeholders including affected communities? Does this include SEAH activities? - Is there a defined process to screen, assess and resolve the issues raised and to determine how to respond? If yes, please briefly describe the process. - How have you ensured the affected community and other stakeholders are aware of the grievance mechanism? - Is there a log or register to track incoming queries and responses? - Does your company engage or interact with "Indigenous Peoples or groups identified under national terminology that may meet the paragraph 14 characteristics (including ethnic minorities / dân tộc thiểu số in Vietnam)? If so, what is your engagement strategy? - Do you seek free, informed, and prior consent from indigenous communities prior to operating in "Indigenous Peoples or groups identified under national terminology that may meet the paragraph 14 characteristics (including ethnic

	minorities / dân tộc thiểu số in Vietnam)? 10. If you do engage with “Indigenous Peoples or groups identified under national terminology that may meet the paragraph 14 characteristics (including ethnic minorities / dân tộc thiểu số in Vietnam), do you have an Indigenous Peoples’ Policy? 11. Do you use cultural heritage artwork or historical iconography in your logos, marketing materials, or other promotional media? If yes, did you receive consent to use these materials? 12. If you are purchasing or building land in non-commercial zones for operating activities, do you employ chance find procedures if artifacts or cultural heritage items are found?
Community Health, Safety, and Security	1. Do you have security personnel to protect property or staff? If so, have you had any incidents with the community? How do you ensure human rights are protected in engaging with the community? If yes to question (1), then answer the following: 2. Do you inform customers about potential hazards of your product? 3. How do you monitor the potential hazards of your product, especially during extreme weather events? 4. What are your priority community health and safety concerns regarding your operations? How do you mitigate them? 5. Do you have a defined process to screen, assess and resolve issues involving construction related safety; pesticide safety; food safety; spread of infectious diseases; outbreak or increased incidence of vector-borne diseases; building/facility structural hazards? If yes, please briefly describe the process
Labor and Working Conditions	1. Who is responsible for ensuring a safe, equitable, and fair work environment? 2. Does your company ensure the legal, fair, and ethical treatment of employees and contractors? If so, how? 3. How do employees, contractors, and supervisors know their roles, requirements, and protections? 4. Does your company commit to non- discrimination and equal opportunities for employees? If so, how 5. Does your organization forbid or disallow organizing or union development?

	6. How does your company handle retrenchment? What are the policies and procedures you have to ensure fair and lawful termination of employees? 7. Does your labor, human resources, and other policies include the following: <table border="1" data-bbox="501 398 1385 1496"> <thead> <tr> <th data-bbox="501 398 1179 434">HR Policy Contents</th><th data-bbox="1179 398 1385 434">Yes/No</th></tr> </thead> <tbody> <tr> <td data-bbox="501 434 1179 535">Terms and conditions of employment</td><td data-bbox="1179 434 1385 535"></td></tr> <tr> <td data-bbox="501 535 1179 736">Employees/worker's rights related to hours of work, wages, overtime, compensation, benefits</td><td data-bbox="1179 535 1385 736"></td></tr> <tr> <td data-bbox="501 736 1179 815">Employee code of conduct</td><td data-bbox="1179 736 1385 815"></td></tr> <tr> <td data-bbox="501 815 1179 851">Recruitment policy</td><td data-bbox="1179 815 1385 851"></td></tr> <tr> <td data-bbox="501 851 1179 893">Progression policy</td><td data-bbox="1179 851 1385 893"></td></tr> <tr> <td data-bbox="501 893 1179 972">Employee grievance mechanism</td><td data-bbox="1179 893 1385 972"></td></tr> <tr> <td data-bbox="501 972 1179 1140">Anti-harassment policies, including Sexual Exploitation, Abuse, and Harassment policy</td><td data-bbox="1179 972 1385 1140"></td></tr> <tr> <td data-bbox="501 1140 1179 1218">Non-discrimination Policy</td><td data-bbox="1179 1140 1385 1218"></td></tr> <tr> <td data-bbox="501 1218 1179 1319">Policy prohibiting child labor and forced labor</td><td data-bbox="1179 1218 1385 1319"></td></tr> <tr> <td data-bbox="501 1319 1179 1420">Retrenchment Policy or procedures</td><td data-bbox="1179 1319 1385 1420"></td></tr> <tr> <td data-bbox="501 1420 1179 1496">Whistleblower Policy</td><td data-bbox="1179 1420 1385 1496"></td></tr> </tbody> </table> 1. Do you verify that your suppliers do not use forced or child labor and are compliant with international human rights standards? If so, how? Please share a modern slavery policy or statement.	HR Policy Contents	Yes/No	Terms and conditions of employment		Employees/worker's rights related to hours of work, wages, overtime, compensation, benefits		Employee code of conduct		Recruitment policy		Progression policy		Employee grievance mechanism		Anti-harassment policies, including Sexual Exploitation, Abuse, and Harassment policy		Non-discrimination Policy		Policy prohibiting child labor and forced labor		Retrenchment Policy or procedures		Whistleblower Policy	
HR Policy Contents	Yes/No																								
Terms and conditions of employment																									
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Retrenchment Policy or procedures																									
Whistleblower Policy																									
Gender	2. Please share sex-disaggregated data of your company staff (e.g., average salary, turnover, absenteeism, retention, and promotion). How is the data analyzed and to what extent is data used for decision-making on gender-related efforts? 3. How does your company ensure an equitable work environment?																								

	4. How does your company protect workers and customers from sexual abuse, exploitation, and harassment? 5. Does your HR staff have training on sexual exploitation, abuse, and harassment? 6. Does your company maintain records of sexual exploitation, abuse, and harassment? How are records kept confidential? 7. How does your company ensure that women are engaged at all levels of the company from customers to executives? 8. Does the business specifically target female customers, or design products or services tailored to women's needs, preferences, and behaviors? 9. Does your company have a Gender Action Plan?
Occupational Health and Safety	1. Does your company have an occupational health and safety (OHS) policy? If yes to question (1), then answer the following: 2. Does your company train employees on OHS? 3. Do employees have to use heavy machinery? If so, are they trained in the proper and safe use of heavy machinery? How many hours are they expected to use heavy machinery without a break? 4. Do employees have access to personal protective equipment as needed? 5. Do you maintain records of OHS incidents? If so, please share a copy of your records? 6. Do you monitor workplace noise and air quality? 7. How do you ensure the safe transport of goods and products? 8. Do you have driver safety requirements?
Resource Efficiency, Pollution, and Biodiversity	1. Please describe how your company's water and energy usage for your company operations and production of goods and services are sold. 2. Please describe how your customers will use energy and water when engaging with the products and services sold. 3. Does your company have any goals, policies, or criteria for water and energy usage and emissions polluted? 4. Do you manage the end of your product lifecycle? If so, how? 5. Do you re-use or recycle products? 6. Does your company have a waste management plan? 7. Please describe what types of waste your business generates. 8. Do your operations generate air pollution, noise pollution, or water contamination? If so, please describe what measures are taken to manage the pollution. 9. Does your company possess all relevant and up-to-date Health, Safety, and Environment permits and approvals? Please provide copies.

	10. Has your company experienced any fines from any HSE violations? 11. Do your environmental policies account for avoiding protected or endangered species, critical or vulnerable habitats, or conservation of biodiversity? 12. Does your company operate in any natural, critical, or vulnerable habitats? 13. Does your company impact any endangered species or habitats? 14. Have your operations ever created habitat loss, degradation and fragmentation and invasive species? How has your company responded?
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Policies (for ESG):

Please provide the following policies if applicable and available:

Policies and Procedures	Yes or no	Additional Comments
ESMS Policy or ESG Policy		
Emergency Preparedness Procedures		
Grievance Mechanism		
Grievance Mechanism received in the past years		
Stakeholder Engagement Plan		
Records of consultations with stakeholders		
Data Privacy Policy		
Human Resource Policy		
Employee Handbook		
Company Code of Conduct		
Occupational Health and Safety Policy		
Sample employee contract		
Sample contractor agreement		
Equal employment policy or statement		
Anti-Sexual Harassment Policy		
E-waste Policy		
Gender Action Plan		
Environmental Action Plan		

Environmental licenses or regulatory approvals		
Other regulatory licenses or approvals		
Procurement Policy		

Annex 3: MCSSEAFP ESG Due Diligence Report

Context: This is the due diligence report that will be reviewed by MCSSEAFP Investment Committee.

Company Name	
Company Location	
Founder	
Start Date	

IFC Environmental and Social Risk Categorization:

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

Investment Risk Category:
Risk Category Justification: <i>Short Summary of the ESG Risk Profile</i>

Compliance with Environmental and Social Requirements:

PS1: Assessment and Management of Environmental and Social Risks and Impacts

Main Aspects	Weak	Medium	Strong	Comments
ESMS/E&S Policy				

Company identifying E&S Risks				
Demonstration of E&S organizational capacity				
E&S Monitoring Capacity				
Company emergency preparedness				
Company Stakeholder Engagement				
Grievance Mechanism with SEAH provisions				

1. Describe which environmental and social risk assessment and mitigation mechanisms are already in place and which are in process to be implemented.
2. Senior and staff roles and responsibilities, with emphasis on the thematic areas of coordination, environmental management, health and safety and community relations.
3. Describe the system in place to communicate with relevant stakeholders, particularly with affected communities and indigenous peoples.
4. Describe and assess grievance mechanisms in place. Are there specific provisions for Indigenous peoples?

PS2: Labor and Working Conditions

Main Aspects	Weak	Medium	Strong	Comments
Human Resources Policies				
Working conditions and terms of employment				
Workers organization/union				
Retrenchment				
Occupational Health and Safety				

Forced Labor				
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1. Do workers have legal contracts and benefits according to the law: social security, minimum age, working hours, collective bargain?
2. In case the law is unclear about this or does not exist, does the company prevent collective bargain or hire workers under the age of 18 in exploitative forms?
3. In the case of contracted personnel, is there a reasonable control over these aspects? How are contracted personnel or sales agents compensated?
4. Characteristics of working conditions in factories: proper PPE, visible safety warnings and signage, emergency signage, proper lighting, cleanliness, and ventilation.
5. Is there a health and safety plan in place?
6. What kind of accidents and incidents have been registered and given due follow up?

PS3: Resource Efficiency and Pollution Prevention

Main Aspects	Weak	Medium	Strong	Comments
Resource efficiency				
Water usage				
Pollution prevention				
Pollution emissions				
E-waste management				
Hazardous materials management				

1. Which potential impacts have been identified and included in the ESMS?
2. Have any potential impacts not been considered? Is there an appropriate management system in place for waste, water and emissions

PS4: Community Health, Safety and Security

Main Aspects	Weak	Medium	Strong	Comments
Traffic and Transportations				

Exposure to hazardous material				
Exposure to disease				
Emergency preparedness and response				
Site security and security personal				
SEAH Protection				
Data Privacy				
Repair, refurbishment and warranty				

1. Which main health and safety aspects have been identified (accidents, hazardous materials) that could affect communities? Are any aspects not considered?
2. Are adequate mitigation measures in place and included in the ESMS? Are adequate grievance mechanisms in place?
3. In case the company hired security personnel, are safeguards in place to minimize potential risk towards people outside the Program area?
4. Does the company have governance oversight of consumer protection, good customer service, transparency, good product quality, personal data privacy protection, and fair and respectful treatment of customers?
5. Does the company manage credit risk and customer ability to pay appropriately. What are the customer payment safeguards?

PS5: Land Acquisition and Involuntary Resettlement

Main Aspects	Weak	Medium	Strong	Comments
Program Design				
Compensation and benefits for displaced persons				
Community Engagement				
Grievance mechanism				

Resettlement/livelihood restoration planning				
Physical Displacement				
Economic Displacement				

Conflicts over land tenure and displacement:

1. Are there any conflicts over land tenure?
2. Is the Program designed to avoid or minimize physical and/or economic displacement?
3. If displacement is unavoidable, are resettlement or livelihood restoration plans in place? Is the process participative and does the company offer appropriate compensation?

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources:

Main Aspects	Weak	Medium	Strong	Comments
Habitat				
Natural Habitat				
Critical Habitat				
Legally protected and internationally recognized areas				
Identification of risks and impacts on biodiversity				
Application of mitigation hierarchy				

PS7: Indigenous People

Main Aspects	Weak	Medium	Strong	Comments
Avoidance of adverse impacts				
Impacts on traditional or customary lands				
Relocation from traditional or customary lands				

Impact on natural resources subject to traditional ownership, use, or occupation				
Principles of FPIC				

1. How were indigenous peoples included in the risk assessment analysis?
2. What traditional and customary rights were identified in the process? Were cultural sites considered in the assessment?
3. Are the principles of FPIC met?

PS8: Cultural Heritage

Main Aspects	Weak	Medium	Strong	Comments
Program design to avoid impacts on cultural heritage				
Consultation and community access				

1. Which cultural heritage sites did the company identify
2. Are appropriate mitigation measures related to cultural heritage in place

Summary of main findings and gap analysis:

Summarize the most important and relevant aspects of the assessment, combining main risks with an assessment of the management set in place to respond to these risks. Then describe the main gaps and the current capacity and willingness of the company to address them.

GAP Analysis Summary						
Area	Current State	Target Stage	Difference	Compatibility with MCSSEAFP requirements	Action Plan	Priority

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Provide a decision on whether the Program is environmentally and socially acceptable.

If any shortcomings are identified, the decision should be accompanied by specific corrective actions.

Outline the measures the company must take to address the identified risks and gaps, incorporating them into an Environmental and Social Action Plan (ESAP, annex 5).

Annex 4: MCSSEAFP Exclusion List

All MCSSEAFP activities will be evaluated using the Exclusion List as defined below. The Accredited Entity shall ensure that the Program does not fund or participate in any activity or investments where the project has concrete evidence of direct investment in, production of, or use of products tied to the Exclusion List.

The Accredited Entity shall ensure that the Executing Entities investigate any potential excluded activity found during due diligence. If the relevant Executing Entity does not have sufficient expertise in the subject, it may hire outside investigators to support the investigation or choose not to proceed with the activity or investment.

Portfolio Companies will be prohibited from engaging in any activity listed on the Exclusion List as part of the term sheet agreement. If an Executing Entity finds that a Portfolio Company engaged in an excluded activity post-investment, that Portfolio Company will be found to be in default on their investment or other financing agreement and forced to return their investment. The Accredited Entity shall ensure that the Executing Entities monitor Portfolio Companies and ongoing activity to ensure that the Program does not participate in, or fund excluded activities:

- a. Forced Labor or child labor
- b. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- c. Production or trade in weapons and munitions.
- d. Production or trade in alcoholic beverages (excluding beer and wine).
- e. Production or trade in tobacco.
- f. Gambling, casinos and equivalent enterprises.

- g. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- h. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- i. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- j. Displacement or resettlement of individuals or communities at the Category A risk level as defined by the IFC Environmental and Social Performance Standards.
 - i. size of land to be acquired or number of people affected by land acquisition (e.g., not more than 200 PAPs).
- k. Areas of critical natural habitat to be converted or adversely affected.
- l. Proposals that can cause destruction of cultural heritage resources, sites, or monuments, among others, if possible.

The fund will also not invest in companies that have any of the following activities in their supply chain:

- o Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- o Commercial logging operations for use in primary tropical moist forest.
- o Production or trade in wood or other forestry products other than from sustainably managed forests
- o Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- o Production or activities that impinge on the natural resources or lands under the traditional ownership, customary use, occupation or collective attachment of Indigenous Peoples, whether or not such ownership, use, occupation or attachment is formally recognized under national law or subject to a formal titling or adjudication process, without the full documented consent of such peoples.
- o Coal-based energy production and coal extraction

- Palm oil production

Annex 5: Environmental Social and Governance Action Plan Template (ESGAP)

Context: All companies will be expected to have and complete an ESGAP as part of receiving investment from MCSSEAFP. Please see below some guidance on the ESGAP.

Portfolio Companies are required to undergo an ESG due diligence. During this process, they must provide relevant policies, procedures, evidence of implementation, and systems for monitoring and tracking ESG performance. Some companies may also undergo on-site assessments. Where MCSSEAFP team identifies manageable ESGAP consistent with IFC E&S Risk Category B or lower, the company will be required to develop and implement an ESG Action Plan (ESGAP).

Depending on the complexity and severity of identified risks, the MCSSEAFP team may also mandate technical assistance as part of the ESGAP.

Summary of risks	Mitigation Measures	Risk Significance	Responsible person	Schedule	Expected Results	Cost/ Budget
<i>This contains Description of risks and can be derived from the responses to the screening question in Annex 2</i>	<i>Options to avoid, reduce, mitigate risks and impacts. This may also indicate additional due diligence and specific management plans</i>	<i>This contains A description of the overall level of risk</i>	<i>Individual, unit, or entity tasked to carry out the mitigation measures</i>	<i>Timing of implementation of measures including any additional due diligence and management plans and may depend on the stage of implementation</i>	<i>Expected outputs of the measures</i>	<i>Estimated cost of carrying out the measures</i>

Annex 6: ESG Incident Report Template

Context: This incident report is intended to be used when any ESG incident occurs as defined by the ESMS.

PART A:

SERIOUS INCIDENT REPORT: Portfolio Company Report

Date of report	
Program Manager	
Contact Person	
Contact Information	
Name of Portfolio Entity Involved	
Date of Invested	

Amount Invested	
Total Portfolio Invested	

Description of Issue	
Date & Time	
Location of Accident	
Type of Accident	
Name of persons	
Narrative and contextual information	
Weather and other conditions on time of incident	
State whether the incident was work or non-work related	
Causes of incident	
Status of investigation	
Listing of parties involved in investigation	
Company Management and Follow up Actions	
Company Manager's view of incident	
Status of Investigation	
Reports received	
Immediate actions taken by the fund manager and other parties	
Further actions to prevent re-occurrence of incident	
Monitoring/ reporting arrangements to follow up on efficacy of actions	
Results to date of action taken	

Please attached any other information to the incident report if there are any:

- Internal Reports from the Portfolio Company management
- External or third-party investigation reports

- Follow-up action plans by Management, Third Parties or External Advisors changes to policy or procedures to prevent such incidents

PART B:

SERIOUS INCIDENT REPORT: ROGRAMME TO COMMITTEE

Date of report	
Program Manager	
Contact Person	
Contact Information	
Name of Portfolio Entity Involved	
Date of Invested	
Amount Invested	
Total Portfolio Invested	

Description of Issue	
Date & Time	
Location of Accident	
Type of Accident	
Name of persons	
Narrative and contextual information	
Weather and other conditions on time of incident	
State whether the incident was work or non-work related	
Causes of incident	
Status of investigation	
Listing of parties involved in investigation	
Company Management and Follow up Actions	
Company Manager's view of incident	
Status of Investigation	
Reports received	
Immediate actions taken by the fund manager and other parties	
Further actions to prevent re-occurrence of	

incident	
Monitoring/ reporting arrangements to follow up on efficacy of actions	
Conclusion: Next Steps	
Next Steps: whether to close the case, or proceed with investigations, how to do so and what is the rational	

Please attach any other information to the incident report if there are any:

- Internal Reports from the Portfolio Company management
- External or third-party investigation reports
- Follow-up action plans by Management, Third Parties or External Advisors changes to policy or procedures to prevent such incidents

Annex 7: MCSSEAFP Annual Report on ESG performance

Portfolio Companies are expected to share ESG developments on an annual basis.

Name of Company:

Name and position of E&S reporter:

Date:

1. Status and changes to ESG over the past year?
2. Status and changes to ESMS/E&S Policy?
3. List of major and minor corrective actions and observations from the last annual certification audit?
4. Summary of progress on environmental and social challenges.
5. Difficulties implementing the ESMS?
6. Have you had any environmental or social incidents?
7. Did you have any grievances recorded or investigated this year?
8. Have you made any changes to the HR policy?
9. Have you made any changes to employee benefits, rights, or compensation?
10. Have you had any labor issues, organizing issues, or contracting issues?
11. Have you been fined or found in violation of any local labor laws?
12. Have you had any emergencies in areas of operation?
13. Please confirm that your organization has not participated in any of the Excluded Activities?
14. Please provide the latest KPI selected at the beginning of the investment.

Annex 8: MCSSEAFP Stakeholder Engagement Plan

Context and Rationale

Stakeholder engagement is essential for structuring the MCSSEAFP, a first of its kind initiative investing in SMEs focused on the food and agri sector across Indonesia, Vietnam, the Philippines, and Thailand. Context-specific knowledge and connections are vital to understanding dynamics and ensuring the success of investments. The current team at MCSSEAFP has a combined experience of 100 years focused on the food and agri sectors in the region and has developed a strong network of contacts and relationships across various stakeholders which is essential to reach millions of climate-vulnerable and food-insecure beneficiaries in these countries. Below is a summary of stakeholder engagement efforts of the past and planned efforts in the new future.

Program Development

Over two years, the MCSSEAFP team engaged with a diverse range of stakeholders to develop the programme and embed it in the local contexts of Indonesia, Vietnam, the Philippines, and Thailand. The team consulted government entities, investors, donors, corporates, academia, pipeline companies, industry associations, nonprofits, and prospective beneficiaries in these countries. These engagements helped understand regulatory frameworks, private sector dynamics, local climate risks, and the investment landscape.

Outreach Methodology

1. One-on-one meetings: Individual meetings with government entities, pipeline companies, nonprofit organizations and corporates in each country to gather specific needs and feedback, build rapport, and create partnerships.
2. Conferences: Attendance at some conferences like the Global Impact Investment Network (GIIN) Impact Forum, Super Return Emerging Markets, provided opportunities to network with various stakeholders and informed impact opportunities and ESG practices.
3. Sector Studies: Engaging local sector experts and consulting firms to conduct market feasibility studies in the respective countries.
4. Events: Hosting and attending agriculture and investment-focused events with representatives from each focus country to gather insights from public and private stakeholders, sector experts, development finance institutions, and nonprofits.

Summary of Consultations

In the past two years, the Mandala Capital team engaged with stakeholders from various sectors in Indonesia, Vietnam, the Philippines, and Thailand, seeking guidance to

inform the strategy, pipeline and investment thesis. Stakeholders also provided insights into environmental, social, and governance risks.

Ongoing activities include:

- Pipeline sourcing: Engaged over 200 companies across the four countries to understand business models.
- NDA engagement: Regular engagement with the NDAs of each country, securing NOLs for the Mandala Capital.
- Public sector engagement: Engaging with government entities to ensure compliance and collaboration.
- Potential LP engagement: Ongoing conversations with potential LPs and conducting initial diligence activities.
- Road shows: Regular updates and feedback collection from stakeholders through meetings
- Conferences: Organizing "Food, Future Funds" event annually with invites to stakeholders from each country to gather sector insights and inform programme strategy.
- Climate and agri-focused projects: Collaborating with venture capital funds and startups to better understand the latest technologies focusing on climate adaptation.

Stakeholder Engagement

MCSSEAFP expects to regularly report program activities, outputs, outcomes, and impacts to a diverse group of stakeholders in Indonesia, Vietnam, the Philippines, and Thailand, seeking their feedback and guidance. Stakeholder engagement includes ensuring compliance with local laws, investor policies, and effective implementation of the program

Key Stakeholder Categories and Engagement:

- Potential Portfolio Companies: Engaging farmer platforms, financial solutions businesses, smart farming businesses, and post-harvest technology businesses to understand their models and community engagement strategies.
- Regulatory/Government Entities: Engaging with ministries, regulatory agencies, and NDAs in each country to align program goals with national priorities and ensure compliance.
- Investors and Donors: Frequent engagement with investors and donors to ensure compliance with policies and agreements and seek their input on fund development and strategy.
- Broader Industry and Associations: Learning the best practices and investment opportunities from industry associations and businesses.

- Consultants and Contractors: Engaging consultants for technical assistance, impact measurement, and gender work.
- Academia and Think Tanks: Collaborating with academic institutions for monitoring, evaluation, and understanding adaptation impact metrics.
- Corporates and Banks: Consulting major corporations and private sector players working in the agriculture sector to gather insights.
- NGOs: Consulting NGOs to inform ESG risks if necessary
- Indigenous Representatives and Communities: Engaging indigenous organizations if necessary
- Women's Groups and Marginalized Communities: Learning from women's groups to assess gender issues and inform gender-focused activities. MCSSEAFP seeks to learn from women's groups to assess gender in the targeted countries, SEAH, gender lens investing and gender-based activities. MCSSEAFP plans to engage with women's groups during the implementation of the programme further shape the Gender Action Plan and Monitoring approaches. MCSSEAFP will also seek guidance from these groups as needed and will share updates on the programme activities as part of continuous stakeholder engagement.
- End-users and Beneficiaries: Engaging beneficiaries to gather input and feedback throughout the program lifecycle.

Country-Specific Stakeholder Engagement

Indonesia

- Government Entities: Ministry of Agriculture, Ministry of Environment and Forestry, regional climate and agriculture departments.
- Corporates and Banks: Molindo, Haldin, CP Group, Wings, CBI, Bank Negara Indonesia, and regional banks.
- Civil Society and NGOs: planning to engage with Civil Society and NGOs
- Academia: University of Indonesia, Bogor Agricultural University.
- Indigenous Representatives: Engaging with indigenous groups like AMAN.
- Women's group: Koalisi Perempuan Indonesia, Perempuan Aman, Yayasan Pekka

Vietnam

- Government Entities: Ministry of Agriculture and Rural Development, Ministry of Natural Resources and Environment, provincial departments.
- Corporates and Banks: Nafoods, Godaco, Loc Troi, Vietcombank, Techcoop and regional banks.
- Civil Society and NGOs: Vietnam Farmers' Union, GreenID
- Academia: Vietnam National University, Hanoi University of Agriculture.

- Indigenous Representatives: Planning engagement with ethnic minority groups in the Northern and Central Highlands
- Women's group: Vietnam Women's Union, Center for Gender and Development, Center for Studies and Applied Science in Gender, Family, Women and Adolescents

Philippines

- Government Entities: Department of Agriculture, Department of Environment and Natural Resources, regional agricultural and climate agencies.
- Corporates and Banks: CP Foods, San Miguel Corporation, BDO Unibank, and regional banks.
- Civil Society and NGOs: Gawad Kalinga, Haribon Foundation.
- Academia: University of the Philippines, Ateneo de Manila University.
- Indigenous Representatives: Engaging with indigenous peoples' organizations in Mindanao and the Cordilleras.
- Women's group: Philippine Commission on Women, Women's Legal and Human Rights Bureau, National Rural Women Coalition

Thailand

- Smallholder Farmers and Agricultural Workers:
- Local Cooperatives and Farmer Organizations (Fishmeal Association)
- Government Agencies and Regulators: National and provincial government bodies, such as the Ministry of Agriculture and Cooperatives and the Ministry of Natural Resources and Environment, set policies and regulations governing land use, environmental protection, and labor standards. Their involvement ensures compliance with Thai laws and sustainability standards.
- Financial Institutions and Development Partners: Banks, microfinance institutions, and international organizations provide funding, technical expertise, and sustainability frameworks that guide responsible agricultural investments such as Siam Commercial Bank and other regional banks.
- Private Sector Partners and Agribusiness Companies
 - Companies involved in the supply chain, including food processors, distributors, and retailers, influence sustainable sourcing practices and market access for smallholder farmers.
 - Our indicative pipeline companies are working with leading agribusiness companies such as CP Group, Thai Union, and Grobest, fostering strategic partnerships that enhance market access, supply chain sustainability, and the adoption of responsible agricultural and aquaculture practices.
 - Mandala Capital advisors have been actively working with these companies, including CP Group, Thai Union, and Betagro, over the past years, providing strategic guidance, operational improvements, and sustainability support to our indicative pipeline.
- Academia and Research Institutions

- Universities, agricultural research institutes, and think tanks contribute knowledge on sustainable farming, climate resilience, and innovative agricultural technologies that enhance productivity and environmental sustainability. Some of the university our indicative pipeline has engaged with are Chulalongkorn University and Kasetsart University
- Civil Society and NOGs: Civil society organizations and NGOs play a crucial role in ensuring social inclusion, environmental sustainability, and equitable economic development in agricultural investments. By partnering with organizations such as the Raks Thai Foundation and the Thailand Development Research Institute (TDRI), our investment strategy benefits from valuable insights, research, and advocacy efforts that support responsible and impactful investment.
- Local Communities and Indigenous Groups:
 - Communities living near agricultural projects, including indigenous populations, depend on land and natural resources for their livelihoods. Ensuring their participation helps mitigate risks related to land rights, environmental degradation, and social conflicts.
 - Women's group: Association for the Promotion of the Status of Women, Women's Studies Centre, Chiang Mai University, Foundation for Women

Guidance on Company Level Stakeholder Engagement

Portfolio companies should develop stakeholder engagement plans including organizational capacity, communication channels, stakeholder lists, outreach methodologies, monitoring devices, and grievance mechanisms.

Please see below the needed component of a stakeholder engagement plan including

Organizational Capacity, Roles and Responsibilities for Engaging Stakeholders	● Identify the internal team or designated ESG focal point responsible for stakeholder engagement. ● Describe coordination with other departments (e.g., operations, HR, community liaison). ● Provide an organogram or role description showing accountability and decision-making for engagement activities.
Description of Communication Channels for Stakeholder Engagement	● In-person meetings (e.g., community gatherings, farm-level visits) ● Digital tools (e.g., WhatsApp groups, SMS, company website) ● Periodic newsletters or investor updates

List of Stakeholders	• Customers • Government regulators and other entities • Local leaders • Academic institution • CSOs and local NGOs • Investors • Community partners
Outreach Methodologies for Each Stakeholder Group	• Surveys, field visits, customer feedback lines • Compliance meetings, progress reports, site inspections • Collaborative initiatives, community development updates • Consultations meetings
Monitoring Devices for Stakeholder Engagement	• Stakeholder engagement log (tracking date, format, topics discussed, outcomes) • Number of grievances received/resolved • Participation rates in community meetings or surveys • Satisfaction or feedback ratings from key stakeholder groups • Inclusion metrics (e.g., % of women or Indigenous representatives in consultations)
Description of How Grievance Mechanism is Shared	• Public display at company offices and community noticeboard • Communication during community meetings and onboarding for workers/farmers • Inclusion in contracts, MoUs, or supplier onboarding material • Digital access points (e.g., SMS number, website link, WhatsApp contact)

Annex 9: Mandala Capital Chance Find Procedures

Context: Mandala Capital operates with a limited operational presence primarily based in Southeast Asia, conducting regular activities from office spaces. Occasional site visits for due diligence are undertaken with minimal exposure to discovering or impacting cultural artifacts. As such, these guidelines apply specifically to Category B investments earmarked for new construction or land acquisition outside urban or business park areas.

Chance Find Procedures may be initiated under the following conditions:

- Companies plan significant land use for their operations.
- Direct funding of land purchases or construction by Mandala Capital in these areas

Companies are required to adhere to the following steps:

- I. Halt all activities in the vicinity of the discovery until preservation solutions are identified or advice is sought from relevant authorities.
- II. Clearly mark and secure the discovered site or area to prevent damage or loss of removable objects.
- III. Conduct a preliminary evaluation of the findings by archaeologists to assess their significance swiftly. This assessment will guide subsequent actions.
- IV. Contact local ministries responsible for cultural heritage to ensure compliance with applicable laws.
- V. Assess the feasibility of excavation if human remains or minor artifacts are uncovered. If the site holds historical significance or must be preserved, the project may need to consider relocating its operations.

Annex 10: MCSSEAFP Grievance Redress Mechanism

- I. Introduction: Mandala Capital aims to do no harm with its investments and has established comprehensive policies, procedures, and strategies to identify and mitigate environmental and social risks. Recognizing the significant impact of its work on marginalized and vulnerable populations, Mandala Capital is committed to listening to the concerns of the communities it operates in. To this end, Mandala Capital will implement a Grievance Redress Mechanism ("GRM"). This GRM allows stakeholders to engage with Mandala Capital regarding issues affecting their communities and livelihoods. Both program-level and portfolio company-level grievance mechanisms will operate effectively, efficiently, independently, and with legitimacy, ensuring accessibility, equity, predictability, transparency, and continuous learning. The GRM will facilitate prompt resolution of grievances through accessible and direct engagement between the affected parties and the Mandala Capital Team.

II. Purpose: The GRM ensures that communities with eligible environmental and social complaints have a legitimate, accessible, predictable, equitable, transparent, and rights-compatible grievance process. Where Indigenous Peoples, or groups identified under national terminology that may meet the characteristics of Indigenous Peoples under paragraph 14 of the GCF Indigenous Peoples Policy, are identified as affected by an investment, the grievance mechanism will be reviewed and, where necessary, adapted in consultation with the relevant communities to ensure that it is culturally appropriate and accessible. The GRM aims to:

- a. Respond to the needs of beneficiaries and affected individuals.
- b. Provide a platform for communities to share their feedback on the impact of Mandala Capital's investments.
- c. Collect information on unintended or inadequately mitigated harms to prevent future issues.
- d. Clearly and transparently communicate the grievance process.
- e. Deter harmful environmental and social impacts through public accountability.

III. Types of Grievances: The GRM is available to all parties with grievances arising from activities related to Mandala Capital's investments. Grievances may include, but are not limited to:

- a. Environmental, social, community health, safety, and security issues.
- b. Gender bias and harassment.
- c. Labor and compensation issues, and interactions between portfolio companies and host communities.
- d. Resettlement-related grievances, such as asset valuation, compensation amounts, consultation levels, contract fulfillment, and compensation timing.

Grievances are ineligible if:

- e. The complaint is submitted more than two (2) years after the closure of the GCF-funded program.
- f. The complaint is submitted more than two (2) years after the complainant became aware of the adverse impacts caused by the portfolio companies supported by the program.

IV. Transparency: Mandala Capital commits to transparency with its GRM. Procedures will be shared online and with stakeholders during investment processes. The program commits to both transparency about the process and confidentiality when appropriate. The confidentiality of communities, stakeholders, and the

commitment to portfolio companies will dictate the level of public disclosure. Grievances will be reported annually to GCF, including the number, nature, and resolutions of grievances. These reports will be available to GCF and relevant stakeholders.

- V. Lodging Grievances: Mandala Capital aims to make the grievance reporting process easily accessible through various channels. The program ensures that stakeholders with legitimate grievances can access the GRM via the most suitable channel, ensuring inclusivity for all populations, including youth, women, and marginalized and vulnerable communities (e.g., indigenous populations). Efforts will be made to protect complainants' identities when requested or if identification may lead to harm. Complainants may submit grievances anonymously or confidentially and may submit grievance directly or through an authorized representative or civil society organization. No complainant, representative or person participating in the grievance process will be subject to retaliation for raising a grievance in good faith.

Grievances can be lodged through:

- Direct complaints to the Program's GRM investigator (APEX)
- Calling the Program's phone line (APEX): +230 467 3000
- Mailing the Program's business address: 6th Floor, Two Tribeca, Tribeca Central, Trianon 72201, Mauritius
- Emailing Mandala Capital's email address: grievance@mandala-capital.com

VI. Grievance and Complaints Process:

- a. A complaint is received via one of the channels provided, Mandala Capital
- b. The complaint is recorded in the Program's Grievance Redress Mechanism Tracker.
- c. The complainant is notified of receipt and informed of the next steps.
- d. The parties involved are informed. Sometimes, particularly the complainant, may be informed later to preserve information and review baseline facts
- e. The complaint is assessed by the Mandala Capital General Counsel which may involve interviewing parties or bringing in third parties to support the investigation. The investigation is conducted independently of the program execution.
- f. The complainant is notified when the investigation concludes.
- g. The responsibility for determining a response or resolution rests with the designated policy administrator. To ensure impartiality, the decision-maker will be independent of program implementation
- h. The response/resolution is communicated to the complainant and all involved parties.

- i. The resolution is recorded in the grievance tracking mechanism.
- j. Any lessons learned are applied internally as appropriate.

VII. Appeals and unresolved grievances:

Where a complainant is not satisfied with the proposed resolution, the complainant may request reconsideration or appeal the outcome through a designated independent escalation process. Information on the appeal process, applicable timelines and available external redress mechanisms including the GCF Independent Redress Mechanism, will be communicated to the complainant.

VIII. Grievance Recording, Assessment, and Documentation: The Program maintains a Grievance Redress Mechanism registry (the “GRM tracker”) that includes a description of the complaint, relevant information about the complainant (when possible), records of the investigative process, and the resolution. Resolutions are assessed based on the size and long-term impact on the community and the investment, and strategies to mitigate harm. The resolution will be recorded in the registry. If the complaint is eligible and redressed, the Program will follow up with the complainant to ensure timely and transparent redress. Once resolved and the complainant is contacted, the grievance is considered closed. All evidence of grievance will be documented in the tracker and a designated grievance folder. The grievance register will be made available subject to appropriate measures to protect personal data, confidentiality, safety and the anonymity of complaints who request it, and will be shared with the GCF Independent Redress Mechanism in accordance with applicable GCF requirement.

IX. Grievance Monitoring and Oversight:

The Program will conduct an annual assessment of the Grievance Redress Mechanism (GRM) to evaluate its effectiveness and ensure compliance with all commitments, including the prevention and management of Sexual Exploitation, Abuse, and Harassment (SEAH) and Gender-Based Violence (GBV).

To strengthen monitoring of SEAH and GBV, the Program will establish a detailed framework outlining the preventive and mitigative measures that must be tracked. This will include clear indicators and performance benchmarks, such as:

- Number and type of SEAH and GBV complaints received and resolved
- Average time taken to respond to and close SEAH and GBV cases
- Level of survivor satisfaction with the grievance resolution process
- Extent of survivor access to support services (e.g., medical care, psychosocial support, legal assistance)
- Proportion of staff trained in SEAH and GBV prevention and response measures
- Effectiveness of awareness campaigns and communication channels about grievance options

Portfolio Companies will be required to:

- Establish systems to monitor SEAH and GBV risks and responses on an ongoing basis
- Collect and securely maintain disaggregated data on reported incidents while ensuring confidentiality
- Conduct periodic assessments—at least annually—of the effectiveness of SEAH and GBV safeguards and procedures
- Update and strengthen mitigation strategies in response to findings and lessons learned

MCSSEAFP will also conduct spot checks and independent reviews to verify that Portfolio Companies are complying with SEAH and GBV monitoring requirements. Findings from these assessments will be documented and shared in the annual ESG performance reports. Additionally, summary information on SEAH and GBV grievance trends and lessons learned will be communicated to relevant stakeholders, including the National Designated Authority (NDA), civil society organizations, and affected communities, while safeguarding survivor confidentiality.

The Program commits to continuous improvement of the GRM and related measures to uphold a survivor-centered, gender-sensitive approach to addressing SEAH and GBV risks across all operations.

X. SEAH Provisions

Survivors of SEAH who seek to use the MCSSEAFP Grievance Redress Mechanisms (GRM) will have access to a survivor-centered and gender-sensitive process for lodging complaints, investigation, and resolution. Survivors will be given the option to remain anonymous and will be assured complete confidentiality throughout the reporting process if they wish.

Survivors may request a thorough investigation of their grievance or, alternatively, may choose to file a complaint without pursuing an investigation. They will also have the right to work accommodations that protect their privacy and ensure separation from the alleged perpetrator.

Portfolio Companies will be instructed to provide appropriate protection and accommodation for survivors during the course of an investigation. MCSSEAFP will require that companies suspend or remove any employee under investigation for SEAH from contact with other staff or customers while the investigation is ongoing.

All SEAH-related data will be securely stored and accessible only to designated individuals such as investigators and legal authorities. Survivors will be assured of their privacy and safety throughout the GRM process. Documentation of SEAH cases will be handled

exclusively by personnel trained in SEAH investigative best practices. Given the sensitivity of this information, SEAH records will be maintained separately from other data.

MCSSEAFP intends to share information about the grievance mechanism with the National Designated Authority (NDA), civil society organizations (CSOs), Portfolio Companies, and other stakeholders to ensure it reaches project beneficiaries and affected communities. Information on the grievance mechanism will be available in the relevant national language and, where necessary to overcome language barriers, interpretation and translation will be provided in relevant Indigenous or ethnic minority languages on Mandala Capital website.

MCSSEAFP team will continuously monitor SEAH incidents throughout the life of the program. If SEAH cases occur at either the programme level or the Portfolio Company level, both MCSSEAFP and the relevant Portfolio Company must strengthen their internal grievance mechanisms.

XI. Grievance Mechanism

If companies cannot satisfy customer complaints with their grievance mechanism, the company should also make GCF Grievance Mechanism available.

Green Climate Fund Independent Redress Mechanism: <https://irm.greenclimate.fund/>

Mandala Capital Website: will be found prior to the launch of MCSSEAFP.

Annex 10a: MCSSEAFP Grievance Redress Mechanism

MCSSEAFP Portfolio Companies must establish a grievance redress mechanism (GRM) or complaints mechanism before the end of their investment period with MCSSEAFP. These mechanisms must be accessible, transparent, and responsive to complainants, aligning with the following sections: roles, lodging, investigation, SEAH provisions, recording, monitoring, and communication.

Roles:

- Companies must appoint a trained and qualified staff member to manage the complaints mechanism.

Lodging:

- Companies must provide multiple channels for lodging complaints, including in person, via phone, mail, and internet.
- Sales agents should be able to receive complaints during customer interactions and know how to record and relay these complaints to relevant staff.
- Companies must offer confidentiality and anonymity to individuals lodging grievances.

Investigation:

- Companies must have a clear and transparent process for investigating complaints.
- Investigations should be time-bound, with complainants receiving updates at various stages: lodging, fact-finding, and resolution.

SEAH Provisions:

- Companies must adopt gender-sensitive and survivor-centered approaches to SEAH (Sexual Exploitation, Abuse, and Harassment) incidents.
- SEAH survivor protections should include flexible work plans, time off, counseling (if accessible), and work accommodation to ensure privacy and well-being during the investigation.
- Workers under investigation for SEAH should be suspended or removed from customer or staff-facing roles.
- If the Portfolio Company maintains ongoing relationships with customers, it should inform them about the grievance mechanism at the time of purchase and ensure SEAH survivors are aware of the GRM's investigative and resolution provisions.

Recording:

- Grievances should be documented in a grievance tracker accessible only to relevant investigators or grievance managers.

Monitoring:

- Companies must continuously monitor and report on grievances to the MCSSEAFP team.

Communications: Please share the following website with the complainant:

<https://mandala-capital.com/governance/>

Annex 11: Guidance for Land and Resettlement

Land Acquisition and Resettlement Policy Framework

1. Introduction

This Land Acquisition and Resettlement Policy Framework (LARPF) provides guidelines for managing land acquisition and involuntary resettlement impacts related to projects funded by MCSSEAFP in Vietnam, Indonesia, the Philippines, Thailand. The framework is designed to ensure that land acquisition and resettlement activities are conducted in a manner that is socially inclusive, environmentally sustainable, and aligned with international best practices, particularly those of the GCF.

2. Objectives

The objectives of this framework are to:

- Minimize and avoid, where feasible, the need for involuntary resettlement by exploring all viable alternatives.
- Ensure that affected persons receive adequate compensation and support for the loss of assets, livelihood, and well-being.
- Ensure that resettlement activities are planned and implemented in consultation with affected communities, ensuring their informed participation.
- Improve or at least restore the livelihoods and standards of living of affected people to pre-project levels.
- Ensure compliance with GCF standards and national laws related to land acquisition and resettlement in Vietnam, Indonesia, the Philippines, Thailand.

3. Scope and Applicability

This framework applies to MCSSEAFP investment in Vietnam, Indonesia, the Philippines, Thailand that involve:

- The involuntary acquisition of land resulting in physical or economic displacement.
- The restriction of access to natural resources that result in adverse impacts on livelihoods.

4. Legal and Policy Framework

The framework integrates the relevant national laws and policies of Vietnam, Indonesia, the Philippines, Thailand, ensuring compliance with both domestic and GCF standards.

- **Vietnam:** Land acquisition and resettlement in Vietnam are governed by the Land Law No. 31/2024/QH15 which provides a comprehensive legal framework for the management of land resources.. Article 16 provides specific protections and support measures for ethnic minority communities, including policies to ensure land for community activities in accordance with their customs, practices, beliefs and cultural identities, as well as land-related support for eligible ethnic minority households. These provisions will be taken into account in the assessment of land acquisition, land use and resettlement impacts affecting ethnic minority communities. This law outlines procedures for compulsory land acquisition by the state, ensuring that affected people are compensated fairly and resettled properly. The law emphasizes transparency in the land acquisition process and the protection of land users' rights, including provisions for grievance redress.
- **Indonesia:** Indonesia's legal framework for land acquisition is primarily regulated by Law No. 2 of 2012 on Land Acquisition for a Interest and Presidential Regulation No. 71 of 2012. These laws establish the legal basis for acquiring land for public purposes, including infrastructure and development projects. The framework ensures that land

acquisition is conducted transparently, with fair compensation for affected parties, and includes specific mechanisms for public consultation and dispute resolution.

- Philippines: The Republic Act No. 10752, also known as the Right-of-Way Act, and the Indigenous Peoples' Rights Act (IPRA) of 1997, govern land acquisition and resettlement in the Philippines. The Right-of-Way Act provides a legal structure for the acquisition of private land for public purposes, ensuring that affected landowners are justly compensated. The IPRA, on the other hand, specifically protects the rights of Indigenous Peoples to their ancestral lands, requiring free, prior, and informed consent (FPIC) for any projects that affect these lands.
- Thailand: In Thailand, land acquisition is primarily governed by the Land Code Act B.E. 2497 and related decrees. The Land Code provides the legal foundation for land ownership, transfer, and acquisition, ensuring that land acquisition for public purposes is conducted lawfully, with appropriate compensation to affected landowners. The legal framework also includes mechanisms for dispute resolution and emphasizes the importance of public participation in the land acquisition process.

This framework ensures that land acquisition and resettlement activities in the respective countries comply with these national laws while adhering to the higher standards of the GCF, especially where they offer greater protection to affected communities.

5. Principles and Policies

The following principles guide the implementation of the LARPF:

- a. Avoidance and Minimization:
 - i. Projects will be designed to avoid involuntary resettlement wherever possible. If unavoidable, resettlement will be minimized by exploring alternative project designs.
- b. Compensation and Resettlement Assistance:
 - i. Affected persons will receive prompt and adequate compensation at full replacement cost for lost assets. Compensation will be provided before land is acquired and prior to any displacement.
 - ii. In cases of physical displacement, resettlement sites will be chosen in consultation with affected persons, with access to essential services and infrastructure ensured.
- c. Livelihood Restoration
 - i. Affected people will receive support to restore their livelihoods to pre-project levels or better. This includes access to skills training, employment opportunities, and other forms of economic assistance.
- d. Consultation and Participation

- i. Affected communities will be consulted at all stages of the project, ensuring their participation in decision-making processes. This includes free, prior, and informed consent (FPIC) for Indigenous Peoples.
 - e. Grievance Redress Mechanism
 - i. A transparent, accessible, and responsive grievance redress mechanism will be established to address concerns related to land acquisition and resettlement. Affected persons will be informed of this mechanism during the consultation process.
 - f. Monitoring and Evaluation
 - i. Ongoing monitoring of resettlement activities will be conducted to ensure compliance with this framework. Independent evaluations will be carried out to assess the effectiveness of resettlement measures and to ensure that objectives are being met.
6. Implementation Arrangements
- a. Institutional Responsibilities
 - i. The project proponent, in collaboration with relevant national and local government authorities, will be responsible for implementing land acquisition and resettlement activities in accordance with this framework.
 - ii. A Resettlement Planning Unit (RPU) will be established within the project management structure to oversee and coordinate resettlement activities.
 - b. Budget and Financing
 - i. Adequate budgetary provisions will be made to cover all costs associated with land acquisition, compensation, and resettlement. The budget will be included in the overall project cost and will be monitored to ensure sufficient allocation.
 - c. Capacity Building
 - i. Training and capacity-building activities will be provided to all stakeholders involved in the resettlement process to ensure effective implementation of the LARPF.

7. Resettlement Action Plan (RAP)

For each project involving land acquisition and resettlement, a detailed Resettlement Action Plan (RAP) will be developed. The RAP will include:

- An inventory of affected persons, assets, and livelihoods.
- The valuation methodology for compensation.

- A detailed plan for resettlement, including housing, infrastructure, and livelihood restoration measures.
- A timeline for the implementation of resettlement activities.
- A monitoring and evaluation plan to track progress and outcomes.

8. Monitoring, Evaluation, and Reporting

- a. Internal Monitoring
 - i. The project proponent will conduct regular internal monitoring of resettlement activities to ensure compliance with the RAP and LARPF.
- b. External Monitoring
 - i. Independent external monitors will be engaged to assess the implementation of the RAP and compliance with GCF standards.
- c. Reporting
 - i. Regular reports will be submitted to the GCF and relevant national authorities, detailing the progress of resettlement activities, challenges encountered, and actions taken to address them.

Annex 12: Guidance on Indigenous Peoples

Context:

While MCSSEAFP work does not present risks to indigenous groups, MC wants to ensure that our activities comply with the GCF Indigenous People Policy. In the event where the programme may invest in areas where indigenous peoples, including groups identified in national terminology as ethnic minorities, are present or hold collective attachment to lands and natural resources. In line with paragraphs 17, 18 and 20 of the GCF Indigenous Peoples Policy, this guidance applies wherever such groups are present, whether the impacts of an investment on them are positive or negative and regardless of the significance of those impacts. Screening under Annexes 1 and 2 will therefore establish, for each prospective investment, whether indigenous peoples are present in or hold collective attachment to the area of operations. Where they are, the Indigenous Peoples Planning Framework applies and an Indigenous Peoples Plan will be prepared in accordance with paragraph 39 of the Policy.

Philippines Context

The Philippines recognizes Indigenous peoples as "Indigenous Cultural Communities" (ICCs) and "Indigenous Peoples" (IPs) under the 1987 Constitution and the Indigenous Peoples' Rights Act (IPRA) of 1997 [1]. The IPRA law is considered one of the most comprehensive legal frameworks for Indigenous peoples globally, as it recognizes their rights to ancestral domains, self-governance, cultural integrity, and social justice.

According to the 2010 Census, Indigenous peoples constitute approximately 10-15% of the national population, with major groups including the Igorot, Lumad, Aeta, and Mangyan, among others [2]. These communities are primarily located in the Cordillera Administrative Region, Mindanao, and other remote areas across the archipelago.

Challenges faced by Indigenous peoples in the Philippines include encroachments on ancestral lands, mining operations, and agribusiness ventures, which lead to displacement and environmental degradation [3]. Social issues such as poverty, lack of education, and inadequate healthcare services further exacerbate their marginalization. The implementation of the IPRA

law has been hindered by bureaucratic challenges, and many Indigenous communities struggle to have their land rights recognized.

Organizations like the National Commission on Indigenous Peoples (NCIP) and various NGOs such as Tebtebba and the Legal Rights and Natural Resources Center (LRC) work to protect and promote the rights of Indigenous peoples in the Philippines [4].

Indonesia Context

In Indonesia, Indigenous peoples are often referred to as "Masyarakat Adat" (Customary Law Communities) but are not officially recognized as Indigenous peoples under the Constitution. Instead, the Indonesian government recognizes them under the term "Masyarakat Hukum Adat" (Customary Law Communities), focusing on their traditional law and cultural practices [5].

Indonesia has not ratified the ILO Convention 169 on Indigenous and Tribal Peoples, although it has supported the UN Declaration on the Rights of Indigenous Peoples [6].

Estimates suggest that Indigenous peoples in Indonesia constitute about 50-70 million people [7]. Major Indigenous groups include the Dayak, Papuans, Batak, and Sasak, among others, residing in various regions such as Kalimantan, Sumatra, Papua, and Bali.

Indigenous peoples in Indonesia face challenges related to land rights, with large-scale palm oil plantations, mining, and logging operations often leading to conflicts over ancestral lands [8]. Environmental degradation and loss of biodiversity due to deforestation are critical concerns.

Indigenous communities also experience limited access to education, healthcare, and economic opportunities, contributing to their socio-economic marginalization.

Organizations like the Indigenous Peoples Alliance of the Archipelago (AMAN) play a significant role in advocating for Indigenous rights in Indonesia [9]. International bodies like the United Nations Development Programme (UNDP) and various NGOs are also active in supporting Indigenous communities.

Thailand Context

Thailand does not officially recognize Indigenous peoples as a distinct category in its legal system. The groups often referred to as Indigenous in Thailand are usually categorized as ethnic minorities or "hill tribes" [10]. These groups include the Karen, Hmong, Lahu, Akha, and Lisu, among others. Thailand has not signed the ILO Convention 169 on Indigenous and Tribal Peoples but has expressed support for the UN Declaration on the Rights of Indigenous Peoples [11].

According to estimates, the Indigenous population in Thailand is around 1 million people, primarily residing in the mountainous regions of northern Thailand [12]. These communities maintain distinct cultural practices and languages but often face discrimination and stereotyping.

Indigenous peoples in Thailand face significant challenges, including statelessness, limited access to education and healthcare, and land rights issues [13]. Many Indigenous communities are at risk of displacement due to government policies aimed at forest conservation, which do not always recognize traditional land use practices. Additionally, economic marginalization and lack of political representation further exacerbate their vulnerable situation.

Organizations such as the Inter Mountain Peoples Education and Culture in Thailand Association (IMPECT) and various international NGOs work to promote the rights and welfare of Indigenous peoples in Thailand [14].

Vietnam Context

Vietnam refers to its Indigenous peoples as "ethnic minorities" or "ethnic groups" rather than Indigenous peoples. The Constitution of Vietnam provides for the equality and protection of ethnic minorities, and there are several legal provisions aimed at improving the socio-economic conditions of these groups. [15]

Vietnam has ratified the International Covenant on Civil and Political Rights, 1966 but has not signed the ILO Convention 169 on Indigenous and Tribal Peoples [16].

Vietnam officially recognizes 54 ethnic groups, comprising the majority Kinh group and 53 ethnic minority groups. [17].

Indigenous peoples in Vietnam face challenges such as poverty, limited access to education and healthcare, and land conflicts]. Development projects, including hydroelectric dams and commercial agriculture, often lead to displacement and loss of traditional livelihoods.

Cultural assimilation policies and language barriers also contribute to the marginalization of these communities.

Organizations like the Ministry of Ethnic and Religious Affairs and various local NGOs work towards improving the living conditions of ethnic minorities in Vietnam. International

organizations like the World Bank and the UN have also been involved in development projects aimed at supporting these communities [18].

Vietnam - Identification, Consultation and FPIC Protocol

For investments in Vietnam, the term “ethnic minorities” (dân tộc thiểu số) will be used alongside “Indigenous Peoples”. The absence of formal recognition as Indigenous Peoples under Vietnamese law does not determine whether the GCF Indigenous Peoples Policy applies.

During screening and due diligence, MCSSEAFP will assess whether potentially affected communities meet the identification characteristics set out in paragraph 14 of the GCF Indigenous Peoples Policy.

Where such communities may be affected, MCSSEAFP and the Portfolio Company will identify and consult legitimate community representatives at village and commune level. Relevant government authorities and mass organisations may also be involved, but will not substitute for legitimate community representatives. Information and consultation will be provided in Vietnamese and, where necessary, translated or interpreted into the relevant ethnic minority language.

Where FPIC is required under the GCF Indigenous Peoples Policy, consent will be obtained through a culturally appropriate process before the relevant investment or activity proceeds. The process and outcome will be documented in the relevant Indigenous Peoples Plan.

Sources:

1. 1987 Constitution of the Philippines [Official Gazette of the Republic of the Philippines]
2. Indigenous Peoples’ Rights Act (IPRA), 1997, [National Commission on Indigenous Peoples (NCIP)]
3. 2010 Census of the Philippines: Philippine Statistics Authority (<https://psa.gov.ph/>).
4. Issues faced by Indigenous Peoples in the Philippines: [Tebtebba] (and [Legal Rights and Natural Resources Center (LRC)]
5. Constitution of Indonesia
6. ILO Convention No. 107
7. Population estimates and major Indigenous groups: [AMAN (Aliansi Masyarakat Adat Nusantara)]

8. Issues faced by Indigenous Peoples in Indonesia: [Forest Peoples Programme](<https://www.forestpeoples.org/>) and [UNDP Indonesia](<https://www.id.undp.org/>).
9. Indigenous Peoples Alliance of the Archipelago (AMAN): [AMAN Official Website] (<https://www.aman.or.id/>).
10. Constitution of the Kingdom of Thailand and relevant national legal and policy framework concerning ethnic minority and highland communities.
11. International Labour Organization (ILO), NORMLEX, *Indigenous and Tribal Peoples Convention, 1989 (No. 169)*, ratification status; United Nations, *United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)*.
12. International Work Group for Indigenous Affairs (IWGIA), *The Indigenous World - Thailand*, information concerning Indigenous Peoples and ethnic minority communities in Thailand.
13. International Work Group for Indigenous Affairs (IWGIA) and relevant civil society publications concerning statelessness, land rights, access to services and socio-economic challenges affecting Indigenous communities in Thailand.
14. Inter Mountain Peoples Education and Culture in Thailand Association (IMPECT), organizational information and activities concerning Indigenous Peoples and highland communities in Thailand.
15. International Work Group for Indigenous Affairs (IWGIA), *The Indigenous World 2024 - Vietnam*; United Nations Development Programme (UNDP) Vietnam, *Indigenous Peoples Planning Framework*.
16. International Labour Organization (ILO), NORMLEX, *Ratifications for Viet Nam - Indigenous and Tribal Peoples Convention, 1989 (No. 169)*.
17. Government of Viet Nam, *Ethnic Groups in Viet Nam*; United Nations Development Programme (UNDP) Vietnam, *Indigenous Peoples Planning Framework*, including 2019 Census data.
18. International Work Group for Indigenous Affairs (IWGIA), *The Indigenous World 2024 - Vietnam*; World Bank, *Why Is Ethnic Minority Poverty Persistent in Vietnam?*
- 19.

Definition:

- a) In line with paragraph 14 of the GCF Indigenous Peoples Policy, the following characteristics are used to identify Indigenous Peoples: Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others.

- b) Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation as well as to the natural resources in these areas.
- c) Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and
- d) A distinct language or dialect, often different from the official language or language of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

Commitment:

If any investments of MCSSEAFP involve Indigenous People then, MCSSEAFP will develop and execute an Indigenous People Plan Framework consistent with the IPPF provided in Annex 6. to guide activities accrued out within these programs. This framework will apply across all the targeted regions. In addition, consistent with paragraph 47 of the GCF Indigenous Peoples Policy, MCSSEAFP will not finance activities that may potentially affect Indigenous Peoples in voluntary isolation, also referred to as peoples "in voluntary isolation," "isolated peoples," or "in initial contact."

Potential Impact to Indigenous People	Positive	1. Enhanced access to climate resilient solutions leading to financial benefit and food security
	Negative	1. Potential Displacement if portfolio company expand operations leading to land acquisition traditionally used by Indigenous group 2. Potential impact on natural resources that Indigenous People traditionally own, use or occupy
Assessment Plan	Process	1. Investment team will assess risks to Indigenous People during due diligence phase and take necessary actions. Some of the questions raised may be: • Any known indigenous population in the area of operations? • If yes, is there any adverse impact and mitigation strategy? How to ensure equal access to goods or services for Indigenous People
Consultation Plan	Process	If adverse impact on Indigenous groups is identified, Portfolio companies will develop a

		plan for consultations and for any activities that may cause displacement, portfolio companies must obtain free, prior and informed consent before proceeding.
Monitoring and Reporting	Annual Reporting	- If portfolio companies have identified potential impact, MCSSEAFP will request portfolio companies to provide annual updates - MCSSEAFP will provide annual report to investor if there is any engagement with indigenous people.

Annex 13: Guidance on Environmental and Social Impact Assessment (ESIA)

MCSSEAFP primarily targets investments classified as ESS Category C, involving minimal environmental and social risks. However, some portfolio companies may be classified as ESS Category B.

In such cases, companies may need to undergo MCSSEAFP standard due diligence procedures, along with enhanced environmental and social due diligence, which may include a formal Environmental and Social Impact Assessment (ESIA).

An ESIA may be required if the company meets one or more of the following criteria:

Trigger Area	ESIA Should Be Considered If:	Rationale
1. Investment Size and Scope	Investment is $\geq$ USD 10 million and supports expansion, infrastructure, or core operations	Larger investments may carry greater environmental and social footprint
	Funds are used for new processing facilities or major physical upgrades	Higher potential for construction, energy, water, and labor impacts
2. Land and Natural Resource Use	Land acquisition is involved, especially outside commercial/agricultural zones	May result in displacement or land tenure conflict
	Site is near ecologically sensitive areas (e.g., wetlands, forests, protected zones)	Higher biodiversity and environmental sensitivity
	Operations involve significant extraction of water or natural resources	Potential for local resource depletion or conflict
3. Labor and Community Risk	History of OHS violations, accidents, or poor worker conditions	Indicates elevated risk to worker wellbeing

	Community complaints or risks of tension (e.g., land use, emissions, labor)	May require mitigation via stakeholder engagement or compensation
	Risk of gender-based violence, SEAH, or poor labor standards in value chain	Heightened reputational and human rights risks
4. Environmental Practices	Use of agrochemicals (e.g., pesticides, fertilizers) without safeguards	Risk of contamination, health impacts, or misuse
	Practices with high GHG emissions (e.g., livestock, rice paddies) without mitigation	Climate risk and emission intensity concerns
	No clear management of effluents, waste, or air/water discharges	Indicates potential non-compliance or environmental harm
5. ESG Management Systems	Company lacks environmental or social management systems	Limit's ability to prevent, monitor, or respond to risks
	No grievance mechanism or stakeholder engagement processes	Weak community accountability and transparency

Scope of ESCA: "Environmental and Social Compliance Audit (Existing Facilities)" Where an ESCA is deemed necessary, the assessment should include the following components:

- Executive Summary
- Scope and methodology of the audit
- Applicable regulatory and institutional framework
- Description of audit and site investigation procedures
- Findings and areas of concern
- Corrective Action Plan (CAP) with timelines and estimated costs
- Supporting annexes (interview forms, site photos, data sets, protocols)

In addition, the following activities may be required:

- Stakeholder consultations
- Land and boundary surveys
- Third-party assessments by ESG specialists or auditors

Scope of ESIA: Environmental and Social Impact Assessment (New Greenfield Development)

Key Content Areas for the ESIA Report

- Executive summary: Concisely discusses significant findings and recommended actions.
- Policy, legal, and administrative framework: Presents the policy, legal, and administrative framework within which the assessment is carried out.
- Project description: Describes the proposed project and its geographic, ecological, social, and temporal context, including any associated facilities and third-party activities. The section also indicates need for additional considerations due to land requirements and in meeting the needs of indigenous peoples. A map of the project site as well as the projected area of influence is included.
- Baseline data: Assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions based on up-to-date information, including any changes anticipated before the project commences. It also takes into account current and proposed development activities within the project area that may not be directly connected to the project.
- Environmental and social impacts: Identifies, predicts and assesses the likely positive and negative impacts, in qualitative and quantitative terms as maybe feasible. Identifies indirect, cumulative and transboundary impacts as well as impacts due to associated facilities and third-party activities. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental enhancement and improvement of the welfare and livelihoods of affected people. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that may require further studies and attention.
- Analysis of alternatives: Systematically compares feasible alternatives to the proposed activities, site, technology, design, and operation—including the "do nothing" situation--in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their suitability under local conditions; and their institutional, training, and monitoring requirements.
- Environmental and social management plan (ESMP): Covers mitigation measures, monitoring, and institutional strengthening. Description of ESMP can be found in succeeding guidance. This also includes description of the stakeholder engagement plan, grievance redress mechanism and disclosure of safeguards documents and relevant updates and further due diligence that may need to be undertaken.
- Appendices: Any additional documents that are relevant to the ESIA.

Final ESIA reports will be submitted to the Investment Committee as part of the investment decision process. A redacted version may be shared with regulatory agencies or development finance partners as required. Where appropriate, a summary of findings may be disclosed to external stakeholders, subject to company approval.

Annex 14: Climate Resilience Checklist

Impact Checklist		Answer
Company Selection		
Is the company an adaptation and Resilience solution?		
What are the climate trends in the targeted regions?		
What are the climate hazards in the targeted regions?		
What are the risks of climate change in the targeted regions?		
What is the impact of climate change impact in the targeted regions and industry?		
Does it address specific risks (e.g., flooding, drought, changing weather patterns) or vulnerabilities in the targeted regions?		
Screening		
Evaluate the A&R Solution provided by the target company using the Five Dimensions of Impact	What: impact a company's A&R solution(s) is contributing to and how?	
	Who: which stakeholders are experiencing the impact?	
	How much: how many stakeholders experienced the impact and degree of change?	
	Contribution: how could the investor support the achievement of the intended impact?	
	Risk: what is the likelihood the impact will be different than expected and how risks are mitigated?	

Does the investment incorporate inclusive approaches (e.g., gender equity, indigenous rights, and community engagement) in its adaptation strategy?		
Can the company's solution undermine the achievement of the Paris Agreement 1.5°C goal lock-in GHG emissions? Could it lead to any other unintended consequence such as increasing social vulnerability or worsening the present or future condition of marginalized groups?		
Assessment of Maladaptation Risks Evaluate whether the proposed adaptation and resilience solution presents risks of maladaptation using the five dimensions identified by Barnett and O'Neill (2010):	Could the investment increase GHG emissions relative to alternative adaptation options?	
	Could the intervention disproportionately burden vulnerable groups (e.g., women, Indigenous Peoples, low-income communities)?	
	Does the solution have high opportunity costs that could divert resources from more effective adaptation measures?	
	Could the project reduce incentives or capacity for future adaptation (e.g., by creating dependence on external technology)?	
	Might the intervention lock in pathways that limit future choices and flexibility?	
Does the investment align with specific SDGs?		
Exit Strategy and Long-Term Impact		
How likely are the adaptation impacts to		

endure beyond the investment horizon?		
How will the project avoid creating lock-in effects or reducing future adaptation options over time		

Annex 15: Consumer Protection Questionnaire

Context: The consumer protection questionnaire is to be used during ESG due diligence or monitoring to assess how the company protects its consumers' rights, privacy, and access to grievance mechanisms. This is optional for Category C investment and may be required for Category B.

#	Topic	Question	Yes / No / N/A	Comments
1	Food/Product Safety	Are products (e.g. food, seeds, inputs) compliant with relevant food safety or agricultural input standards (e.g., HACCP, GAP, ISO)?		
2	Traceability	Is there a system to trace products from source to point of sale?		
3	Labeling & Claims	Are product labels accurate regarding ingredients, nutritional claims, expiry dates, and origin?		
4	Quality Control	Is there a process for monitoring and testing product quality (e.g., pesticide residue, contamination)?		
5	Recalls	Has the company had to recall any product? If yes, is there a recall protocol?		
6	Grievance Handling	Is there a process for farmers or consumers to submit complaints or feedback?		
7	Data Privacy	For tech-enabled platforms, is user/farmer data protected in accordance with relevant privacy laws?		
8	Financial Transparency	If financial products/services are offered (e.g., inputs on credit), are terms clearly communicated to farmers?		
9	Inclusive Access	Does the company take steps to make its services accessible to women, smallholders, or marginalized consumers?		

10	Ethical Marketing	Are marketing practices honest, especially for low-literacy rural populations?		
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Annex 16: Employee Engagement Survey:

Context: This survey is confidential and intended to help the company improve its labor standards and workplace practices. This survey is optional and targeted at larger companies.

Topic	Survey Question	Response Options
Employment Terms	I understand the terms and conditions of my employment contract.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Fair Compensation	I believe I am paid fairly for the work I do.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Working Hours	My working hours are reasonable and comply with company policy.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Overtime	I understand the company's overtime policy and how I am compensated.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Rest and Breaks	I have enough time for rest breaks during the workday.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Health & Safety	I feel safe at my workplace and know how to report safety concerns.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Grievance Procedure	I know how to file a complaint or grievance if I have a problem at work.	Yes / No / Not Sure
Grievance Resolution	I trust that my complaints or grievances will be taken seriously and addressed.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Non-Retaliation	I feel confident I can raise concerns without fear of retaliation.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Discrimination	I believe that the company does not tolerate discrimination or harassment.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Freedom of Expression	I feel comfortable raising concerns or suggestions to management.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree

Freedom of Association	I understand my rights related to joining or forming worker associations or unions.	Strongly Agree / Agree / Neutral / Disagree / Strongly Disagree
Training	I have received training or information about my labor rights and workplace policies.	Yes / No / Not Sure
Suggestions	What could the company do to improve working conditions?	<i>Open-ended</i>

Annex 17: Site Visit

Context: This site visit checklist supports ESG due diligence by verifying on-site implementation of environmental and social practices. It complements the desk review by validating submitted documents and assessing actual conditions through interviews and observations.

Site visits are required for Category B investments and optional for Category C. They are conducted by the programme's impact consultant, and findings will directly inform the ESG due diligence report and help shape the ESG Action Plan.

ESG Pillar	Item/Question	Purpose of Check	Yes/No/N/A	Observations / Comments
General	Is the ESG focal point or site manager available for discussion?	Confirm responsible person on site		
	Are all key permits (environmental, labor, etc.) displayed or accessible?	Cross-check documents vs. site reality		
Environment	Are waste segregation and disposal practices consistent with the company's waste management plan?	Validate against submitted plan		
	Is hazardous waste labeled, stored securely, and handled properly?	Visual inspection		
	Are there signs of air, water, or soil	Physical evidence of		

	pollution? (e.g., smells, discharges, run-off)	environmental impact		
	Are energy and water consumption monitored on site?	Confirm existence of metering/logs		
	Is the site implementing any energy-saving or water-efficiency measures in practice?	Go beyond policy to implementation		
Social / Labor	Are workers aware of grievance channels (posters, suggestion boxes, verbal)?	Cross-check with HR and workers		
	Are proper PPEs being worn by staff and enforced by supervisors?	Observe use and enforcement		
	Are sanitation, rest, and drinking water facilities accessible and functional?	Confirm compliance with worker welfare standards		
	Do interviewed workers confirm awareness of contract terms and wage structures?	Triangulate with document review		
	Are there any visible signs of child or forced labor practices?	Observe and ask sensitively		
Health & Safety	Are emergency exits marked and unobstructed?	Observe fire and evacuation safety		
	Is safety signage present (hazards, PPE requirements, etc.)?	Verify signage matches site risks		
	Has there been any workplace accident in the	Cross-check incident logs		

	past year? If so, how was it recorded and addressed?			
Governance	Are ESG monitoring records (e.g., audits, inspections, trainings) available and up to date?	Verify logbooks or digital records		
	Are stakeholders (e.g., community or smallholders) engaged by this site? If yes, is there evidence of recent engagement?	Validate stakeholder engagement practice		

Annex 18: Guidance on Preparing an Emergency Preparedness and Response Plan (EPRP)

Context: The Emergency Preparedness and Response Plan (EPRP) must address all plausible emergency scenarios relevant to the company's operations and location. Separate, scenario-specific plans should be developed for key risks, such as fire, flooding, chemical spills, or natural disasters, depending on the operational context.

The EPRP should outline clear, actionable procedures for both preparedness and emergency response. It must also include provisions for staff training, drills, and awareness-building to ensure organizational readiness in case of emergencies.

The following key elements should be provided in the EPRP:

Component	Definition
Roles and Responsibilities	Define key personnel involved in emergency management. Assign roles with clear authority for decision-making and communication.
Standard Operating Procedures (SOPs)	Detail the step-by-step actions to be taken during each type of emergency. Include evacuation routes, communication protocols, and post-event assessments.
Safety-First Policy	Clearly state that the protection of human life and safety takes precedence over property, assets, or equipment.
Emergency Response Team (ERT) Design	Form a trained ERT with assigned responsibilities. Display ERT contact information visibly across the workplace.

Training and Capacity Building	Conduct regular emergency drills and simulations. Provide training on response procedures for all staff, including new employees.
Communication and Escalation Protocols	Define who communicates what, to whom, and when during a crisis. Establish internal and external escalation steps for different levels of emergency severity.
Monitoring and Audits	Schedule periodic reviews and audits of emergency preparedness. Update EPRPs regularly to reflect changes in operations, risks, or lessons learned.
On-site Safety Infrastructure	Ensure availability and regular inspection of safety equipment (e.g., fire extinguishers, emergency lighting, alarm systems).
First Aid and Health Response	Provide first aid kits and ensure trained first responders are on-site. Include procedures for contacting medical assistance or emergency services.
Record-Keeping and Reporting	Maintain logs of all training sessions, near misses, incidents, and corrective actions. Use incident data to improve future preparedness and response.

Annex 19: Guidance on Preparing an Environmental Social Management Plan

Context: This guideline provides the structure and minimum content required for developing an Environmental and Social Management Plan (ESMP). The ESMP is a critical tool for managing and mitigating environmental and social risks identified during due diligence or an Environmental and Social Impact Assessment (ESIA).

The ESMP should be customized to each Portfolio Company's operations and risks and aligned with the programme's Environmental and Social Management System (ESMS), IFC Performance Standards, and national regulations.

Please see below the key ESMP requirements.

ESMP Component	Definition / Requirement
Project Overview	Brief description of the company, project activities, location, and applicable environmental and social regulations or permits.
Risk and Impact Summary	Identification and summary of key environmental and social risks and impacts (e.g., pollution, labor risks, community impacts), based on due diligence or ESIA.
Mitigation Measures	List of specific actions to reduce or manage each identified risk/impact, including timelines, responsible staff, and measurable indicators or targets.
Monitoring and Reporting Plan	Monitoring plan to track implementation of mitigation measures, including frequency, methods/tools, responsible parties, and reporting mechanisms.

Emergency Preparedness and Response (EPRP)	Outline of emergency procedures, roles, training, coordination with authorities, and communication plans with affected communities.
Stakeholder Engagement	Description of how stakeholders (including local communities, workers, etc.) are consulted and engaged, and how their feedback is addressed in the ESMP.
Institutional Arrangements	Definition of roles, responsibilities, and reporting lines for implementing the ESMP. Should include an organizational chart and staffing plan for ESG oversight.
Training and Capacity Building	Plan for regular training of staff and contractors on ESG topics, emergency response, and implementation of mitigation measures.
Budget Allocation	Estimated costs for implementing the ESMP, including mitigation, monitoring, training, and equipment.
Review and Update Process	Description of when and how the ESMP will be reviewed and revised (e.g., annually or after major incidents/changes).
Documentation and Record-Keeping	System for maintaining records of mitigation actions, monitoring data, stakeholder meetings, grievances, incidents, and training activities.