Catalytic
FINANCE FOUNDATION

Environmental and Social Management System (ESMS)

Overarching Framework

This document will be updated periodically as required.

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CONTENTS

LIST OF ACRONYMS

AMR	Annual Monitoring Report	ToR	Terms of Reference
CBD	Convention on Biological Diversity	BTOR	Back to Office Report
DFI	Development Finance Institution	DD	Due Diligence
EIB	European Investment Bank	EHS	Environment, Health and Safety
ES	Environmental and Social	EP	Equator Principles
ESDD	Environmental and Social Due Diligence	ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment	ESG	Environmental, Social and Governance
ESMP	Environmental and Social Management Plan	ESMS	Environmental and Social Management System
ESRS	Environmental and Social Review Summary	FPIC	Free, Prior and Informed Consent
GBV	Gender-Based Violence	GCF	Green Climate Fund
GS4GG	Gold Standard for the Global Goals	IC	Investment Committee
HI	Head of Impact	ILO	International Labour Organization
IFC	International Finance Corporation	LTI	Lost Time Incident
IP	Indigenous Peoples	OHS	Occupational Health and Safety
MRV	Monitoring, Reporting and Verification	PS	IFC Performance Standard
PAI	Principal Adverse Impact	SEP	Stakeholder Engagement Plan
SDG	Sustainable Development Goal	TA	Technical Assistance
SFDR	Sustainable Finance Disclosure Regulation	UNPRI	UN Principles for Responsible Investment

1. INTRODUCTION

1.1 About the Catalytic Finance Foundation

The Catalytic Finance Foundation (Catalytic) is a not-for-profit organisation based in Switzerland, committed to advancing sustainable development through three core activities: incubating tailor-made financial solutions, accelerating sustainable development through technical assistance and providing capital acceleration for high-impact funds. Through these services Catalytic significantly influences the environmental and social (ES) outcomes of the initiatives it supports. Managing these ES responsibilities is therefore central to ensuring alignment with sustainable development goals and international best practice.

Catalytic works to ensure that all initiatives are developed in line with beneficial-impact guidance, such as the Gold Standard for the Global Goals (GS4GG), and that performance is reported against fund- and project-specific impact criteria. Catalytic's initiatives aim to contribute to a range of Sustainable Development Goals (SDGs), including SDG 13 (climate action), SDG 15 (life on land), SDG 14 (life below water), SDG 8 (decent work and economic growth), SDG 5 (gender equality), SDG 7 (affordable and clean energy), SDG 11 (sustainable communities) and SDG 3 (good health and well-being), implemented as relevant under initiative-specific Impact Frameworks.

1.2 Purpose of this ESMS

This Environmental and Social Management System (ESMS) provides Catalytic's overarching framework for integrating ES considerations into each of its services. It conforms with the applicable requirements and standards of Development Finance Institutions (DFIs), in particular the Green Climate Fund (GCF) and the IFC Performance Standards and has been developed in accordance with Catalytic's Environmental and Social Safeguards (ESS) Management Policy.

The ESMS sets out the principles, standards and procedures that all projects and investments supported by Catalytic must meet, while encouraging continuous improvement and innovation in safeguards implementation. It is deliberately general in nature so that it can apply consistently across Catalytic's diverse services, sectors and geographies.

1.3 Relationship with Initiative-Level ESMSs

Catalytic generally delivers its mission through individual initiatives. This organisational ESMS is the overarching reference document for the Foundation as a whole. Each initiative implements its own initiative-level ESMS that operationalises this framework for its specific mandate, sectors, geographies and donor requirements.

Where an initiative-level ESMS applies more stringent or more specific requirements, those requirements take precedence for that initiative; in all cases, no initiative may apply standards weaker than those set out in this organisational ESMS. The relationship between the two tiers is summarised below.

Organisational ESMS (this document)	Initiative-Level ESMS
• Sets the Foundation-wide ES policy, standards and exclusion list • Defines minimum screening, assessment and reporting procedures • Establishes governance, roles and the grievance function • Applies across all services and initiatives	• Adapts the framework to a specific mandate, region and donor • Adds sector- or geography-specific eligibility and exclusion criteria • Provides project-level templates, plans and MRV detail • Must generally meet or exceed the organisational ESMS

2. ENVIRONMENTAL AND SOCIAL POLICY

2.1 Principles and Values

Catalytic prioritises effective management of the ES risks and impacts associated with its investments and activities. It is particularly concerned with the reduction of greenhouse gas (GHG) emissions; the protection of biodiversity and natural resources; respect for cultural heritage and Indigenous Peoples; gender equality; labour standards, working conditions and worker health and safety; community health and safety; pollution prevention; and the avoidance of involuntary resettlement or loss of livelihood.

As such, Catalytic initiatives generally exclude high-risk projects (Category A under the IFC Performance Standards), focusing on projects with low to medium risk (Categories B and C). Under defined circumstances, an initiative may consider a Category A project only where comprehensive safeguards are in place.

2.2 Policy Commitments

Catalytic is committed to maintaining, implementing and continuously improving a documented ESMS to give effect to this policy. The ESMS includes an ES categorisation system that is generally consistent with the equivalent practices of the IFC, the European Investment Bank (EIB) and other DFIs. In delivering this policy, Catalytic commits to:

- Comply with applicable national law in each host country and, where international standards are more stringent, apply the higher standard;
- Apply the IFC Performance Standards, the eight core conventions of the International Labour Organization (ILO) and the International Bill of Human Rights;
- Screen every project and investment against an initiative-level Exclusion List and decline activities that appear on it;
- Allocate adequate budget, resources and competent personnel to implement the ESMS;
- Engage stakeholders transparently and maintain accessible grievance mechanisms;
- Monitor and report at the initiative-level; and

- Review the ESMS regularly and improve it considering experiences, lessons learned and evolving best practice.

This ESMS has been approved by the Catalytic Chief Executive Officer (CEO).

3. ENVIRONMENTAL AND SOCIAL STANDARDS

This ESMS adopts relevant organisational and internationally recognised ES standards, while acknowledging the specific challenges and opportunities of each initiative's context. These standards provide the foundation for all risk assessment and management activities, ensuring consistency with global best practice while allowing flexibility for local adaptation. The Catalytic Exclusion List is provided as Annex 1.

3.1 Applicable Standards

All Catalytic-supported investments are to align with:

- **IFC Performance Standards (2012) —** consideration of all eight standards:
  - PS1: Assessment and Management of Environmental and Social Risks and Impacts
  - PS2: Labour and Working Conditions
  - PS3: Resource Efficiency and Pollution Prevention
  - PS4: Community Health, Safety and Security
  - PS5: Land Acquisition and Involuntary Resettlement
  - PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
  - PS7: Indigenous Peoples
  - PS8: Cultural Heritage
- **Gold Standard Safeguarding Principles —** including human rights and gender equality, sustainable development contributions, Indigenous Peoples, stakeholder inclusivity, climate and energy, water, environment, ecology and land use;
- **National regulations** of host countries; and
- **International agreements** including the Paris Agreement, the Convention on Biological Diversity (CBD) and the relevant ILO conventions.

Catalytic additionally recognises the Equator Principles (EP) to facilitate private investment by Equator Principles Financing Institutions (EPFIs), the UN Global Compact and the UN Principles for Responsible Investment (UNPRI). A summary of the IFC Performance Standards and an indicative ESIA terms of reference is provided in Annex 2.

3.2 Exclusion List

Catalytic has adopted an exclusion list (Annex 1) that generally complies with the exclusion lists of DFIs, including the IFC. Catalytic requires its partners to carry out their activities in compliance with national law and in a manner consistent with the IFC and international standards. The exclusion list is applied at the earliest stage of screening; any project involving an excluded activity is declined.

Individual initiatives may extend the exclusion list with additional sector- or geography-specific criteria in their initiative-level ESMS.

4. ESMS — PURPOSE AND APPLICABILITY

Catalytic is committed to ES risk management and performance, starting with its own operations. Catalytic employees are guided by internal ES and human-resource policies that are aligned with IFC PS2, ensuring that staff are treated fairly, are provided with safe working conditions, and practice environmental protection in accordance with host-country law. Copies of these internal policies are available on request.

4.1 Scope and Applicability

Beyond its direct operations, this ESMS applies to the services set out below. Because ES impacts mostly occur at the project level, the ESMS generally discusses ES management from a project-level perspective. For initiatives where Catalytic invests capital-acceleration activities or into funds, assessments are completed to confirm that the investee fund has ES risk-assessment procedures in place that comply with the requirements of this ESMS.

- **Incubating financial solutions** — designing dedicated blended-finance models that allow more capital to be deployed towards sustainable goals.
- **Technical assistance** — services covering the whole value chain, from identification, risk assessment and feasibility through development and implementation of project portfolios.
- **Capital acceleration** — early-stage investment to high-impact projects and companies that face barriers to commercial investment, through targeted financial instruments such as debt and equity. Additionally, investment providing concessional capital into investment funds to attract commercial and private capital at scale into regions and sectors of high impact potential.

4.2 ES Risk Screening Implementation

This ESMS comprises a set of procedures that ensure Catalytic initiatives comply with the ES Policy and commitments. This includes screening projects and potential investments against the Exclusion List (Annex 1) so that no investment is made in projects or companies operating with excluded activities. Screening permits the provisional categorisation of proposed projects into higher, medium and lower risk (Categories A, B and C respectively).

Catalytic initiatives generally exclude high-risk (Category A) projects, although investment may be considered in defined circumstances where comprehensive safeguards are in place. In general, Catalytic avoids projects that trigger significant concerns under IFC PS5–PS8 (land acquisition and involuntary resettlement, major biodiversity loss, and projects involving Indigenous communities or cultural-heritage sites). All Catalytic-supported projects must comply with host-country regulatory requirements, the relevant IFC Performance Standards and good international industry practice, including the World Bank Group EHS Guidelines.

5. ORGANISATION AND RESPONSIBILITIES

Effective ES risk management requires clear organisational arrangements with defined roles, adequate resources and strong accountability. This section establishes the governance structure for ESMS implementation, ensuring that ES considerations are integrated into investment decisions and project oversight across the Foundation.

5.1 Governance Structure

Catalytic's governance arrangements for ES management include the following bodies and functions:

- **Chief Executive Officer (CEO) –** holds overall responsibility for the ES Policy and this ESMS, approves the framework, and ensures that adequate budget and resources are available for implementation.
- **Program Managers** — accountable for embedding ES management in day-to-day operations and across initiatives, and for supporting the HI with the necessary information and data.
- **Head of Impact (HI)** — leads implementation of the ESMS, advises staff and investment teams, and reports to the Deputy CEO on ES performance (see Section 5.3).
- **Investment Committee(s) (IC)** — take Go/No-Go and investment decisions, informed by ES due diligence and the HI recommendations.

5.2 Roles and Responsibilities

General responsibilities are summarised below. Clear allocation of responsibility ensures accountability and prevents gaps in ES management.

Body / Function	Key Environmental and Social Responsibilities
CEO **Deputy CEO**	• Approve the ES Policy, ESMS and budget • Ensure adequate resources and oversight • Approve any exceptional higher-risk activity
Program Managers	• Integrate ES management into operations and initiatives • Provide the HI with information and data
Head of Impact	• Implement and periodically review the ESMS • Oversee screening, categorisation and due diligence • Manage the grievance function and ES documentation • Train investment teams and report to the Deputy CEO
Investment Committee(s)	• Consider ES due diligence in Go/No-Go and investment decisions • Approve ESAP conditions where relevant
Initiative ES Leads	• Implement the initiative-level ESMS • Coordinate screening, monitoring and reporting • Liaise with the HI and project owners

Body / Function	Key Environmental and Social Responsibilities
Project Sponsors / Investees	• Comply with all ESMS requirements • Develop and implement project-level ES management plans • Engage stakeholders and report on ES performance

5.3 The Head of Impact

Catalytic has a designated HI with oversight of ESMS implementation and access to relevant ES resources for the Foundation and affiliated projects, as well as to local and international specialists and consultants as required. The responsibilities of the HI include:

- Overseeing implementation of the ESMS and its periodic review and improvement;
- Reporting to the CEO / Deputy CEO on ESMS performance;
- Ensuring each project is screened against the ESMS and categorised for potential ES risk;
- Ensuring that the terms of reference for any ESIA comply with the ES Policy;
- Managing grievances received at the Foundation level (see Section 8.7);
- Providing ES training to staff (see Section 5.4);
- Maintaining a roster of qualified ES consultants and specialists;
- Ensuring grievance mechanisms are in place and managed in line with the ES Policy; and
- Ensuring project ES documents are properly managed and stored.

Project ESDD disclosure and monitoring requirements remain the responsibility of the respective fund managers; Catalytic supports this, as practicable, to ensure that fund ES requirements are maintained.

5.4 Capacity Building and Training

Catalytic recognises that an ESMS is only as effective as the people implementing it. The HI ensures that investment teams, initiative ES leads and, where relevant, project owners receive appropriate training on the ES Policy, the IFC Performance Standards, screening and categorisation, grievance handling, and gender and safeguarding awareness. Training needs are reviewed annually and refreshed when standards, procedures or the risk profile of the portfolio change.

6. RISK SCREENING AND CATEGORISATION

The following procedures ensure that Catalytic initiatives operate in accordance with this ESMS and avoid environmental and social harm. ES risk screening and assessment form the foundation of environmental and social management, as set out in IFC Performance Standard 1. These procedures are generally applicable to direct investments; in the case of fund investments, assessments are completed to confirm that the fund has ES risk-assessment procedures that comply with this ESMS.

6.1 Project Screening

Effective risk management begins with systematic project screening to identify potential ES risks early. All projects undergo initial screening to:

- Ensure the absence of activities on the Exclusion List (Annex 1);
- Determine a preliminary risk category (Section 6.2); and
- Identify potential ES risks requiring further investigation (Section 6.3).

Catalytic has developed in-house screening tools, compliant with relevant guidance frameworks, to facilitate comprehensive and consistent screening across the portfolio.

6.2 Risk Categorisation

Catalytic has adopted the IFC Performance Standards for categorisation of ES risks, as set out below. Category A projects are generally excluded but may be considered where comprehensive safeguards are in place.

Risk Category (ESMS)	IFC Category	Description
High	Category A	Business activities with potential significant adverse ES risks and/or impacts that are diverse, irreversible or unprecedented — generally excluded.
Medium	Category B	Business activities with potential limited adverse ES risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
Low	Category C	Business activities with minimal or no adverse ES risks and/or impacts.

6.3 Environmental and Social Impact Assessment (ESIA)

An ESIA provides the foundation for risk management of moderate- to high-risk projects, identifying potential impacts and enabling appropriate mitigation. Projects seeking direct investment that are categorised as A or B require an ESIA by a qualified, independent consultant prior to investment. The purpose of an ESIA is to identify specific ES risks, develop mitigation measures, and confirm the project's risk rating to establish suitability for investment. A project-specific ESIA scope is prepared by Catalytic during procurement, and an indicative terms of reference is provided in Annex 2. An ESIA generally covers reference frameworks, legal requirements, data-gap review, area of influence, site and baseline assessments, stakeholder consultation, and impact assessment.

6.4 Environmental and Social Management Plan (ESMP)

An ESMP is prepared on the basis of the ESIA findings to address the ES risks identified. The ESMP generally contains the following components for the construction and operational stages, presented clearly to allow implementation and monitoring:

- Stakeholder Engagement Plan compliant with this ESMS (Section 8.1 and Annex 4);
- Stakeholder mapping and consultation, if not completed during the ESIA;
- Environmental and social policy requirements, including gender policy;
- Specific measures to prevent and mitigate the risks identified by the ESIA;
- Operational procedures and specialised management-plan requirements;
- Ongoing assessment and monitoring requirements;
- Visual presentation of physical mitigation (e.g. exclusion areas, habitat protection, erosion controls);
- Roles, responsibilities, training requirements and organisational competencies;
- Unexpected (chance) finds procedure;
- Monitoring, evaluation and reporting of ESMP compliance; and
- Grievance mechanism implementation (Section 8.7).

6.5 Environmental and Social Due Diligence (ESDD) Report

For projects seeking investment, an ESDD assessment summarises the ES risks associated with the investment target to determine whether investment should be considered from an ES risk perspective. An ESDD report generally includes:

- Project description, impact thesis and intended beneficiaries;
- Review of ES reports and procedures in place, and a data-gap assessment;
- Reputational risk review;
- Potential site inspections and company/stakeholder interviews;
- Final risk categorisation under the IFC Performance Standards; and
- An Environmental and Social Action Plan (ESAP, Annex 3) to address data gaps and optimise the company's or the Fund's ES systems, generally including a requirement to establish a project-level ESMS.

Prior to investment consideration, a clear action plan should be in place to identify how the project will not only prevent ES harm but also achieve the impact goals set out in the relevant Impact Framework.

7. INVESTMENT PROCEDURES

Following completion of the ESDD, the ES and investment teams hold a Go/No-Go review. This review documents whether the project is free of excluded activities, confirms the proposed risk category, and records the ES conditions (if any) on which a positive recommendation depends. Where outstanding issues are material but addressable, they are captured as ESAP conditions; where they are not addressable within Catalytic's risk appetite, the project is screened out at this stage. The outcome of the Go/No-Go review, including the rationale, is recorded by the HI.

The ESDD report is then submitted to an Investment Committee (IC) meeting, which decides whether to proceed. The report must confirm to the IC that the project either currently meets the ES requirements of this ESMS or is expected to meet them following implementation of the corrective actions in the ESAP. The investment memo submitted to the IC includes a summary of the due diligence, the project categorisation with justification, and any ESMP/ESAP requirements.

Following IC approval, all formal ESMP/ESAP requirements are incorporated into investment agreements and into Engineering, Procurement and Construction / Operation and Maintenance contracts, or similar. The fund or investee negotiates and agrees environmental, health and safety provisions with project partners, including standard terms applicable to all investments and project-specific conditions identified during due diligence.

Critical mitigating actions addressing policy gaps are included as investment conditions, with Category A and B projects requiring formal and reported implementation of ESAPs. The fund or investee maintains comprehensive documentation throughout the process, including investment decisions, committee requests, ESAPs and contractual ES covenants. All ES terms are embedded in legal agreements to ensure ongoing compliance with the ES requirements throughout project implementation.

In the case of fund investments, an ESDD report is prepared for the investment team detailing whether the fund is considered to comply with the requirements of this ESMS and is therefore suitable for investment from an ES risk perspective.

8. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

This section provides additional, cross-cutting guidance on the ES risks and opportunities that Catalytic and its initiatives manage across the project lifecycle. The themes below apply across the IFC Performance Standards and are addressed, at a level of detail proportionate to risk, through screening, the ESIA, the ESMP and the ESAP. Initiative-level ESMSs tailor these themes to their specific sectors and geographies.

8.1 Stakeholder Engagement

Stakeholder engagement, mandated by IFC Performance Standard 1, establishes a systematic approach for identifying, analysing and consulting with project-affected communities and interested parties. This ongoing process requires culturally appropriate consultation, disclosure of relevant information, and documentation of activities. Effective engagement is inclusive and gender-responsive, giving stakeholders the opportunity to express views on project risks, impacts and mitigation throughout the lifecycle. Beyond compliance, engagement helps surface gaps and opportunities, build constructive relationships, and enable community ownership. A Stakeholder Engagement Plan template is provided in Annex 4.

This ESMS requires projects to design a dedicated stakeholder engagement process so that stakeholder concerns are captured and potential risks identified; groups whose lives may be affected are properly consulted; and affected communities participate in the development of mitigation measures and in monitoring their implementation. Consultation should occur early enough to influence project design, and vulnerable groups may require specific, tailored methods of engagement.

8.2 Indigenous Peoples and Vulnerable Groups

IFC Performance Standard 7 requires special consideration for Indigenous Peoples to ensure respect for their rights, dignity and cultural uniqueness. Projects must identify the presence of Indigenous Peoples, assess specific impacts on their lands, resources and livelihoods, and engage through culturally appropriate consultation. Where required, projects must obtain Free, Prior and Informed Consent (FPIC), protect cultural heritage, and ensure equitable benefit-sharing while avoiding adverse impacts on traditional practices and knowledge systems.

Beyond Indigenous Peoples, projects must identify and support groups that may face heightened vulnerability — for example women-headed households, youth and children, elderly persons, persons with disabilities, and displaced persons — so that standard approaches do not inadvertently exclude or harm them. Catalytic generally avoids projects requiring physical or economic resettlement; where land tenure is relevant, project owners are expected to demonstrate legitimate tenure.

8.3 Labour and Working Conditions

Aligned with IFC Performance Standard 2, labour and working-conditions management ensures fair treatment, non-discrimination and safe working environments for all project workers, including direct, contracted and supply-chain workers. This requires clear policies on terms of employment, occupational health and safety, workers' organisations, and the prevention of child and forced labour. All supported projects must comply with the ILO Core Labour Standards and national labour law, prohibit child and forced labour, respect freedom of association, and provide non-discrimination and equal opportunity. A complete prohibition exists on hazardous work for anyone under 18, and projects must conduct supply-chain due diligence to identify and remedy child-labour risks.

8.4 Biodiversity and Sustainable Resource Management

IFC Performance Standard 6 addresses the protection and conservation of biodiversity, the maintenance of ecosystem services, and the sustainable management of living natural resources. Projects must assess impacts on modified, natural and critical habitats, apply the mitigation hierarchy (avoid, minimise, restore, offset), and consider the ecosystem services on which communities depend. Projects must demonstrate no net loss of biodiversity in natural habitats and net gains in critical habitats, protect endangered species, control invasive species, and maintain ecosystem connectivity. Forestry and land-use projects, in particular, may require management plans with conservation zones, reduced-impact techniques, restoration measures and monitoring.

8.5 Climate Change

Climate considerations are integrated across the IFC Performance Standards. Projects are expected to assess and manage both climate-related risks to project operations and the project's own contribution to greenhouse gas emissions. This includes consideration of climate-risk, including adaptation measures, quantifying emissions for higher-emitting activities, and pursuing opportunities for emission reductions. Catalytic seeks projects that achieve real climate benefits — through climate mitigation (avoided emissions, sequestration, renewable energy, efficiency) and climate adaptation (resilient design, diversified livelihoods, water conservation and disaster-risk reduction) — while ensuring protocols are in place to manage climate-related hazards such as extreme weather, storms and floods.

8.6 Gender Equality and Social Inclusion

Gender equality and social inclusion cut across all IFC Performance Standards. Projects must assess differential impacts on women, men and gender minorities, ensure equal access to benefits and opportunities, prevent gender-based violence and harassment, and promote women's participation in consultation. Where relevant, projects are encouraged to develop a Gender Action Plan and to consider qualifying against recognised criteria such as the 2X Challenge, which measures women's entrepreneurship, employment, leadership, and women-focused products and services. Gender considerations should be integrated into core business operations rather than treated as add-ons.

8.7 Grievance Mechanism

Grievance mechanisms provide accessible, transparent channels for affected people and workers to raise concerns and seek resolution. They must be culturally appropriate, accessible without cost or retribution, and provide timely responses. At the organisational level, Catalytic maintains a contact function on the "Whistleblower Policy" page of its website. ES-related grievances are shared with the HI and, where requested, treated confidentially. A grievance log is maintained, recording at minimum:

- Date of grievance and details of the aggrieved party (subject to confidentiality);
- Category of grievance (environmental, social, governance, other);
- Whether the grievance concerns Catalytic, an initiative or a project;
- Summary of the issue and whether it appeals an earlier outcome;
- Relevant parties to engage and the recommended investigation;
- Outcome of the investigation and actions taken; and
- Date of closure and information provided to the aggrieved party.

Grievances should be acknowledged in writing in a timely manner, with an estimated timeframe for investigation; most investigations should conclude within 90 days. Confidentiality is respected to the extent practical and there is no retaliation against aggrieved parties or whistleblowers. Catalytic requires that separate grievance mechanisms are also maintained at fund and project levels, by the fund manager and project owner respectively.

8.8 Contractor and Supply Chain Management

IFC Performance Standards 1 and 2 extend ES requirements to contractors and supply chains. Projects must establish contractor-management procedures that ensure compliance with project standards, including pre-qualification assessments, contractual clauses, training and performance monitoring. Supply-chain management must address the risks of child or forced labour, significant safety issues, and excessive emissions or environmental impacts, with procedures for screening suppliers and implementing corrective actions when non-compliances are identified. For moderate-risk (Category B) projects, the ESIA and resulting ESMP are expected to support these requirements, typically through a project-level operations management plan.

9. MONITORING AND REPORTING

Catalytic works with its partners to monitor the ES performance of all initiatives, to ensure compliance with this ESMS, with initiative impact targets, and with investment agreements. Oversight may include periodic site visits, routine progress reports from project owners on ESAP implementation, mandatory reporting of any environmental, health or safety incident within appropriate timeframes, and commissioning of external audits where necessary. The fund or investee ensures that grievance mechanisms are implemented and that project owners submit ES reports demonstrating compliance throughout the construction and operational phases.

Although workplace incidents form part of ES reporting, specific Occupational Health and Safety (OHS) reporting requirements are not part of this ESMS; such incidents should be reported through appropriate means as soon as possible.

9.1 Data Collection

Project-level ES safeguards data is collected by project owners to demonstrate compliance with this ESMS. A reporting template is provided as Annex 5; it is not exhaustive, and project owners must ensure that all relevant information is collected. Data is verified by Catalytic, or the relevant entity for the initiative, through desktop review, potential site visits and periodic third-party audits where appropriate. Information collected generally includes:

- Progress towards ESAP implementation, including the project-level ESMS;
- How ESMP requirements were implemented and monitored (inspection dates, photographs, issues and resolutions);
- Other relevant plans, such as an operations management plan covering operations and supply-chain sustainability;
- Records of periodic site visits, proportionate to the level of EHS risk;
- Progress reports on actions to rectify outstanding EHS issues;
- Reporting of any EHS incidents (environmental, social, fatalities) within three days of occurrence; and
- A back-to-office supervision report (BTOR) based on site visits, audits and agreed corrective actions.

9.2 Annual Reporting

In addition to periodic supervision reports, projects submit an Annual Monitoring Report (AMR) detailing progress against ESMP/ESAP items and compliance with contractual conditions, including a post-construction completion report, required environmental monitoring data, and OHS and Lost Time Incident (LTI) data. Catalytic, or the responsible entity, prepares an initiative-level Annual ES Performance Report describing how the ESMS has been implemented during the year, any changes and improvements, and the ES performance of investee companies and projects. For fund investments, the investee fund is responsible for ES and impact monitoring and for providing associated data to Catalytic at appropriate intervals.

Working with project owners, Catalytic ensures that AMRs and completion reports are submitted, that ES monitoring data is entered into the relevant systems, and that an annual ES report is prepared at the initiative level.

9.3 Documentation and Quality Control

Catalytic maintains comprehensive documentation and quality-control systems for all ES activities through a centralised recording system. All ES studies, impact assessments, back-to-office reports, Environmental and Social Review Summaries, action plans and clearances are systematically stored and kept current by the HI with administrative support. ES documents are retained for a minimum of five years. This systematic approach ensures that due-diligence records, monitoring data and project documentation remain accessible and up to date throughout the investment lifecycle, supporting effective oversight across all Catalytic initiatives.

10. ESMS REVIEW AND CONTINUOUS IMPROVEMENT

Catalytic treats this ESMS as a working framework. The HI leads an annual management review of the ESMS, reporting the outcome to the Deputy CEO. The review considers the effectiveness of screening, assessment and monitoring; stakeholder feedback and grievances; incidents and lessons learned; changes in applicable law, donor requirements and international standards; and the adequacy of resources, capacity and training.

Where the review identifies gaps or opportunities, the HI proposes amendments, which are approved by the CEO (for material changes) or by the Deputy CEO (for minor updates) and recorded in the document-control table. Approved changes are communicated to initiative leads and reflected, as necessary, in initiative-level ESMSs. The ESMS is otherwise reviewed whenever a material change in the Foundation’s services, risk profile or regulatory environment occurs.

ANNEX 1: CATALYTIC EXCLUSION LIST

Catalytic does not finance projects involving any of the following:

- Non-legal and non-sustainable waste projects, including transboundary movements of waste prohibited under international law, unless compliant with the Basel Convention and underlying regulations;
- Projects involving forced resettlement;
- Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage;
- Destruction of High Conservation Value areas or areas of major biodiversity;
- Projects adversely affecting cultural heritage or involving cultural-heritage sites;
- Projects that deprive people of individual rights and freedoms, or that violate human rights;
- The production of, or trade in, any product or activity deemed illegal under host-country law or international conventions and agreements, or subject to international phase-out or bans, such as:
    - Production of or trade in products containing PCBs (polychlorinated biphenyls);
    - Production of or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans;
    - Production of or trade in ozone-depleting substances subject to international phase-out;
    - Trade in wildlife or wildlife products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora);
    - Trade in goods without required export/import licences or evidence of authorisation of transit;
- Production or trade in weapons and munitions;
- Production or activities involving harmful or exploitative forms of forced labour or child labour, as defined in the ILO core labour standards;
- Projects that cause animal cruelty;
- Production of wood or wood products other than from sustainably managed forests (enterprises with less than 50% FSC-certified production are excluded);
- Any business activity involving pornography;
- Production or distribution of racist, anti-democratic and/or neo-Nazi media;
- Production or trade in alcoholic beverages (above 20% alcohol);
- Production or trade in tobacco;
- Gambling, casinos and equivalent enterprises;
- Production or trade in radioactive materials;
- Production, use of, or trade in unbonded asbestos fibres or asbestos-containing products;
- Drift-net fishing in the marine environment; and
- Shipment of oil or other hazardous substances in tankers that do not comply with IMO (International Maritime Organization) requirements.

Note: Individual initiatives may apply additional, more stringent exclusion and eligibility criteria reflecting their specific mandate, sectors, geographies and donor requirements. Such additions are set out in the relevant initiative-level ESMS and must not weaken this list.

ANNEX 2: IFC PERFORMANCE STANDARDS — SUMMARY AND ESIA TERMS OF REFERENCE

The IFC Performance Standards (2012) define a client's responsibilities for managing environmental and social risks and impacts. The eight standards are summarised below; they should be read together with the IFC Guidance Notes and Good Practice Notes. During due diligence, each standard is assessed for relevance, and the screening question for each is whether the project's systems and performance are satisfactory, partly unsatisfactory, or unsatisfactory, with justification and supporting documents recorded.

Summary of the IFC Performance Standards

PS	Title	Scope
PS1	**Assessment and Management of ES Risks and Impacts**	Management system, policy, organisational capacity, training, community engagement, monitoring and reporting.
PS2	**Labour and Working Conditions**	Human-resource policy, working conditions, workers' organisations, non-discrimination, retrenchment, child/forced labour, and occupational health and safety.
PS3	**Resource Efficiency and Pollution Prevention**	Resource and energy efficiency, air emissions, wastewater, solid and hazardous waste, and greenhouse-gas considerations.
PS4	**Community Health, Safety and Security**	Community exposure to project risks, infrastructure and equipment safety, emergency preparedness, and security-personnel arrangements.
PS5	**Land Acquisition and Involuntary Resettlement**	Avoidance of displacement; where unavoidable, compensation, consultation, grievance mechanisms and livelihood restoration.
PS6	**Biodiversity Conservation and Sustainable Management**	Protection of modified, natural and critical habitats, the mitigation hierarchy, and sustainable management of living natural resources.
PS7	**Indigenous Peoples**	Avoidance of adverse impacts, informed consultation and participation, and FPIC where required.
PS8	**Cultural Heritage**	Protection of tangible and intangible cultural heritage, chance-finds procedures, and benefit-sharing where relevant.

Indicative ESIA Terms of Reference

A project-specific ESIA scope is prepared by Catalytic during procurement. An ESIA prepared by a qualified, independent consultant should generally address:

- Policy, legal and administrative framework, and applicable reference standards;
- Project description, alternatives considered, and area of influence;
- Environmental and social baseline conditions and data-gap review;
- Stakeholder identification, consultation and disclosure;
- Assessment of potential impacts and risks against the relevant Performance Standards;
- Mitigation measures following the mitigation hierarchy (avoid, minimise, restore, offset);
- Confirmation of the project risk category; and
- An outline Environmental and Social Management Plan and monitoring framework (see Annex 3 for the associated action plan).

ANNEX 3: ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP) TEMPLATE

The ESAP addresses the gaps identified against the relevant reference frameworks, standards and national and international law. Gaps are aggregated in a tabular format, with realistic deadlines (emphasising compliance as soon as possible). Each measure should be succinct yet specific, accurate and clearly referenced against the appropriate standard.

Summary of risk	Reference standard / law	Action / mitigation measure	Priority	Responsibility	Deadline	Completion indicator	Est. cost
Derived from screening and the ESIA	*E.g. IFC PS, national law*	*Options to avoid, reduce or mitigate; may reference a specific management plan*	*Low / Med / High*	*Person, unit or entity responsible*	*Realistic completion date*	*Clear, measurable evidence of completion*	*Estimated cost*

Additional notes on the ESAP:

- Issues carrying high risk or potential for regulatory action should be prioritised;
- The ESAP should account for any additional staff or skills required by the company's ES management;
- Larger or longer-term actions should be broken down into milestones to facilitate monitoring; and
- Synergies between international standards (e.g. IFC PS) and national requirements should be taken into account.

ANNEX 4: STAKEHOLDER ENGAGEMENT PLAN (SEP) TEMPLATE

This template provides a scalable structure for a project Stakeholder Engagement Plan. The level and frequency of engagement should reflect the nature of the activity, the magnitude of potential risks and impacts, and the concerns of affected communities, consistent with IFC PS1 and recognised standards such as the UNDP Social and Environmental Standards.

Project: ___________________________ **Date:** ___________ **Risk level:** ☐ Low ☐ Moderate ☐ High

Stakeholder Analysis

Stakeholder	Engagement needs	Methods	Lead
Affected communities			
Vulnerable / Indigenous groups			
Women's groups			
Local authorities			
Workers / contractors			

Engagement Approach and Timeline

- Preparation: stakeholder mapping, material preparation, team training and logistics;
- Consultation: information sharing (with materials distributed in advance and in local languages), followed by feedback integration and documentation of outcomes;
- Implementation: regular updates, operation of the grievance mechanism, participatory monitoring and adaptive management.

Disclosure, Documentation and Grievances

- Use non-technical summaries, visual aids and local-language translations, distributed through accessible community points;
- Record date, location and participants (gender-disaggregated), issues raised, responses and agreements; and
- Provide accessible grievance channels with response tracking, linked to the project grievance mechanism (see Section 8.7).

Prepared by: _______________ **Approved by:** _______________ **Date:** __________