



Botswana Development Corporation

("BDC" or "Corporation")

Environmental and Social Management System Framework

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LIST OF ACRONYMS

| | |
|-----------------------------|---|
| AfDB | African Development Bank |
| BDC | Botswana Development Corporation |
| BoD | Board of Directors |
| BOD | Biochemical Oxygen Demand |
| CITIES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| COD | Chemical Oxygen Demand |
| DEA | Department of Environmental Affairs |
| EA | Environmental Assessment |
| EHS | Environmental, Health and Safety |
| ESIA | Environmental and Social Impact Assessment |
| ESMP | Environmental and Social Management Plan |
| ESMS | Environmental and Social Management System |
| FPIC | Free, Prior, and Informed Consent |
| GoB | Government of Botswana |
| GHG | Greenhouse gas |
| ICP | Informed Consultation and Participation |
| ICSC | International Chemical Safety Cards |
| IFC | International Finance Corporation |
| MD | Managing Director |
| MSDS | Material Safety Data Sheets |
| OHS | Occupational Health and Safety |
| PPE | Personal Protective Equipment |
| PS | Performance Standard |
| MANAGER, E&S | Manager, Environment and Social risk |

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1.0 INTRODUCTION

The Botswana Development Corporation Limited (“BDC” or “the Corporation”), is a development finance institution founded in 1970 as a limited liability company with the Government of Botswana as the sole shareholder. BDC was formed to promote and facilitate the commercial and industrial development of Botswana by providing financial assistance through debt and equity financing for commercially viable projects in the industrial, manufacturing, agriculture, services, property, infrastructure, and energy sectors of Botswana. BDC has recently expanded its mandate to include investing in commercially viable projects outside of Botswana.

BDC recognizes that potential investment projects may have significant adverse environmental and social impacts if project activities are not properly assessed and effectively monitored. To assist BDC with identifying and mitigating potential environmental and social risks associated with prospective investment opportunities, BDC has designed and implemented an Environmental and Social Management System. This framework allows BDC to identify and mitigate environmental and social risks associated with potential investments to limit the Corporations risk exposure.

This document will be periodically revised or updated to incorporate required changes due to changing business requirements or changes in environmental and social legal requirements.

2.0 OBJECTIVES

This ESMS framework provides a structured methodology-based approach to managing environmental and social impacts of BDC activities. The ESMS facilitates identification of negative and positive impacts of potential investments, with the aim of avoiding, mitigating, or managing negative impacts, and stimulating possible positive impacts. Specifically, the ESMS has been developed to aid BDC in supporting the following outcomes:

- Projects and activities are screened to identify and evaluate environmental and social impacts at an appropriate level;
- Adopt a mitigation hierarchy to anticipate, avoid, or where avoidance is not possible, minimize and, where residual impacts remain, compensate/offset for risks and impacts to workers, affected communities, and the environment;
- Ensure that grievances from affected communities and external communications from other stakeholders are responded to and managed appropriately;
- Promote and provide means for adequate engagement with affected communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated;
- Environmental and social performance is improved through adherence to approved management measures, as per applicable legislation and Environmental and Social Monitoring Plans (ESMPs) for individual activities and projects;

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- Credit approval processes include appropriate categorisation of projects based on potential environmental and social impacts, and portfolio monitoring systems including continuous assessment of the client’s capacity to responsibly manage and environment and social risks associated with their business;
- Promote green financing of projects or activities that benefit the environment by environmental protection contributing factors, such as, the reduction of greenhouse gases (GHG); and
- To discourage greenwashing processes to improve environmental and social performance by ensuring compliance of environmental regulation.

3.0 CONTENT

This ESMS framework delineates BDC’s ESMS policy and procedures to limit the environmental and social risk exposure faced when investing in Projects that are diverse with respect to sectoral focus, locations and complexity.

Key elements of this ESMS Policy framework are:

- Environmental and Social Policy Statement;
- Project Risk Assessment Procedures and Guidelines;
- Organisational and Responsibility for ESMS Implementation;
- Monitoring and Reporting; and
- Strategies for Mainstreaming ESMS.

4.0 BDC ENVIRONMENTAL AND SOCIAL POLICY STATEMENT

BDC plays a pivotal role in commercial and industrial development in Botswana as per its mandate. Given this mandate, the Corporation may be exposed to investing in projects or business activities that carry environmental and/or social risks. BDC recognizes that if these risks are not well managed, they may have negative or adverse impacts to the environment, communities, employees, customers and other stakeholders. It is the policy of BDC to ensure that appropriate measures are taken to avoid or minimise environmental and social impacts associated with investments.

BDC believes that economic development and growth can be achieved in a sustainable manner which limits adverse environmental and social impacts. Commitment to sustainable development is mainstreamed throughout the Corporations business processes and is further realized through the implementation of the ESMS.

In addition to implementing financial due diligence activities, BDC undertakes environmental and social due diligence of potential projects and loans being evaluated for financing.

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The BDC ESMS was designed to comply with relevant national laws, statutes, guidelines and regulations of the Republic of Botswana and international covenants that the country is party to. In addition, to ensure that the Corporation’s reputation as leader in financial services in the country and region, the ESMS incorporates recognized international best-practice principles, complying with applicable International Finance Corporation (IFC) Performance Standards. For investment opportunities outside of Botswana, it is required that all national laws, statues, guidelines and regulations of the host country are considered during the environmental and social due diligence process.

BDC has developed its own exclusion criteria listing project activities not considered eligible for financing due to the nature or risk of the proposed project activities. Should a potential investment project satisfy the exclusion criteria, a closer assessment of project environmental and social impacts is then undertaken.

The framework on Environmental and Social sustainability describes BDC’s commitment, roles, and responsibilities related to environmental and social sustainability. This framework is directed towards clients, providing guidance on how to identify potential environmental and social risks and impacts of their activities and facilitate avoiding, mitigating and managing identified risks while maintaining business viability. These efforts include stakeholder engagement and communications. When undertaking its investment’s role, the Corporation expects clients to apply provisions of this framework so that development opportunities are enhanced and sustained. The use of this framework in conjunction with other policies will direct the business activities of the Corporation to achieve its overall objectives and mandate.

At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of the government or other third parties over which the client does not have control or influence. Examples of where this may happen include: (i) when early planning decisions are made by the government or third parties which affect the project site selection and/or design; and/or (ii) when specific actions directly related to the project are carried out by the government or third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. While the client cannot control these government or third-party actions, an effective ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the client, and opportunities to collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the IFC Performance Standards. These standards support the use of an effective grievance mechanism that can facilitate early indication of, and prompt remediation for those who believe that they have been harmed by a client’s actions.

Environmental and social impacts refer to potential or actual changes to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported.

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This ESMS Policy outlines how BDC realizes its commitment to promote environmental and social sustainability by:

- Outlining specific Project Risk Assessment Procedures and guidelines;
- Assigning organisational and responsibilities for ESMS Implementation;
- Establish monitoring and reporting requirements; and
- Strategies for mainstreaming ESMS activities throughout the ESMS.

BDC will periodically provide ESMS performance information to key stakeholders including finance partners. BDC is committed to adequately resourcing the ESMS process throughout its loan activities. This includes ensuring that the ESMS Policy is approved by the Corporations Board and an internal capacity building programme is implemented for relevant departments. The ESMS Policy will be shared with BDC staff and made available to clients. BDC will also provide client environmental and/or social officers training on the ESMS process so that they are aware of client ESMS obligations.

During its internal operations, BDC commits to pursuing environmental and social sustainable practices including environmental management (energy efficiency, waste reduction and recycling) and human resource management (equal opportunity, health and safety).

BDC is committed to the principles and practices outlined in this ESMS Framework and aims to work with clients who share a similar commitment to achieve high environmental and social standards. This ESMS fits in with BDC’s existing Risk Management Framework and other related policies.

5.0 APPLICABLE LEGAL REQUIREMENTS AND STANDARDS

The following section outlines the legal requirements and applicable standards that the BDC ESMS follows.

5.1 LEGAL REQUIREMENTS

The BDC ESMS is guided by the laws, statutes, guidelines, and regulations of the Government of Botswana. In addition, relevant international treaties and covenants that the Government of Botswana has signed have been integrated into the ESMS. Where national guidelines do not exist, applicable IFC Performance Standards (PS) 1 to 8 and African Development Bank (AfDB) Integrated Safeguards Systems (ISS) are referenced. Should there be a discrepancy between national legal requirements and the IFC Performance Standards and/or the AfDB ISS, the more stringent guidelines will be applicable.

The following are local legislation and guidelines (as amended from time to time) applicable to the BDC ESMS framework:

- Environmental Assessment Act (2010) CAP. 65:07
- Environmental Assessment Regulations (2012) are guidelines that are applicable to Botswana.

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- Atmospheric pollution (Prevention) Act, 1971
- BOS 498:2021 Ambient Air Quality-Limits for Common Pollutants;
- Waste management Act, 1998;
- Public Health Act, 2013;
- State Land Act, 1996;
- Townships Act (1995)
- Gaborone Development Plan, 1997-2021;
- Development Control Code, 2013;
- Wildlife Conservation and National Parks Act, 1992;
- Herbage Preservation Act, 1978;
- Road Traffic Act, 2008;
- Workers Compensation Act, 1998;
- Employment Act, 1982;
- Waterworks Act, 1968;
- Water Act, Chapter 34:01, 1967;
- Mines and Minerals Act (1999);
- Mines, Quarries, Works and Machinery Act (1978) Amended in 2005;
- Explosives Act (1961);
- Gaborone City Council (Noise and nuisance control) Bye-Laws, 2020;
- A National Climate Change Strategy for Botswana (2018); and

The local legislation is outlined in Appendix A1.

For investment opportunities outside of Botswana, BDC should review the host countries relevant policies and guidelines and apply them when evaluating environmental and social risks. If applicable laws and standards are lacking in the host country, then the standards outlined in the IFC PS and/or AfDB ISS should be followed. In instances where there are overlapping host country regulations and IFC PS and/or AfDB ISS, BDC should adhere to the more stringent requirement.

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5.2 IFC PERFORMANCE STANDARDS

The IFC Performance Standards, specifically Performance Standard (PS) 1: *Assessment and Management of Environmental and Social Risks and Impacts*, were used as a guide to develop the BDC ESMS. PS1 outlines the components, steps, and procedures required to develop an effective ESMS for financial institutions and is widely recognized as the international standard when developing an environmental and social due diligence process. While the provisions of this document are based on the above-mentioned standard, BDC is also committed to adhering to IFC Performance Standards 2 to 8. The Performance Standards are outlined in Appendix A1.

5.3 AFRICAN DEVELOPMENT BANK INTEGRATED SAFEGUARDS SYSTEMS

The BDC ESMS is also in compliance with the AfDB ISS which incorporates five Operational Safeguards (OS) to ensure that economic growth and poverty reduction in Africa is completed in a sustainable manner. The five OS include:

- OS 1: Environmental and social assessment;
- OS 2: Involuntary resettlement land acquisition, population displacement and compensation;
- OS 3: Biodiversity and ecosystem services;
- OS 4: Pollution prevention and control, hazardous materials and resource efficiency; and
- OS 5: Labour conditions, health and safety.

OS1 sets out the Bank's overarching requirements for borrowers or clients to identify, assess, and manage the potential environmental and social risks and impacts of a project, including climate change issues. Through the implementation of a complete Environmental and Social Assessments that adheres to OS 1 it will be determined whether any investment activities or components pose any specific risks outlined in OS 2-5.

OS 2-5 supports the implementation of OS1 and set out specific requirements relating to different environmental and social issues, including gender and vulnerability issues that are triggered if the assessment process reveals that the project may present certain risks.

5.4 SECTORAL GUIDELINES

Due to BDC's mandate to help facilitate national economic development of Botswana, the nature of projects supported by BDC are varied and represent multiple sectors. Each industrial sector has specific environmental and social risks that may not be applicable to other sectors. To ensure that BDC's Risk Division is equipped to identify industry specific environmental and social risks, the local legal guidelines provided in section 5.1 and IFC's Environmental, Health and Safety (EHS) Guidelines are provided for guidance. These include the Environmental, Occupational Health and Safety, Community

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Health and Safety, and Construction and Decommissioning Guidelines, and the following Industry Sector Guidelines:

- Agribusiness/Food Production;
- Chemicals;
- Forestry;
- General Manufacturing;
- Infrastructure;
- Mining;
- Oil and Gas; and
- Power.

To access the EHS Guidelines and sub-sectoral guidelines please visit: [IFC EHS Guidelines](#).

5.5 CLIMATE CHANGE CONSIDERATIONS

BDC considers climate change as a significant threat to development in Botswana and across the region. BDC advises its clients to develop projects and initiatives that mitigate against the impacts of climate change with a proper costing mechanism for such projects and initiatives.

BDC is furthermore committed to reducing the climate change impacts of its own operations through minimizing the use of natural resources in its own operations. This has included incorporating energy saving measures throughout its operations.

To ensure congruity with national policy, BDC will review its climate change policy and provide an update to this ESMS once the Botswana National Climate Change Policy is released in the near future.

5.6 GREEN FINANCE

Green finance is a financial initiative, process, product, or service that is either designed to protect the natural environment or to manage how the environment impacts finance and investment. BDC'S involvement in green financing, through its approved ESMS framework, is to increase the level of green project financial flows in the public and private sectors. Green financing is focused on long-term green investments for sustainable development priorities and not for short-term profit sectors. A key part of green finance is to improve the management of environmental and social risks, take up opportunities that incorporate both a decent rate of return and environmental benefits and deliver greater accountability. Green financing could be promoted through changes in countries' regulatory frameworks and harmonizing public green incentives.

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A sustainable financial system is one that creates, values, and transacts financial assets in ways that shape real wealth to serve the long term needs of an inclusive, environmentally sustainable economy. As a response to the increasing impacts of climate change on the domestic socio-economic landscape as on the rest of the world, the Paris Agreement commitments to which Botswana is a signatory, and the need to align BDC’s investments with climate resilience and sustainable growth, with this guideline BDC seeks to crystallise a structured approach to integrate climate finance into its operations.

BDC Commitment on Green Finance:

“BDC commits to Investments, Projects and Initiatives that contribute to climate change mitigation and adaptation, thereby advancing Botswana's resilience, sustainable development, and alignment SDG goals. The Corporation will further endeavour to fund and partner with projects that in their operations and in their journey of growth, seek to and will be inclined towards opportunities that seek to support Botswana's transition to a climate-resilient and low-carbon economy, ensuring sustainable and inclusive development.”

5.6.1 Objectives and/or Pillars

- i. Integration: Seamlessly integrate climate considerations into BDC's investment decisions and operations.
- ii. Innovation: Promote and finance innovative climate solutions, technologies, and business models.
- iii. Partnership: Foster collaborations with local, regional, and global entities to maximize climate finance impact.
- iv. Capacity Building: Strengthen internal expertise and external partnerships to make informed climate finance decisions.

5.6.2 Areas of Special Emphasis:

- 1. Water Conservation and Agriculture: Given Botswana's semi-arid climate, prioritizing projects focusing on water efficiency and conservation will be key. Supporting projects that emphasize sustainable agriculture and resilience to climate-induced challenges.
- 2. Renewable Energy: Foster investments in solar, wind, and other renewable energy projects. Focus on infrastructure projects that are designed to withstand changing climate patterns.

5.7 PROCEDURES FOR IDENTIFYING ELIGIBLE CLIMATE FINANCE SUB-PROJECTS:

- 1. Verify alignment with Botswana's National Climate Change Strategy and Action Plan.

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2. For Climate Impact Assessment, ensure the project aids in either mitigation (reducing/seizing emissions) or adaptation (enhancing resilience to climate change).
3. Confirm the project's technical feasibility and financial viability with a focus on sustainable returns.
4. Ensure local community and stakeholder buy-in and ascertain the project's potential socio-economic impacts.

5.7.1 Guiding Parameter Climate Finance Sub-Projects Impact Tracking:

The monitoring aspect on the BDC financing activities will inform the Climate Finance Database and a dedicated system for logging and monitoring all climate-related projects will be established guided as per the parameters on the table below;

| Project Name | Initiative description | Climate Pillar | Initiative Cost | Relevant Impact (KPI) | Future Opportunities | Independent Verification/opinion |
|--------------|------------------------|----------------|-----------------|--|----------------------|--|
| | | | | i.e. CO2, Conserved water %, Reduced reliance on fossil based energy %, Clean energy generated %, Dollar value of initiative | | i.e. Relevant Regulator, Affected stakeholder Feedback |

5.8 GREEN WASHING

Greenwashing is the practice of making unwarranted claims of sustainability or environmental friendliness to gain market share. In addition, greenwashing may occur when an organization attempts to emphasize sustainable aspects of a product to overshadow the company's involvement in environmentally damaging practices. BDC will therefore at all times advise all their potential and existing clients to conform with the BDC ESMS guidelines and United Nations (UN) Sustainable Development Goals (SDGs) to avoid such instances. In addition, having all mitigations for projects legislated as part of the legal agreement.

Signs of greenwashing involve the following:

- Suggesting a product is green based on an unreasonably narrow set of attributes without attention to other important environmental issues (e.g. paper produced from a sustainably harvested forest may still yield significant energy and pollution costs);
- Committed by an environmental claim that cannot be substantiated by easily accessible supporting information or by a reliable third-party certification;

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- Committed by claims that may be true within the product category, but that risk distracting the consumer from the greater health or environmental impacts of the category as a whole (e.g. organic cigarettes);
- Committed by every claim that is poorly defined or broad that it is real meaning it is likely to be misunderstood by the consumer (e.g., all natural);
- Committed by making environmental claims that are simply false;
- Committed by exploiting consumers demand for third- party certification with fake labels or claims of third-party endorsement (e.g. certification-like images with green jargon such as eco-preferred); and
- Committed by making an environmental claim that may be truthful but is unimportant or unhelpful for consumers seeking environmentally preferable products (e.g. CFC-free is meaningless given that chlorofluorocarbons are already banned by law).

5.9 GENDER AND YOUTH EMPOWERMENT

In line with Government of Botswana stated goals, BDC will actively and responsibly invest in projects that advance the promotion of gender equity and youth empowerment. This is in line with National Development Plan 11 (GoB 2016) and the National Youth Policy – Revised (GoB 2010). Gender and youth are considered through BDC ESMS process as project stakeholders, members of potential affected communities and as employees. Clients are actively encouraged to ensure that gender equity and youth empowerment are key components of their projects.

- BDC ESMS process

The BDC ESMS process consists of 14 components, developed to ensure that BDC is in accordance with the international best practices. These components include:

- Component 1: BDC Exclusion List Screening
- Component 2: Risk Identification
- Component 3: Risk Categorisation
- Component 4: Organisational Capacity and Competency
- Component 5: Environmental Assessment (including Climate Screening)
- Component 6: Environmental and Social Risk Summary
- Component 7: Management Programme
- Component 8: Stakeholder Engagement

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- Component 9: Final Environmental and Social Risk Determination
- Component 10: Environmental and Social Policy Statement
- Component 11: Emergency Preparation and Response
- Component 12: External Communication and Grievance Mechanism
- Component 13: Ongoing Reporting to Affected Communities
- Component 14: Monitoring and Review

The BDC ESMS process is intertwined with the existing BDC credit risk management process to ensure that risk assessments can be undertaken concurrently with minimal additional burden for clients. The investment and credit risk acquisition and management process is guided by the following steps:

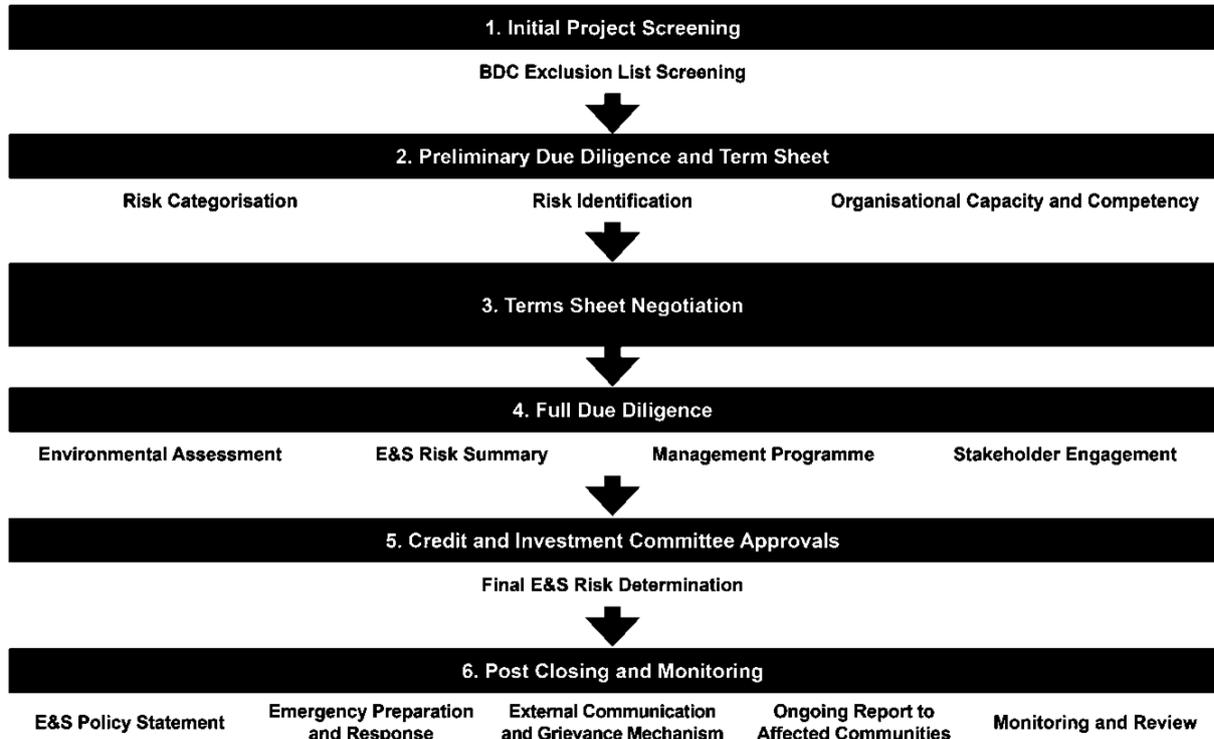
- Step 1: Initial Project Screening
- Step 2: Preliminary Due Diligence and Term Sheet Preparation
- Step 3: Terms Sheet Negotiation
- Step 4: Full Due Diligence
- Step 5: Credit and Investment Committee Approvals and Documentation
- Step 6: Post Closing and Monitoring by the Investments Division

Each component of the ESMS process is incorporated into one of the following steps to ensure streamlined engagement with the client. This process is outlined in Figure 1 below.

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Figure 1 Integration of ESMS into BDC Transaction Risk and Management Processes.



6.0 ESMS PROCEDURES

Following is a comprehensive explanation of each component of the BDC ESMS. Components are presented in line with BDC Transaction Risk and Management Process to ensure that stakeholders understand how the processes run in parallel and are interconnected.

6.1 INITIAL PROJECT SCREENING

The initial project screening phase allows BDC to carry out initial due diligence and financial modelling to understand the investment opportunity presented by clients. It is within this early investment stage that the first component of the ESMS is undertaken, BDC Exclusion List.

6.1.1 Component 1: BDC Exclusion List

The first step in the BDC ESMS process is evaluating a potential project against the BDC Exclusion list. The BDC Exclusion list identifies project activities that BDC does not invest due to an economic, health and cultural reason. This assessment will be undertaken by a BDC Investment Officer at the initial stage of client inquiry.

A check must be completed to ensure that the activities of the proposed project do not conflict with the BDC Exclusion List (Table 1). If the project complies with this list and is found to clear initial financial

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modelling scenarios, then the Transaction Qualification and Risk Assessment process will commence. If a project does not pass one or more of the items on the Exclusion List, then the project will be rejected. The determination whether the project complies with the BDC Exclusion List should be documented in the Initial Project Screening sheet.

BDC Exclusion List

Disclaimer: This list will be revised and updated whenever there are changes due to modification in business requirements or in environmental and social legal requirements.

As a standard, the BDC Exclusion List will be reviewed bi-annually.

Table 1

| | |
|-----|--|
| 1. | Production or trade in any product or activity deemed illegal under Botswana/host country or applicable international laws or regulations including any international conventions and agreements which Botswana/host country is signatory to. |
| 2. | Production or trade in radioactive materials, except for medical materials/ equipment and quality-control equipment where the radioactive source is trivial and adequately shielded. |
| 3. | Production or trade in or use of unbonded asbestos fibers or other products with bonded asbestos as dominant material. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent. |
| 4. | Production or trade in pharmaceuticals, chemical compounds, and other harmful substances subject to international phase-outs or bans, including pesticides classified as Class Ia (extremely hazardous), Ib (highly hazardous) or II (moderately hazardous). |
| 5. | Production or trade of ozone-depleting substances subject to international phaseout. |
| 6. | Production or trade in polychlorinated biphenyls (PCB). |
| 7. | Production of and trade in tobacco. |
| 8. | Production or trade in alcoholic beverages (excluding beer and wine). |
| 9. | Drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length. |
| 10. | Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Purchase of logging equipment for use in unmanaged primary tropical rainforests. |
| 11. | Production and activities involving harmful or exploitative forms of forced labour and/or child labour as defined by national regulations. |
| 12. | Production or trade in weapons and ammunitions. |

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13. Gambling, casinos and equivalent enterprises. provided that up to [4.2] % of the Company's Gross Investment Portfolio may be related to the financing of such activities listed in this paragraph.
14. Production or trade in wood or other forestry products other than from sustainably managed forests.
15. Commercial logging operations for use in primary tropical moist forests.
16. If financing microfinance activities in addition to other activities, the Company will apply the following items in addition to items 1-11 above:
17. 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.
18. Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous people, without full documented consent of such peoples.
19. Any activities that are in the exclusion list of BDC's lenders, provided that such exclusion shall be in respect of financing accruing under such lending. However, Senior Management shall endeavor to align BDC's exclusion list with international best practice and trends.
20. Any activities or projects that are not within the exclusion list of BDC lenders are subject for review. Any activities or projects that are not within the exclusion list of BDC lenders are subject for review.

* Based on AfDB negative and MIGA Exclusion list.

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Component Summary

Procedures

21. Review project activities with client;
22. Determine if project activities conflict with BDC Exclusion List; and
23. Record decision in Initial Project Screening Sheet and provide reasoning for decision.

Responsible Parties

| Chief Investment Officer | ESMS Coordinator | MANAGER, E&S | Chief Risk Officer |
|--|--|--|--|
| Reviews project activities with BDC Exclusion List and makes decision. | Review Investment Officer decision and assists with inputs into Initial Project Screening sheet. | Reports decision to Chief Risk Officer . | Reviews Initial Project Screening decision with Investment Division. |

Outcome

Input to Initial Project Screening sheet that either indicates that the project is rejected or approved based on the BDC.

Supporting Documents

Not applicable.

6.2 PRELIMINARY DUE DILIGENCE AND TERMS SHEET

Should a project pass the initial screening phase including the BDC Exclusion List, then preliminary financial due diligence and term sheet negotiations will commence. During this phase, three ESMS components will be undertaken including:

- Risk Categorisation;
- Risk Identification; and
- Organisational Capacity and Competency.

6.2.1 Component 2: Risk Identification

Should a project pass the requirements of the BDC Exclusion List criteria, the Corporation is required to identify and determine potential environmental, social and EHS risks, opportunities and impacts of the project. To deduce the risk associated with any project the type, scale and location of the project must be taken into consideration.

Early identification of risks, opportunities, and impacts allows BDC and clients an opportunity to develop appropriate strategies to mitigate potential impacts. This process assists BDC in confirming

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whether the Project satisfies the BDC exclusion list and appraises potential environmental and social risks, opportunities and impacts.

The ESMS Coordinator will also ensure that relevant Government of Botswana (or host country) regulations, policies and guidelines, and applicable IFC Performance Standards and relevant sectoral environmental, health and safety guidelines (Section 5.4) are provided to the client for reference.

This first step in this process will be client led and identify potential risks based on the BDC Risk Identification Worksheet (Appendix A3). The complete Risk Identification Worksheet will be submitted to the ESMS Coordinator who reviews the document to confirm the designated Risk Categorisation of the Project. Should it be determined that the project's risk categorization is incorrect, the project will be re-categorised accordingly.

The information gathered in the Risk Identification process, as part of BDC's Preliminary Due Diligence and Term Sheet, will be confirmed by a site visit by the MANAGER, E&S who will use the BDC Risk Assessment Tool to identify specific risks of the project. The MANAGER, E&S will review the Risk Assessment Tool (Appendix A4) and relevant supporting documents (internal and third-party monitoring data and reports, etc.) and confirm that they are complete and that risks are fully and accurately assessed. The MANAGER, E&S will also ensure that the project is adhering the IFC Performance Standards, meets Government of Botswana (or host country) regulations, guidelines and policies, and adheres to environmental, health and safety guidelines as described in Section 5.4.

Environmental and social risks identified through this process, or non-compliance issues, will be included on the Project Terms Sheet to ensure that efforts can initiated to address non-compliance issues and environmental and social terms prior to investment qualification.

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Component Summary

Procedures

1. Provision of appropriate government regulations, IFC Performance Standards, industry standards;

BDC Risk Identification Worksheet completed by client and submitted to BDC;

MANAGER, E&S site visit using BDC Risk Assessment Tool to assess specific risk; and

Findings included on Terms sheet.

Responsible Parties

| Client | ESMS Coordinator | MANAGER, E&S | Chief Risk Officer |
|--|---|---|--|
| Complete BDC Risk Identification Worksheet. Host MANAGER, E&S on guided site visit and provide all relevant documentation. | Communicate relevant government guidelines, IFC Performance Standards, BDC sector specific guidelines. Review complete Risk Identification Worksheets | Complete site visit of project using BDC Risk Assessment Tool. Identify non-compliance issues. Provide summary of environmental and social Risk on Terms Sheet. Identify any covenants to be included in the terms sheet. | Ensure environmental and social risks are included on Project Terms Sheet. |

Outcome

Preliminary environmental and social Risks are identified and included on Terms Sheet so that clients are aware of requirements to qualify for BDC investment.

Supporting Documents

BDC Risk Identification Worksheet (Appendix A2)

BDC Risk Assessment Tool (Appendix A3)

6.2.2 Component 3: Risk Categorisation

Once the initial Risk Identification process is complete, initial Risk Categorisation process will be undertaken to confirm the risks identified and determine appropriate environmental and social requirements. This process will categorise key risks that should be considered before BDC investment moves forward.

As part of the review of environmental and social risks of proposed investments, BDC will categorise risks based on the predicted magnitude of impacts to the environment and the society.

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The initial Risk Categorisation will be completed by a BDC Investment Officer who will objectively determine the environmental and social category for the proposed activity. This will include a request for full disclosure from the client during early stages of engagement.

The Investment Officer will base their determination on the Risk Categorisation outlined in Figure 2. Investment Officers are supported in their decision making by following the BDC Risk Evaluation Matrix and Impact Evaluation Criteria presented in Appendix A2. Once a decision has been made regarding the projects' Risk Categorisation, the client will be informed by the Investment Officer of the environmental and social commitments requirements to qualify for BDC funding and the resources (financial and human) to satisfy these commitments.

Figure 2 BDC Risk Categories*.

| Risk Identification | Qualifications |
|---------------------|--|
| High | Project activities that are likely to induce significant and/or irreversible adverse environmental and/or social impacts, or significantly affect environmental or social components that BDC or the Government of Botswana consider sensitive, diverse or unprecedented. A potential impact is considered sensitive if it may be irreversible, affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or affect significant cultural heritage sites. |
| Medium | Project activities that are likely to have detrimental site-specific environmental and/or social impacts that are less adverse than those deemed "high". Likely impacts shall be few, site specific, largely reversible and readily minimized but applying appropriate management and mitigation measures or incorporating internationally recognized design criteria and standards. |
| Low | Project activities that are not likely to directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts. |

Note: At minimum, transactions involving land acquisition, wildlife and diamond handling will be automatically categorized as "Medium Risk", and appropriate steps shall be undertaken to ensure all legal requirements are met.

* Based on AfDB risk categorisation requirements.

Examples of projects that will be designated with the risk categories outlined above are provided in

| High | Medium |
|--|--|
| <ul style="list-style-type: none"> ▪ Mining (small scale); ▪ Construction of dams, reservoirs and other related water projects such as irrigation systems affecting water supply; ▪ Large infrastructure projects, including development of airports, roads, rail and other forms of mass transit systems; ▪ Cement manufacturing; ▪ Production, storage, transportation or commercial use of pesticides, herbicides and other hazardous chemicals; | <ul style="list-style-type: none"> ▪ Food processing; ▪ Breweries; ▪ Dairy operations; ▪ Hotel/Tourism Developments; ▪ Metal plating; |

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- Domestic and hazardous waste disposal operations (e.g., landfills and clinical operations with incinerators.);
- Oil and gas developments, including pipeline constructions;
- Forestry operations (e.g., cutting down of young or protected trees);
- Metal smelting, refining, foundry operations and metal plating;
- Pulp and paper mills;
- Operation of hospitals;
- Mining (small scale);
- Mining (opencast and pit); and
- Larger thermal and hydropower developments.
- Modernisation of existing plants/factories;
- Textile plants;
- Food processing;

Table 1. These are general designations as the nature of a specific project may require a review of the risk categorization applied based on the type, scale, and location of a specific project.

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| High | Medium | Low |
|---|--|---|
| <ul style="list-style-type: none"> ▪ Mining (small scale); ▪ Construction of dams, reservoirs and other related water projects such as irrigation systems affecting water supply; ▪ Large infrastructure projects, including development of airports, roads, rail and other forms of mass transit systems; ▪ Cement manufacturing; ▪ Production, storage, transportation or commercial use of pesticides, herbicides and other hazardous chemicals; ▪ Domestic and hazardous waste disposal operations (e.g., landfills and clinical operations with incinerators.); ▪ Oil and gas developments, including pipeline constructions; ▪ Forestry operations (e.g., cutting down of young or protected trees); ▪ Metal smelting, refining, foundry operations and metal plating; ▪ Pulp and paper mills; ▪ Operation of hospitals; ▪ Mining (small scale); ▪ Mining (opencast and pit); and ▪ Larger thermal and hydropower developments. | <ul style="list-style-type: none"> ▪ Food processing; ▪ Breweries; ▪ Dairy operations; ▪ Hotel/Tourism Developments; ▪ Metal plating; ▪ Modernisation of existing plants/factories; ▪ Textile plants; ▪ Food processing; | <ul style="list-style-type: none"> ▪ Service industries; ▪ Software development; ▪ Factoring companies; ▪ Consulting firms; ▪ Share registries; ▪ Stock brokering; ▪ Technical assistance; |

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Table 1 Project Risk Categorisation.

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The following are negative impacts to be expected during the implementation of the high-risk projects listed in table 2. In the case that the following negative impacts are anticipated in the medium or low projects, the project would be required to undertake a risk categorisation reassessment and repositioning:

- Projects affecting indigenous people resulting in migration (outward migration);
- Projects associated with induced development (e.g., significant inward migration);
- Projects involving resettlement of communities/families;
- All projects which pose significant socio-economic concerns;
- Domestic and hazardous waste disposal operations;
- Projects which impact cultural property (e.g., religious and archaeological sites);
- Project which pose serious occupational health risks; and
- Impacts on protected ecological habitats or areas of high biological diversity including wetlands, coral reefs and mangroves.

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Once a project has been designated with a particular risk category, the ESMS process differs based on the assessed environmental and social risks of the Project. Different environmental and social requirements need to be fulfilled for a project to qualify for BDC funding. These obligations are outlined in Table 2.

Table 2 BDC Environmental and Social Requirements of different Risk Categories.

| ESMS Components | Low Risk | Medium Risk | High Risk |
|---|------------------|-------------|-----------|
| Exclusion List | ✓ | ✓ | ✓ |
| Risk Categorisation | ✓ | ✓ | ✓ |
| Risk Identification | ✓ | ✓ | ✓ |
| Organisational Capacity and Competency | ✓ | ✓ | ✓ |
| Environmental Assessment | ✓ (if necessary) | ✓ | ✓ |
| environmental and social Risk Summary | ✓ | ✓ | ✓ |
| Management Programme | | ✓ | ✓ |
| Stakeholder Engagement | | ✓ | ✓ |
| Final environmental and social Risk Determination | ✓ | ✓ | ✓ |
| environmental and social Policy Statement | | ✓ | ✓ |
| Emergency Preparation and Response | | ✓ | ✓ |
| External Communication and Grievance Mechanism | | ✓ | ✓ |
| Ongoing Reporting to Affected Communities | | ✓ | ✓ |
| Monitoring and Review | ✓ | ✓ | ✓ |

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Component Summary

Procedures

1. Review project activities with client;
2. Determine project Risk Categorisation based on project type, scale, and location;
3. Inform client of risk determination and ESMS processes associated with next steps to qualify for investment; and
4. Record decision in Initial Project Screening Sheet and provide reasoning for decision.

Responsible Parties

| Client | Investment Officer | ESMS Coordinator | MANAGER, E&S | Chief Risk Officer |
|---|---|---|---|---|
| Records Investment Officer risk categorisation and provides all required documentation and support in the next phase of the BDC ESMS process. | Determine Risk Categorisation based on BDC Risk Identification Worksheet. Informs client of the environmental and social requirements to qualify for funding. | Assist the BDC investment officer to determine the risk categorization . Inform the investment officer of any updates of the environmental social requirements. | Review Risk Categorisation and confirm based on available information. Report risk categorisation to Chief Risk Officer . | Update term sheet with Project Risk Categorisation. |

Outcome

The project is provided Risk Categorisation and the client is informed and provided a clear understanding of the next step based on their categorisation.

Supporting Documents

- Risk Evaluation Matrix and Impact Evaluation Criteria (Appendix A4)

6.2.3 Component 4: Organisational Capacity and Competency

For projects funded by BDC, an ESMS organisation structure must be developed that defines roles, responsibilities, and authorities to implement and engage with the BDC ESMS structure. Having Senior Management buy-in and support is key when defining roles within an organisation. Specific personnel, including management, with clear lines of authority and communication should be established. Project

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personnel engaged with the BDC ESMS should have the necessary knowledge, skills and experience (including environmental, social and EHS knowledge and experience) to perform key activities and also be familiar with the Botswana/host country regulatory requirements. The ESMS process and activities must be adequately resourced and funded by the client. In cases where specific expertise is required, the client may need to engage with third party specialists to ensure the ESMS process is adequately resourced.

Component Summary

Procedures

1. Develop an organisational structure for each client to provide clarity on the roles and responsibilities of ESMS team members.
2. Establish an ESMS workplan that outlines activities, responsibilities and timelines required to implement the ESMS in the project structure. Once established, the ESMS process including monitoring, reporting and stakeholder engagement will become integrated into the project lifecycle.

Responsible Parties

| Client | Investment Officer | ESMS Coordinator | MANAGER, E&S |
|---|--|--|---|
| Designate an ESMS focal point. Develop an ESMS structure that clearly defines roles and lines of communications. Commit sufficient resources and finances to carry out the ESMS process which will include monitoring, reporting, training, closure plan and proof of rehabilitation funds. | Ensures that the client is aware of their ESMS commitments and assist in answering any questions regarding processes or reporting. | Keeps an updated contact list of designated ESMS staff of each client and interact with this person to provide guidance or answers for any procedural inquiries. | Reviews client organizational structure and ensures that clients have competent individuals as the environmental and social representatives. Comment on resourcing and funding issues during ESMS compliance visits. Keep up-to date information on third party specialists in case clients require certain expertise outside of their scope. |

Outcome

A complete ESMS organisational structure that identifies responsible client staff and a clear communication path. Included in this will be an ESMS workplan that provides a task-by-task breakdown for applying each component to the ESMS to the project.

Supporting Documents

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- ESMS Workplan (Appendix A5)

6.3 FULL DUE DILIGENCE

Once the preliminary term sheet has been drafted and covenants stated, the project will undergo a financial, technical, tax, and legal due diligence. In parallel to these processes a more in-depth environmental and social process will be undertaken to satisfy the ESMS framework. The ESMS components that will be undertaken during in this process will include:

- Environmental and Social Risk Assessment;
- Environmental and Social Risk Summary;
- Management Programme; and
- Stakeholder Engagement.

6.3.1 Component 5: Environmental Assessment

Of note, this section outlines the required national environmental and social assessment (ESA) requirements of Botswana, should investment opportunities be outside Botswana, the clients national ESA process should be followed.

A key feature of BDC’s Full and Comprehensive Due Diligence process, the client is responsible for ensuring that all statutory requirements are met prior to the contract agreement. This includes required environmental assessment permitting as stated by the Environmental Assessment (EA) Act, (CAP 65:07) and any further relevant legislation that may be promulgated from time to time. The ESA process in Botswana commences when the client submits a Project Brief to the Department of Environmental Affairs (DEA). DEA will determine the required ESA processes based on a number of factors including location, likely impacts, proximity to surrounding communities, and scale of the project.

Some projects may be deemed to have low environmental and social risks, and only required to provide a written Certification of Compliance as issued by local authorities or demonstrate a commitment to remedy minor material non-compliance issues in an agreed timeframe.

Projects deemed to have medium or high environmental and social risks are required to follow the Environmental Assessment (EA) Act, (CAP 65:07) procedures which result in development of an Environmental and Social Impact Assessment (ESIA) and/or Environmental and Social Management Plan (ESMP). DEA will review each client’s Project Brief and determine whether a project requires an ESIA or ESMP. Both ESIA and ESMP require in-depth scoping studies that characterise the receiving environmental and social context or the project area. These scoping studies are developed into a Scoping Report that is submitted to DEA for approval to continue the ESA process. It is possible in the

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review process that DEA authorities may request further studies or a change in scope of the project. There are three possible outcomes based on the DEA evaluation:

- Grant authorisation – Impacts identified and mitigation measures prescribed are affective and sufficient;
- Reject authorisation – with opportunity to revise as prescribed mitigation measures that are insufficient/ineffective; or
- Reject authorisation – outright as developer fails to meet requirements altogether.

The EA process according to Government of Botswana guidelines is outlined in Figure 3.

A project can only be granted approval for BDC investment once DEA has approved the ESIA or ESMP. Depending on the size of the project and the complexity of the associated studies, this process could take up to a year or more to complete.

The MANAGER, E&S will review the ESA and check the document for overall and technical completeness. Any recommendations for mitigation measures will be reviewed and incorporated into contract covenants and warranties. The credit review process will only be completed when the ESA is finalised and approved by DEA.

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Figure 3 ESA Process in Botswana

| TIME FRAME | ACTIVITY | OUTPUT |
|--|---|--|
| 3 days | Project Brief | <ul style="list-style-type: none"> Project Brief DEA Directive Understanding of regulatory process moving forward and DEA office responsible |
| 14 days | DEA Review and Approval | |
| 10 days | Scoping and Terms of Reference 1. Public Consultations with affected people or communities (minimum 21days of advertisement) 2. Desktop Review: <ol style="list-style-type: none"> Socio – Economic Public Health Biological Physical and Chemical (hydrology, hydrogeology, climate, water and air quality, soils) Archaeology Landscape Land use 3. Development of Terms of Reference for EIA | <ul style="list-style-type: none"> Scoping and Terms of Reference Report Understanding of the biophysical, socio-economic and cultural information available for the project area Detailed ToR for the development of EIA |
| 28 days | DEA Review | <ul style="list-style-type: none"> Relevant comments Approval |
| 2 weeks – field work 2 weeks – laboratory analysis (if required) 2 weeks – data analysis | Baseline Studies (Determined during scoping Phase) <ol style="list-style-type: none"> Socio – Economic Public Health Biological Physical and Chemical Archaeology Landscape Land use Required Specialists Studies: <ul style="list-style-type: none"> Archaeological Impact Assessment (AIA) | <ul style="list-style-type: none"> Complete understanding of biophysical, socio-economic and cultural environment for the project area |
| 14 days 10 days | Environmental Impact Statement (EIS) Assessment of Impacts Development of Environmental Management Plan (EMP) <ul style="list-style-type: none"> Environmental Mitigation Plan Environmental Monitoring Plan | <ul style="list-style-type: none"> EIS: Environmental and Social Baseline Report EIA EMP |

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| | | |
|---------|--|--|
| 60 days | <ul style="list-style-type: none"> Decommissioning Plan | |
| 2 weeks | DEA Review | <ul style="list-style-type: none"> DEA Comments |
| | Public Review | <ul style="list-style-type: none"> Public Review Comments |
| Total = | DEA Approval Letter | |

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Component Summary

Procedures

1. Identify a reputable, qualified third-party contractor who is registered with the professional membership governing body; Botswana Environmental Assessment Practitioners Association (BEAPA);
2. Submit a Project Brief to DEA;
3. Facilitate in-depth studies to satisfy requirements of the ESA process; and
4. Develop and submit an Environmental Management Plan outlining identified risk avoidance, mitigation or management strategies.

Responsible Parties

| Client | ESMS Coordinator | MANAGER, E&S | Chief Risk Officer |
|---|---|---|---|
| Develop Project Brief and submit to DEA competent authority. | Recommend registered and qualified local environmental practitioner who can undertake the evaluation. | Review all outputs of the ESA process – scoping report, ESMP/ESIA for completeness and to ensure that any risks are identified. | Ensure that completeness of ESA process is included in the Final environmental and social Risk Summary. |
| Facilitate third-party ESA evaluation of site. | Collect and store all documentation systematically. | Ensure that all legal requirements have been met. | |
| Once complete, submit ESA to DEA and BDC for review and approval. | | | |
| Implement Environmental and Management Plan. | | | |

Outcome

A complete ESA report that has identified potential environmental and social risks and a development management plan designed to avoid, mitigate and/or manage potential environmental and social risks of the project.

An approved ESA certificate from the local governing authority.

Supporting Documents

Not applicable.

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6.3.2 Component 6: Environmental and Social Risk Summary

Based on the outputs from the Risk Identification process and the ESA process, the MANAGER, E&S will draft an Environmental and Social Risk Summary that is included with the client’s credit file. This summary identifies environmental and social risks, assesses whether risks can be effectively managed, and provides recommendations for environmental, social and EHS covenants and applicable requirements to be included in the client loan agreement.

An additional study, Social Impact Assessment (SIA), should be carried dependent on the social intensity of a project, guided by the ESMS consultant. The SIA indicates concern by the financier on social and environmental wellness.

Component Summary

Procedures

1. Identified environmental and social risks of project are summarised and applicable covenants and requirements included.

Responsible Parties

ESMS Coordinator

Provide support to the MANAGER, E&S to summarise identified environmental and social Risks.

MANAGER, E&S

Complete environmental and social Risk summary that is submitted with client loan agreement.

Chief Risk Officer

Submit environmental and social Risk Summary with investment risk summary to Investment Department with recommendation.

Outcome

A thorough summary of identified environmental and social risks that provides guidance on whether the loan should proceed.

Supporting Documents

- Environmental and Social Risk Summary Template (Appendix A6)

6.3.3 Component 7: Management Programme

Projects assessed by DEA to require an ESA are either requested to carry out an ESIA or ESMP. An ESMP is a management programme that describes mitigation and performance improvement measures and actions that address identified environmental and social risks and impacts of the project. The ESMP can be a standalone document or part of the ESIA, depending on DEA’s determination of the ESA requirements. DEA grants approval for projects based the client’s commitment to follow the ESMP and incorporate mitigation measures and recommendations into project design and activities. For clients

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to maintain permit approval, they must adhere to the project ESMP. A review of the ESMP must take place annually, with updates incorporated into subsequent versions of the document.

The MANAGER, E&S will review finalised ESMPs to ensure that relevant risks are identified, and mitigation and management measures are adequate and reasonable. ESMP adherence will be monitored by the MANAGER, E&S, who will undertake annual site visits to review monitoring reports and systems designed to mitigate environmental and social risks. Additionally, ESMP adherence information will be collected during regular audit visits by BDC Internal Auditors and submitted to the MANAGER, E&S for ongoing monitoring.

Component Summary

Procedures

1. Incorporate the comprehensive ESMP from the approved EIA/EMP that defines project risks and impacts, provides avoidance and/or mitigation measures, establishes a monitoring regime, assigns responsibilities and sets reasonable monitoring timeframes; and
2. The ESMP document should be monitored and updated regularly, or as risks change, to continue mitigating environmental and social risks.

Responsible Parties

| Client | ESMS Coordinator | MANAGER, E&S | Internal Auditor |
|--|--|--|--|
| <p>Ensures the ESMP is developed by a reputable third-party specialist.</p> <p>Apply and monitor outcomes of the ESMP and providing resources to ensure that adequate monitoring measures with established timelines are carried out.</p> <p>Update the ESMP annually and track progress to ensure that all measures are followed.</p> | <p>Ensures that clients follow ESMP reporting schedules and that ESMP reporting is managed effectively.</p> <p>Collects the ESMS project compliance reports from MANAGER, E&S and auditing reports from the BDC Internal Auditors.</p> | <p>Reviews drafts and final ESMPs to ensure the documents are complete and comprehensive.</p> <p>Provide ESMP assistance to clients if/when necessary.</p> <p>Undertakes periodic compliance visits to each project to ensure actions in ESMP are being followed.</p> <p>Coordinate with the BDC Internal Audit team to ensure ESMS components are included in regular auditing.</p> | <p>During regular client audits include ESMP compliance checks into regular auditing processes.</p> <p>Communicates findings to MANAGER, E&S and ESMS Coordinator to be included in the client's transaction folder.</p> |

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Annual updates are to be submitted to BDC on an annual basis.

Outcome

A detailed ESMP that is adhered to and supported by annual reporting on environmental and social compliance.

Supporting Documents

- Environmental and Social Risk Mitigation Hierarchy (Appendix A7)
- Environmental and Social Management Plan Outline (Appendix A8)

6.3.4 Component 8: Stakeholder Engagement

Engaging with relevant stakeholders is essential to ensure successful management of a project’s environmental and social impacts. As outlined in the Environmental Assessment (EA) Act, (CAP 65:07), projects subject to an ESIA or ESMP must consult interested and affected persons (adjacent projects, people, etc., and local and national government bodies). The DEA determines requirements for the stakeholder consultation processes on a project-by-project basis and may request a formal public review process to allow for public comments to be incorporated into the ESA process. This ESA engagement process can be carried out by the third-party specialists who developed the ESIA or ESMP.

Based on the contents of the ESMP, ongoing stakeholder engagement may be part of the client’s permitting requirements with defined roles and schedules outlined in the plan. Stakeholder engagement activities must be coordinated through the BDC Corporate Affairs and Strategy Department with the Investment Officer.

The MANAGER, E&S will engage with relevant multi-sectoral committees and task teams at the central and local government levels to ensure the BDC ESMS process maintains up-to-date information regarding environmental and social policy and guidelines in Botswana.

Stakeholder engagement is a continual process that lasts the life of the project. Different projects involve different levels of stakeholder engagement, with low impact projects generally requiring lower levels of stakeholder engagement than medium or high-risk projects. Similarly, different project phases may involve different levels of stakeholder engagement depending on the level of activity and potential risks involved.

Component Summary

Procedures

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1. Review and identify any additional stakeholders for existing BDC clients and initiate communication. During the undertaking of the EIA/EMP by the third-party environmentalist, the EMS consultant will assist in identifying stakeholders to avoid incomplete environmental studies.
2. Develop a stakeholder engagement plan that describes external communication procedures of the client and provides a mechanism to address grievances, including reception and response procedures.
3. Undertake a grievance and conflict management audit.

Responsible Parties

| Client | Investment Officer | Corporate Affairs Division | ESMS Coordinator | MANAGER, E&S |
|--|---|---|---|---|
| Identifying project stakeholders. | Attend all ESA stakeholder engagement events as BDC representative. | Review all stakeholder engagement plans and works with the client to develop key messaging prior to stakeholder engagement processes. | Ensures that the client has required stakeholder mapping and stakeholder engagement plan templates. | Keep abreast with relevant environmental policies and guidelines and sit with relevant multi-sectoral committees and task teams at the central and local government levels. |
| Drafting and implementing a stakeholder engagement plan. | Coordinates engagement strategies with the BDC | | | |
| Engage in continued stakeholder engagement. | Corporate Affairs Division. | | | |

Outcome

A detailed ESMP that is adhered too and supported by annual reporting on environmental and social progress at the project.

Supporting Documents

- Stakeholder Mapping Exercise (Appendix A9)
- Impact tool for Identifying Affected Communities (Appendix A10)
- Stakeholder Engagement Plan example (Appendix A11)

6.4 CREDIT AND INVESTMENT COMMITTEE APPROVALS

The final stage prior to investment approval involves collating information gathered from previous stages into an investment appraisal paper that also incorporates inputs from the Risk and Legal Departments.

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Approval is granted based on credit limits, as follows:

- Credit and Investment Committee approval – investments not exceeding BWP 150 million;
- Board Investment Committee approval – investment not exceeding BWP 500 million;
- Board approval – investments exceeding BWP 500 million.

The ESMS components that will be undertaken during in this process will include:

- Final Environmental and Social Risk Determination.

6.4.1 Component 9: Final Environmental and Social Risk Determination

The Final Environmental and Social Risk Determination is the final approval by the BDC Risk Department that is required in advance of approving or rejecting a BDC investment proposal. This is a final senior environmental and social review of all the documentation and results in a final decision to determine whether:

- The information provided is adequate and the transaction can proceed based on acceptable environmental and social risks;
- The information provided is not adequate and further studies or mitigation measures are required based to further assess the environmental and social risks; and
- The environmental and social risks and mitigation measures are not adequate and the project should not progress.

If the Project is granted permission to proceed with BDC investment, environmental and social covenants for the client loan agreement will be drafted by the MANAGER, E&S. The environmental and social covenants will be outlined in the client loan agreements and will include commitments to:

- Adhere to applicable host country environmental and social laws, regulations and guidelines, or if lacking, IFC Performance Standards;
- Adhere to the Environmental Management Plan to mitigate and manage identified risks; and
- A reporting schedule for the project’s lifespan; etc.

If the client is later found to not be in compliance with its environmental and social covenants the FI will work with the client on remedial actions to bring the Project back into compliance. If the client continues to fail environmental and social covenant compliance, then the FI reserves the right to exercise remedies as appropriate.

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Component Summary

Procedures

1. Determine whether environmental and social risks can be avoided, mitigated, or managed based on the risk assessments and management plans and provide a recommendation to approve or reject the loan application on this basis;
2. Develop covenants to be included in the client loan agreement to ensure that there is recourse should the client not comply with aspects of the environmental management plan; and
3. Incorporate into the BDC loan agreement and inform the client of the expectation for the development and reporting schedule based on the project risk category.

Responsible Parties

| Client | ESMS Coordinator | MANAGER, E&S | Chief Risk Officer |
|---|---|--|--|
| Commits to adhering to and working towards satisfying the environmental and social covenants outlined in the Final Environmental and Social Risk Determination. | Assists MANAGER, E&S to summarise environmental and social risks and develop covenants. | Make judgement for approval or rejection for the project based on environmental and social risks. Develop environmental and social Covenants to include in client loan agreements. Incorporate into the BDC loan agreement and inform the client of the expectation for the development and reporting schedule based on the project risk category. | Final review of environmental and social decision. Present outcomes to Investment Division to be included in Client Loan Agreement. |

Outcome

Approval or rejection of project investment based on the environmental and social risk assessment. Covenants developed to ensure that clients adhere to avoidance, mitigation, or management of identified environmental and social risks.

Supporting Documents

Not applicable.

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6.5 POST CLOSING AND MONITORING

After the Credit and Investment approval, BDC initiates Portfolio Management activities that includes financial and operational monitoring of portfolio companies and makes regular recommendations for possible divestment and/or restructuring to optimize performance. Key ESMS documents and activities implemented during this phase include:

- Environmental and Social Policy Statement;
- Emergency Preparation and Response document;
- External Communication and Grievance Mechanism Procedures;
- Ongoing Reporting to Affected Communities; and
- Client ESMS Monitoring and Reviewing.

6.5.1 Component 10: Environmental and Social Policy Statement

Once a project is approved for investment by BDC, the client’s senior management must fully commit to addressing environmental and social risks and impacts as per relevant project covenants. Senior buy-in is essential to ensure that all staff, contractors, and other stakeholders understand and support environmental and social commitments required by the project. The policy statement describes procedures to meet selected environmental and social standards, communication protocols, and ESMS implementation procedures.

The client will establish an overarching policy or code-of-conduct, that defines the environmental and social objectives and principles that will guide the project, ensuring the proponent complies with environmental and social commitments. This policy statement provides a framework for the environmental and social assessment and management processes, and describes how the project will comply with applicable laws and regulations. Many companies have internal policy manuals or statements that may require updating to incorporate environmental and social policy commitments.

The Policy Statement is articulated by the client through a Management Letter.

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Component Summary

Procedures

1. Develop an environmental and social policy statement that commits the client to the ESMS process;
2. Develop an ESMS Management Letter; and
3. Ensure that stakeholders have access to the Policy Statement and Management Letter.

Responsible Parties

| Client | Investment Officer | ESMS Coordinator | MANAGER, E&S |
|---|--|---|--|
| Develop and distribute the policy statement and management letter to management, employees, contractors and other stakeholders to ensure they understand the client's environmental and social commitments. | Provide the client with guidelines to develop a complete policy statement and management letter. | Ensure that Investment Officers have the necessary tools, templates and understanding to interface with the client. | Work with clients to help them understand the requirements and review the proponent's policy statement and management letter to ensure completeness and acceptability. |

Outcome

The Management Letter is developed to commit the project's management team to BDC's ESMS process and to emphasize the importance of the ESMS to employees, contractors and other stakeholders.

Supporting Documents

- Policy Statement Checklist and Outline (Appendix A12)
- Draft Management Letter (Appendix A13)

6.5.2 Component 11: Emergency Preparation and Response

Emergency Plans outline the client's emergency preparedness and response system. Where required, this system will be developed in collaboration with appropriate third parties to ensure proper response to accidental and/or emergency situations. The system will be developed to mitigate harm to people and the environment including identification of areas where emergencies or accidents are likely to

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occur and designing measures to avoid or mitigate identified risks. This system will include response procedures, identify equipment and resource provisions, designate responsible actors, communication strategies (including with surrounding communities) and training procedures. This preparation will include the identification of areas where accidents and emergency situations may occur, communities and individuals that may be impacted, response procedures, provision of equipment and resources, designation of responsibilities, communication, including that with potentially Affected Communities and periodic training to ensure effective response. The emergency preparedness and response activities will be periodically reviewed and revised, as necessary, to reflect changing conditions.

Where applicable, the client will also assist and collaborate with the potentially affected communities and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to potentially affected community and relevant government agencies.

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Component Summary

Procedures

- Undertake risk mapping to identify areas of elevated risks and identify possible emergency scenarios to mitigate impacts if emergencies/accidents occur.
- Develop relevant emergency response plans and procedures, e.g., fire plans, flood plans, chemical spill plans, etc. These plans should be re-evaluated and emergency preparedness practiced at least annually.

Responsible Parties

| Client | Investment Officer | ESMS Coordinator | MANAGER, E&S |
|---|---|--|---|
| Design and prepare the emergency plan as relevant to operations. If necessary, employ a qualified third-party to undertake the emergency preparedness and response plan development. Ensure that stakeholders are involved in the Emergency Preparedness Plan design. Train employees and contractors on the emergency plan and hold regular drills. Communicate emergency plans. | Engage with client to ensure they understand emergency plan requirements. | Provide emergency preparation resources to guide the development of the emergency plan development. Updates to the emergency plan will be included in the ESMS filing system. | Reviews emergency plan to ensure completeness and relevancy to the project. |

Outcome

A clear understanding of areas of risk within or surrounding the project site to help mitigate potential emergencies.

A number of clearly defined emergency plans for the project that are communicated to staff and other relevant stakeholders.

Supporting Documents

- Risk Mapping example (Appendix A14)

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- Emergency Plan Template (Appendix A15)

6.5.3 Component 12: External Communication and Grievance Mechanism Procedures

Clients will design, implement, and maintain an external communications process that describes methods for:

- Receiving and registering communications for the public.
- Screening and assessing the content of the communications to determine appropriate responses and how to address these comments.
- Providing, tracking, and documenting responses and ensure adequate document control and response times.
- Incorporating comments into the ESMS, if appropriate.

The grievance mechanism should enable affected communities to raise concerns and grievances regarding the client’s environmental and social performance. The mechanism should be accessible, with Affected Communities informed of the process and how resolutions to questions and concerns will be addressed in a timely and transparent manner. There should be no cost or retribution associated with filing a grievance and the mechanism must not impede access to judicial or administrative remedies.

This process includes developing an External Communication Plan that establishes a publicly available channel of communication for stakeholder engagement; this could include a phone number, website or email address and develop a tracking system to ensure that responses to queries are provided. Information provided to outside stakeholders should include useful information regarding product improvements or environmental and social concerns.

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Component Summary

Procedures

1. Development of an External Communication Plan that provides an open process for stakeholders to engage with the project; and
2. Establishing a Grievance Mechanism to ensure that affected communities can contact the client to express concerns or grievances. This includes evaluating grievances in terms of seriousness and tracking the client's responses.

Responsible Parties

| Client | Investment Officer | Corporate Affairs Division | ESMS Coordinator | MANAGER, E&S |
|--|---|---|---|---|
| Develops and maintains an external communication plan that records and manages responses to grievances as described above. | Liaises with client and is kept abreast of ongoing grievances. Coordinates with Corporate Affairs Department regarding major grievance responses. | Reviews ongoing grievances and reviews and develops responses to major issues before they are issued with the ESMS coordinator. | Ensures that the information and materials required to develop an external communication plan and grievance mechanism are available to the client. Assists cooperate affairs in the development of public communication and submits to MANAGER, E&S. | Reviews external communication plans and grievance mechanisms before they are instituted and reviews the implementation of these mechanisms when undertaking site visits. Reviews communication to public before publishing. |

Outcome

Project processes that allow for open communication between affected parties and the client and a fully developed grievance mechanism in which outside parties can express concerns and have them addressed.

Supporting Documents

- Checklist for developing an Effective Grievance Mechanism (Appendix 16)

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- Grievance Log template (Appendix A17)

6.5.4 Component 13: Ongoing Reporting to Affected Communities

The client will provide periodic reports to affected communities that describe progress of the ESMP and ongoing risk avoidance and mitigation measures. If new risks are identified due to a change in the project phase (construction, operation, etc.) then this information should be communicated to affected communities. In addition, reporting should remind the communities of available external communication channels and grievance mechanisms. All external reporting will be reviewed by the BDC Corporate Affairs Division before it is issued to Affected Communities.

Component Summary

Procedures

1. Engaging with project affected communities regularly to facilitate project participation and to provide awareness.
2. Implement an affected communities plan with advertising and reporting. Provide a feedback report to the affected communities.

Responsible Parties

| Client | Investment Officer | Corporate Affairs Division | MANAGER, E&S |
|--|---|---|---|
| Responsible for continued reporting to the Affected Communities. Establishing a Public Engagement Officer position – depending on project size – and planning and organisational resources as well as updated monitoring during the ESMP. | Represents BDC at all client Affected Community meetings. Coordinates client’s communication plans with BDC Corporate Affairs Department. | Reviews client external communication plans and material to ensure that only key messaging is provided. | Monitors client’s stakeholder engagement plan and reviews the process, decision and records as part of regular site visits. |

Outcome

A communication plan for Affected Communities to ensure ongoing engagement, awareness and participation.

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Supporting Documents

- Engaging and reporting with affected communities (Appendix A18)

6.5.5 Component 14: Client ESMS Monitoring and Reviewing

Monitoring and reviewing each client’s ESMS engagement will allow BDC and the client to check the effectiveness of ESMS implementation and if necessary, make adjustments to ensure continued effectiveness. The monitoring and review process includes a review of the effectiveness of ESMS implementation and level of adherence to the ESMPs. The monitoring and review process is critical to ensure the ESMS is adjusted as necessary. Auditing will be undertaken by the client and BDC to ensure compliance to the ESMS. Key to the success of this audit will be the establishment of performance indicators to measure performance. The monitoring plan will assess if ESMP procedures are assisting clients with avoiding and/or mitigating environmental and social impacts of BDC supported projects.

ESMS management reviews should be carried out regularly, especially during project initiation and then less frequently as the project matures. Client management reviews provide updates on the effectiveness of ESMS processes. The BDC Investment Officer should attend management review sessions to monitor the audit process and report on outcomes.

The BDC Chief Risk Officer should present ESMS updates to the BDC Executive Committee and Board, at least annually, or more depending on need, to ensure that the Executive Committee is aware of environmental, social, and EHS issues that may affect the investment. If the client is found to be in breach of agreed mitigation measures or contract covenants and warranties, the Executive Committee or Board may request additional monitoring be implemented, request addition mitigation measures be implemented, or terminate the contract.

In addition, the MANAGER, E&S will make periodic site visits to build trust with clients and monitor ESMS progress. These site visits will include reviewing relevant documents including permitting requirements and environmental monitoring reports. Confirming that the client is adhering to the plan outlined in the ESMP will be key in mitigating environmental and social risks.

The BDC Internal Audit Division currently undertakes regular audits of investment projects. The MANAGER, E&S will work with the Internal Audit team to ensure relevant environmental and social components are integrated into this process. Relevant data will be submitted to the MANAGER, E&S upon audit completion and updated data will be reviewed and included in the client’s transaction file.

Component Summary

Procedures

1. Develop and implement a monitoring plan that provides feedback on ESMP effectiveness.

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2. Client implements an internal management review process ensuring that ESMS remains a priority in the project and any ongoing or new risks are identified and managed effectively.
3. Periodic site visits by the MANAGER, E&S and BDC Auditing to ensure project adherence to the ESMS.

Responsible Parties

| Client | Investment Officer | ESMS Coordinator | MANAGER, E&S | Internal Auditor |
|---|--|---|--|---|
| <p>Designate an internal ESMS review team to conduct internal ESMS audits. Audits should include monitoring performance and process indicators to determine the ESMS effectiveness.</p> <p>Monitoring and reviews should be supported by upper management.</p> <p>All monitoring data and audit findings will be submitted to the MANAGER, E&S and BDC Internal Auditors upon request.</p> <p>Engage third-party contractors should specialised monitoring be required.</p> | <p>Communicates with the client to encourage regular monitoring and reviews of the ESMS process.</p> <p>Attend monitoring visits to ensure client interface is maintained.</p> | <p>Ensures that information and materials required to develop an external communication plan and grievance mechanism are available to the client.</p> | <p>Carries out regular project site visits to determine compliance with ESMS processes and mitigation measures.</p> <p>Reviews the effectiveness of internal audit mechanisms when carrying out the project site visits.</p> <p>Completes annual review report of each project's ESMS implementation and progress.</p> <p>Coordinates with the BDC Internal Audit team to have ESMS components included in all BDC audit processes. This will include summarizing any ESMP updates, collecting internal and external monitoring reports, reviewing grievance and external communications and all auditing documentation.</p> | <p>Coordinates with MANAGER, E&S to incorporate ESMS components and processes into the existing BDC audit process. All relevant data and information will be shared with the BDC Board.</p> |

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Reports will be filed presented to the Chief Risk Officer and filed with associated documentation in the client's credit file.

Outcome

An established monitoring programme that tracks progress of the ESMS and introduces additional environmental and social risks should they arise in the project lifespan.

Supporting Documents

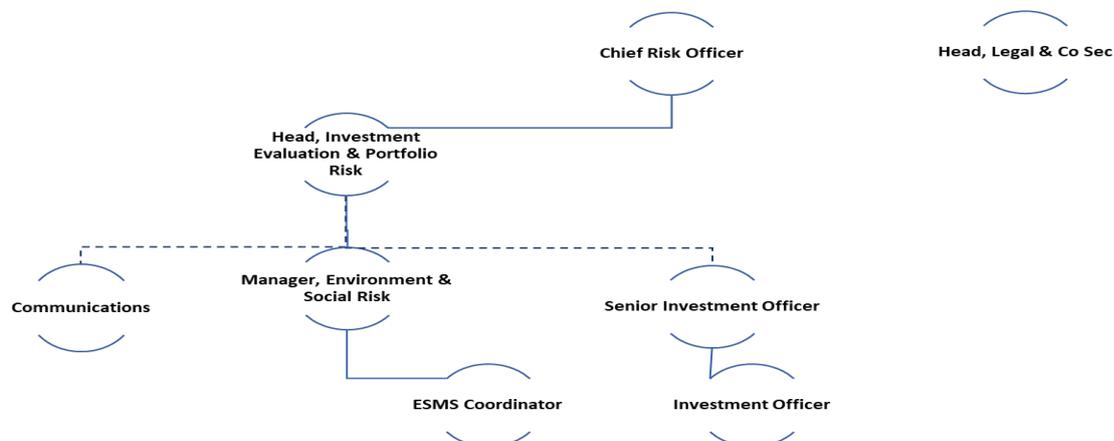
- Monitoring Plan Instructions (Appendix A19)
- Auditing Guidance Plan (Appendix A20)
- Management Review (Appendix A21)

7.0 ORGANISATION AND RESPONSIBILITIES

Implementation of the ESMS is the responsibility of the BDC Risk Division within which a Manager, Environment and Social risk shall assume oversight responsibility for ensuring environmental and social risks are properly assessed and managed. The MANAGER, E&S will oversee the maintenance of the ESMS including reporting requirements. In support of the MANAGER, E&S, a ESMS Coordinator will be designated to assist in the administrative aspects of the ESMS process.

The following roles are required for proper implementation of the ESMS and ESMS Communication Structure is outlined in Figure 4.

Figure 4 ESMS Communication Structure.



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---- Line of communication
 _____ Direct hierarchy

Chief Risk Officer – the Chief Risk Officer as overall responsibility for final review and approval of ESMS processes and documentation. It is the Chief Risk Officer’s responsibility to ensure that ESMS processes are implemented by clients. The Chief Risk Officer is also responsible for reporting on ESMS progress to the MD and BoD, as necessary.

Manager, Environment and Social risk (Manager E&S) is responsible for:

- Ensuring that policy standards are applied consistently throughout implementation of the ESMS;
- Working with clients to undertake appropriate environmental assessments based on project categories, especially in developing measures to meet statutory requirements, including the project brief and terms of reference issued to Department of Environmental Assessment that help define a project’s permitting requirements;
- Identifying qualified third-party specialists and recommending these specialists to potential clients;
- Reviewing the resulting EA and advising the client on any gaps or shortfalls;
- Maintaining close interaction with the Investment Officers to ensure quality of plans, mitigation measures and decisions during appraisal, implementation, monitoring and evaluation;
- Reviewing Risk Identification documentation and confirm appropriate Risk Categorisation for each project;
- Ensuring that correct environmental and social standards are applied;
- Working with clients to undertake appropriate EA activities; reviewing EA activities for technical completeness or coordinate third party review; and reviewing ESMPs to ensure proposed mitigation measures are appropriate and thorough;
- Drafting an Environmental and Social Risk Summary for each project;
- Provide recommendations for a final risk determination;
- Provide inputs to the Chief Risk Officer to ensure environmental and social covenants are included in client transaction agreements;
- Ensure that ESMPs and mitigation plans are implemented, and that supplemental monitoring activities and corrective/preventative actions are in place;

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- Conduct regular site visits as necessary;
- Review all relevant ESMS plans and documentation for completeness;
- Coordinate external communication processes and key messaging with the BDC Corporate Affairs Division.
- Implement Management Reviews of the clients ESMS, including review of monitoring reports and ESMS Audits; and
- Complete periodic updates and reporting as necessary.

ESMS Coordinator – the ESMS coordinator is responsible for the following:

- Coordinating implementation of the ESMS as an integral part of BDC’s investment cycle;
- Ensuring adequate access to Environmental and Social Risk Management tools;
- Scheduling periodic staff training with BDC staff and client staff (as needed) on the use of Environmental Risk Management tools;
- Providing in-house communication, training, and advisory services to raise awareness of the ESMS guidelines and standards;
- Managing documentation and reporting related to the ESMS portfolio;
- Generating lessons on the application of the ESMS, identifying good practices, and helping to disseminate them within BDC;
- Ensuring adequate access to relevant documentation for clients and managing completed documents so that individual projects can be easily tracked;
- Providing feedback on the ESMS framework and ensuring that it is updated on a regular basis for comprehensiveness and effectiveness, based on reviews of the ESMS application; and
- Assisting the MANAGER, E&S as necessary and providing support to the Investment Coordinator as necessary.

Investment Officer – the Investment Officer is responsible for:

- Acting as the primary contact and liaising with clients on day-to-day business;
- Attending external meetings on behalf of BDC;
- Assessing projects against the BDC Exclusion List; and
- Delivering and collecting ESMS related information from the client and BDC.

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Chief Audit Executive – Coordinates reviews and monitors auditing activities with the Chief Risk Officer to ensure that ESMS considerations are included in post-closure and monitoring phases of the BDC Transaction Risk and Management Processes. This information will be shared with the Risk Division for monitoring ESMS process.

Head of Legal – The Head of Legal is responsible for finalising financing agreements that include identified Environmental and Social covenants and warranties, and providing legal guidance when requested.

Client – responsible for developing and distributing the policy statement and management letter to management, employees, contractors and other stakeholders to ensure they understand the client’s environmental and social commitments. Responsible for ensuring that environmental, social, and EHS permitting and statutory requirements are complete prior to project development. During the Investment Appraisal period, the client will undertake a self-led risk assessment to assist BDC understand project risks. The client is required to provide relevant information to BDC so that risk and mitigation measures are identified and can be considered and included as contractual covenants and warranties.

7.1 RESOURCING

BDC Management is fully committed to ensuring that BDC maintains an adequately resourced ESMS that remains relevant. Management will adopt a planned activity-based approach when budgeting for ESMS resources. This will occur each year during the normal budgeting cycle of the Corporation.

8.0 MONITORING AND REPORTING

The following is a description of the BDC ESMS monitoring and reporting process.

8.1 MONITORING

The environmental and social performance of approved projects will be monitored on a periodic basis to ensure ongoing compliance with applicable requirements. The occurrence and requirements of monitoring depends on the Projects Risk Category. Client monitoring requirements are outlined in Section 6.5.5. Each project will have a custom monitoring report format based on identified environmental and social risks and any specific sectoral requirements of the Project.

Monitoring requirements for each Risk Category are presented in Table 3.

Table 3 Project Monitoring Requirements.

| Project Risk Category | Environmental and Social Monitoring Plan Required | Frequency of Management Review Meetings | Monitoring Site Visit required | Frequency of Monitoring Report |
|-----------------------|---|---|--------------------------------|--------------------------------|
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|-------------|---|-------------|---|-------------|
| High Risk | ✓ | Monthly | ✓ | Quarterly |
| Medium Risk | ✓ | Quarterly | ✓ | Quarterly |
| Low Risk | ✓ | Bi-annually | | Bi-annually |

In addition to standard environmental and social reporting requirements, clients are also required to report any major incidents and accidents immediately. This requirement is a covenant that will be included in every Client Loan Agreement. BDC reserves the right to undertake random site visits and/or audits to verify client compliance and ESMS progress should it be deemed necessary.

Outcomes from regular monitoring will be recorded and identified non-compliance issues and agreed corrective actions will be monitored for effectiveness. BDC is committed to assisting clients address and remedy non-compliance issues should they arise and may engage with external contractors to assist in correcting the non-compliance in a reasonable timeframe. The cost of implementing corrective actions will be borne by the client.

8.1.1 Record Keeping

Information and documents generated through each of the ESMS Components will be saved in the client credit file including, but not limited to; BDC forms, meeting notes, research outputs, due diligence reports, relevant third-party assessment reports, and other documentation related to the ESMS process. Covenant terms agreed with the client prior to Project financing from BDC will also be preserved.

BDC will ensure that each report or worksheet is stored electronically and backed up regularly to ensure that information is protected and available. Client credit files will remain active for the duration of the project lifespan and will only be archived a year after BDC engagement has closed.

8.2 REPORTING

The following is a description of BDC's ESMS reporting requirements. BDC will publicly report on the effectiveness of its Environmental and Social Management System framework on its website and will share data sheets found in the appendices with clients. BDC will additionally follow regular internal and external reporting requirements. These may not be publicly reported based on client confidentiality requirements.

8.2.1 Internal Reporting

The Risk Division will provide a quarterly report to senior management on the effectiveness of the ESMS, any difficulties in implementing the ESMS, and provide a summary of the environmental and social risk profile of the BDC investment portfolio. Medium or High-risk transactions that were initiated during the reporting period will be identified so that Senior Management are aware of possible project risks. Feedback to this reporting will be collected and used to improve BDC ESMS processes.

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8.2.2 External Reporting

BDC will report annually to its lenders on the environmental and social performance of its investments. Only stakeholders involved in particular projects will be provided with these reports. ESMS performance will be broadly described in quarterly and annual reports as necessary but will be carried out in vague enough terms to ensure client confidentiality.

9.0 MAINSTREAMING ESMS PROCEDURES ACROSS BDC

The following describes approaches to mainstream ESMS procedures across relevant BDC processes and policies to ensure they are embraced within the organisation and that stakeholders understand the importance of these procedures. ESMS mainstreaming will be achieved through the following human resource activities: establish a BDC ESMS committee, ensure that senior management review the ESMS framework, recruiting qualified people to fill the ESMS roles within the Risk Division and establishing internal training processes; and through practical implementation of the ESMS.

9.1 HUMAN RESOURCES

Following is a description of human resource strategies for mainstreaming the ESMS process across BDC.

9.1.1 BDC ESMS Committee

A BDC ESMS Committee will be formed that meets monthly to discuss issues pertaining to ESMS implementation internally and with clients. The Committee will review feedback regarding the ESMS process and will alter the Policy as necessary. The ESMS committee will also implement and oversee internal training so that relevant staff are trained on ESMS implementation. The Committee will be chaired by the Risk Division, but all BDC divisions will be represented on the Committee.

The ESMS Committee will also look at ensuring that BDC is adhering to best environmental and social practices as an institution. This will include but not be limited to, reviewing opportunities for energy efficiencies, waste recycling, workplace satisfaction, etc.

9.1.2 Senior Review of ESMS

Senior Managers will review the ESMS framework to gain an understanding of ESMS procedures as outlined and approved by the BDC Executive Board. Gaining senior buy-in is important for this process to be fully implemented. Feedback on the implementation of the ESMS will be requested and adjustments made within reason. This will ensure that BDC management is engaged with the ESMS, understands its value, and can promote it through their divisions as required.

9.1.3 Recruitment

Crucial to mainstreaming the ESMS across BDC will be the recruitment of a qualified personnel. These positions should be filled by individuals who have experience in the environmental sector in Botswana,

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have private sector experience, and preferably registered with relevant liked minded bodies to the ethos of this policy.

These positions should be filled by dynamic individuals who understand the sector and can competently identify environmental and social risks. These individuals will not only implement the ESMS with clients but also design and implement internal training to increase internal capacity.

9.1.4 Training

ESMS internal training is integral to mainstreaming the ESMS within BDC. Scheduled training will be delivered by the BDC ESMS Coordinator and MANAGER, E&S and will be delivered to relevant BDC staff, with a focus on divisions that are directly relevant to ESMS implementation. Training will be delivered over several sessions, with the first session focused on an overview of ESMS processes. Subsequent sessions will be delivered on specific components and reviewed by the Risk Division prior to delivery. Internal certificates will be issued for BDC employees who have participated in the ESMS training and these will be kept in employee records.

The Risk Division works closely with the BDC Human Resources Division to deliver ESMS training to new staff as demand requires. The ESMS consultants will assist in the development and the update of the ESMS training certificates.

9.2 IMPLEMENTATION

The BDC ESMS will be implemented in a phased approach. Once the Risk Division is ready to implement the ESMS, a specific project should be identified to pilot the new policy. The first project should be a low or medium risk opportunity which will allow for a controlled and phased approach to implementation. At the end of each component, a review and feedback process will be undertaken by the Risk Division, other relevant BDC divisions, and clients to provide feedback.

Upon the completion of implementing the first Project ESMS, adjustments will be made to the policy based on feedback. Once the Risk Division believes that the ESMS can be scaled, it will be applied to all new projects including high risk opportunities.

It is expected that this policy will change with time and will require additional drafts to remain relevant and effective.

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10.0 REFERENCES

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APPENDICES

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Appendix A1

IFC Performance Standards & Local Legislation

| | | |
|---|---|---------------------|
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IFC PERFORMANCE STANDARDS

| No. | Performance Standard | Objectives |
|-----|---|---|
| 1 | Environmental and Social Assessment and Management System | The client, in coordination with other responsible government agencies and third parties as appropriate, will conduct a process of environmental and social assessment, and establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review. |
| 2 | Labour and Working Conditions | <ul style="list-style-type: none"> ▪ To promote the fair treatment, non-discrimination, and equal opportunity of workers. ▪ To establish, maintain, and improve the worker-management relationship. ▪ To promote compliance with national employment and labor laws. ▪ To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain. ▪ To promote safe and healthy working conditions, and the health of workers. ▪ To avoid the use of forced labor. |
| 3 | Resource Efficiency and Pollution Prevention | <ul style="list-style-type: none"> ▪ To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities. ▪ To promote more sustainable use of resources, including energy and water. ▪ To reduce project-related GHG emissions. |
| 4 | Community Health, Safety and Security | <ul style="list-style-type: none"> ▪ To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances. ▪ To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities. |
| 5 | Land Acquisition and Involuntary Resettlement | <ul style="list-style-type: none"> ▪ To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs. ▪ To avoid forced eviction. ▪ To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected. |

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IFC PERFORMANCE STANDARDS

| No. | Performance Standard | Objectives |
|-----|--|--|
| | | <ul style="list-style-type: none"> To improve, or restore, the livelihoods and standards of living of displaced persons. To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites. |
| 6 | Biodiversity Conservation and Sustainable Management of Living Natural Resources | <ul style="list-style-type: none"> To protect and conserve biodiversity. To maintain the benefits from ecosystem services. To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities. |
| 7 | Indigenous | <ul style="list-style-type: none"> To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of indigenous people. To anticipate and avoid adverse impacts of projects on communities of indigenous people, or when avoidance is not possible, to minimize and/or compensate for such impacts. To promote sustainable development benefits and opportunities for Indigenous People in a culturally appropriate manner. To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous People affected by a project throughout the project's lifecycle. To ensure the Free, Prior and Informed Consent (FPIC) of the Affected Communities of indigenous people when the circumstances described in this Performance Standard are present. To respect and preserve the culture, knowledge, and practices of indigenous people. |
| 8 | Cultural Heritage | <ul style="list-style-type: none"> To protect cultural heritage from the adverse impacts of project activities and support its preservation. To promote the equitable sharing of benefits from the use of cultural heritage. |

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| LOCAL LEGISLATION | | |
|---------------------|--|---|
| Environmental Issue | Legislation | Mandate/Purpose |
| Air pollution | Atmospheric Pollution (Prevention) Act, 1971 | The Act regulates and controls atmospheric pollution. The Act requires that Air Pollution Control Officers should be satisfied that the proposed industrial activities and that they do not conflict with land uses within the project environs. The Act requires certification of industrial processes that can cause emissions into the atmosphere. There is flexibility provided in Section 15 of the Act that makes it possible for the Department of Waste Management & Pollution Control (DWMPC) to develop standards for air quality indicating allowable maximum measurement of pollution such as sulphur and particulate matter. |
| | BOS 498:2012 Ambient Air Quality- Limits for Common Pollutants | This Botswana Standard specifies limit values for common air pollutants to ensure that the negative effects of pollutants on human health and the environment are prevented or reduced. The standard sets limits for common pollutants, dust deposition at household and industrial levels. For the standard to be applied, there has to be monitoring of air quality and dust deposition to enable compliance. |
| Waste management | Waste Management Act, 1998 | <p>This Act provides for the management and control of waste. Waste is defined as controlled waste, which includes clinical, commercial, household, hazardous and industrial waste. The provisions of the Act therefore do not regulate mining waste, which is adequately covered by the Mines, Quarries, Works and Machinery Act (1978). The Waste Management Act establishes the Department of Sanitation and Waste Management, known today as the Department of Waste Management and Pollution Control. It establishes a system for the registration and licensing of waste disposal carriers and facilities; introduces waste management plans, various enforcement powers and it also applies the Basel Convention in regulating the trans-boundary movement of hazardous waste.</p> <p>The Government of Botswana formulated the Waste Management Strategy to ensure the sustainability and environmentally sound management of waste, to guarantee the following:</p> <ul style="list-style-type: none"> Preservation, protection and improvement of the quality of the environment; Contribution towards the protection of human health; and Ensuring prudent and rational utilisation of the natural resources. |
| | Public Health Act, 2013 | The Public Health Act, 2013 is concerned with the well-being of the country's citizens by making provisions for public health protection. The Act also regulates sanitation provision and provides for the protection of water supplies to promote public health |

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| LOCAL LEGISLATION | | |
|--------------------------------|--|--|
| Environmental Issue | Legislation | Mandate/Purpose |
| Land use | State Land Act, 1966 | The State Land Act of 1966 is administered by the Department of Lands under the Ministry of Lands and Housing. The Act defines the state land of Botswana and provides for its disposal and management. |
| | Townships Act (1955)- Amended in 2004 | The Township Act of 1955 provides for the regulation of cities and townships. These regulations aid in conducting affairs of the council concerned. |
| | Gaborone Development Plan, 1997-2021 | <p>The Development Plan for Gaborone City is a strategic, indicative forward planning tool meant to guide decisions on land development and utilisation. It also ensures the orderly growth and development of the city up to the year 2021 and beyond.</p> <p>Specific objectives of the plan intend to amongst other things; promote economic diversification, enhance employment opportunities, foster environmentally friendly practices through enforcement of environmental policies manufacturing industries to the city of Gaborone.</p> |
| | Development Control Code, 2013 | The Development Control Code is a subsidiary of the Town and Country Planning Act (1977) and is a set of planning regulations which control land use and activities taking place in it. These activities mainly comprise of physical developments. The Control Code therefore is intended to facilitate land use compatibility as well as addressing health, safety, environment, social, aesthetics and efficiency concerns related to land use. |
| Wildlife | Wildlife Conservation and National Parks Act, 1992 | This Act seeks for the protection of game animals in Botswana. |
| Occupational health and safety | Herbage Preservation Act, 1978 | This is an Act to prevent and control bush and other fires. In order to preserve existing vegetation on land the Act defines as growing or standing vegetation any tree or part thereof and any bush, shrub, brushwood, undergrowth, grass, crops or stubble. |
| | Road Traffic Act, 2008 | <p>This Act amongst others regulates traffic in the country to ensure road safety. Part VIII of the Act presents driving and other offences relating to the use of vehicles on roads and their penalties. The Act also presents the following:</p> <p>Road Traffic (Signs) Regulation, which deals with road signs (regulatory, warning and informative), road markings, signals, and</p> <p>Road Traffic (Speed Limits for specified vehicles) Regulations.</p> |

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| LOCAL LEGISLATION | | |
|---|--------------------------------|---|
| Environmental Issue | Legislation | Mandate/Purpose |
| Environmental Conservation, Management and Protection | EA Act, CAP 65:07 | The legislation is to ensure that decision makers consider the potential environmental impacts when deciding whether or not to proceed with a project. Moreover, the Act entails submission of evaluation reports to authorities for review and compliance with legal environmental requirements. It also enforces that anyone undertaking and submitting EIA work is registered with the Botswana Environmental Assessment Practitioners Board (EAPB). |
| Labour and employment issues | Workers Compensation Act, 1998 | This Act provides for the protection of employees. Employers are required to pay compensation to any employee who is wounded through a work-related injury or occupational disease. The Act also requires employers to take up an insurance policy to cover liability under the Act, to mitigate against financial costs arising from work related or occupational diseases requiring compensations. |
| | Employment Act, 1982 | The Employment Act standardises the terms of employment and minimum acceptable conditions of work for all employees, and further provides guidance on the recruitment and selection of employees. The Act also advocates for equal opportunities for qualifying applicants, irrespective of gender, tribe, religion, or political beliefs. The Employment Act as amended lays down minimum conditions of employment for employees, whether citizen or expatriate, employed in the private and parastatal sectors. An expatriate employee should be in possession of a valid work permit. |
| Water | Waterworks Act, 1968 | The Act provides for the structure of water authorities in townships, and to confer certain duties and powers upon such water authorities. The Act also provides for charges for water supplies, supplies to non-statutory areas, and the misuse and pollution of water. |
| | Water Act, Chapter 34:01, 1967 | The Act establishes a Water Apportionment and a Water Registrar. It declares all water as public, therefore this makes pollution of public water an offence punishable by law. This Act prohibits pollution of water resources by the returned water to such an extent as to be likely to cause disruption to natural environmental balance. |
| Electricity | Electricity Supply Act, 2010 | The Electricity Supply Act makes provision for the licensing and control of undertakings for the generation and supply of electricity. A licence is required to use, work or operate any plant, apparatus or works designed for the supply or use of electricity. It also requires registration of power generators with output of 100Kw and above to be registered/Authorised by Botswana Energy Regulation Authority (BERA) |
| Quarries, safety and explosives | Mines and Minerals Act (1999) | The Mines and Minerals Act (1999) provides for the granting, renewal and termination of mineral concessions; to provide for the payment of royalties; and for related matters. |

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| LOCAL LEGISLATION | | |
|---------------------|---|---|
| Environmental Issue | Legislation | Mandate/Purpose |
| | Mines, Quarries, Works and Machinery Act (1978, Amended 2005) | The Mines, Quarries, Works and Machinery Act (1978, Amended 2005) provides for the safety, health and welfare of persons engaged in prospecting, mining and quarrying operations including any works which are part of and supplementary to mining and quarrying operations. It also makes provision with respect to the inspection and regulation of mines, quarries, works, and of associated machinery. Under the Act, no person shall be employed at a mine unless such a person has been medically examined by a registered medical practitioner and has been certified by that practitioner to be fit for employment. |
| | Explosives Act (1961) | The Explosives Act (1962) provides for the control of the manufacture, importation, sale, transport, storage, use and disposal of explosives and related matters. NOWATA currently mixes raw materials to produce explosives at a location on site. The explosives are then stored close to and used at the quarry pit. |
| Noise Nuisance | Gaborone City Council (Noise and Nuisance Control) Bye-Laws, 2020 | Gaborone City Council (Noise and Nuisance Control) Bye-Laws, 2020 provides for the control, means a written communication to a violator requiring the stoppage of noise or nuisance with immediate effect or placing restrictions on when and how long an activity can occur or place other restrictions as necessary. |
| Climate Change | A National Climate Change Strategy for Botswana (2018) - UNDP | The national climate change strategy supports Botswana's vision of being a society that is sustainable, climate-resilient and whose development follows a low carbon development pathway, in pursuit of prosperity for all. https://drmims.sadc.int/sites/default/files/document/2020-03/2018_Botswana%20Climate%20Change%20Strategy.pdf |

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Appendix A2

Risk Identification Worksheet

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Risk Identification Worksheet

The Risk Identification Worksheet provides a broad basis to identify possible risks associated with a project. Answering “Yes” to any of the Risk Factors could result in negative impacts as listed. These negative impacts are generalized and will have to be adapted to fit specific projects. If a risk is identified, actions should be taken to mitigate and manage it effectively.

Labour and Working Condition Risks

| Risk Factors | Existing Conditions | Potential Negative Impact |
|---|---------------------|--|
| There is a difference in nationality, race or religion between workers and Managers. | Yes/No | Discrimination. Disciplinary abuse and harassment. Human trafficking and/or forced labour. |
| Managers and supervisors are not aware of the workers’ rights under the national labour law or collective agreements. | Yes/No | Inadequate wages, benefits and contracts. Excessive overtime. Discrimination. Disciplinary abuse and harassment. |
| We have an apprentice program that provides young workers with training and work experience. | Yes/No | Forced labour. Child labour. |
| Children accompany their parents during work or leisure time. | Yes/No | Child labour. Exposure of children to workplace hazards. |
| Female workers make up the majority of the workforce, while most Managers and/or security staff are male workers. | Yes/No | Discrimination. Disciplinary abuse and (sexual) harassment. |
| There is no system for recording the “in” and “out” time for workers. | Yes/No | Excessive working hours. Lack of overtime pay. |
| Some workers are paid based upon the tasks performed (quota) rather than hours worked. | Yes/No | Health and safety risks. Inadequate wage payment. Excessive working hours. |
| Wages paid do not always meet the legal minimum wage or a level to meet the basic needs of a family. | Yes/No | Malnutrition. Child labour. Excessive overtime. Exhaustion. |
| Recruiting agencies and contract workers are routinely used. | Yes/No | Inadequate wages, benefits and contracts. Forced labour. |
| Homeworkers or contractors who use homeworkers are routinely used. | Yes/No | Inadequate wages, benefits and contracts. Forced labour. Child labour. |
| Seasonal or temporary workers are routinely used. | Yes/No | Inadequate wages, benefits and contracts. Excessive overtime. |
| Some workers are migrants from another area. | Yes/No | Forced labour. Discrimination. |
| Migrant workers or seasonal workers are employer in more hazardous jobs. | Yes/No | Discrimination. |
| Dormitories are provided for some or all of the workers. | Yes/No | Lack of freedom of movement. Lack of clean adequate space. Excessive charges for the use of the dormitory. |

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| Risk Factors | Existing Conditions | Potential Negative Impact |
|---|----------------------------|--|
| The dormitories are not regularly inspected for their cleanliness, hygienic conditions, adequate space availability or safe drinking water or sanitation. | Yes/No | Lack of clean, adequate space. Illness of health hazards due to lack of sanitation or access to a clean drinking water supply. |
| Workers are not free to move out of their dormitories. | Yes/No | Lack of freedom of movement. Forced labour. |
| There are security guards onsite. | Yes/No | Lack of freedom of movement. Harassment. |
| The project is located in a free-trade zone. | Yes/No | Inadequate wages, benefits and contracts. |
| There is a large fluctuation in working hours based on working demands. | Yes/No | Excessive overtime. No payment of overtime due to hour averaging. Layoffs. |
| There is a labour shortage in the area. | Yes/No | Child labour. |
| The region does not have strongly established union structure. | Yes/No | Discrimination. Restriction of freedom of association and collective bargaining. |
| There is no history of collective bargaining, unions or other forms of worker representation within the company. | Yes/No | Lack of freedom of association. |
| The union member and worker representatives do not enjoy the same benefits of the other workers. | Yes/No | Lack of freedom of association. Discrimination. |
| The hiring, compensation and promotion of workers is not based on the job requirements and workers' skills. | Yes/No | Discrimination. |
| There is no procedure for workers to express their complaints (grievance mechanism). | Yes/No | Discrimination. Disciplinary abuse and harassment. Worker injuries and chronic conditions. |
| The organisation has done a collective dismissal in the past or it may be vulnerable to collective dismissal due to poor financial conditions or technical reasons. | Yes/No | Discrimination. |
| Workers ages are not verified at the time of hiring. | Yes/No | Child labour. Hiring of young workers. Exposure of young workers to hazardous jobs. |
| Workers are required to deposit money or their original documents (certificates, landing documents, passports, etc.) as a condition of their employment. | Yes/No | Forced labour. Harassment. |
| One-month salary is withheld from workers as a security deposit. | Yes/No | Forced labour. |
| Workers do not have access to separate and clean areas for eating and changing clothes. | Yes/No | Worker illness. |
| Sanitising and washing facilities are not inspected regularly. | Yes/No | Working illness due to infectious diseases. |

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| Risk Factors | Existing Conditions | Potential Negative Impact |
|---|----------------------------|--|
| Production activities include significant lifting, carrying or repetitive motions. | Yes/No | Worker injuries and chronic conditions. |
| Large equipment is used in operations. | Yes/No | Worker injuries and chronic conditions. |
| Equipment, machinery and tools are not regularly inspected and maintained. | Yes/No | Workers injuries such as lacerations, loss of limbs or digits. |
| Production activities involve workers routinely interacting with machinery. | Yes/No | Worker injuries and chronic conditions. |
| There are dust emissions/high noise levels due to certain activities. | Yes/No | Respiratory hazards. Noise induced hearing loss. |
| Workers work long hours in areas with exposure to sunlight, ultraviolet radiation and/or excessive heat. | Yes/No | Heat and sun-induced dermatitis. Melanoma. Lip cancer. Dehydration. |
| Workers are required to work at precarious levels and high elevations. | Yes/No | Fall injuries. Head injuries from falling objects. |
| Tools are not well maintained or ill designed for the job. | Yes/No | Fatigue. Physical injury such as cuts and lacerations. |
| Roadways and paths are narrow, restricting vehicular or personnel movements. | Yes/No | Worker injury or death due to hazards related to head-on crashes between vehicles or overturns off the side of the road. |
| Electrical equipment used is not regularly inspected and maintained. | Yes/No | Workers exposure to severe shocks, burns or electrocution. |
| Confined spaces are not yet identified and workers are not fully trained on safe operating practices. | Yes/No | Worker's exposure to toxic gases (hydrogen sulphide, methane, ammonia, carbon monoxide, carbon dioxide). Oxygen deficiency and asphyxiation. |
| Open trucks are used to transport workers from location to another. | Yes/No | Physical injury. Fatalities due to vehicle-worker collisions or other accidents. |
| Production activities involve hazardous materials or processes that could cause fires or explosions. | Yes/No | Worker injuries or fatalities. |
| Some hazardous materials are not identified or labelled and some of the workers may not be trained in safe handling of chemicals or other hazardous substances. | Yes/No | Worker illnesses. Exposure to hazardous chemicals. |
| No all activities where personal protective equipment (PPEs) is required. | Yes/No | Worker injuries. Exposure to hazardous material and chronic conditions. |
| Not all workers are aware of the workplace hazards and how to use the appropriate PPE. | Yes/No | Worker injuries. Exposure to hazardous material and chronic conditions. |
| Workers are not aware of what to do in case of an emergency. Emergency routes and exits are often blocked and locked. | Yes/No | Injuries and loss of life. |

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| The companies in the supply chain would probably answer “Yes” to most of the questions above. | Yes/No | All of the above. |
|---|--------|-------------------|

Environmental Risks

| Risk Factors | Existing Conditions | Potential negative impact |
|--|---------------------|--|
| Operations require large quantities of fresh water. | Yes/No | Water resources depletion in the region. Contamination of ground or surface water sources in the region due to discharge of surface runoffs. |
| Operations have high requirements for power supply. | Yes/No | High energy consumption. |
| Large quantities of fuel (gas/diesel/etc.) are required for operations. | Yes/No | Air emissions. |
| Various processes and utility equipment, which may generate air emissions (e.g., boiler, diesel generator set, incinerator, grinder, etc.) are in use. | Yes/No | Air emissions. Solid waste (e.g., waste from equipment maintenance, fly and bottom ash from coal-based boilers). Hazardous waste (e.g., waste oil, oil-soaked filters and rags). Liquid waste (e.g., boiler blow-down, waste oil). Noise generation. |
| Large (or significant) quantities of solid or liquid waste from manufacturing or production processes are generated. | Yes/No | Solid waste. Liquid waste. Contamination of land, groundwater and/or surface water due to improper disposal of solid and liquid waste. |
| Solid waste is disposed of in a private landfill or city’s landfill facility. | Yes/No | Contamination of land, groundwater (due to leachate) and/or surface water (due to run-off). |
| Hazardous or toxic solid or liquid waste such as chemical residues and sludge from wastewater treatment plants are generated. | Yes/No | Contamination of land, groundwater and/or surface water (due to run-off) if disposed improperly. |
| Wastewater (process effluent) is discharged in a nearby river, lake or any other water body. | Yes/No | Contamination of receiving water body and aquatic life. Eutrophication due to high BOD ₅ (Biochemical Oxygen Demand) or COD (Chemical Oxygen Demand). |
| Wastewater and sewage (from toilets, washrooms, etc.) is treated before it is discharged. | Yes/No | Energy consumption. Solid waste generation (e.g., sludge from treatment process, treatment chemicals). Land and/or water contamination due to improper disposal of solid waste (e.g., sludge). |
| Treated wastewater (process effluent) is not reused for processing purposes. | Yes/No | Water consumption. |
| Some banned or restricted chemicals/materials are used in processes. | Yes/No | Non-fulfilment of regulatory requirements. Air, land or water pollution depending on current usage. Exposure of |

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| | | workers or consumers to banned chemicals |
| Pests/vectors are a problem. | Yes/No | Use of chemicals. Chemical exposure to workers. Land or water contamination due to disposal of infested material. |

Community Health, Safety and Security Risks

| Risk Factors | Existing Conditions | Potential negative impact |
|---|---------------------|---|
| Operations involve air emissions, water discharge, solid waste disposal, leakage of chemicals or gases, etc., that may pass on to the surrounding community. | Yes/No | Air, water or land contamination, which can affect the health and livelihood of local communities. |
| Large extensions of land are required. | Yes/No | Loss of biodiversity. Soil degradation. GHG emissions. |
| Certain banned or restricted chemicals, pesticides or herbicides are used in operations. | Yes/No | Exposure of community to banned chemicals/hazardous substances directly or through contaminated water and soil. Impact on wildlife. |
| New infrastructure, buildings, equipment and other facilities are planned onsite. | Yes/No | Exposure of communities to air emissions, noise, and accidents due to equipment and vehicular movement. Impact on wildlife, biodiversity and local livelihoods due to natural habitat conversion. |
| Decommissioning and disposal of old infrastructure, buildings, equipment and other facilities is planned. | Yes/No | Health risks to communities as a result of exposure to toxic substances (e.g., from chemicals, heavy metals, asbestos, etc.), and air emissions and noise due to equipment and vehicular movement. |
| There is significant movement of vehicles in and around facilities due to operations. | Yes/No | Exposure of communities to air emissions, noise, and accidents due to vehicular movement. |
| Hazardous chemicals or hazardous waste is stored on site. | Yes/No | Health risks to communities and negative impacts on wildlife and biodiversity due to the intentional or unintentional (spills) release of hazardous or toxic substances contaminating air, land, or water |
| Water is discharged from operations, which may have an impact on surrounding water bodies (e.g., wastewater from workers' residential facilities, other production facilities, etc. | Yes/No | Negative impacts on local food security and income generation due to contamination of aquatic life. Diseases/illness among local communities due to the use of contaminated water. |
| Temporary and migrant workers are hired. | Yes/No | Communicable diseases brought or spread by the influx of workers |
| Private security personnel are hired. | Yes/No | Conflicts with communities. |
| There are some complaints from the local community. | Yes/No | Conflicts with communities. |

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| Large quantities of fresh water are used in operation. | Yes/No | Potential negative effects for fisheries. Lack of water for irrigation for nearby farmers, negative effect on availability of drinking water. |
| There is a high risk of fire and explosions due to operations. The facilities are not adequate to manage this or does not have a permit for the operations taking place. | Yes/No | Collapse of building. Fires and explosions may affect nearby buildings. Injuries and loss of life. |

Appendix A3

Risk Assessment Tool

| | | | |
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Risk Assessment Tool

Once risks have been identified for a Project, the risk assessment tool (Table A5.2) will help assess the significance of each identified risk. This allows for the prioritization of time and other resources to mitigate and manage identified risks. Risks should be organized so that those with the highest probability of occurrence and those that would have the most severe impacts are addressed first. To manage risk, it is best to attempt to avoid the risk altogether and prevent the risk from becoming a problem. If that is not possible, measures to minimize any potential negative impacts of the risks should be employed.

The first step is to use the risk identification tools as described above. Next, the probability (low, medium, high, very high), and potential severity (low, medium, high, very high) should be assessed. For example, a major flood or earthquake may be unlikely to occur (low probability), but the damage could be extremely high (high impact).

When considering risk, it is important to consider the following questions:

3. What is the occurrence of recent past negative impacts? Are trends likely to continue?
4. What are the risks associated with the location of the project?
5. Have there been any recent changes in your situation that may increase your vulnerability to risk? For example, have you had an influx of new workers who have not been fully trained in safety procedures and may be more likely to make mistakes?

The scope of the negative impact is also important to include in assessing risk impact which includes:

- Consideration for the number of people impacted by the risk;
- If the risk would result in extreme injuries or death;
- The impact on the surrounding environment and communities; and
- The risk to operating permits.

This assessment may also allow the client to consider opportunities to increase efficiency and save money by reducing water and energy consumption, waste generation, and other similar considerations.

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Table A4.1 Risk assessment tool.

| RISK | PROBABILITY OF OCCURRING <i>(low=1, medium=2, high=3, very high=4)</i> | SEVERITY IF IT OCCURRED <i>(low=1, medium=2, high=3, very high=4)</i> | RISK PRIOTIZATION <i>(low, medium, critical)</i> | NOTES AND COMMENTS |
|---|--|---|--|---------------------------|
| What is the risk that has been identified? (Use previous tools to identify risks) | What is the likelihood that this risk will occur and create negative impacts? | How severe would the potential impacts be, if the risk should occur? | What are the highest priority risks based on the likelihood of occurring and the severity of the impact? | Any additional notes. |

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Appendix A4

Risk Evaluation Matrix and Impact Evaluation Criteria

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Impact Assessment

Methodology

The potential impacts were assessed based on the magnitude, as well as the receiver’s sensitivity, culminating in an impact significance which identifies the most important impacts that require management.

Based on international guidelines, the following criteria are considered when examining potentially significant impacts:

- Nature of impacts (direct/indirect, positive/ negative);
- Duration (short/medium/long-term, permanent(irreversible) / temporary (reversible), frequent/seldom);
- Extent (geographical area, size of affected population/habitat/species);
- Intensity (minimal, severe, replaceable/irreplaceable);
- Probability (high/medium/low probability); and
- Possibility to mitigate, avoid or offset significant adverse impacts.

Details of the impact assessment methodology used to determine the significance of physical, biophysical, and socio-economic impacts are provided below.

The significance rating process follows the established impact/risk assessment formula:

| |
|--|
| Significance = Consequence x Probability x Nature |
|--|

Where;

| |
|--|
| Consequence = Intensity + Extent + Duration |
|--|

And

| |
|--|
| Probability = Likelihood of an impact occurring |
|--|

And

| |
|---|
| Nature = Positive (+1) or negative (-1) impact |
|---|

Note: In the formula for calculating consequence, the type of impact is multiplied by +1 for positive impacts and -1 for negative impacts

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The matrix calculates the rating out of 147, whereby Intensity, Extent, Duration and Probability are each rated out of seven as indicated in the Table below. The weight assigned to the various parameters is then multiplied by +1 for positive and -1 for negative impacts.

Impacts are rated before mitigation and again after consideration of the mitigation measure proposed. The significance of an impact is then determined and categorised into one of eight categories, as indicated in the tables below. The description of the significance ratings is discussed below.

It is important to note that the pre-mitigation rating takes into consideration the activity as proposed, i.e., there may already be certain types of mitigation measures included in the design (for example due to legal requirements). If the potential impact is still considered too high, additional mitigation measures are proposed.

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Table: Impact Assessment Parameter Ratings

| Rating | Intensity/Replaceability | | Extent | Duration/Reversibility | Probability |
|----------|--|--|---|---|--|
| | Negative Impacts (Nature = -1) | Positive Impacts (Nature = +1) | | | |
| 7 | Irreplaceable loss or damage to biological or physical resources or highly sensitive environments. Irreplaceable damage to highly sensitive cultural/social resources. | Noticeable, ongoing natural and/or social benefits which have improved the overall conditions of the baseline. | <u>International</u> The effect will occur across international borders. | Permanent: The impact is irreversible, even with management, and will remain after the life of the project. | Definite: There are sound scientific reasons to expect that the impact will occur. >80% probability. |
| 6 | Irreplaceable loss or damage to biological or physical resources or moderate to highly sensitive environments. Irreplaceable damage to cultural/social resources of moderate to high sensitivity. | Great improvement to the overall conditions of a large percentage of the baseline. | <u>National</u> Will affect the entire country. | Beyond project life: The impact will remain for some time after the life of the project and is potentially irreversible even with management. | Almost certain / Highly probable: It is most likely that the impact will occur. <80% probability. |

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| Rating | Intensity/Replaceability | | Extent | Duration/Reversibility | Probability |
|--------|--|---|--|--|---|
| | Negative Impacts (Nature = -1) | Positive Impacts (Nature = +1) | | | |
| 5 | <p>Serious loss and/or damage to physical or biological resources or highly sensitive environments, limiting ecosystem function.</p> <p>Very serious widespread social impacts. Irreparable damage to highly valued items.</p> | <p>On-going and widespread benefits to local communities and natural features of the landscape.</p> | <p><u>Province/ Region</u></p> <p>Will affect the entire province or region.</p> | <p>Project Life (>15 years): The impact will cease after the operational life span of the project and can be reversed with sufficient management.</p> | <p>Likely: The impact may occur. <65% probability.</p> |
| 4 | <p>Serious loss and/or damage to physical or biological resources or moderately sensitive environments, limiting ecosystem function.</p> <p>On-going serious social issues. Significant damage to structures/items of cultural significance.</p> | <p>Average to intense natural and/or social benefits to some elements of the baseline.</p> | <p><u>Municipal Area</u></p> <p>Will affect the whole municipal area.</p> | <p>Long term: 6-15 years and impact can be reversed with management.</p> | <p>Probable: Has occurred here or elsewhere and could therefore occur. <50% probability.</p> |

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| Rating | Intensity/Replaceability | | Extent | Duration/Reversibility | Probability |
|----------|--|---|---|--|--|
| | Negative Impacts (Nature = -1) | Positive Impacts (Nature = +1) | | | |
| 3 | Moderate loss and/or damage to biological or physical resources of low to moderately sensitive environments and, limiting ecosystem function. On-going social issues. Damage to items of cultural significance. | Average, ongoing positive benefits, not widespread but felt by some elements of the baseline. | <u>Local</u> Local extending only as far as the development site area. | Medium-term: 1-5 years and impact can be reversed with minimal management. | Unlikely: This has not happened yet but could happen once in the lifetime of the project. There is a possibility that the impact will occur. <25% probability. |
| 2 | Minor loss and/or effects to biological or physical resources or low sensitive environments, not affecting ecosystem functioning. Minor medium-term social impacts on the local population. Mostly repairable. Cultural functions and processes are not affected. | Low positive impacts experienced by a small percentage of the baseline. | <u>Limited</u> Limited to the site and its immediate surroundings. | Short term: Less than 1 year and is reversible. | Rare/improbable: Conceivable, but only in extreme circumstances. The possibility of the impact materialising is very low because of design, historic experience or implementation of adequate mitigation measures. <10% probability. |

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| Rating | Intensity/Replaceability | | Extent | Duration/Reversibility | Probability |
|----------|--|--|---|---|---|
| | Negative Impacts (Nature = -1) | Positive Impacts (Nature = +1) | | | |
| 1 | Minimal to no loss and/or effect to biological or physical resources, not affecting ecosystem functioning. Minimal social impacts, low-level repairable damage to commonplace structures. | Some low-level natural and/or social benefits felt by a very small percentage of the baseline. | <u>Very limited/Isolated</u> Limited to specific isolated parts of the site. | Immediate: Less than 1 month and is completely reversible without management. | Highly unlikely / None: Expected never to happen. <1% probability. |

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Table: Probability/Consequence Matrix

| | |
|---------------------|--|
| Significance | |
| 7 | -147 -140 -133 -126 -119 -112 -105 -98 -91 -84 -77 -70 -63 -56 -49 -42 -35 -28 -21 21 28 35 42 49 56 63 70 77 84 91 98 105 112 119 126 133 140 147 |
| 6 | -126 -120 -114 -108 -102 -96 -90 -84 -78 -72 -66 -60 -54 -48 -42 -36 -30 -24 -18 18 24 30 36 42 48 54 60 66 72 78 84 90 96 102 108 114 120 126 |
| 5 | -105 -100 -95 -90 -85 -80 -75 -70 -65 -60 -55 -50 -45 -40 -35 -30 -25 -20 -15 15 20 25 30 35 40 45 50 55 60 65 70 75 80 85 90 95 100 105 |
| 4 | -84 -80 -76 -72 -68 -64 -60 -56 -52 -48 -44 -40 -36 -32 -28 -24 -20 -16 -12 12 16 20 24 28 32 36 40 44 48 52 56 60 64 68 72 76 80 84 |
| 3 | -63 -60 -57 -54 -51 -48 -45 -42 -39 -36 -33 -30 -27 -24 -21 -18 -15 -12 -9 9 12 15 18 21 24 27 30 33 36 39 42 45 48 51 54 57 60 63 |
| 2 | -42 -40 -38 -36 -34 -32 -30 -28 -26 -24 -22 -20 -18 -16 -14 -12 -10 -8 -6 6 8 10 12 14 16 18 20 22 24 26 28 30 32 34 36 38 40 42 |
| 1 | -21 -20 -19 -18 -17 -16 -15 -14 -13 -12 -11 -10 -9 -8 -7 -6 -5 -4 -3 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 |
| Probability | |
| | Consequence |

| | | |
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Table: Significance Rating Description¹

| Score | Description | Rating |
|--------------|---|---------------------------|
| 109 to 147 | A very beneficial impact that may be sufficient by itself to justify the implementation of the project. The impact may result in permanent positive change | Major (positive) (+) |
| 73 to 108 | A beneficial impact which may help to justify the implementation of the project. These impacts would be considered by society as constituting a major and usually a long-term positive change to the (natural and/or social) environment | Moderate (positive) (+) |
| 36 to 72 | A positive impact. These impacts will usually result in positive medium to long-term effects on the natural and/or social environment | Minor (positive) (+) |
| 3 to 35 | A small positive impact. The impact will result in medium to short-term effects on the natural and/or social environment | Negligible (positive) (+) |
| -3 to -35 | An acceptable negative impact for which mitigation is desirable. The impact by itself is insufficient even in combination with other low impacts to prevent the development from being approved. These impacts will result in negative medium to short-term effects on the natural and/or social environment | Negligible (negative) (-) |
| -36 to -72 | A minor negative impact requires mitigation. The impact is insufficient by itself to prevent the implementation of the project but in conjunction with other impacts may prevent its implementation. These impacts will usually result in negative medium to long-term effects on the natural and/or social environment | Minor (negative) (-) |
| -73 to -108 | A moderate negative impact may prevent the implementation of the project. These impacts would constitute a major and usually a long-term change to the (natural and/or social) environment and result in severe changes. | Moderate (negative) (-) |
| -109 to -147 | A major negative impact may be sufficient by itself to prevent the implementation of the project. The impact may result in permanent change. Very often these impacts are immitigable and usually result in very severe effects. The impacts are likely to be irreversible and/or irreplaceable. | Major (negative) (-) |

¹ It is generally sufficient to only monitor impacts that are rated as negligible or minor

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Appendix A5

ESMS Workplan

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ESMS Workplan

Figure A5.1 presents an example of a workplan that should be developed for each client to implement an ESMS. Although establishment of an ESMS may require significant resources, once it has been setup, annual updates and audits becomes less arduous and can be planned well in advance. The plan must establish work schedules and deadlines for each task. It allows the project team to clearly see the linkages and interdependence of tasks.

Figure A5.1 ESMS Workplan Example.

| SOP | Activity | Month 1 | | | | Month 2 | | | | Month 3 | | | | Month 4 | | | | Month 5 | | | | Month 6 | | | |
|---|------------------------------------|---------|----|----|----|---------|----|----|----|---------|----|----|----|---------|----|----|----|---------|----|----|----|---------|----|----|----|
| | | W1 | W2 | W3 | W4 |
| SOP 1: Policy Review | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1001 | Policy Statement | | | | | | | | | | | | | | | | | | | | | | | | |
| 1002 | Management Letter | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 2: Identification of Risks, Opportunities and Impacts | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2001 | BDC Exclusion List | | | | | | | | | | | | | | | | | | | | | | | | |
| 2002 | Risk Identification System | | | | | | | | | | | | | | | | | | | | | | | | |
| 2003 | EA and Permitting Requirements | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 3: Management Programme | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3001 | ESMP Development | | | | | | | | | | | | | | | | | | | | | | | | |
| 3002 | Site Visit Reporting | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 4: Organisational Capacity and Competency | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4001 | Organisational Structure | | | | | | | | | | | | | | | | | | | | | | | | |
| 4002 | ESMP Workplan | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 5: Emergency Preparedness and Response | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5001 | Risk Mapping | | | | | | | | | | | | | | | | | | | | | | | | |
| 5002 | Emergency Plans | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 6: Stakeholder Engagement | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6001 | Stakeholder Identification | | | | | | | | | | | | | | | | | | | | | | | | |
| 6002 | Stakeholder Engagement Plan | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 7: External Communications and Grievance Mechanisms | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7001 | External Communication Plan | | | | | | | | | | | | | | | | | | | | | | | | |
| 7002 | Grievance Mechanism | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 8: Ongoing Reporting to Affected Communities | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8001 | Engaging with Affected Communities | | | | | | | | | | | | | | | | | | | | | | | | |
| SOP 9: Monitoring and Reviewing | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9001 | Monitoring Plan | | | | | | | | | | | | | | | | | | | | | | | | |
| 9002 | ESMS Auditing | | | | | | | | | | | | | | | | | | | | | | | | |
| 9003 | Management Review | | | | | | | | | | | | | | | | | | | | | | | | |

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Appendix A6

**Environmental and Social Risk Summary
Template**



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Environmental and Social Risk Summary Template

Once the preliminary risk assessment has been completed, an Environmental and Risk Summary Report should be required for each project. An outline is provided below:

1. Nature of the Transaction and the Borrower's Business:
 - Type of transaction, amount and term;
 - Borrower and its business operations; and
 - Purpose of loan.

2. Environmental and Social Information Reviewed and Issues Identified:
 - Information reviewed, e.g.: permits/licenses, Environmental and social policies/procedures, ESIA, inspection reports, client submissions to environmental, health and safety, and/or labour authorities.
 - Main environmental and social impacts of company operations (e.g., air emissions, wastewater, hazardous waste, health and safety, public safety, labour standards).
 - Key environmental and social concerns identified (e.g., known areas of current or future non-compliance with regulations, high worker accident rate, significant major accident risk, community grievances/ protest, poor employee/management relations).

3. Environmental Regulatory Compliance and Liability:
 - Does the Borrower comply with environmental regulations and standards.
 - Has the Borrower obtained the necessary permits and approvals for construction/operation?
 - Has the Borrower conducted the appropriate stakeholder engagement and performed the required public disclosure?
 - Has the Borrower paid excess charges or fines/penalties for non-compliance with environmental regulations and standards in the last years? If yes, specify magnitude.
 - What are the main findings of the latest environmental inspection reports?

4. Social Regulatory Compliance and Liability:
 - Does the borrower comply with national labour and employee protection regulations, in particular those related to occupational health and safety (OHS), employment of minors, the prohibition of forced labour, the non-discriminatory treatment of employees at the workplace, the freedom of association, and the right to bargain collectively?

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Appendix A7

Environmental and Social Risk Mitigation Hierarchy

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Mitigation Hierarchy

The mitigation hierarchy is a tool (Table A7.1) designed to assist with managing potential impacts resulting from implementation of a proposed project. Mitigation measures can be preventative or remedial as per the following hierarchy:

Table A7.1 Mitigation hierarchy components and examples of activities.

| Component | Description | Examples |
|------------------|---|--|
| Avoid | This is a preventive measure and generally considered during site selection and project design. | Preserving sensitive ecosystems and areas of archaeological importance (no developments in such areas). |
| Minimise | This is a preventive measure that includes installation of physical controls, and putting in place operation or abatement controls. This reduces duration and intensity of the impact and ensures the significance of the impact, and avoid going over the prescribed threshold. | Managing access to project site, managing areas that are to be cleared, reducing emissions of dust, recycling of different waste streams, installation of barriers in place to prevent soil loss through erosion, etc. |
| Restore | This is a remediation measure that may be applied to restore features that may be damaged due to impacts that cannot completely be avoided, or minimised. | Manage alien invasive species, re-apply topsoil to areas that have been excavated. |
| Compensate | This is also applied in managing residual impacts arising from a project and persisting after appropriate prevention measures have been implemented. These management activities are generally carried out away at a site away from direct impact, and maybe carried out in phases. | Planting trees, removal of invasive weeds. |

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Appendix A8

Environmental and Social Management Plan

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Environmental Management Plan Outline

Applying an Environmental Social Management Plan (ESMP) for medium and high-level projects would ensure a prescriptive risk management approach is applied allowing for a uniform risk management system. ESMPs can be developed as part of the EA process by a third party and issues identified in the ESMP process can form covenants that can be included in loan agreements. An outline of a standard ESMP is provided in Table A8.1.

An ESMP is a management plan that:

- Outlines identified issues and potential project impacts;
- Outlines risk mitigation measures to be implemented;
- Identifies measurable performance indicators, or acceptance criteria;
- Identifies those responsible for implementing mitigation measures;
- Provides estimates for resources to implementing monitoring;
- Establishes a monitoring schedule; and
- Establishes monitoring responsibilities.

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Table A8.1 ESMP Outline Example.

| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|--------------|--|--|-------------------------------|--|---|----------------------------------|---|--|---|--|
| Construction | Loss of vegetation | Vegetation clearance footprint. Topsoil striping and stockpiling. | All cleared areas | Areas cleared of vegetation | Visual inspections and measurement of cleared areas. | Client/BDC | Monthly | Presentation of findings in Environmental Monthly report. | Clearance must be kept to minimum required for safe work at all times. | Demarcate clearance area, rehabilitation of unnecessarily cleared areas. |
| Construction | Impacts on habitat that supports flora or vegetation | Area of disturbance | All cleared areas | Surveyed area of disturbance (m ²) aligns with that stipulated in the relevant ground disturbance permit | Area demarcated prior to clearing Survey pick up of disturbed area | Client/BDC | Done throughout the A4 mine construction period | Cumulative disturbance records and survey pick up reported in monthly environmental monitoring reports | Minimal vegetation loss Herbage preservation Act 1978 (section 4 and 6) Wildlife protection Act (Part IX, Section 46) | Revegetation of unnecessarily cleared vegetation undertaken |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|--------------|---|--|---|--|--|----------------------------------|---|---|--|---|
| Construction | Introduction or promotion of alien invasive plants | Number and type of Identified "new/alien" species in the area | All areas of active work | Total removal of alien species Zero sightings or reports of alien species | Visual observations of alien/unrecorded species in the area | Client/BDC | Ongoing monitoring throughout all stages of the project | Plotting and naming of alien species identified on site | No alien species Herbage preservation Act 1978 (section 4 and 6) | Identified alien species to be eliminated from site |
| Construction | Soil contamination | Total hydrocarbons in soil following spillage incidents | Land around areas with active machinery and vehicle use | Total petroleum hydrocarbons (TPH) below 5mg/kg | Soil sampling and tests results for presence and extent of hydrocarbon pollution | Client/BDC | Daily during construction | Graphical presentation of results against standard limits in the environmental report | TPH below 5mg/kg for GRO, DRO and Polycyclic Aromatic Hydrocarbons (PAH) per the BOS 93:2012 | Contaminated soil should be removed, and bioremediation is undertaken |
| Construction | Contamination of groundwater and surface due to spillages of hydrocarbons | Total hydrocarbons in groundwater and surface water following spillage incidents | Land around areas with active machinery and vehicle use | Total petroleum hydrocarbons (TPH) below 5mg/kg | Soil sampling and tests results for presence and extent of hydrocarbon pollution | Client/BDC | Daily during construction | Graphical presentation of results against standard limits in the environmental report | TPH below 5mg/kg for GRO, DRO and Polycyclic Aromatic Hydrocarbons (PAH) per the BOS 93:2012 | Contaminated soil should be removed, and bioremediation is undertaken |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|--------------|---|---|--|--|---|----------------------------------|---------------------------|---|--|---|
| Construction | Noise emissions impacting stakeholders and/or the environment | Sound level (decibels) | All engine driven equipment (including power generators) | Low level of ambient noise Noise at acceptable minimum levels as per the set standard | General noise measurement using a noise level meter | Client/BDC | Daily during construction | Graphical presentation of results against standard limits in the environmental report | Low noise levels withing allowable limits BOBS 575: 2013 standard. | Change equipment or install silencers. Restrict works to day time. |
| Construction | Fugitive dust generation and PM ₁₀ emissions | PM ₁₀ Nuisance dust levels Maximum Speed limits Frequency of dust suppression | Dust and fumes generating areas | No dust generation | Use particle counter to record PM10 levels Visual inspection | Client/BDC | Daily during construction | Graphical presentation of results against standard limits in the environmental report | Low air pollution levels withing allowable limits BOBS 498: 2012 standard | Dust suppression intensified Management and handling of hydrocarbons |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|--------------|--|--|--|--|---|----------------------------------|---------------------------|---|--|---|
| Construction | Greenhouse Gas Emissions (Scope 1) | Greenhouse gas emission levels (metric tons CO ₂ e) | Fumes generating equipment's | No fumes/emissions smell | Record readings from carbon capture equipment | Client/BDC | Daily during construction | Graphical presentation of results against standard limits in the environmental report | The current 2020 GHG emission limit is 431 | Emission monitoring intensified Polluting equipment's stopped from operation |
| Construction | Disturbance of archaeological surface and subsurface remains and any other cultural heritage artefacts that may be of importance | Number of archaeological chance finds Number of disturbed or damaged archaeological resources | A4 project site especially where active work and anticipated disturbance is taking place | Minimal or no disturbance of artefacts Total discovery of archaeological artefacts or finds | Sieving identified artefacts, bagging, labelling and submission to DNMM | Client/BDC | Daily during construction | Photographic presentation of institutional artefacts and recording of description of artefact | Minimized disturbance of archaeological artefacts Monuments and Relics Act 2001 (Section 9) | Work should be stopped immediately and reported to supervising archaeologist for action |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|--------------|---|---|-----------------------------------|---|---|----------------------------------|--------------------------------|--|--|--|
| Construction | Creation of employment opportunities | Number of people employed, and vacancies created Number of local people employed | Client/BDC Human Resources Office | Number of employees for A4 project | Recording of staff/employment records | Client/BDC | Monthly during life of project | Tabulation of records of employment over the life of project | Maximum number of employment opportunities Employment Act (1992) Part III Sub Section 14-38 | Evoking of relevant clauses on contravention of employment act and the recommended channels of recruitment |
| Operation | Impacts associated with project induced migration | Population numbers Informal settlements | Project local communities | No pressure on social services | Records of complaints | Client/ BDC | Quarterly during operation | Tabulation of population growths or immigration | Excessive pressure on local resources and evidence of social ills | Engagement with local authority to resolve and manage the migration |
| Operation | Benefits from the implementation of Community development initiatives | Community development initiatives | Local Communities | Operational Community development initiatives | Perusal of records and documentation of community initiatives | Client/ BDC | Quarterly during operation | Reported on quarterly mine operations reports | Successful community initiatives | Engagement with local authority to resolve and manage the community projects |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|-----------------|---|---|--|--|--|----------------------------------|--------------------------------|---|--|---|
| Decommissioning | Soil contamination | Total hydrocarbons in soil following spillage incidents | Land around areas with active machinery and vehicle use | Total petroleum hydrocarbons (TPH) below 5mg/kg | Soil sampling and tests results for presence and extent of hydrocarbon pollution Records of vegetation used to revegetate | Client/BDC | Monthly during decommissioning | Graphical presentation of results against standard limits in the environmental report | TPH below 5mg/kg for GRO, DRO and Polycyclic Aromatic Hydrocarbons (PAH) per the BOS 93:2012 | Contaminated soil should be removed, and bioremediation is undertaken |
| Decommissioning | Noise emissions impacting stakeholders and/or the environment | Sound level (decibels) | All engine driven equipment (including power generators) | Low level of ambient noise Noise at acceptable minimum levels as per the set standard | General noise measurement using a noise level meter | Client/BDC | Daily during decommissioning | Graphical presentation of results against standard limits in the environmental report | Low noise levels within allowable limits BOBS 575: 2013 standard. | Change equipment or install silencers. Restrict works to day time. |

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| Phase | Impact | Parameter to be monitored | Source/location of monitoring | Key Performance Indicator | Methods of monitoring | Responsible Agent for Monitoring | Frequency of Monitoring | Reporting Mechanism | Thresholds or existing standards | Recommended Action if threshold is exceeded |
|-----------------|---|---|-------------------------------|--|---|----------------------------------|--------------------------------|---|--|---|
| Decommissioning | Fugitive dust generation and PM ₁₀ emissions | PM ₁₀ Nuisance dust levels Maximum Speed limits Frequency of dust suppression | Dust generating areas | No dust produced | Use particle counter to record PM10 levels Visual inspection | Client/BDC | Daily during decommissioning | Graphical presentation of results against standard limits in the environmental report | Low air pollution levels within allowable limits | Dust suppression intensified |
| Decommissioning | Decreased economic activities after the operation | Loss of business due to business closure Loss of phase employment due to business closure | Human Resource data records | Adequate remuneration packages <i>Integrated mine closure plan (where applicable)</i> | Perusal of closure and human resource plans | Client/BDC | Monthly during decommissioning | Tabulation of records of economic activities affected by closure | number of local businesses engaged Employment Act (1992) Part III Sub Section 14-38 | Revision of the mine closure plans |

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Appendix A9

Stakeholder Mapping Exercise

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Stakeholder Mapping Exercise

The following tool will help BDC and its clients identify stakeholders and determine the level of engagement necessary to successfully carry out the project. The steps include:

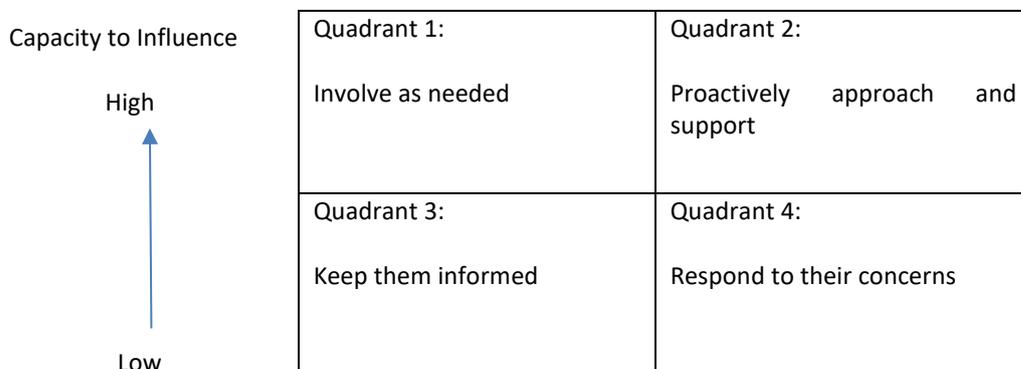
1. Conduct this exercise with a cross-functional/departmental team.
2. Create a list of all the relevant stakeholders for the company. Relevant stakeholders include:
 - stakeholders who are directly and indirectly affected by the company;
 - stakeholders who have an interest in the company operations;
 - stakeholders who may have complaints or concerns related to operations;
 - stakeholders who have an ongoing relationship with the company; and
 - stakeholders who can influence your company operations.

The list should be as specific as possible. For example, each main clients and suppliers should be listed independently, and disaggregate communities by identifying legitimate local leaders or other relevant actors.

3. Discuss each stakeholder group and record each one’s key concerns, issues and interests related to the company.

| Stakeholder | Issues/concerns/interests |
|-------------|---------------------------|
| | |
| | |

4. Place these stakeholders on the stakeholder map according to the degree to which they are impacted by operations and their capacity to influence company operations.



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Low  High

Degree impacted by the company

5. Categorize the stakeholders according to their current relationship with your company: **supportive, supportive with conditions, neutral, negative**. Stakeholder engagement should serve to maintain positive relationships with supportive stakeholders and help address the concerns of less-supportive stakeholders. Remember, stakeholders' relationships with the company can change over time. It is recommended that this type of analysis is conducted periodically to ensure that you are engaging with your stakeholders appropriately.

6. Prioritize your stakeholders for engagement.

7. Create strategies to engage with the prioritized stakeholders. As you determine your engagement strategies, keep current initiatives of the company in mind. You should also create tiered engagement strategies for stakeholders in each of the four quadrants on the stakeholder map.

- Quadrant 1: Involve as needed.
- Quadrant 2: Proactively approach and support.
- Quadrant 3: Keep informed.
- Quadrant 4: Respond to concerns.

8. Review the stakeholder map at regular intervals and when there are major changes in your company or the local context. You should also review the stakeholder map with external groups to obtain their feedback.

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Appendix A10

Impact Tool for Identifying Affected Communities

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Impact Tool for Identifying Affected Communities

The term “affected communities” includes any individuals or communities that are located in proximity to the company’s facilities and are directly exposed to actual or potential adverse impacts on their environment, health and livelihood due to company activities.

A quick and practical process for identifying affected communities is through developing an “Impact Zoning Map”. By mapping the company’s sphere of influence for different types of environmental and social impacts, groups in the impact area can be identified. Information can then be used to prioritize the key stakeholders for consultation.

Priority should be allocated to individuals and groups who are directly adversely affected by the company’s activities; however, it can be challenging to distinguish between who is directly affected and who is not. Communities that live just outside of designated impact areas can still feel that they are impacted by the company and may feel they have been arbitrarily excluded from the engagement process.

Identifying Stakeholders Through Impact Zoning

- Develop a layout plan of the key design components of the project, both on- and off-site, that may give rise to local environmental and social impacts (e.g., land area used/affected; air and water pollution receptors, etc.). This may be performed more efficiently by using geographical information systems (GIS) software’s, such as ArcGIS.
 - Identify the broad impact zones for each of these components (e.g., the area of land, air and water pollution receptors, etc.).
 - After identifying and mapping broad stakeholder groups, overlay those groups with the impact zones.
 - Through consultation with stakeholder representatives, verify which groups are potentially affected by which impacts.
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Appendix A11

Stakeholder Engagement Plan

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Stakeholder Engagement Plan

After key stakeholders have been identified, a plan should be developed to engage with them, with the highest level of engagement devoted to the groups most affected by the project and those groups that have the most influence on the project. Vulnerable groups such as women, youth and disabled should also be included in this mapping exercise.

At the most basic level, an external communications procedure to receive communications from the public should be established. If adverse impacts are expected, a grievance and conflict management mechanism should be established to address complaints that may arise. Consultations with affected communities and other stakeholders should be actively undertaken to clearly communicate information about the company's activities. Establishing an active external communications strategy and grievance mechanism will ensure that affected stakeholders can express any concerns and engage with the company. Table A11.1 provides a template for developing a Stakeholder Engagement Plan.

Table A11.1 Stakeholder Engagement Plan Template.

| Stakeholder | Concerns | Engagement Method | Information to Disclose and Report Back | Most Valuable Information to Obtain |
|---------------------|---|---|---|--|
| | <i>What is this stakeholder concerned about regarding the company? Which project impacts affect the stakeholder's livelihood?</i> | <i>How can the company engage this stakeholder? What is the most effective method of two-way communication? How frequently do you need to engage with this group?</i> | <i>What does this stakeholder need to know?</i> | <i>What does your company need to know about or from this stakeholder?</i> |
| Employees | | | | |
| Contract workers | | | | |
| Local community | | | | |
| Consumers | | | | |
| Suppliers | | | | |
| Contractors | | | | |
| Regulators | | | | |
| NGOs | | | | |
| Media organisations | | | | |
| etc. | | | | |

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Appendix A12

Policy Statement Checklist and Outline

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Checklist for Developing a Company Policy Statement

The checklist below is provided to ensure that relevant issues in the project’s environmental and social policy are considered when formulating a client’s Policy Statement.

Environment

1. Environmental laws and regulations.
2. Resources utilization efficiency (energy, water, important input materials, etc.).
3. Greenhouse gas (GHG) emissions.
4. Release of pollutants into air, water and land.
5. Handling, storage and disposal of hazardous chemicals.
6. Hazardous and non-hazardous wastes.
7. Recover, reuse, treatment and proper disposal of waste.
8. Consideration of non-chemical means to control economically significant pests and vectors.
9. Conversion of forest lands or wetlands.

Labour and Working Conditions

1. Human resources policies and procedures
 - a) Documented labour policies and procedures.
 - b) Clear communications throughout the company.
2. Working conditions and terms of employment
 - a) Respect of collective bargaining agreement, if applicable.
 - b) Reasonable working conditions and terms of employment (e.g., compensation, benefits).
 - c) Protection for migrant, contract or temporary workers.
 - d) Clean and appropriate accommodations, if applicable.
3. Workers' organisations
 - a) Workers' rights to form and to join workers' organisations.
 - b) No discrimination against those who organize.
4. Non-discrimination and equal opportunity

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- a) Non-discrimination in hiring, promotion and compensation practices.
 - b) Training, tools and opportunities for advancement.
 - c) Freedom from harassment by management or other workers.
 - d) Remedy for past discrimination.
5. Retrenchment
- a) Consideration of alternatives and mitigation in case of retrenchment.
 - b) Payments and benefits in compliance with national law (Botswana Employment Act).
6. Grievance mechanism
- a) Transparent process for receiving and resolving worker complaints.
 - b) No retaliation or discrimination.
7. Child labour
- a) Minimum age for employment.
 - b) Conditions for engagement of young workers from the age of eighteen (18) and above, as per Botswana regulations.
8. Forced labour
- a) Freedom of movement, freedom to resign.
 - b) No retention of identification papers or money to detain workers.
9. Occupational health and safety
- a) Safe work environment and dormitories, if applicable.
 - b) Emergency prevention and response system.
 - c) Personal protective equipment and appropriate training.
 - d) Documentation and reporting of accidents, near misses and illnesses.
 - e) Appropriate use of potentially hazardous chemicals in accordance to Material Safety Data Sheets (MSDS) and International Chemical Safety Cards (ICSC).
10. Workers engaged by third parties

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- a) Extension of labour policies to labour contractors, recruiting agencies and other third parties.
- b) Grievance mechanism for contracted workers.

11. Supply chain

- a) Extension of policies and monitoring of supply chain with respect to child labour, forced labour and worker safety to supply chain.

Community Health, Safety and Security

1. Community Health and Safety

- a) Consumer product safety.
- b) Health and Safety of the public related to company activities.
- c) Health and safety of the public related to the construction, operation and decommissioning of equipment and infrastructure.
- d) Downstream impacts related to wastewater disposal.
- e) Potential community exposure to hazardous materials and substances.
- f) Transportation and disposal of hazardous wastes.
- g) Impact on ecosystem services on which communities rely.
- h) Impact on land ownership through acquisition and resettlement.
- i) Community exposure to water-borne, vector-borne and communicable diseases associated with company activities.
- j) Communicable diseases associated with the influx of temporary or permanent project labour.
- k) Emergency situations caused by company activities, equipment and infrastructure.
- l) Excessive or unregulated vehicle traffic near the facility and through communities.

2. Security personnel

- a) Appropriate screening, training, equipping and monitoring of direct or contracted workers providing security services.
- b) Grievance mechanism for workers and the community to express concerns about the security system and personnel.

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c) Investigation of allegations of past abuse.

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Appendix A13

Draft Management Letter

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Management Letter



[Date]

[ADDRESS]

Re: [Reference line]

To all employees of our company:

Our vision is to become one of the most respected and admired companies in our area. We aspire to conduct ourselves in an ethical and responsible manner. Corporate social responsibility, which includes environmental, labour rights, and community issues, is a growing concern to investors, consumers and to all of us as people.

To integrate corporate social responsibility into our day-to-day business activities, we are developing and implementing an environmental and social management system (ESMS). A management system consists of trained, committed people routinely following procedures and continually improving.

I ask for your full cooperation in this important initiative. We believe that corporate social responsibility must be a foundation of our long-term growth and profitability. Not only is it an integral part of our overall business strategy, but it is also the right thing to do. It is the right thing for our customers, our suppliers, our shareholders, our communities and for you, as a core part of this company.

As we strive to successfully implement our ESMS, we will train and involve you throughout the process. [Person's name and title] is in charge of this corporate social responsibility initiative, and I will personally ensure that the system is effective. Each of you has a direct line of communication with [person] for any suggestions or concerns. I thank you for your efforts and your continued dedication to our success.

Sincerely,

[Type initials and press F3 to insert signature block]

Encl. (#)

cc:

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Appendix A14

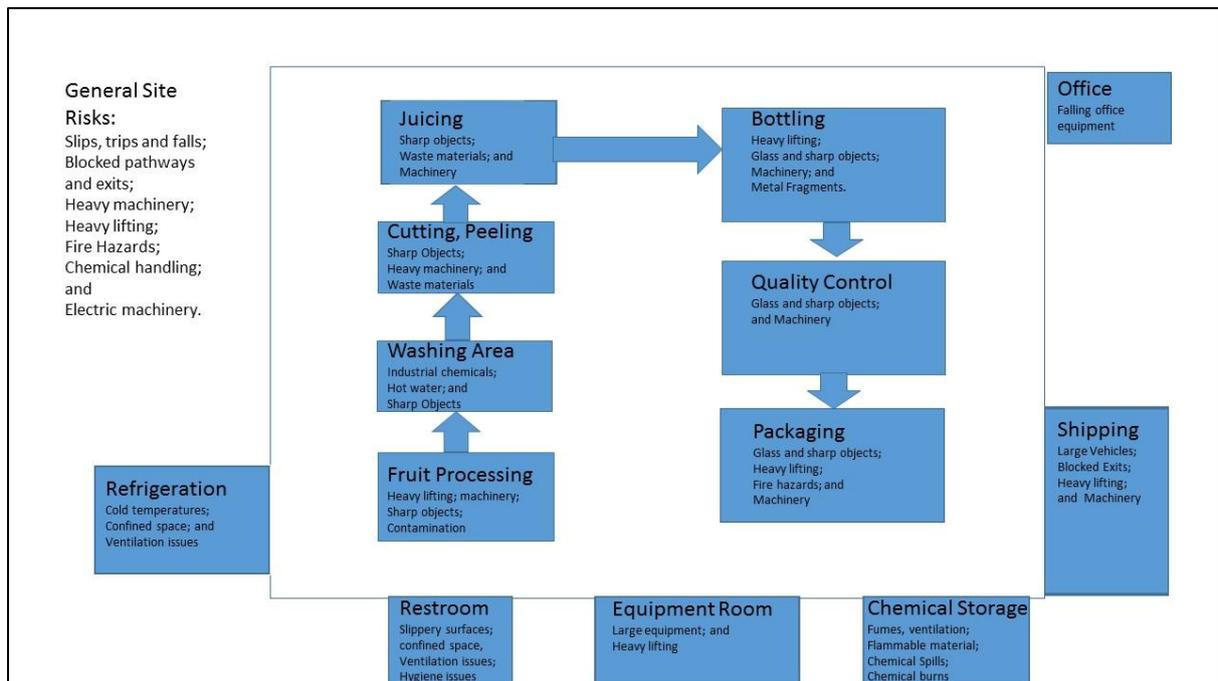
Risk Mapping Exercise

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Risk Mapping Exercise

Figure A14.1 presents the outline of a risk map for a hypothetical facility, with each area of production and the associated EHS risks with that area. Through this activity, risks can be proactively identified and mitigation measures can be designed and implemented as preventative measures. This activity should be followed by a walkthrough of the existing facilities to confirm the risks and identify any other potential risks. Employees should be consulted to assist in this process as they may be more familiar with certain risks and have suggestions for mitigating these risks.

Figure A14.1 Risk Mapping Example.



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Appendix A15

Emergency Plan Template

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EMERGENCY PLAN EXAMPLE

Emergency Plans are designed to be comprehensive so that specific processes are outlined to ensure that

Sample Fire Response Procedure

Title: Fire Response Procedure

Procedure number: EM001

Number of pages: 4 pages

1.0 Purpose and Scope:

- 1.1 Purpose: Set out responsibilities and activities in order to respond to an emergency resulting from fire. Identify the roles, responsibilities and authorities to effectively facilitate the site’s emergency preparedness and response.
- 1.2 Scope: This procedure applies to all activities and processes of at [Name of Company].

2.0 Definitions:

- 2.1 EMERGENCY: Situation that poses immediate threat of:
 - a) Injuries and damage to health;
 - b) Fatalities;
 - c) Damage to property; and
 - d) Damage to environment.
- 2.2 FIRE EMERGENCY: Situation that poses or signals immediate threat in the form of:
 - a) Uncontrolled fire or imminent threat of uncontrolled fire;
 - b) Smoke or burning;
 - c) Uncontrolled release or spillage of flammable or combustible substance; and
 - d) Sounding of fire alarm.

3.0 Responsibility and Authority:

This procedure is the responsibility of the operations Manager or designate. The operations Manager shall report to the general Manager in matters related to emergency preparedness, and shall have total authority during emergency situations. The operations Manager shall have the authority to

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declare a state of emergency. In the absence of the operations Manager, these authorities shall revert to the general Manager.

3.1 The Operations Manager shall:

- a) Review and revise this procedure at least once a year;
- b) Ensure that everyone is aware of their responsibilities as defined in this procedure;
- c) Ensure that required fire detection, alarm and response equipment is present in all designated areas;
- d) Assemble fire brigades in each work area in accordance with the work area supervisors;
- e) Regularly schedule and deliver training to fire brigades;
- f) Regularly schedule and organize evacuation drills in all work areas; and
- g) Analyze the results of drills (e.g., evacuation time) and take appropriate action.

3.2 The HR Manager shall:

- a) Ensure that responsibilities as defined in this procedure are included in job descriptions.

3.3 The Maintenance Manager shall:

- a) Regularly test all emergency equipment to ensure it is in working condition;
- b) Schedule maintenance of emergency equipment by an approved contractor; and
- c) Take immediate action when equipment needs to be repaired or replaced.

3.4 The Work Area Supervisors shall:

- a) Ensure that fire brigades participate in training;
- b) Regularly remind workers of their responsibilities in the event of a fire;
- c) Conduct a head count of workers gathered at muster points.

3.5 Fire brigades shall:

- a) Participate in trainings organized by the EHS Manager;
- b) Respond to the fire and provide medical aid as explained in the work instructions of this procedure and in trainings.

3.6 All workers shall:

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- a) Participate in evacuation drills;
- b) Immediately inform a member of the fire brigade or work area supervisor in the event of a fire;
- c) Evacuate the building through the nearest exit when the fire alarm sounds; and
- d) Gather at the designated muster points.

3.7 Other responsibilities as defined in the work instructions.

4.0 **Work Instructions:**

4.1 FIREFIGHTING INSTRUCTIONS

- a) The cardinal rule in firefighting is to preserve life, and then property.
- b) The person who discovers the fire shall call for in-house assistance immediately after discovering the fire. Do not enter a burning room or building without another qualified person to assist. Alert other employees immediately.
- c) Determine if the fire can be extinguished within an appropriate time limit with the portable equipment in the building. If the equipment is sufficient, use it to extinguish the fire. If not, call the fire department, activate an alarm and evacuate the building.
- d) The person who discovers the fire should notify the telephone operator and provide the exact location and nature of fire.
- e) The telephone operator will notify the following individuals in turn:
 - Engineering control room;
 - Time office;
 - Operations Manager;
 - Maintenance department;
 - EHS Manager;
 - All other heads of departments; and
 - House doctor.

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- f) The telephone operator will remain on duty and serve as the information and control center unless instructions or conditions dictate otherwise.
- g) As soon as the electrical department is notified, the electrician shall cut off the power supply of the affected area, bring the elevators (if available) down to the ground level and provide an adequate lighting arrangement (with emergency lighting if extra light is required) for firefighting or evacuation.
- h) The maintenance department shall reach the fire hydrant pump room (if safe) for smooth pump operation.
- i) The work area supervisor (or the shift in-charge) will make appropriate decisions regarding building evacuation and firefighting with the help of an internal trained team and/or notifying the city's fire department.

4.2 BUILDING EVACUATION:

It is essential to make decisions quickly and evacuate the premises in order to prevent the loss of lives. The evacuation procedure should be handled with expertise and without delay. When evacuation from the building is necessary, everyone must leave through the nearest exit or as advised. In labor-intensive industries, many people will have to be evacuated in a very short time. In the past, many workers in the textile industry, for example, have lost their lives due to blocked or locked exists, or an insufficient number of exits. Make sure exit routes can be used in case of an emergency.

- a) Close but do not lock doors behind you as you leave the building.
- b) Employees and visitors should gather near the designated muster point in a safe area that is upwind from smoke or toxic gases and will not hamper emergency vehicles or services when they arrive.
- c) In order to ensure that everyone is accounted for, conduct a head count of all employees and visitors.
- d) Employees are not to re-enter the evacuated building until they are so advised by the designated officer (operations Manager or safety Manager).
- e) Only trained and competent personnel equipped with suitable PPEs can perform any required rescue operations (for a trapped employee/visitor, for example).

4.3 MEDICAL AID:

Treat all minor injuries with first aid, but remember that first aid is only temporary. First aid provides the immediate treatment that is needed before a doctor can reach the victim onsite, or before the victim can be transported to a doctor. What you do in the critical moments after an injury occurs could save a life, so it is important to know the basic first aid procedures. Review them often so you will be

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prepared if you suddenly find yourself in an emergency situation. The most important thing to do when someone is injured is to survey the scene to determine if the situation is safe, or if the victim must be moved from a dangerous location to a safe place. Call for emergency medical help immediately for all life-threatening situations and send people to guide the emergency team to the victim.

4.4 FIRST AID FOR FIRE INJURIES AND BURNS

- a) Move patient to fresh air.
- b) Move the patient from the heat of fire.
- c) Do not allow crowding around the patient.
- d) Remove or cut away clothes from affected parts of the body.
- e) Open buttons and loosen clothing.
- f) Pour chilled water on the affected parts.
- g) Apply any antiseptic cream.
- h) Get a doctor.

4.5 ASPHYXIA: If the patient has difficulty breathing or there are symptoms of collapse:

- a) Give artificial respiration with respirator or mouth-to-mouth respiration.
- b) Supply oxygen.
- c) Take the patient to the hospital or to receive medical help.

4.6 SHOCK: If the patient perspires, has a low pulse and the body is cold:

- a) Cover the victim with a blanket. (Do not touch burned parts.)
- b) Make sure the victim remains lying down.
- c) Elevate feet if you do not suspect head or neck injury or leg fracture.
- d) Get medical help.
- e) Monitor vital signs.
- f) Prevent loss of body temperature.
- g) Take the patient to a hospital immediately.

5.0 **Emergency Response Team**

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The purpose of the Emergency Response Team is to deal with catastrophic accidents within the company. The team's responsibilities are to immediately meet when an emergency situation is reported and to determine the course of action.

Emergency Response Team members

| Name | Title | Home Phone | Cell Phone |
|------|----------------------------|------------|------------|
| | General Manager | | |
| | Operations Manager | | |
| | Shift-in-charge | | |
| | EHS Manager | | |
| | Firefighting team member 1 | | |
| | Firefighting team member 2 | | |

Emergency Response Team members may be called upon on short notice.

6.0 Reference Documents

Evacuation plan, plant map with locations of emergency exits, firefighting equipment and first aid stations.

7.0 Records

Training logs, drill logs, firefighting and medical equipment maintenance and inspection logs; water gauge and pressure inspections logs.

8.0 Approving Authority

General Manager.

9.0 Issue/Revision Date

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Appendix A16

Grievance Mechanism Checklist

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Checklist for Establishing an Effective Grievance Mechanism

The following checklist provides the basis for establishing an effective grievance mechanism. This list includes some illustrative examples that will be adapted based on the company's size, complexity and local context.

| Key Aspects of Effective Grievance Mechanisms | Company's Method |
|--|---|
| Provide ease of access to confidentially communicate or file complaints, including anonymous ones. | <ul style="list-style-type: none"> ▪ Form and instructions on website that people can fill in and submit online. ▪ Email address. ▪ Telephone hotline. ▪ Suggestion boxes located outside the company gate and in strategic places (e.g., in churches, municipality, and civic centers). ▪ Weekly visits by a designated community liaison to affected villages or other stakeholders to record complaints or concerns. |
| Publicize the system so that stakeholders know it exists and how to access it. | <ul style="list-style-type: none"> ▪ Distribute brochures at churches, schools and civic centers, highlighting the company's profile and operations. The brochures should include instructions for external stakeholders to communicate or file complaints, and explain the company's procedures for handling complaints. ▪ Hold a meeting with community leaders and other stakeholders for the general Manager/designated community liaison to explain your written procedures. |
| Foster sense of legitimacy and trust; encourage dialogue and shared responsibility for outcomes. | <ul style="list-style-type: none"> ▪ Major cases reviewed by a formal multi-stakeholder oversight body (that includes, for example, the company, representatives from the affected communities, NGOs, academics and/or a municipality representative). ▪ Provide transparent funding for expert research, so that any collection of evidence is independent and unbiased. ▪ Resolve the most serious claims through independent mediation. |
| Be transparent about the process and outcomes. | <ul style="list-style-type: none"> ▪ Summarize all cases in detail – include information about whether the complaint was accepted, and provide information about the process and timeline for investigation and resolution of the case. ▪ Post case summaries on the company website and/or report back to the complainant through a letter/email/community liaison. |
| Implement a predictable and defined process that includes assignment of responsibility, time limits and monitoring of outcomes | <ul style="list-style-type: none"> ▪ Assign an employee or team to record complaints and work with the relevant staff and external stakeholders to investigate complaints, determine the necessary actions in response, and report back on the outcomes. |
| Make the system a source of continual learning | <ul style="list-style-type: none"> ▪ Management team periodically reviews complaints and the complaint system to monitor the effectiveness of the system and integrate results into the company's systems. ▪ Company conducts perception surveys among affected stakeholders to learn about their awareness of the mechanism, and to assess the perceived trustworthiness of and ease of access to the grievance mechanism and its outcomes. |

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Appendix A17

Grievance Log Template

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Grievance Log

Clients must maintain a logbook or database of grievances to monitor progress towards resolution. This tool facilitates analysis of grievance information and should be used to improve operations and proactively prevent future concerns. Table A17.1 illustrates the type of information that should be recorded for each grievance.

Table A17.1 Grievance log template.

| | |
|--|--|
| 1.0 GRIEVANCE IDENTIFICATION NUMBER: | |
| 2.0 DETAILS OF COMPLAINT | |
| 2.1 When did it occur? | |
| 2.2 Where did it occur? | |
| 2.3 How it occurred and who was involved? | |
| 2.4 Complainant(s) story and expectation | |
| 2.5 Date grievance was recorded | |
| 3.0 PROFILE OF COMPLAINANT(S) | |
| 3.1 Gender | |
| 3.2 Age | |
| 4.0 CONTACT INFORMATION OF COMPLAINANT(S) | |
| 4.1 Anonymous (Y/N) | |
| 4.2 Phone | |
| 4.3 Email | |
| 4.4 Address | |
| 5.0 COMPLAINT ACCEPTED (Y/N) | |
| 5.1 Complaint Not Accepted | |
| 5.1.1 Action Taken | Clearly not related to the operations of the organization – rejected |
| | Labour-related grievances – transfer to Human Resources |
| | Commercial disputes – transfer to commercial dispute resolution mechanism or civil court |
| | Related to government policy and institutions – transfer of authorities |
| | Other |
| 5.1.2 Complainant notified (Y/N) | |
| 5.1.3 Method of Notification | |
| 5.1.4 Date of closure | |

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Table A17.1 (Cont'd.)

| | |
|---|-----------------------------------|
| 5.2 Complaint Accepted | |
| 5.2.1 Category of complaint | Particulate emissions in air: |
| | Odor: |
| | Noise: |
| | Effluents: |
| | Company vehicles: |
| 5.2.2 Photo and documentary evidence | |
| 5.2.3 Resolution | Internal – responsible division: |
| | Multi-stakeholder oversight body: |
| | Independent mediation: |
| 5.2.4 Resolution/corrective action taken | |
| 5.2.5 Complainant notified (Y/N) | |
| 5.2.6 Method of notification | |
| 5.2.7 Complainant(s) satisfied or appealed | |
| 5.2.8 Photos and documentation evidence of closure | |
| 5.2.9 Resources spent | |
| 5.2.10 Date of closure | |
| 5.2.11 Number of days from complaint to closure | |
| 6. Post Closure Monitoring Required (Y/N) | |
| 6.1 Method and frequency of monitoring required | |
| 7. Preventive Measures to Avoid Reoccurrence of Similar Grievances | |
| 7.1 Suggested preventive actions | |

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Appendix A18

Engaging and Reporting to Affected Communities

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Engaging and Reporting with Affected Communities

There are numerous approaches for engaging with affected communities. Below are a few examples that may be applicable. They include:

- Open house events;
- Banners outside the company gate;
- Brochures distributed in churches, schools, civic centres or preferably digital advertising and awareness monitors;
- Websites;
- Kgotla Meetings;
- Government gazettes;
- National and local newspapers;
- Meetings with representatives of the affected stakeholders;
- Letters to representatives of the affected stakeholders and complainants;
- Emails;
- Phone calls; and
- Sustainability reporting (e.g., Global Reporting Initiative).

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Appendix A19

ESMS Monitoring Plan Instructions

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Monitoring Plan Instructions

Monitoring plans help determine if approved procedures are achieving established objectives. A sample template for developing a monitoring plan is presented in Table A19.1.

Table A19.1 Monitoring Plan template.

| Performance Indicators | | |
|--|--|--|
| Performance Indicators | Monitoring Protocol | Monitoring Records |
| <ul style="list-style-type: none"> ▪ What parameters will be used to monitor and determine success? | <ul style="list-style-type: none"> ▪ How frequently samples will be collected? ▪ What methods, tools, and equipment will be used to collect and analyze samples? ▪ What standards or benchmarks will be used to establish acceptable values? ▪ Who will be responsible to collect, analyze, and act upon the data? | <ul style="list-style-type: none"> ▪ What evidence is there that supports improvement towards that indicator? ▪ What records will be required to be maintained and reviewed? |
| Process Indicators | Monitoring Records | |
| <ul style="list-style-type: none"> ▪ How will progress be monitored to evaluate progress against your ESMP? | <ul style="list-style-type: none"> ▪ What evidence is there that supports improvement towards that indicator? ▪ What records will be required to be maintained and reviewed? | |

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Appendix A20

ESMS Auditing Plan Guidelines

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Auditing Guidance Checklist

The Auditing Guidance checklist outlined in Table A20.1 provides an overview of steps an auditing team should consider to assess various funded projects. This list provides questions and issues that external auditors should consider. During this process new potential risks may be identified that were not included in the initial risk assessment or because of changes in circumstance.

Table A20.1 Audit guidance checklist.

| | |
|--|-----------------------|
| ✓ | A. PREPARATION |
| <p>Collect audit and inspection reports on the company's environmental and labour performance for the previous two years.</p> | |
| <p>Collect corrective action plans generated from previous audits or inspections and review the status of each action item that was agreed upon. Are they all closed out? Focus your review on open items and the underlying factors that prevent you from completing the corrective action plan.</p> | |
| <p>Ascertain the general level of PPE use on the organization. Ensure that auditors wear the same PPE as employees are required to wear: head, hearing, eye, skin protection, protective boots, clothing, etc. Do not allow any auditor to enter work areas without the clothing/gear required for the operations activity and that employees are required to wear.</p> | |
| <p>Obtain site plans for all the relevant operational areas. Ensure auditing team has a working knowledge of the operations to be evaluated.</p> | |
| <p>Research and refer to current local environmental and labour laws and regulations.</p> <p>Basic labour code issues: (i) regular weekly work hours, (ii) labour contract provisions, (iii) rest periods, lunch, etc., (iv) overtime requirements, limits and exceptions, (v) hour averaging and banking hours, (vi) minimum wage, (vii) social system payment liability, (viii) annual leave, (ix) laws to protect disadvantaged workers, (x) severance pay.</p> <p>Basic environmental code issues: (i) wastewater, (ii) storm water, (iii) spill prevention and response, (iv) construction/demolition, (v) hazardous materials, (vi) hazardous waste, (vii) toxic chemical release, (viii) air emissions, (ix) solid waste.</p> | |
| <p>Review regulatory permit(s) conditions and specific requirements along with most recent review and corrective action reports.</p> | |
| <p>Review certification(s) audit reports (e.g., ISO 14001, OSHAS 18001, BSCI or SA8000) for non-conformance, mandatory remedial actions, recommendations, etc. Summarize status of items (open or closed).</p> | |
| <p>Review any government inspection reports, third-party audit reports, etc.</p> | |
| <p>Review the stakeholder engagement plan and records of grievances by external stakeholders. Pay attention to: emergency preparedness and response capability to include the community if necessary; use of chemicals and accidental releases of hazardous materials affecting community, e.g., dyes and chlorine; discharges of wastewater or other wastes to areas affecting local communities; exacerbation of flooding; limits of water availability use and physical access; diminution of quality of life due to the operation.</p> | |
| <p>Pay special attention in observation/document review/interviews to issues identified in previous reports.</p> | |

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Research and understand the national and local context of labour union rights and activity, local environmental groups and community activist organizations.

Schedule sufficient time to conduct the scope of the audit. Announce the availability of confidential meeting schedules with employees; schedule, arrange and conduct while protecting employee confidentiality.

✓ **B. INTRODUCTORY MEETING WITH MANAGEMENT**

Meet with the senior management and department Managers before conducting audit activities to review ESMS issues and the purpose of the audit.

Share an agenda and itinerary for the meeting with senior management and local supervisors.

With department Managers, review the prior audit reports and performance to date in meeting corrective actions.

Discuss non-retaliation against cooperating workers; inform management that future audits will include reviews of the continued employment of workers interviewed.

✓ **C. OPERATIONAL WALK-THROUGH**

Conduct operational walk-through following production processes. Refer to previous relevant physical walkthrough assessments of the facility; determine if all previous non-conformance/action items are closed out – if not, why not.

Minimize the number of Managers and supervisors that accompany you on the walk-through. One or two escorts of non-supervisory staff based on knowledge/responsibilities are usually sufficient.

During the walk-through, be aware of your body language and the message this sends to workers; ensure that you are equipped with/wearing the same PPE required of employees.

Take note of all things observed that require attention:

1. Water used indiscriminately for watering as well as washing and cleaning;
2. Water wastages/inefficiencies;
3. Energy wastage;
4. Evidence of spillages;
5. Dry clean-up and collection of organic solids;
6. Unorganized storage of materials;
7. Wastes and discards
8. Workplace availability of data on hazards or banned or restricted chemicals in use (MSDS/ICSC);
9. Movement of materials: hand trucks, forklifts, etc. Are the passageways and transit routes clearly marked; is color-coding used for non-pedestrian movement?
10. Obvious hazards for heads, hearing, sight, life and limb: workplace hazards attenuated; employee awareness?
11. PPE used as prescribed, available, replaced at no cost; employee awareness;
12. Are employees able to explain jobs and responsibilities? and
13. Evidence of QA team activity.

Verify that fire exits in buildings (e.g., storage or maintenance areas, administrative buildings, etc.) exist and open on demand; no means to prevent exit; panic bars in good working order; clear egress once exit

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opened; emergency exits clearly marked; nearest exits clearly marked; hose cabinets equipped with hoses, nozzles, etc.; prohibited areas clearly marked; electrical cabinets closed and sealed; lockout/tag-out procedures and tools (tags, locks, warning labels and signs) clearly available near electrical cabinets; first aid cabinets and equipment; emergency lighting; emergency preparedness and evacuation plans in place; and that employees are trained on using these.

Ask an employee to show you how to get out, assuming that there is now a fire; follow the employee; ask another to tell/show you what happens if he/she was just injured.

Indoor working conditions should be verified for adequacy if there is potential for risks such as heat, light, noise and dust. Use measuring devices to determine air quality, noise level, and temperature.

Following the walk around, conduct a walk-through of the dormitory facilities, canteens, washrooms and changing rooms (if relevant). Note the condition and adequacy of these areas.

Suggest best practice to supervisors and Managers during the walk-through; ensure that the suggestion is filtered by processes/operations practicalities.

Give sufficient attention to all ESMS elements during the operation/dormitory walk-through. Knowledge of procedures, training using the procedures, awareness of complaints management and resolution procedure, employment rights, HR policy and provisions, etc.

Pay special attention to areas identified in previous corrective action requests. Focus on open non-conformances from previous audits: why did they occur? Elucidate the underlying cause and make an effort to diagnose and prescribe preventive and ameliorative measures. The individual who is responsible for the item is not as important as why it occurred and how the company can prevent non-conformances and unplanned events in the future.

✓ **D. INTERVIEWING WORKERS**

Select at least 5 percent of workers, max. 100 workers. Conduct individual and group interviews for balanced response.

Select workers who are representative of the workforce population (gender, race, age, religion, functional departments, etc.).

If the factory has contracted or migrant workers, make sure to include them as well.

Do not allow supervisors or Managers to influence selection of workers for interviews or the interviews.

Conduct on-site interviews in areas that protect worker confidentiality and where the worker would feel comfortable. Make sure supervisors or Managers are not in or near the space where the interviews are conducted. Keep them away from the selection and interview process.

Conduct interviews early in the audit to allow for follow-up.

Make sure to tell the workers that everything they say is confidential and that management has been warned against retaliation.

Be sensitive to cultural and gender issues.

Plan for an average of fifteen minutes per interview; however, use common sense in terminating interviews that are becoming non-productive and extending interviews with people who are candid or openly addressing critical issues.

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Formulate questions prior to the interviews to make sure you cover all specific areas of the ESMS review through the aggregated interviews. Always ask employees how processes may be improved, water use reduced, energy saved, waste reduced, etc.

If you plan to take notes, ask the workers if it is OK and clearly explain reason for taking notes. Try to minimize note taking as much as possible during the interview. Finish writing your notes immediately after the interview, so you have accurate documentation.

Have your worker representatives recommend a preferred approach to building rapport with workers.

Ask workers specifically about follow up on previous corrective action plans. What non-conformances remain open; what issues presented through the complaints management and resolution mechanism remain open?

Make sure your questions address the following:

LABOR ISSUES

- Do workers know about and understand company's policies related to labor and working conditions?
- Do workers understand their rights under the law related to freedom of association and collective bargaining?
- Do workers understand how their wages are calculated for base time, performance and overtime?
- Are workers aware of any dismissal, transfer, demotion or other punitive action against workers due to exercising their rights under either their contracts or local or national law?
- Ask workers about the status of trade unions, worker committees or other worker groups and whether there is management interference.
- Ask questions to determine conformance to discrimination and sexual harassment policies.
- Do workers understand the company's grievance mechanism, and do they feel it is operational and free from retaliation?

OCCUPATIONAL HEALTH AND SAFETY ISSUES

- Do workers feel safe and protected in their jobs? For example, are they provided with PPE that is appropriate and works? Is their physical environment free of hazards? Are they expected to reduce physical hazards or are engineering controls in place? Are there job hazards assessments done routinely and when the processes or materials change? Have issues submitted through the complaints management and resolution mechanism been addressed?
- Do they feel there is adequate safety equipment, such as extinguishers/hydrants and first aid kits? Are there sufficient safety drills if an emergency, such as a fire, typhoon, flood or windstorm, were to occur and necessitate an evacuation from buildings? Witness the emergency mock drills and make note of shortcomings; ask an employee to pretend he/she has just been injured and explain what to do next.
- Are they instructed and trained on these risks at regular intervals?
- Have any workers been involved in accidents at the facility and, if so, what happened afterwards?
- Is the environment comfortable to work in, in terms of temperature, exposure to heat and sun?
- Do they feel that chemicals, waste and other substances are stored or disposed of safely and appropriately at the facility? Is there sufficient access to Material Safety Data Sheets (MSDSs) and/or International Chemical Safety Cards (ICSCs) and appropriate training in their use? What is the management's response to any expressed issues through the complaint management and resolution mechanism?

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If the organization employs contract workers, make sure to ask questions that address possible violations and areas of abuse. Do you feel different from a permanent employee? Why?

Conduct some worker interviews off-site if possible.



E. INTERVIEWING AFFECTED COMMUNITIES AND OTHER STAKEHOLDERS

The stakeholder mapping exercises and stakeholder consultation meetings should help identify the relevant population that is affected by the facility and its activities.

Select a sample of individuals that represent the views of this affected community. This group may include members of the public as well as NGOs, campaign groups, trade unions, local businesses and government authorities. If possible, target NGOs that are industry-specific. Seek out former employees if possible, but filter out disgruntled former employees or those with a personal agenda against the company.

Gauge awareness of the grievance mechanism. Has it been tested? Does it work? Does the company utilize it in practice or ignore it? Is it taken seriously?

Be sure to include representatives from local or vulnerable groups in these interviews.

Make sure your questions address the following:

- How have the facilities operations affected the physical environment (air, water, land) near them?
- Has this resulted in either air, land or water contamination?
- Has wildlife been affected by the facility's activities?
- Has the facility's business impacted local livelihoods or access to traditional hunting/fishing/breeding/religious/other grounds due to natural habitat conversion?
- Have any health risks or deterioration to well-being been associated with the facility from exposure to toxic chemicals, from air emissions or noise pollution? Note any neighbours or employees who have become ill or have ill children.
- Have any contagious or vector-borne diseases been on the rise due to an influx of workers in the area or increase in local vectors (e.g., mosquitos, flies)? Is the community aware of an increase in the rat/mouse or other vermin population?
- Have these affected groups had any clashes with security hired at the facility?
- Have any of these groups been approached or invited by the company running the facility to discuss their concerns at meetings? Have any of their grievances been addressed or investigated? Has the company followed up on questions?



F. ON-SITE DOCUMENT REVIEW

Labour Issues:

Make sure you review the relevant documents for the following areas:

- Human resources: Management-worker committee meeting minutes, memos and letters, budgets related to implementing labour policy, training material, logs and curricula or written communications to workers that address all issues, training records and instructor qualifications.
- Working conditions: Contracts for all workers; policies and procedures related to wages, benefits, hours and leave; evidence of communication and training on wage calculation; personnel files; time cards; payroll records and pay stubs (selected without management interference); criteria used to set performance pay bonuses; and employment and termination records.

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- Are employees' payment methods secured? Can employees opt to have payments deposited into an account? Are employees paid in cash at the facility (which can lead to significant risks during their commute)?
- Collective bargaining: Collective bargaining policy, agreement and documentation (such as minutes and records of collective bargaining sessions).
- Discrimination: Discrimination policy; related procedures; documentation handling discrimination issues; diversity training and attendance log; hiring, promotion and termination records; gender demographics in facility at worker and Manager levels.
- Retrenchment: Policies and procedures for workforce reduction, severance and transition; documentation of prior workforce reductions; minutes of management meetings and communications to workers on this issue.
- Complaint management and resolution mechanism: Documented procedure, communications, records and logs of grievance handling.
- Child labour: Procedure for age verification, documentation of apprentice program, birth and medical records and school records of workers.
- Forced labour: employment contracts (as well as for those workers hired through recruitment agencies), payroll records, timesheets and wage deduction, worker passports and IDs.
- Health and safety: Accident and medical treatment logs, equipment safety logs, logs of fire and safety drills, health and safety risk analysis, government health inspection reports, safety certificates and training curriculum and logs, and evidence of changes to all of this when company processes, methods, chemicals, materials are changed, reordered, etc.

Select files and/or records at random to generate a representative sample of the workforce population and functional distribution in the factory. Seek some files to corroborate interviews conducted earlier.

Balance your time and effort investigating all areas of labor standards at work. Document review is particularly critical for wages, working hours, health and safety, use of sub-contractors, hiring and termination.

If the operation employs contract workers, address potential areas of abuse in the document review. Specifically review the contract with the workers.

Identify all significant incidences of non-conformance in preparation for your management meeting.

Environmental and EHS Issues:

Make sure you review the relevant documents for the following areas:

- Emergency response and preparedness: Examine the facilities emergency response procedures and accident reports, as well as documents indicating that workers have been trained on these issues.
- Environmental management: Examine any company environmental policies and environmental management system policies and reports, including sustainability reports, energy consumption records, guidelines and monitoring, resource use and waste generation. Note the status of previously identified non-conformances.
- Insurance: Identify documents that indicate legal permits have been obtained, insurance policies are in place and the relevant legal authorities notified of the facility's activities.
- Technical: Documents on production processes, and storage, purchase and maintenance of facility equipment. Availability of MSDS/ICSCs and employee training and orientation to the specific risk

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posed by materials in use; response to submissions through the complaint management and resolution mechanism.

- Waste disposal: Policies, procedures and guidelines on elimination and recycling of waste emissions and effluents to air, water and land, including monitoring of the quantity and quality, treatment and disposal of all waste, including wastewater and solid waste; are employees/area supervisors queried for opinions on improvements?
- Hazardous material: Inventory of chemicals and toxicology sheets (MSDS/ICSCs from ILO/WHO/EU/UNEP, etc.). Avoid total reliance upon manufacturer's statements. Does procurement mandate furnish such materials (MSDS/ICSC)?
- Health and safety: Check for the existence of logs of accident and fatality rates and monitoring of these statistics; health and safety guidelines or handbooks for workers; job hazard analysis and engineering corrections to eliminate hazards at the source, as opposed to requiring employees to mitigate environmental hazards. Provision of appropriate PPE that cover actual, defined technical, physical, biological and chemical hazards in the workplace; records of OHS Committee meetings, training, Tool Box safety meetings, etc.
- Work environment: Look for guidelines, reports, logs and "ecomaps" of the facility work environment that monitor emissions of dust, odours, sources of noise and vibrations and worker exposure to heat and cold. LEL meters and audible and visual alarms are mandatory wherever there may be accumulations of dust or ambient dust.



G. CLOSING MEETING WITH MANAGEMENT

Conduct a closing meeting with senior management and department Managers.

Present your preliminary findings with particular emphasis on the positives as well as areas for improvement and why. All new and previously existing non-conformances must be addressed. Seek clarification on any findings or issues raised during the audit.

Work with the department Managers and supervisors on a corrective action plan that details specific actions to be taken and timelines for their completion.

Go over any outstanding corrective action requests from previous audit reports.

Make sure senior management signs off on the corrective action plan.

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Appendix A21

ESMS Management Review Process

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ESMS Management Review Process

A full Management Review plan should be completed by each client at least once a year or as major changes to legislation or policy occurs. Table A21.1 provides a plan template for undertaking thorough Management Review.

Table A21.1 Management review plan.

| Monitoring/Auditing Review | Description | Frequency | Responsible Party | Reporting |
|-----------------------------------|--|--|--------------------------------|--|
| Compliance Monitoring | Track compliance progress. | Monthly. | Environmental Manager. | Included in monthly report. |
| Legislative Compliance | Identify relevant legislation, licenses or waivers for the project. | Annually. | Environmental Manager. | Legislative, licenses or waivers review table updated. |
| ESMP Review | Update the ESMP as required should there be any changes to environmental management processes or new risks identified. | Quarterly. | Environmental Manager. | ESMP Amendment. |
| ESMS Audit | Formal internal audit following the audit format provided. | Annually. | Inter-departmental Audit team. | Annual report. |
| External Audits | Formal external audit. | As requested by BDC or permitting authorities. | Independent Auditor. | Auditors report. |
| Complaint- triggered Actions | Feedback from stakeholder engagement and grievance mechanism. | As they occur. | Environmental Manager. | Grievance logs. |
| Incidents or Emergencies | Environmental, social or EHS issues. | As they occur. | Environmental Manager. | Incident reports. |
| Internal feedback | Results from open feedback or internal auditing process. | As they occur and in periodic reporting. | All staff. | Monthly and Annual Reports. |

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