



Environmental & Social Categorisation Guidance and Form

As part of the Environmental & Social Management System (ESMS)

Version 1.0
March 2022

Environmental & Social (E&S) Categorisation Guidance and Form

All portfolios will be classified into one of the following **four categories**: “A” (high risk), “B+” (substantial risk), “B” (moderate risk), or “C” (low risk), according to the relevance of their potentially adverse Environmental and Social (E&S) impacts and risks.

The four different E&S risk categories are defined in further detail as follows:

Category A (high risk)

Portfolios will be categorised as **category A (high risk)**, if projects in the portfolio may have *diverse and significant adverse* impacts and risks on the environment and the social conditions of the affected population. Impacts and risks may potentially be significantly adverse because the complex nature of the projects included in the portfolio, the scale (large to very large), the sensitivity of the location(s) of the projects or the impacts and risks are irreversible or unprecedented. Portfolios will be classified as category A if they include projects that for example:

- Adversely impact important features (such as tropical forests, coral reefs, natural protection areas, wetlands, natural/near-natural forests, important cultural heritage sites)
- Have significant transboundary impacts or relevance with regard to international treaties (such as conventions on international waste management regulations or on marine conservation, or agreements on the protection of biodiversity)
- Lead to a high consumption of resources, in particular soil, land or water
- Are associated with high risks to human health or safety (e. g. industry or traffic facilities located adjacent to residential areas with considerable noise pollution and harmful emissions during construction and/or operation or handling hazardous substances)
- Require large scale resettlement or lead to a significant loss of livelihood
- Are anticipated to have an adverse impact upon indigenous people

Category B+ (substantial risk)

Portfolios will be categorised as **category B+ (substantial risk)** if projects in the portfolio are expected to have *single and significant adverse* E&S impacts and risks.

Examples for category B+ portfolios might be including projects that affect physical and/or economic resettlement of various inhabitants and/or are located in unused natural environment.

Category B (moderate risk)

Portfolios will be categorised as **category B (moderate risk)** if its projects may have *potentially adverse* risks and impacts upon the environment and on the social conditions of those concerned. However, the impacts and risks of projects included in this portfolio may have a lesser extent than these of category A projects/portfolios and can usually be mitigated through state-of-the-art mitigation measures or standard solutions. Typically, the potential impacts and risks of projects in category B portfolios are limited to a local area, are in most cases reversible and are easier to mitigate through appropriate measures.

Exemplary List of Category A, B+, B Projects

The following is an illustrative list of project types and measures that have the potential to cause significant adverse environmental and/or social impacts and can therefore be assigned to category A, B+ or B (where adverse impacts are less significant and reversible):

- Extensive and significant changes to the use of natural resources (e. g. changes in the use of soils as farmland, as forest or pasture land, for rural development, commercial timber production, etc.) as well as extensive land reclamation.
- Extensive and significant changes to management methods in agriculture and fishery (e. g. introduction of new plant species, large-scale mechanisation, introduction of new fish species) and extensive logging.
- Use of water resources (e. g. large dams and other impoundments, pumped-storage systems/power stations, irrigation and drainage projects, deep wells, water resource management and management of catchment areas, water supply, sea water desalination plants).
- Infrastructures (e. g. roads, bridges, airports, ports, transmission lines, pipelines, railroad networks, other rail transport, tourism).
- Energy generation (e. g. large wind farms, extensive solar parks, biomass plants, geothermal plants, thermal power stations).
- Industrial activities (e. g. metallurgic works, timber processing plants, chemical factories, cement factories, refineries and petrochemical plants, agro-industries).
- Use of geological resources, mining etc. (e. g. mines, quarries, peat exploitation, oil and natural gas production).
- Waste and wastewater management and removal (e. g. sewerage systems, wastewater treatment plants, landfills, treatment plants for domestic and hazardous waste).
- Solar home systems (Using solar energy can have a positive, indirect effect on the environment when solar energy replaces or reduces the use of other energy sources that have larger effects on the environment. However, some toxic materials and chemicals are used for photovoltaic (PV) cells that convert sunlight into electricity. Leaks of these materials or the disposal of batteries could be harmful to the environment.)
- Projects in which a significant number of affected persons have to be resettled involuntarily or lose their livelihood.

Category C (low risk)

Portfolios will be categorised as **category C (low risk)** if its projects are expected to have no or only minor adverse E&S impacts or risks and if the implementation and operation of the project does not require any particular protection, compensation, monitoring measures or management plans.

Category C portfolios do not include projects related to physical work.

Exemplary List of Category C Projects

The following is an illustrative list of category C projects:

- Cooking stoves
- Solar thermal systems
- Modernisation of existing sites
- IT-related activities

- Training- and capacitybuilding-related activities
- Consulting-related activities
- Purchase of machinery, equipment, furniture and fixtures

E&S CATEGORISATION FORM

Instructions

The Foundation’s E&S Expert will fill out the following E&S Categorisation Form containing the screening results and the category for each portfolio. The E&S Expert completes this form for endorsement and for approval by the Managing Directors.

The categorisation of a portfolio is a continuing process. If there is a change in the portfolio components and/or sites that may result in category change, the E&S Expert must submit a new form and request for re-categorisation, and endorsement by the Managing Directors. The old form is then attached for reference.

A. Portfolio Data	
(Potential) Offset Partner:	
Main Type of Projects:	
Offset Amount:	
Address/Contact:	
Basis for Categorisation/ Re-categorisation (<i>please attach documents</i>):	
<input type="checkbox"/> Checklist and Type of Check List:	
<input type="checkbox"/> Other (e.g. Due Diligence):	
<i>Type of projects/Use of funds:</i> <ul style="list-style-type: none"> <input type="checkbox"/> Afforestation and reforestation <input type="checkbox"/> Forest and moor conservation <input type="checkbox"/> Sustainable forestry <input type="checkbox"/> Agriculture <input type="checkbox"/> Energy efficiency <input type="checkbox"/> Wind <input type="checkbox"/> Solar <input type="checkbox"/> Hydro <input type="checkbox"/> Geothermal <input type="checkbox"/> Biomass <input type="checkbox"/> Waste management <input type="checkbox"/> Landfill gas <input type="checkbox"/> Other: <i>please specify</i> _____ 	
Is there any project type within the portfolio listed on the Exclusion List?	<input type="checkbox"/> Yes

	<input type="checkbox"/> No <input type="checkbox"/> not enough information provided		
Do the projects within the portfolio include any construction activities?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<i>Brief Description of the Portfolio:</i>			
B. Executive Summary of Project's E&S Risks			
Summarise the main E&S risks that were identified in the E&S Screening Questionnaire (Annex B).			
Topic	Identified Risks		
Excluded Activities			
Known E&S Issues			
E&S Governance and Compliance			
Project E&S Risk Identification			
E&S Monitoring			
E&S Competency			
Other			
C. Categorisation			
<input type="checkbox"/> New <input type="checkbox"/> Re-categorisation — Previous category:			
<input type="checkbox"/> Category A (high risk)	<input type="checkbox"/> Category B+ (substantial risk)	<input type="checkbox"/> Category B (moderate risk)	<input type="checkbox"/> Category C (low risk)
D. IFC PS Triggered within Portfolio			
E&S Standards (IFC PS)	Trigger	Required tools or plans	

IFC PS1: Social and Environmental Impact Assessment	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> Stakeholder Engagement Plan (SEP) <input type="checkbox"/> Environmental and Social Impact Assessment (ESIA) <input type="checkbox"/> Environmental and Social Management Plan (ESMP) <input type="checkbox"/> Other:
IFC PS2: Labour and Working Conditions	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	[in addition to PS1 tools or plans]: <input type="checkbox"/> Other:
IFC PS3: Resource Efficiency and Pollution Prevention	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> Other:
IFC PS4: Community Health, Safety & Security	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> Other:
IFC PS5: Land Acquisition and Involuntary Resettlement	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> Process Framework <i>(in case of access restriction)</i> <input type="checkbox"/> Livelihood Restoration Plan <i>(in case of economic resettlement)</i> <input type="checkbox"/> Resettlement Action Plan <i>(in case of physical resettlement)</i>
IFC PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> Biodiversity Action Plan <input type="checkbox"/> Other:
IFC PS7: Indigenous Peoples	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> SEP with Free, Prior, Informed Consent (FPIC) Process <input type="checkbox"/> Other:
IFC PS8: Cultural Heritage	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> TBD	<input type="checkbox"/> ESMP, includes Chance Find Procedure ¹ <input type="checkbox"/> Other:
E. Comments		

¹ Actions to be taken (e.g. stop construction, inform authorities) if previously unknown cultural heritage, e. g. archaeological finds/sites, are encountered.

Foundation E&S Expert Comments:

F. Approval

Proposed by:			Endorsed by:	
Foundation E&S Expert			Managing Directors	
Date:			Date:	