

Environmental and Social Management Systems Arrangements

Samunnati Financial Intermediation and Services PVT.LTD

Project Number: 53264-001
March, 2021

IND: Maharashtra Agribusiness Network Project

Prepared by TRTA Consultants for the Asian Development Bank

This environmental and social management system arrangements is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

Abbreviations

ADB	–	Asian Development Bank
CO ₂	–	Carbon dioxide
CAP	–	Corrective Action Plan
ES	–	Environmental and Social
ESMS	–	Environmental and Social Management System
ESSM	–	Environmental and Social Safeguard Manager
FI	–	Financial Institution
FIL	–	Financial Intermediation Loan
FPO	–	Farmers Producer Organizations
GHG	–	Greenhouse gas
IEE	–	Initial Environmental Examination
IP	–	Indigenous Peoples
IPP	–	Indigenous Peoples Plan
IR	–	Involuntary Resettlement
MAGNET	–	Maharashtra Agribusiness Network Project
NO _x	–	Nitrogen oxides
PIAL	–	Prohibited Investment Activities List
PFI	–	Participating Financial Institution
SPS	–	Safeguard Policy Statement

NOTES

- (i) The fiscal year (FY) of the Government of India, its agencies and participating financial institutions ends on 31 March.
- (ii) In this report, "\$" refers to US dollars unless otherwise stated.

CONTENTS

	Page
CONTENTS	1
I. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM ARRANGEMENT	2
Introduction	2
Applicability	3
Type of subprojects to be assessed under MAGNET	3
II. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM	4
a) ESMS Policy	4
b) Policy Review	6
c) Organizational Responsibilities, Resources, and Capacity	6
III. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES	8
Screening	9
Categorization	10
E&S Risk and Opportunity Identification	14
E&S Loan Covenants	15
Compliance, Monitoring and Reporting	16
Grievance Redress Mechanism (GRM)	18
IV. CAPACITY BUILDING	22
1. LIST OF APPLICABLE SOCIAL AND ENVIRONMENTAL LEGISLATION	24
2. PROJECT'S PROHIBITED INVESTMENT ACTIVITIES LIST (PIAL), per ADB's PIAL	28
3a. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST FOR BROWNFIELD/ GREENFIELD PROJECTS	31
3b. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST FOR EXISTING FACILITY	35
3c. SOCIAL SAFEGUARDS SCREENING CHECKLISTS	36
3d. INDIGENOUS PEOPLES SCREENING/CATEGORIZATION CHECKLIST	39
4. INDICATIVE CATEGORY OF SUBPROJECTS	42
5. OUTLINE OF AN INITIAL ENVIRONMENTAL EXAMINATION AND ENVIRONMENT MANAGEMENT PLAN	44
6. OUTLINE OF AN INDIGENOUS PEOPLES PLAN	46
7. SUGGESTED OUTLINE OF SAFEGUARD DUE DILIGENCE BRIEFING NOTE DURING REVIEW	49
8. OUTLINE OF SOCIAL-ENVIRONMENTAL ANNUAL REPORT BY FIs	50
9. ENVIRONMENTAL INCIDENT REPORT FORM	53
10. SOCIAL SAFEGUARD INCIDENT REPORT FORM	55

I. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM ARRANGEMENT

Introduction

1. The proposed Maharashtra Agribusiness Network (MAGNET) Project will focus on the Maharashtra's horticulture sector with an overall objective to achieve increased production and enhance the profit share of the farmer producer organizations' (FPOs'). The project is being co-financed by Government of Maharashtra and the Asian Development Bank (ADB).
2. The project will provide (i) institutional, technical, and marketing capacity enhancement to agribusiness institutions and FPOs, (ii) access to finance enhancement to FPOs and value chain operators (VCOs), and (iii) improved horticulture value chain infrastructure. The infrastructure will include women and persons-with-disabilities (PWD) friendly designs and climate adaptation and mitigation financing.
3. The MAGNET project proposes to utilize the financial intermediation loan (FIL) of the Asian Development Bank (ADB) to strengthen access to finance of the farmer producer companies (FPOs) and value chain operators (VCOs). Samunnati Financial Intermediation and Services PVT. LTD., (hereinafter refer to as Samunnati) will function as one of the Financial Intermediaries (FI) for processing term loans and working capital loans under MAGNET Project.
4. This Environmental and Social Management System (ESMS) has been prepared to provide tools and guidelines to identify and manage environmental and social risks that may arise from the financial transaction and subproject implementation with its clients/investors under the MAGNET initiative (only).
5. Samunnati already has a well-established ESMS system that is applied on all loan-components having value of more than INR 50million, being sought either by FPO or a value chain aggregator/ operator. The existing ESMS arrangement of Samunnati institutes a set of policies, procedures, tools, and training requirements to identify, assess, categorize, mitigate, and report on environmental and social risks in such financial transactions. The ESMS arrangement thus defines a decision-making process while stating the documentation and recordkeeping requirements. It also defines the roles and responsibilities of the business team, credit team, risk and monitoring team and the internal audit team of Samunnati responsible for screening against the exclusion list, categorizing, risk assessment, recommending mitigation plans to the borrowers in the form of pre-decided loan covenants, conducting borrower's performance due diligence, and reporting at every stage. In essence, the Samunnati's ESMS ensure that both Samunnati and its borrowers incorporates environmental and social considerations in their business operations and comply with country's environmental and social standards.
6. This ESMS document builds on the existing ESMS arrangement of Samunnati and provisions addendum to the existing system where necessary to meet the requirements of the Asian Development Bank's (ADB) Safeguard Policy Statement (SPS), 2009 Social Protection

Strategy (2001), and Accountability Mechanism Policy (2012), as well as the national, state environmental and social regulatory requirements and policies.

Applicability

7. This arrangement document is intended for the business team, credit team, risk and monitoring team and the internal audit team of Samunnati, and the sub-borrowers participating under MAGNET project, to effectively manage environmental and social risks and enhance positive impacts. The ESMS is applicable to all subprojects¹ financed under the FIL component of MAGNET. It defines how they will be evaluated on Environmental and Social Safeguard requirements.

Type of subprojects to be assessed under MAGNET

8. The MAGNET project has been designed to support subprojects related to the value addition, preservation, and marketing of select horticulture crops² within the state of Maharashtra. The project will support in-situ redevelopment of select facilities to improve post-harvest processing facilities, and establishment of nurseries, greenhouses, and protected cultivation, etc. The proposed infrastructure to be financed under MAGNET are:

- i. Facilities to house Core Plant & Machinery and other equipment's
- ii. Standalone Pack-house
- iii. Stand-alone Cold Storage Unit(s) [Associated with value addition]
- iv. Integrated Pack-house (with mechanized sorting & grading line/ packing line/ waxing line/ staging cold rooms, etc.)
- v. Ripening Chamber(s)
- vi. Processing Infrastructure-
 - Sorting, grading, washing, peeling, cutting, sizing;
 - Blanching, crushing, extraction, pulping;
 - Deseeding, color sorting, pulverization, extrusion, freeze drying / dehydration, frying, etc.;
 - Packaging facilities like canning, aseptic packaging, vacuum packaging, bottling, edible packaging, labelling, any other specialized packaging etc.
 - Chemical preservation, pickling, fermentation, or any other specialized facility required for preservation activities etc.

¹ The term "subprojects" is used in this document to mean horticulture-related business activities financed in part or in full by Samunnati using ADB funds.

² Banana, Custard Apple, Green and Red Chili, Guava, Okra, Orange, Pomegranate, Sapota, Strawberry, Sweet Lime

II. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

a) ESMS Policy

9. As mentioned earlier, this ESMS adopts the existing Environmental and Social Policy of Samunnati Financial Intermediation and Services PVT.LTD. that was approved by the Board of Directors on April 30, 2020. Each staff and the borrowers of Samunnati's loan products are made aware of and explained the essence of the policy statement and need for its application in management of environmental and social risks. All documentation in regard to ESMS arrangement including guidelines, tools, checklists, etc., are archived at "ESMS SharePoint", a database created and operated by Samunnati's internal staff.

Policy Statement

"Samunnati's Environmental & Social (E&S) Policy reinforces its commitment towards sustainable development and integrates environmental and social considerations into decision-making and operations to effectively manage environmental and social risks and enhance positive impacts thus improving outcomes. Samunnati will strive to influence its borrowers on incorporating environmental and social considerations in their business operations.

Samunnati through their transactions will thus:

- not extend loans to any activity that features in Samunnati's 'Exclusion List' or is prohibited by local, national or international laws, as applicable;
- influence borrowers to comply with national environmental and social legal requirements;
- encourage borrowers to adopt international good practices and safeguards, as relevant;
- promote prevention and control of pollution to protect the environment;
- promote resource use efficiency and sustainable production of living and natural resources;
- promote safe and healthy work environment and treating all workers fairly;
- proactively engage with the stakeholders towards timely redressal of grievances; and
- protect its borrower through robust processes and effective communication "

The policy is implemented through eight E&S Operational Principles, that are:

1. **Prohibited Lending Activities:** Samunnati Value Chain Finance will not extend loans to any activity that features in the Exclusion List.
2. **Promoting Compliance to E&S Regulations,** self and by borrowers that include:

- All relevant Indian E&S (including environmental management, labour welfare, occupational health and safety, community health & safety) policy and legislative requirements.
- International E&S standards, safeguards and best practices relevant to Samunnati.
- International Labour Organization's core labour standards and basic terms and conditions of employment.

3. Promoting Prevention of Pollution for environmental protection by influencing borrowers to:

- Adopt appropriate controls (where relevant), including processes and procedures to manage pollution generated in the form of air emissions, wastewater generation and solid waste generation through treatment, destruction, or disposal in an environmentally sound manner.
- Minimize pollution generation through source reduction of waste volumes.

4. Promoting Resource Use Efficiency for environmental protection and conservation in the entities invested by:

- Reducing material and energy inputs, avoiding use of hazardous materials, improving process efficiencies and safety and minimizing waste generation
- Identifying opportunities to reuse, recycle and recover resources from the wastes/emissions generated

5. Promoting Sustainable Production of Living Natural Resources by:

- Locating land-based agribusiness and forestry projects on unforested land or land already converted.
- Managing living natural resources (including natural and plantation forestry, agriculture, animal husbandry, aquaculture, and fisheries) in a sustainable manner, through application of industry-specific good management practices and available technologies.

6. Encouraging Good Working Conditions in the borrower entities that comply with applicable labour regulations:

- Providing safe and healthy working conditions to all workers and mitigate work related health impacts
- Treating all workers fairly in terms of recruitment, remuneration and progression irrespective of gender, race, colour, language, disability, political opinion, age, religion, or national/social origin
- Providing for fair, transparent, and timely redressal of internal and external grievances reported in written or verbal format by all stakeholders.
- Preventing sexual harassment of women.

7. Ensuring Stakeholder Engagement by:

- Engaging in dialog with relevant stakeholders at appropriate stages of business operations with due consideration to the disadvantaged and the vulnerable stakeholders.

- Communicating the E&S Policy and underlying procedures (as relevant) to all stakeholders through appropriate mechanisms.
- Providing fair, transparent, and timely redress of internal and external grievances reported in written or verbal format by all stakeholders.

8. Ensuring Borrower Protection by:

- Designing financial products that are affordable, flexible and suiting borrower interests, excluding waiver of borrower right's under Indian law.
- Preventing over-indebtedness by performing adequate due diligence on the borrower's repayment capacity and designing appropriate loan repayment schedules and using collaterals and guarantees judiciously.
- Communicating necessary information about the product clearly, timely and in a language understood by the borrower.
- Pricing the product affordable to borrowers while allowing the financial institution to be sustainable.
- Conveying in writing in a language understood by the borrower, by means of a sanction letter, the loan sanctioned along with the terms and conditions including the rate of interest and the method of application.
- Treating borrowers fairly and respectfully, free of discrimination through code of ethics for staff, incentivizing good client relations and responsible use of agents.
- Respecting individual client data in accordance with Indian law and regulations and implementing appropriate mechanisms to maintain client confidentiality on personal data.

b) Policy Review

11. The E&S Policy and ESMS is reviewed on an annual basis³ by the Board of Directors. The review process ensures continuing suitability, adequacy, and effectiveness of the management system. Where revision in the E&S Policy is realized, the revised policy document will be placed before the Board for approval prior to implementation. Revisions of those that may have influence on the subprojects being processed by Samunnati as FIL under MAGNET initiative, will be reported to MAGNET Society and the Society will adequately inform such changes if necessary, to ADB through set reporting mechanism.

c) Organizational Responsibilities, Resources, and Capacity

12. Samunnati's existing ESMS arrangement defines the institutional set-up and roles and responsibilities of the given departments involved in generating loan proposals (business team, processing and approving loans (credit team), monitoring risk (risk monitoring), and conducting

³ Every year in the month of April

internal audits (internal audit team). The E&S Governance Framework and Responsibility matrix of Samunnati's ESMS arrangement (illustrated below) defines how implementation of ESMS stages shall be administered to ensure ownership, accountability, good stewardship, and transparency.

Figure 1: Illustration of Roles and Responsibility of respective personnel at various stages of subproject's life-cycle

Resp. team	1 Screening Exclu. list <i>Applicable to all Proposals</i>	2 Categorisation <i>Applicable to Limited & Full Application</i>	3 Risk Assessment <i>Only Applicable to Full Application</i>	4 Loan Covenants <i>Applicable to Limited & Full Application</i>	5 Risk Monitoring <i>Only Applicable to Full Application</i>	6 Action Plan <i>Only Applicable to Full Application</i>
Business Team	✓ RM will take the declaration and counter sign					
Credit Team		✓ Cr Manager will carry out categorization during client/site visit ✓ Will receive training for the same	✓ During the credit appraisal process, the Cr Manager will do the risk assessment with help of tools developed. ✓ He will receive proper training for the same	✓ Credit Admin team, upon the communication from the credit team, will incorporate the pre-decided covenants into the sanction letter		✓ Based on the observations obtained during the risk assessment, Risk team recommend action plan to the customer
Risk Monitoring Team					✓ Risk Monitoring team will carry out the documents verification and recommend actions for E & S compliance	
Internal Audit Team	Will audit end-to-end ESMS Process					

Table 1: Implementation arrangement of Samunnati ESMS policy

Department	Station	Responsibility
Business Team	Branch offices	a) Conduct E&S Screening for all transactions/ engagements
Credit Team	Branch and Head offices	b) Conducts E&S Categorization c) Undertakes E&S risk assessment for transactions, as applicable and, d) Incorporates Loan covenants related to E & S aspects
Risk Monitoring Team	Head office	a) Inspect the items listed in applicable E&S Risk Assessment Tool and prepare E&S Action Plan for the missing/ non-compliant items. b) Monitor implementation of E&S Action Plan by the borrower/ buyer, as relevant c) Update the E&S Policy document and ESMS Manual based on operational experience. d) Coordinate and prepare annual E&S Reports. e) Organize Management Review Meeting on ESMS
Internal Audit Team	Head office	a) Conduct Internal Audit of ESMS implementation that includes procedures on screening, risk assessment and periodic monitoring b) Prepare action plans for closing internal audit findings and coordinate with the respective business verticals for implementation of actions.

		c) Present findings of Internal Audit to the top management during Management Review Meetings.
Human Resource (HR) Department	Head office	Organize training activities on aspects related to the ESMS for Samunnati team.

III. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES

13. The flow-chart below delineates the Samunnati's ESMS Operational Steps that parallelly aligns with the loan processing steps. All the subprojects under MAGNET initiative processed by Samunnati will under this process flow and meet the requirements of each steps as discussed in the subsequent paragraphs.

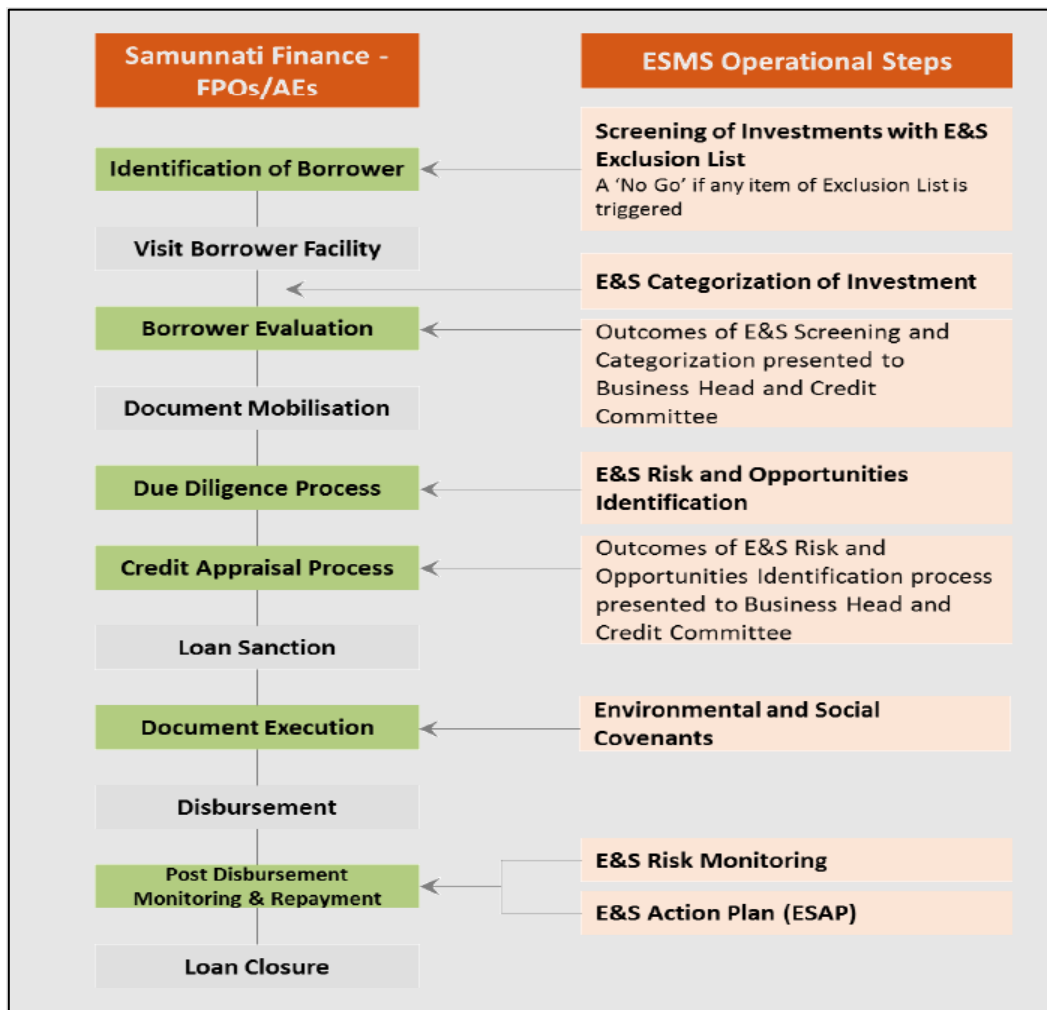


Figure 2: Samunnati's ESMS Operational Steps integrated with Loan Cycle

Screening

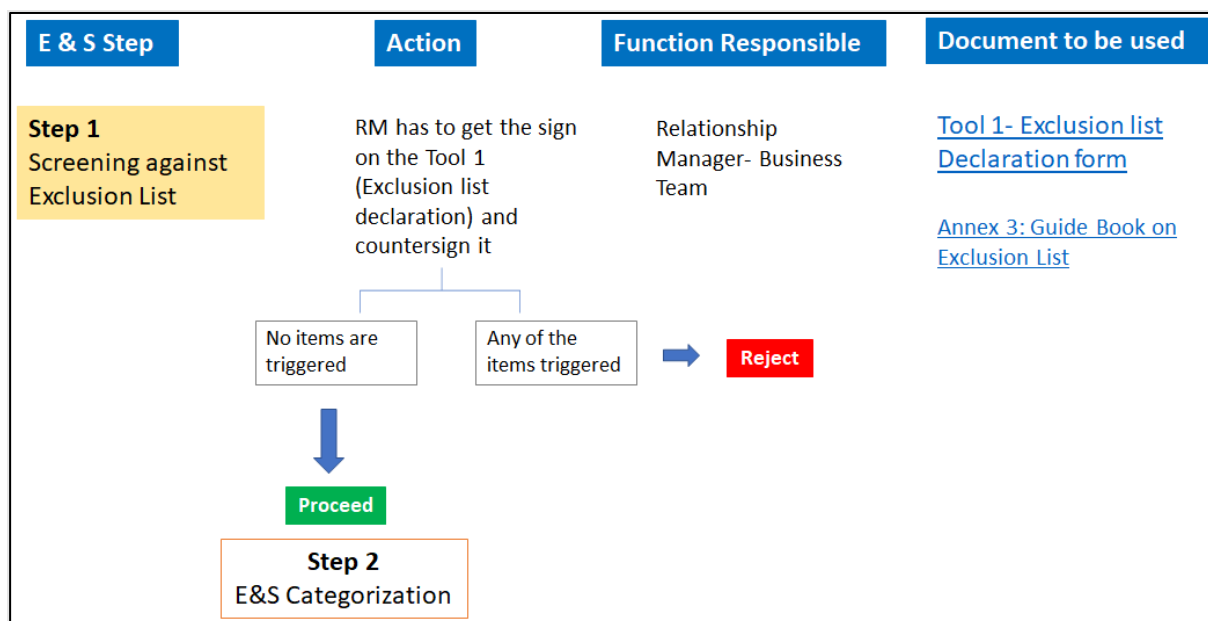


Figure 3: ESMS Step 1 - Screening against Exclusion List

14. The above flow-chart defines the E&S Screening step, the action to be taken by the Relationship Manager (RM) from the Business Team who receives the loan proposal from the borrower approaching Samunnati. The RM screens the proposal against the existing Exclusion List (available under Tool 1 – E&S Exclusion List Declaration Form, supported by Annex 3: Guide Book on Exclusion List). If any of the items triggers under Exclusion list, the loan is not processed further. The same process will be followed for all subprojects under MAGNET with the following addendum:

- i. Samunnati will ensure that:
 - The subprojects do not involve any involuntary resettlement as defined under ADB SPS, including physical or economic displacement due to involuntary land acquisition or involuntary restriction on land use. The subproject proposal will be screened through an involuntary resettlement impact screening checklist. The checklist will be submitted to ADB for approval to confirm that there are no involuntary resettlement impacts.
 - The subprojects do not have adverse impacts on Indigenous Peoples (scheduled tribes).⁴ The subproject proposal will be screened through an Indigenous Peoples impact screening checklist. The checklist will be submitted to ADB for approval to confirm that there are no adverse impacts on Indigenous Peoples.

⁴ Maharashtra's tribal population is close to 10% (Census of India), and close to 10 districts (Thane, Palghar, Nashik, Dhule, Nandurbar, Jalgaon, Ahmednagar, Pune, Nanded, Amravati) fall under Schedule V areas

- The subprojects are not located in any eco-sensitive⁵ zone and or within 500 m. of any national heritage zone/structure.
- ii. Apart from Samunnati's Exclusion list, Samunnati will ensure that the subprojects under MAGNET are screened against:
- the Prohibited Investment Activities List (PIAL) of the ADB Safeguard Policy Statement (Appendix 2)⁶
 - screened using the Environmental Safeguards Checklist (Appendix 3a and 3b)
 - Project applications are screened using the Social Safeguards Checklist (involuntary resettlement safeguards checklist and the Indigenous Peoples checklist) (Appendix 3c and 3d)

15. Where a prospective client is involved in any of the activities under the lists, the NBFC shall deny the client's request for financing. The outcome of the Exclusion List Assessment must be documented in the customer's file and any other client evaluation reports. For PIAL compliant investments, the Business team will bring the subproject environmental and social selection criteria to the subproject applicant's attention. The subprojects will then proceed to the next stage of categorization involving ADB's categorization of the Environmental and Social Risk.

Categorization

⁵ Eco-Sensitive Zones or Ecologically Fragile Areas are areas within 10 kms around Protected Areas, National Parks and Wildlife Sanctuaries notified by Ministry of Environment, Forest and Climate Change, Government of India under Environment Protection Act 1986.

⁶ ADB. 2009. *Safeguard Policy Statement*. Manila

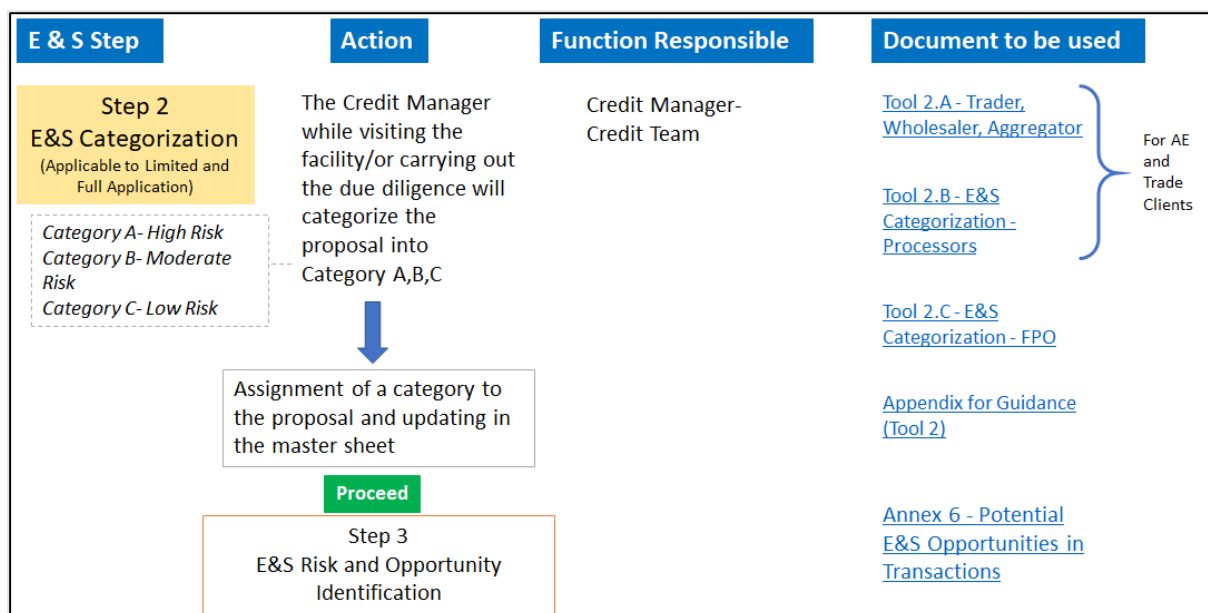


Figure 4: ESMS Step 2 - E&S Categorization

16. The above flow-chart defines the steps being followed under Samunnati's ESMS arrangement for Categorization of projects under E&S Categories of High (A), Moderate (B) and Low (C) risk mainly against climate change vulnerability, water resource exploitation, having proper land rights, use of hazardous pesticides and fertilizers, hiring of more than 10 contract labourers, and or having no E&S legal permit required for operation. Since these criteria are not in-sync with ADB's SPS 2009 policy, the following addendum to this step of Categorization will be applicable to all subprojects of MAGNET that will processed by Samunnati. The addendum will be applied and followed by the Credit Manager from the Credit Team responsible for processing the loan application.

- i. **The subprojects will be classified as one of the following categories: Category A** (with potentially significant environmental and/or social impacts); **Category B** (with less significant environmental and/or social impacts), and **Category C** (with minimal or no impacts) using Appendix 4. Table 1 defines the categorization of subprojects and summarizes the level of assessment required for MAGNET subprojects that are Category A, B, and C for the environment, involuntary resettlement, and Indigenous Peoples.
- ii. Subproject screening⁷ will be mandatory for all subprojects to be financed under the project. On this basis, the Credit Team will indicate the applicable environmental and social safeguard requirements for the subproject. The requirements are stipulated in the ADB's SPS 2009. The Credit Team of

⁷ Relevant PISC of MAGNET Project will provide guidance and assistance on screening and categorization phase of the subprojects.

Samunnati will assure that the subproject owners are fully aware of the applicable requirements, as presented in Table 1.

- iii. Only subprojects classified as "B" and "C" (low risk) for the environment and Indigenous Peoples are allowed to be funded under MAGNET. No subproject requiring land acquisition (category A and B) is allowed to be funded. It will exclude all subprojects categorized A for the environment and Indigenous Peoples. For environment and/or Indigenous Peoples category B subprojects, Samunnati Financial Intermediation and services PVT.LTD will prepare an initial environmental examination (IEE) and environmental management plan (EMP), using Appendix 5, and/or an Indigenous Peoples plan, using Appendix 6, and submit the appropriate plan for ADB's approval before the subproject is financed.

Table 2: E&S Risk Categorization of Subprojects

Category (Risk Rating)	Definition	Environment	Involuntary Resettlement	Indigenous Peoples
Category A	If the proposed subproject is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works.	Excluded	Excluded	Excluded
	If the subproject is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts are considered significant, if 200 or more persons will experience major impacts, which are defined as (a) being physically displaced from housing or (b) losing 10% or more of their productive assets (income generating).			
	If the subproject is likely to have significant impacts on Indigenous (tribal) Peoples. This is determined by assessing the magnitude of impact in terms of: customary rights of use and access to land and natural			

	resources; socioeconomic status; cultural and communal integrity; health, education, livelihood, and social security status; and the recognition of indigenous knowledge; as well as, the level of vulnerability of the affected Indigenous Peoples community.			
Category B	If subproject's potentially adverse environmental impacts are less adverse than category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects.	Comply with national laws, ADB PIAL, & sector exclusions Prepare Initial Environmental Examination (IEE) and environment management plan (EMP)	Excluded, no further assessment	An Indigenous Peoples plan (IPP), including assessment of social impacts, is required
	If the subproject includes involuntary resettlement impacts that are not deemed significant			
	If the subproject is likely to have limited impacts on Indigenous Peoples			
Category C	If the subproject is likely to have minimal or no adverse environmental impacts	Comply with national laws, ADB PIAL, & sector exclusions	No impacts. No further action required	No impacts. No further action required
	If the subproject has no involuntary resettlement impacts.			
	If the subproject is not expected to have impacts on Indigenous Peoples			

E&S Risk and Opportunity Identification

E & S Step	Action	Function Responsible	Document to be used
Step 3 E&S Risk and Opportunity Identification	<p>The Credit Manager while visiting the facility/or carrying out the due diligence will gather the information from the customer and also take the declaration from the customer for inspecting the documents later</p> <p style="text-align: center;">↓</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <p>Credit team will fill the status and remarks for the documents and save in shared drive and inform the Credit Admin Department for the applicable proposals. Then, the document will be used by risk monitoring team.</p> </div> <p style="text-align: center;">↓</p> <div style="background-color: #008000; color: white; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;"> Proceed </div> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto; text-align: center;"> Step 4 E&S Loan Covenants </div>	<p>Credit Manager- Credit Team</p> <p style="border: 1px dashed black; padding: 2px; text-align: center; margin-top: 20px;">Declaration form</p>	<p>Tool 3 - E&S Risk Assess monitoring (Folder)</p> <p>Guidance- Summary of E&S Legal Requirements</p> <p>Guidance on Method of Conducting E&S Risk Assessment using Tool 3</p> <p>Annex 6 - Potential E&S Opportunities in Transactions</p>

17. The flow-chart above delineates the process followed under Samunnati's ESMS arrangement for E&S Risk and Opportunity Identification. This step is supported by series of guidelines that the Credit Manager from the Credit Team follows to assess the potential risk as well as opportunity to enhance E&S value, such as resource conservation, making better workplace, etc.

18. Under this step, Samunnati will follow the following addendum for the subprojects under MAGNET:

- For environment and/or Indigenous Peoples category B subprojects, the credit manager should conduct a site visit. All projects after assessment should be followed by a due diligence brief note (Appendix 7) and kept in the subproject files. The subproject must provide all requested information to the Credit Manager/ Team and should be able to demonstrate compliance with the applicable environmental and social safeguard requirements as per section II.
- For environment and/or Indigenous Peoples category B projects, an IEE and/or IPP, as relevant, will be prepared and will take into account the findings of the due diligence brief note (i.e. if there are gaps between ADB environment and social safeguard guidelines and existing performance, IEE reports and/or IPP must address these gaps). For category B subprojects, PIU in consultation with PISC experts will prepare an initial environmental examination (IEE) and environmental management plan (EMP), using Appendix 5, or an Indigenous Peoples plan, using Appendix 6.

- For category C projects, if gaps arise they must be addressed through development of an appropriate action plan.
- Due diligence report brief note will be prepared for category B and C subprojects, and the results of the due diligence will be reflected in the report to the investment committee of the Samunnati Financial Intermediation and services PVT.LTD. and take into account these in approving the subproject.

E&S Loan Covenants

E & S Step	Action	Function Responsible	Document to be used
Step 4 E&S Loan Covenants (Applicable to Limited and Full Application)	Credit Admin Department on the communication from the credit department will incorporate the E & S covenants in the sanction letter only for the applicable cases with the help of the supporting document provided to them ↓ The customer will be made aware of the covenants and the proposal will proceed for the disbursement Proceed Step 5 E&S Risk Monitoring	Credit Admin Department	Annex - E&S Covenants <i>The review of Loan Covenants will take place at the time of renewal or annually, as applicable</i>

Figure 5: ESMS Step 4 - E&S Loan Covenants


E & S Step	Action	Function Responsible	Document to be used
Step 5 E&S Risk Monitoring (Applicable to Full Application)	Risk monitoring team will conduct the visit to client and verify the information/documents furnished by the client and complete the risk identification sheet received from the credit team by filling up "monitoring status" column as and when the visits are being done ↓ To populate the monitoring status column to the "Action plan sheet" for further process Proceed Step 6 E&S Action Plan post monitoring	Risk Monitoring Team	Tool 3 - E&S Risk Assess monitoring (Folder) Guidance- Summary of E&S Legal Requirements Guidance on Method of Conducting E&S Risk Assessment using Tool 3 Annex 6 - Potential E&S Opportunities in Transactions

Figure 6: ESMS - Step 5 - Risk Monitoring

19. The above flow-charts define the procedure followed by the Credit Admin Department incorporated the E&S loan covenants in the loan sanction letter while the Risk Monitoring Team visits the site and checks on the completeness of the mandatory requirements to be fulfilled before disbursement of loan and also decides on the Action Plan for the next round of reviews. Under this step following addendum will be followed for all subprojects under MAGNET:

- a. Samunnati will ensure that sub-borrowers comply with: (i) all applicable national laws and regulations (Appendix 1) relating to the environment; (ii) core labor standards and the applicable laws and regulations, including, but not limited to, the requirements relating to (a) workplace occupational safety norms; (b) no use of child labor; (c) no discrimination against workers in respect of gender, employment and occupation; and (d) no use of forced labor; and (iii) recommendations and requirements indicated in the IEE, EMP⁸ and IPP.
- b. Samunnati will ensure that the workers engaged by sub-borrowers for the subprojects are not restricted from developing legally permissible means of expressing their grievances and protecting their rights regarding conditions and terms of employment.

Compliance, Monitoring and Reporting

E & S Step	Action	Function Responsible	Document to be used
Step 6 E&S Action Plan post monitoring (Applicable to Full Application)	Risk monitoring team, having populated the observations in "Action plan sheet" and will recommend actions to the clients. <i>The means of communications to the clients is to be decided</i>	Risk Monitoring Team	E&S Action Plan To spread awareness- Guidance on- Compendium of Good Practices Annex 6 - Potential E&S Opportunities in Transactions
 Will maintain the record of the recommended action and monitor it at determined intervals along with educating the customer on the same parameters			
<div style="background-color: green; color: white; padding: 2px 10px; display: inline-block;">Proceed</div>			
<div style="border: 1px solid orange; padding: 5px; display: inline-block;">For reporting- E&S Performance Report</div>			

⁸ Samunnati will ensure that EMP measures are included in sub-borrower's bidding documents for subproject construction and/or operation.

20. Based on the above flow-chart, the Risk Monitoring team visits borrowers' site at determined intervals and monitors the parameters as agreed during loan disbursement and educate the customer on the same parameters.

21. The Risk Monitoring Team will evaluate the environmental and social (ES) performance of category B and C subprojects on an annual basis in the following 10 years. The benchmark for performance will be the ongoing compliance against the ADB SPS 2009 (Appendix I), applicable environmental and social safeguard national requirements in the Project loan agreement, IEE, IPP, audit report, GRM, applicable CAP, EMP, ESMS, and any other safeguard documents. Samunnati will ensure that the environment and/or Indigenous Peoples category B subprojects owner prepares and submits a semi-annual environmental and social monitoring report. Based on these reports, quarterly site visits, and semi-annual progress reports, the ESMS Manager will review and assess the subproject's environmental and social safeguard performance.

22. In case any environmental and/or incident related to Project activities/area during reporting period, the Samunnati shall prepare an incident report and attach it to the environmental and social monitoring report using an incident report form (Appendix 9) including identification of corrective action. In the event of an unanticipated impacts or major changes in Project scope, the categorization will be reconfirmed, and it may be necessary to update the IEE, EMP, and prepare a CAP in accordance with ADB's SPS 2009 requirements.

23. Based on the subproject's environmental and social safeguard performance, the ESMS Manager will consolidate in an annual ES performance report of Samunnati (Appendix 8) and submit it to the Bank of India management for endorsement before submission to the PMU of the EA (MAGNET Society).

24. Based on the Samunnati's ES performance reports, PMU will submit an annual project Safeguard monitoring report (Appendix 9) to ADB by the end of December every year after the loan has become effective. All subproject investment agreements will contain appropriate environmental and social covenants requiring that sub-borrowers are in compliance in all material respects with the applicable environmental and social safeguard requirements as stated in the ESMS.

25. For reporting to MAGNET Society, Samunnati will follow the given timelines:

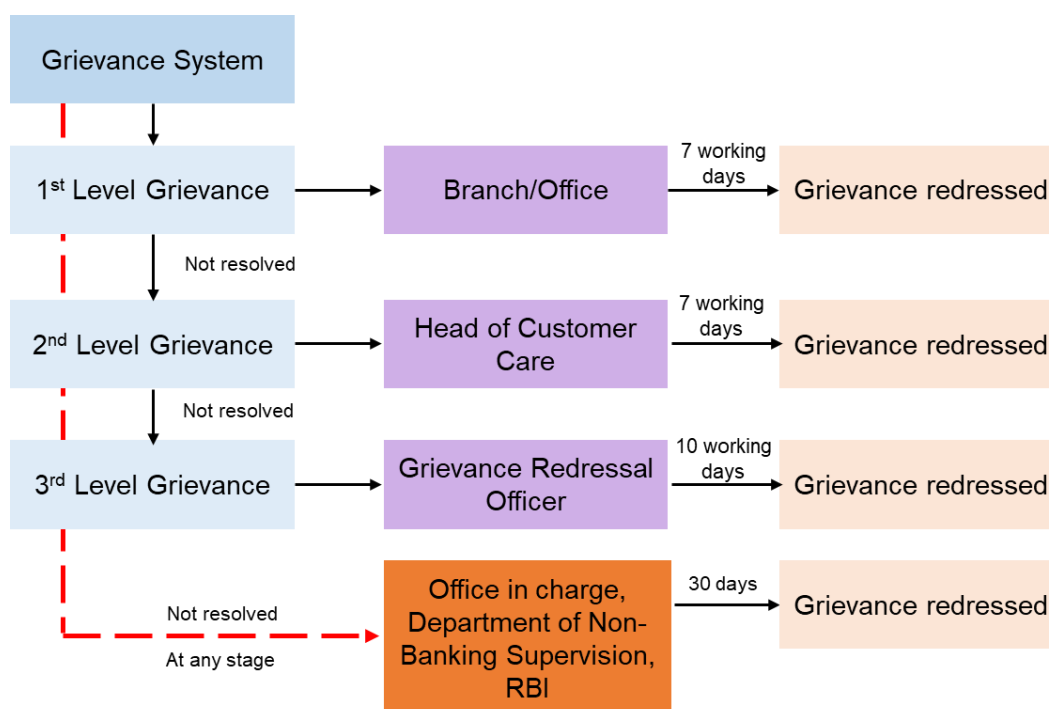
Activity	Reporting Timeline to MAGNET
Evaluate the environmental and social (ES) performance of subprojects	As per determined intervals
In the case of non-compliance of the subproject owner/s	To report to Credit Team immediately and as soon as reasonably practicable, the Credit Team will investigate the nature and reason(s) for non-compliance, and a decision will be taken on what is needed to bring a subproject into compliance by means of a corrective action plan (CAP) whereby activities are defined to bring the project into compliance and a specific timeline for their implementation established, or a decision is made

	on whether financing should be suspended. In the former case, the CAP will be shared with the ADB for review within 30 days of becoming aware of the incidence. In the case of non-compliance mitigation of any environmental and social effects from financed activities will be the responsibility of the activity proponent; however, it will also be the responsibility of the Samunnati to ensure that mitigation is carried out successfully for environment and/or Indigenous Peoples category B subprojects.
E&S Progress Report including number of proposals received, categorization of the projects, mitigation measures suggested, status of mitigation measures, etc.	Semi-annually
E&S Monitoring and Performance Report	Annually within the last quarter of the year, using Appendix 8
Any actual or potential breach of the compliance requirements	To report promptly to MAGNET Society
Training needs identified and completion	Annually
Based on the Samunnati's E&S performance reports, PMU will report to ADB the progress of FIL ESMS implementation through monitoring report to ADB by the end of February every year after the loan has become effective.	

Grievance Redress Mechanism (GRM)

26. A Grievance Redressal Mechanism is already maintained by Samunnati, and the sub-borrower companies to provide a systematic, transparent and timely process for receiving evaluating and addressing complaints from the general public/project affected people regarding potential Environmental and Social violations by the projects financed through this facility. The GRM will be open to all project affected people, regardless of the nature of their complaint and should be gender responsive, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution.

Figure 7: Samunnati GRM Process



41. The detailed stepwise process to be adopted for receiving complaints and addressing is described below:

The complainant who wish to send in their complaint may use the following channels between 10:00 am and 6:30 pm, from Monday to Friday (except on public holidays).

Level 1:

- Submit a written letter to the branch/office and obtain an acknowledgement.
- Call the Customer Service Helpline at 97908 97909 OR
- Email at customervoice@samunnati.com

The customer service staff will register the complaint in the GRM database and coordinate with the MAGNET Society PMU, PIU, subproject owner and consult with the aggrieved person. A response will be provided within 7 working days from the date of receipt of complaint by Samunnati. In case, the complaint is not resolved within 7 working days or if the customer is not satisfied with the solution provided through above channels, the complaint will be escalated to the next level with the reference of earlier communication and the same will be notified to the complainant.

Level 2:

- The customer service staff at the branch/office level will refer the complaint on the behalf of the complainant to the Company at the below mentioned address: Head of Customer Care⁹ (Email - headcustomercare@samunnati.com), Samunnati Financial

⁹ For the purpose of this policy Head of Business Process of the Company is considered as Head of Customer Care

Intermediation & Services Pvt Ltd Baid Hitech Park, 129-B, 8th Floor, ECR,
Thiruvanmiyur, Chennai – 600041.

The Head of Customer Care will coordinate with the MAGNET Society PMU, PIU, subproject owner, and consult with the aggrieved person. A response will be provided within 7 working days from the date of receipt of complaint by Samunnati. In case the complaint is not resolved within the 7 working days or if the customer is not satisfied with the solution provided through above channels, the customer will be referred to the following escalation channel with the reference of earlier communication.

Level 3:

- The Head of Customer Care will refer the complaint on the behalf of the complainant to the Company at the below mentioned address: Grievance Redressal Officer¹⁰ (Email - gro@samunnati.com) Samunnati Financial Intermediation & Services Pvt Ltd Baid Hitech Park, 129-B, 8th Floor, ECR, Thiruvanmiyur, Chennai – 600041.

The Grievance Redressal Officer will coordinate with the MAGNET Society PMU, PIU, subproject owner, and consult with the aggrieved person. A response will be provided within 10 working days from the date of receipt of complaint by Samunnati. In case, the complaint is not resolved within 10 working days or if the customer is not satisfied at any stage with the resolution provided through various channels or if the complaint/dispute is not redressed within a period of one month, the customer may appeal to:

- The Officer-in-Charge of the Regional Office of Department of Non-Banking Supervision of RBI under whose jurisdiction the Registered Office of the Company falls. The details of DNBS are as given below: The Reserve Bank of India, Officer in-Charge, Department of Non-Banking Supervision, Reserve Bank of India, Fort Glacis, Rajaji Salai Chennai – 600 001 Phone: 04425399222, Email id: dnbschennai@rbi.org.in.

The details of various contact points for grievance redressal mechanism shall be published on the website for the benefit of the customers.

Apart from this, as mandated in the RBI Ombudsman Scheme for Non-Banking Financial Companies, we have also displayed the salient features of the scheme and the names of the Principal Nodal Officer and the Nodal officers at various regional offices in our website. The essential features of the Redressal Mechanism and the procedure involved in registering complaints shall be displayed prominently at all offices/branches.

¹⁰ For the purpose of this policy Senior VP – Internal Control & Compliance of the Company is considered as Grievance Redressal Officer

If at any stage the complainant is unhappy with the GRM they are free to seek redress through the Maharashtra state court system. By entering into the GRM they are also not deterred from seeking legal redress at any stage.

27. Samunnati will ensure the redressal of complaints, including anonymous complaints, and issues of non-compliance, in accordance with national regulations and the ADB Accountability Mechanism Policy 2012. The ESMS Manager will include the GRM details, including the channels to register a complaint, timelines or redressal, escalation process, etc. as per the existing policy structure¹¹. All information about the GRM and how to access it will be publicly available. The GRM will be open to all project affected people, regardless of the nature of their complaint and should be gender responsive, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution. All complaints will be assessed and resolved through a transparent process, and the necessary communication will be sent to the complainant. Complainants' interaction with the GRM will not impede their access to remedy through the country's judicial or administrative systems and remedies. The ESMS manager along with ESMS associate(s) will periodically review the functioning of the GRM and record information on the effectiveness of the mechanism, especially on the FI's ability to prevent and address grievances. The ESMS manager will keep records of the following:

- Complaints, grievances, or protests received from local communities, recording dates and organizations involved, actions taken to resolve grievances, and proposed measures for resolution;
- Number of grievances addressed and unresolved (disaggregated by date and time (monthly, quarterly, yearly); and grievance type);
- Percentage of grievances redressed within the stipulated time (disaggregated by date and time (monthly, quarterly, yearly); and grievance type);
- Details of information disclosure and consultations, if any, with affected people, local communities, civil society groups, and other stakeholders; and
- Number of grievances escalated to a higher authority (disaggregated by time (monthly, quarterly, yearly); and grievance type).

28. To ensure the GRM is in line with the SPS, the GRM will be culturally appropriate and gender inclusive, equipped to receive and facilitate resolution of the Indigenous Peoples' concerns. This will be supported through: (i) membership of the indigenous peoples or their representative at the first tier GRM at field/village level; (ii) availability of the GRM form in local/indigenous dialect; (iii) installation of grievance box at all project locations; (iv) and installation of project billboard in the villages with grievance focal person's contact details and procedure on how to file a complaint, including in local or indigenous dialect.

¹¹ Samunnati Financial Intermediation & Services Private Limited, Grievance Redressal Mechanism Policy, Issued on December 3, 2018. <https://samunnati.com/wp-content/uploads/2019/12/grievance-policy.pdf>

IV. Capacity Building

10. The differences in the development of environmental and social safeguard systems among PFIs likely means that the ability of PFIs to be able to start conducting the environmental and social due diligence for category B projects, according to the SPS (2009) also, is variable. As a result, some PFIs will likely need more training and experience with the ESMS than others before being able to identify (screen) and oversee completion of required due diligence of category B subprojects.

11. Training on ADB's SPS 2009 and the ESMS requirements will be conducted by the ADB safeguard specialist and consultants during the preparation and implementation for the PFI staff. The designated ESMS manager, relationship manager, credit officer, and others related with MAGNET / ESMS implementation will participate in the training. After initiation of ESMS workshop training, the FIs with completed and more accomplished E&S safeguard systems will start applying the ESMS to process category C and B subprojects while the less capable PFIs will only process category C subprojects.

12. Throughout the project, required training and hands-on experience with overseeing and conducting environmental and social due diligence for environment and/or Indigenous Peoples category B subprojects will be provided to Samunnati by the MAGNET Society. As PFIs develop skills and experience with the ESMS, they may advance to processing category B and C safeguards, subject to PMU clearance and for information of ADB.

Table 3: Capacity building training on environmental and social management

Training Topic	Trainer	Attendee	Contents	Timeline
ADB Safeguard Policies	PISC, ADB Consultants Note: all subprojects must receive this training prior to subproject implementation)	Samunnati staff involved in ESMS	<ul style="list-style-type: none"> The project's ESMS policy and requirements including links to ADB's SPS (2009) such as policy principles, policy delivery process, environmental and social safeguard requirements, on Indigenous Peoples International environmental, health and safety management 	After loan negotiation and before the first disbursement of ADB and as per need

Training Topic	Trainer	Attendee	Contents	Timeline
			practice in civil constructions including World Bank EHS Guidelines	
Subproject screening and categorization, and due diligence activities	PISC, ADB Consultants	Samunnati staff involved in ESMS	<ul style="list-style-type: none"> • Screening and categorization of subprojects against the PIAL and requirements of IEE • Environmental and social due diligence and compliance audit including exclusion criteria 	Continuous; before the first disbursement of ADB
Monitoring and Evaluation and Corrective Action Plan preparation	PMU and PISC	Samunnati staff involved in ESMS	<ul style="list-style-type: none"> • Reporting formats, monitoring of projects and preparation of a CAP 	During implementation
GRM	PMU and PISC consultants	Samunnati staff involved in ESMS	<ul style="list-style-type: none"> • GRM structure, responsibilities, and timeframe • Types of grievances and eligibility assessment 	During implementation/ loan disbursement on continuous basis
Implementation of ESMS	PMU and PISC consultants	Samunnati staff involved in ESMS	<ul style="list-style-type: none"> • ESMS objectives, contents, subproject criteria, other issues regarding ESMS 	During project implementation

APPENDIX 1: LIST OF APPLICABLE SOCIAL AND ENVIRONMENTAL LEGISLATION

Environmental Safeguards

The Forest (Conservation) Act, 1980. The Forest (Conservation) Act, 1980 pertains to cases of diversion of forest area and felling of trees. Depending on the size of the tract to be cleared, government clearances are applied at the following levels: (a) if the forest area to be cleared or diverted exceeds 20 hectares (ha) (or 10 ha in hilly area), then prior permission of the central government (Ministry of Environment, Forest, and Climate Change [MOEF]) is required; (b) if the forest area to be cleared or diverted is between 5 to 20 ha, the Regional Office of Chief Conservator of Forests (MOEF) is empowered to approve; (c) if the forest area to be cleared or diverted is below or equal to 5 ha, the state government (State Forest Department) can give permission; and (d) if the area to be clear-felled has a forest density of more than 40%, permission to undertake any work is needed from the central government, irrespective of the area to be cleared. Restrictions and clearance procedure proposed in the Forest (Conservation) Act applies wholly to natural forest areas, even in cases where the protected or designated forest area does not have any vegetation cover.

The Environment (Protection) Act, 1986 and the Environmental Impact Assessment Notification, 2006. The Environmental (Protection) Act, 1986 is the umbrella legislation that provides for the protection of the environment in the country through Environment (Protection) Rules, which have since been formulated. The Environmental Impact Assessment Notification, 2006 and the Amendment thereto (22 August 2013) have been notified under the Environmental (Protection) Act, 1986. The Environmental Impact Assessment (EIA) Notification has been introduced to ensure that projects receive prior environmental clearance.

The Wildlife (Protection) Act, 1972. The Wildlife Protection Act has allowed the government to establish several national parks and sanctuaries over the past 25 years, and to protect and conserve flora and fauna. If activities related to any given project are taken up in protected areas, then prior clearance is needed from the State Wildlife Board and the National Board for Wildlife (within the MOEF).

The Water and Air (Prevention and Control of Pollution) Act. The Water (Prevention and Control of Pollution) Act, 1974 resulted in the establishment of the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB) whose responsibilities include managing water quality and effluent standards, as well as monitoring water quality, prosecuting offenders, and issuing licenses for construction and operation of certain facilities. The SPCB is empowered to set air quality standards and monitor and prosecute offenders under The Air (Prevention and Control of Pollution) Act, 1981. Additionally, as per the Gazette notification dated 10 April 1997, SPCB is also empowered for public hearing of all projects.

The Motor Vehicles Act, 1988. In 1988, the Indian Motor Vehicles Act empowered the State Transport Authority to enforce standards for vehicular pollution and prevention control. The

authority also checks emission standards of registered vehicles, collects road taxes, and issues licenses. In August 1997, the Pollution under Control Certificate program was launched in an attempt to crackdown on vehicular emissions.

The Ancient Monuments and Archaeological Sites and Remains Act, 1958. According to this act, the area within a radius of 100 meters and 300 meters from the “protected property” are designated as “protected areas” and “controlled areas,” respectively. No development activity (including building, mining, excavation, blasting) is permitted in the “protected area,” and development activities likely to damage the protected property are not permitted in the “controlled area” without prior permission of the Archaeological Survey of India if the site is protected by it; or the State Department of Archaeology if the site is protected by the state.

Notification for Use of Fly Ash, 2003. The MOEF issued a Notification under the Environment (Protection) Act, 1986 for the utilization of fly ash in earthworks in roads project within 100 kilometers radius from coal-based power plants. The aim of this act is to minimize impact on agriculture and protection for land used for earthwork.

Coastal Regulation Zone Notification, 2011. The Coastal Regulation Zone, 2011 protects coastal belts and regulates development near the coast for ecological protection and national security.

MOEF circular (1998) on linear plantation on roadside, canals and railway lines modifying the applicability of provisions of Forest (Conservation) Act linear plantations. This circular has been issued to increase forest cover and to protect linear plantations. This circular is effective for states like Rajasthan where forest cover is minimal.

Noise Pollution (Regulation and Control) Act, 1990. Under this Act, MOEF has promulgated noise standards for the usage of land during the day and night.

Public Liability and Insurance Act, 1991. This act provides for protection from transportation, handling, and storage of hazardous materials. The occupier has to compensate people who are affected by any mishap or accidents that might happen during handling, transport, and storage.

Explosive Act, 1984. This act has been enacted for safe transportation, handling, storage, and use of explosive materials.

Minor Mineral and Concession Rules. These rules have been notified for sand mining and for small quarry opening for aggregates.

The Mining Act. This act has been enacted for safe and sound mining activities and for the restoration of mined areas. The act also aims to regulate mining activities.

Social Safeguards

The Ministry of Rural Development, respective state governments, and the Ministry of Tribal Affairs are responsible for implementing the below-mentioned legislations. However, all the implementing agencies must pay attention to and ensure that all project activities comply with legal requirements.

National Rehabilitation and Resettlement Policy, 2007. The National Rehabilitation and Resettlement Policy (NRRP) provides broad guidelines and executive instructions and applies

to all projects. The NRRP focuses on providing basic rehabilitation measures for populations involuntarily displaced by projects and requires that projects address rehabilitation and resettlement issues comprehensively.

The Right to Fair Compensation in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The Act governs land acquisition and compensation. The Act describes the process to be adopted in notifying the land required for public purposes or a company. It also includes procedures for enquiry, hearing of objections, and the fixing of compensation. The Act prescribes a 2-year time limit from the date of declaration within which the process has to be completed. The previous Land Acquisition Act has been revised, and this new Act has been introduced to compensate project affected persons better. The Act aligns its provisions to the goals and objectives of the NRRP, 2007.

Indigenous Peoples

Scheduled Caste and Scheduled Tribes (Prevention of Atrocities Act), 1989. This was enacted to bring all forms of abuse to an end against scheduled castes and tribes. “In the Atrocities Act, the complainant is given more weight. There are also stringent provisions against the police for negligence.”

The Constitution (Eighty-Ninth Amendment) Act, 2003. Many provisions relate to scheduled tribes including: Article 17 of the constitution abolishes the practice of “untouchability” and punishes the enforcement of any disability arising out of the practice; Articles 23, 24, 43 and 45 relate to the core labor standards; Article 46 comprises both development and regulatory aspects and stipulates that: “The State shall promote with special care the educational and economic interests of the weaker sections of the people, and in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and forms of exploitation.”

Provisions of the Panchayat (Extension to Scheduled Areas) Act, 1996. The Act extends provisions of Part IX of the Constitution to Scheduled Areas, with certain exceptions and modifications and enables a system of self-governance with respect to a number of issues such as customary resources, minor forest produce, minor minerals, minor water bodies, selection of beneficiaries, sanction of projects, and control over local institutions. Rampant land acquisition and displacement due to development projects had led to large scale distress in tribal communities living in Scheduled Areas. PESA was seen as a panacea for many of these vulnerabilities and sought to introduce a new paradigm of development where the tribal communities in such Scheduled Areas were to decide by themselves the pace and priorities of their development.

The Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006. To address the adverse living conditions of many tribal families living in forests this landmark legislation was enacted to recognize and vest the forest rights and occupation of forest land in forest dwelling Scheduled Tribes and other traditional forest dwellers. It also ensures their control over forest resources which, inter-alia, include right of

ownership, access to collect, use and dispose of minor forest produce, community rights such as nistar; habitat rights for primitive tribal groups and pre-agricultural communities; right to protect, regenerate or conserve or manage any community forest resource which they have been traditionally protecting and conserving for sustainable use. The Act also provides for diversion of forest land for public utility facilities managed by the Government, such as schools, dispensaries, fair price shops, electricity and telecommunication lines, water tanks, etc. with the recommendation of Gram Sabhas.

APPENDIX 2: PROJECT'S PROHIBITED INVESTMENT ACTIVITIES LIST (PIAL), per ADB's PIAL

The Exclusion List supports the proper execution of the E&S Risk Assessment procedure. The Bank will not invest in, lend to, or engage in harmful activities to the environment, harmful or dangerous to people or communities. In particular, the following activities will not be supported:

1. Any activity classified category "A" and/or "B" for (a) involuntary resettlement, and "A" for (b) Indigenous Peoples in accordance with ADB's safeguard policy statement
2. Any activity classified environment category A for environment
3. Production or activities involving harmful or exploitative forms of forced labor¹² or child labor¹³
4. Production or trade in any product or activity deemed illegal under the Indian laws or regulations or international conventions and agreements, or subject to international phase outs or bans, such as (a) pharmaceuticals¹⁴, pesticides, and herbicides¹⁵, (b) ozone-depleting substances¹⁶, (c) polychlorinated biphenyls and other hazardous chemicals¹⁷, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora¹⁸, and (e) transboundary trade in waste or waste products¹⁹
5. Production of or trade in weapons and munitions, including paramilitary materials
6. Production of or trade in alcoholic beverages, excluding beer and wine²⁰
7. Production of or trade in tobacco²¹
8. Loans associated with individual gambling, casinos and equivalent enterprises²¹
9. Production of or trade in radioactive materials,²¹ including nuclear reactors and components thereof
10. Production of, trade in, or use of unbonded asbestos fibers²²

¹² Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty

¹³ Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

¹⁴ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

¹⁵ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>

¹⁶ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

¹⁷ A list of hazardous chemicals is available at <http://www.pic.int>.

¹⁸ A list is available at <http://www.cites.org>.

¹⁹ As defined by the Basel Convention; see <http://www.basel.int>.

²⁰ This does not apply to subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

²¹ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded

²² This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

11. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
12. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats
13. Mining activities
14. Activities involving genetically modified organisms.

Annex 1 of Appendix 2: Samunnati E&S Exclusion List

Samunnati shall not finance any activity, production, use, distribution, business or trade involving:

1. Activities or materials deemed illegal under applicable local or national laws or regulations that have been developed in conjunction with internationally agreed phase-outs or bans as defined in global conventions and agreements to which India is a signatory such as certain:
 - a) ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals
 - b) endangered or protected wildlife or wildlife products
 - c) unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length
2. Production or activities involving harmful or exploitative forms of forced labor/ harmful child labor.
3. Production or activities that impinge on the lands owned or claimed under adjudication by Indigenous Peoples.
4. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
5. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals.
6. Destruction¹ of High Conservation Value² areas.
7. Production or trade in wood or other forestry products that result in degradation³ of forests.
8. Unbonded asbestos fibres.
9. Radioactive materials.
10. Pornography and/or prostitution.
11. Racist and/or anti-democratic media.
12. Tobacco.
13. In the event that any of the following products form a substantial part of an entity's primary financed business activities [for financial institutions, "substantial" means more than 10% of their underlying portfolio volumes]
 - a) Weapons and munitions.

- b) Gambling, gaming casinos and equivalent enterprises; and
- c) Alcoholic Beverages (except beer and wine).⁴

**APPENDIX 3a. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST FOR
BROWNFIELD/ GREENFIELD PROJECTS**

Environmental Aspect	Construction phase (Check if True)	During operations (Check if True)	Remarks
A. Land			
Construction – Will the construction activities cause disturbance to the natural habitat – such as felling of tree, closing of any pond or lake?	<input type="checkbox"/>	<input type="checkbox"/>	
Soil Erosion – Will the activity / facility cause direct soil erosion? Will it lead to soil erosion subsequently?	<input type="checkbox"/>	<input type="checkbox"/>	
Land degradation – Will the project cause degradation of through use of chemicals, overuse of water, removal of top soil etc.?	<input type="checkbox"/>	<input type="checkbox"/>	
Solid waste – Will the project generate substantial non-biodegradable solid wastes?	<input type="checkbox"/>	<input type="checkbox"/>	
Toxic wastes – Will the project generate any toxic wastes?	<input type="checkbox"/>	<input type="checkbox"/>	
Presence of Eco-sensitive zone – Will the project cause loss of habitat to the natural surrounding? Is it located in vicinity of protected and sensitive areas?	<input type="checkbox"/>	<input type="checkbox"/>	
B. Water			
Water Usage – Will it cause water scarcity in adjacent areas?	<input type="checkbox"/>	<input type="checkbox"/>	
Surface Water quality – Will it generate wastes that will deteriorate the surface water quality? Does it involve discharge of pollutants to surface water sources?	<input type="checkbox"/>	<input type="checkbox"/>	
Ground Water quality – Will the project cause seepage of toxic chemicals and wastes into the ground?	<input type="checkbox"/>	<input type="checkbox"/>	

Biodiversity loss – will the project cause deterioration of water sources to the extent of adversely affecting the biodiversity of the adjoining water sources?	<input type="checkbox"/>	<input type="checkbox"/>	
C. Air			
Emission – Will the project involve emission of GHGs, particularly CO ₂ , NO _x , dust, particulate matter etc.?	<input type="checkbox"/>	<input type="checkbox"/>	
Usage of chemicals – Will the project use chemicals such as refrigerants which cause global warming?	<input type="checkbox"/>	<input type="checkbox"/>	
D. Flora and Fauna			
Will the project lead to loss of any flora – felling of tree, land clearing vegetation?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, is/ are the specie(s) of flora being endangered, vulnerable or threatened species	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any presence of endangered, vulnerable or threatened species of flora/ fauna in the project influence area (within 10km radius)	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any notified Protected Areas, National Parks and Wildlife Sanctuaries within 10km radius of the project	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any migratory routes of animals and or bird within the project influence zone (500mts)	<input type="checkbox"/>	<input type="checkbox"/>	
Is there any forest (reserved/ protected/ community forest) area within the project influence zone?	<input type="checkbox"/>	<input type="checkbox"/>	
E. Climate Vulnerability			

Is the project located in drought or flood prone areas	<input type="checkbox"/>	<input type="checkbox"/>	
Is the project located within critical watershed	<input type="checkbox"/>	<input type="checkbox"/>	
Is the project located in Coastal Regulatory Zone or within Hazard-line defined by Survey of India	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to high temperature increase (including heat-wave)	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to highly intensive rainfall	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to cyclone/ storm surges	<input type="checkbox"/>	<input type="checkbox"/>	
F. Socio-economic factors			
Does the project involve occupational health safety issues?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve health hazards?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve land acquisition?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve loss of the access to sources of income?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve disturbance of residents living near the project area?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project likely to disturb any physical cultural/ religious resources such as place of worship, sacred grove (sacred tree), graveyards, tribal land, etc.	<input type="checkbox"/>	<input type="checkbox"/>	
Does the following receptors come within the project influence area – school, hospital, health clinic, market area, etc.	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project require public consultation to consider local people environmental concerns and inputs?	<input type="checkbox"/>	<input type="checkbox"/>	

APPENDIX 3b. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST FOR EXISTING FACILITY

Screening Questions	Yes	No	Not Known	Remarks
1. Does the facility has valid consent to establish and consent to operate?				If no, exclude from financing
2. Does the facility has appropriate storm water drainage structure?				
3. Does the facility has valid fire safety clearance in place?				If no, exclude from financing
4. Does the facility has appropriate arrangement for collection and disposal system of wastewater and sewage/ septage being generated at the facility?				If no, exclude from financing; If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
5. Does the facility uses DG Set? If yes, does the facility has valid DG Set operating certificate? Does the facility follow appropriate SOP for handling and management of spent oil? Does the facility appropriately dispose the spent oil?				If no, exclude from financing; If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
6. Does the facility has air cooling equipment? If yes, does the facility uses any phased out HCFC gas for air cooling/ refrigeration				
7. Does the unit uses ground water for drinking/ toilet purpose?				
8. Does the facility has provision for rainwater harvesting?				
9. Does the unit experience any extreme event induced by climate change such as flood, drought, coastal flooding, sea-level rise, cyclone, storm surges, heat-wave etc? If yes, does the facility has plan in place to reduce physical damages/ operational disruption from such event?				

10. Does the facility uses and maintains appropriate solid waste management system and disposes collected waste in appropriate manner through relevant authority?				If no, exclude from financing; If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
11. Does the facility has SOP in place for handling and management of hazardous waste if any being generate at site				

APPENDIX 3c. SOCIAL SAFEGUARDS SCREENING CHECKLISTS

Involuntary Resettlement Impact Checklist

Screening Questions	Yes	No	Not Known	Remarks
1. Will there be land acquisition using eminent domain law?				If yes, exclude from financing
2. Will there be permanent or temporary loss of shelter and residential land due to land acquisition?				If yes, exclude from financing.
3. Will there be permanent or temporary loss of agricultural and other productive assets due to land acquisition?				If yes, exclude from financing.
4. Will there be losses of crops, trees, and fixed assets due to land acquisition?				If yes, exclude from financing.
5. Will there be permanent or temporary loss of businesses or enterprises due to land acquisition?				If yes, exclude from financing.
6. Will there be permanent or temporary loss of income sources and means of livelihoods due to land acquisition?				If yes, exclude from financing.
7. If land or private property is purchased through negotiated settlement or willing buyer-willing seller, will it result in the permanent or temporary removal or displacement of renters, or leaseholders?				If yes, exclude from financing.

8. If land or private property is purchased through negotiated settlement or willing buyer-willing seller, will it result in the permanent or temporary removal or displacement of informal land-users (people without legal rights on the land) or squatters?			
9. Will the project involve any permanent or temporary restrictions in land use or access to legally designated parks or protected areas and cause people or any community to lose access to natural resources, <u>traditional habitats</u> , communal land, or communal facilities?			If yes, exclude from financing.
10. Will the project use government land or any public land or property, which will require the permanent or temporary removal of informal occupants or users (residential or economic)?			If yes, exclude from financing.

INVOLUNTARY RESETTLEMENT IMPACT CATEGORY Category A Significant Impact ²³ <input type="checkbox"/> exclude from financing Category B Limited Impact <input type="checkbox"/> exclude from financing <input type="checkbox"/> Category C No impact <input type="checkbox"/>	Prepared by:	
	Name and Signature	
	Designation:	
	Date:	
	Approved by:	
	Name and Signature	
	Designation:	
	Date:	

Based on the above checklist's responses on environmental and social safeguards, the loan officer will categorize the project into Category A, Category B, or Category C project. Another

²³ Involuntary resettlement means physical or economic displacement as a result of land acquisition or involuntary restrictions on land use or on access to legally designated parks and protected areas. Involuntary resettlement is considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

important factor to be considered is whether the project's adverse impacts are limited to the project site / area or extend beyond to the adjacent areas. The loan officer uses his professional judgement (calling in support of the ESMS Manager if needed) to take a call on this categorization, and using the above E & S Categorization Tool.

APPENDIX 3d: INDIGENOUS PEOPLES SCREENING/CATEGORIZATION CHECKLIST

Name of Subborrower:

Subproject Title:

Location:

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
A. Indigenous Peoples Identification				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, scheduled tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Have such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
B. Identification of Potential Impacts				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?				
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
C. Identification of Special Requirements <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by Indigenous Peoples?				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by Indigenous Peoples?				

D. Anticipated project impacts on Indigenous Peoples

Project component/ activity/ output	Anticipated positive effect	Anticipated negative effect
1. LIST ALL PROJECT COMPONENT / ACTIVITY / OUTPUTS HERE	INDICATE EFFECTS TO IPS OR PUT N/A AS NECESSARY	
2.		
3.		
4.		
5.		

Note: The project team may attach additional information on the project, as necessary.

IP Categorization: <input type="checkbox"/> A – significant impacts; IPP required <input type="checkbox"/> B – insignificant impacts; IPP required <input type="checkbox"/> C – no impact; no requirement	Prepared by: (Sub borrower) Name and Signature: _____ Designation: _____ Date: _____
	Reviewed by: (RDB designated officer) Name and Signature: _____ Designation: _____ Date: _____

APPENDIX 4: INDICATIVE CATEGORY OF SUBPROJECTS²⁴

The loan officer uses this tool to categorize a project into category A (High Risk), B (Medium Risk), or C (Low Risk), after the loan application has passed the Exclusion List. The purpose of this tool is to determine the E&S Risk Categorization of the Project and determine which additional E&S Assessments, if any, are necessary during the loan application processing.

Category A Subprojects	Category B Subprojects	Category C Subprojects
<p>Agriculture (large scale)</p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (medium scale intensive operations >500 ha) - Re-cultivation of resting land (greater than 1000 hectares); - Utilization of agricultural land (over 50 hectares) for non-agricultural (commercial or industrial) purposes <p>Food processing industries (large scale) - Canning industry (annually processing over 20,000 tons of output)</p>	<p>Agriculture (medium scale)</p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (medium scale intensive operations from 50 to 500 ha) - Re-cultivation of resting land (up to 1000 hectares); - Utilization of agricultural land (from 30 to 50 hectares) for non-agricultural commercial purposes - Utilization of virgin soils and unbroken expanses for intensive agriculture - Construction of buildings to store agriculture goods and agricultural products <p>Food processing industries (medium scale)</p> <ul style="list-style-type: none"> - Agro-processing factories, foods, beverages, seeds, fibres (medium scale from 5000 to tons/year of output) - Canning industry (annually processing from 10,000 to 20,000 tons of output). - Construction of agricultural products 	<p>Agriculture (small scale)</p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (small scale <50ha) - Construction of glasshouses or poly-tunnels - Utilization of agricultural land (20 to 30 hectares) for non-agricultural purposes - Acquisition of tractors and other farm equipment - Agro-tourism <p>Food processing industries (small scale)</p> <ul style="list-style-type: none"> - Canning industry (processing <3000 tons/year of raw materials). - Collection of medicinal herbs - Construction of a roasting enterprise (sunflower etc.) - Establishment of semi-finished food factories (capacity up to 1000 tons/year)

²⁴ Republic of Uzbekistan: Horticulture Development Additional Financing Project (HDP AF); Environment and Social Management Framework: World Bank. Every December of every year, Samunnati will review the indicative thresholds of each category and the types subprojects to sustain its relevance to current and future subprojects.

	process buildings, facilities and enterprises	
--	--	--

APPENDIX 5: OUTLINE OF AN INITIAL ENVIRONMENTAL EXAMINATION AND ENVIRONMENT MANAGEMENT PLAN

The activities and outputs of the initial environmental examination (IEE) process will vary with the nature of each project and in context to the project site. The level of detail and comprehensiveness of an environmental examination report should be commensurate with the impacts and risks of the project. Nevertheless, environmental examination and management for the proposed subprojects typically includes the following:

- **Executive Summary:** This section describes concisely the critical facts, significant findings, and recommended actions.
- **Project Description:** Summarizes the project site, design, and operation details to provide an understanding of the project, its activities, and environmental impacts.
- **Policy, Legal and Administrative Framework:** Describes relevant national and local laws, and regulations and policies that the project is subject to, as well as the standards and guidelines that apply, including ADB requirements.
- **Baseline Environment:** Describes current environmental and social conditions, or characteristics of the subproject location, focusing on features that relate to potential project impacts. This description is quantitative, where possible, providing the data required for detailed impact analysis.
- **Impact and Risk Assessment:** Analyses in an integrated manner all potential project impacts on physical, biological, socioeconomic and physical cultural resources, and identifies and addresses risks in terms of institutional capacity and commitment to managing environmental impacts.
- **Environmental Management Plan (EMP):** Sets out the proposed impact mitigation measures, management responsibilities, institutional arrangements, monitoring and reporting requirements, emergency response procedures, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. EMP Matrix is shown below
- **Information Disclosure:** Delivers information about the project to the general public, affected communities and other stakeholders, starting early during project development and continuing throughout the life of the project.
- **Consultation and Participation:** Involves carrying out meaningful consultation with affected people and other relevant stakeholders including civil society, and facilitating their informed participation.
- **Grievance Redress Mechanism:** Establishes a systematic process for receiving, evaluating and addressing affected people's project-related concerns, complaints, and grievances.

EMP matrix²⁵:

Project Component/ Activity	Environmental Components or Issues	Description of the Environmental Impacts	Mitigation Measures	Supervision/ Responsibility	Cost of Mitigation Measure (₹)
PRE-CONSTRUCTION PHASE					
Clearing of Vegetation/ Trees	Biodiversity (both flora and fauna)	Loss of floral and faunal species such as birds (avifauna) as their habitat may get disturbed along with the felling of trees.	Compensatory plantation at project site for development of green-belt.	EPC contractor to implement PIU to monitor	
	Soil erosion	Loss of top soil, disturbance to landscape, land degradation and visual impacts.	Grass turving to avoid soil erosion once construction work is over		
	GHG emission	Emission from vegetation burning (if any)	Tree transplantation should be carried out as far as possible. In case such option is non-feasible, then dead plants should be bio-degraded at site. Burning by all means should be avoided		
CONSTRUCTION PHASE					

²⁵ Information on the matrix are only samples.

Project Component/ Activity	Environmental Components or Issues	Description of the Environmental Impacts	Mitigation Measures	Supervision/ Responsibility	Cost of Mitigation Measure (₹)
OPERATION PHASE					

APPENDIX 6: OUTLINE OF AN INDIGENOUS PEOPLES PLAN

This outline is part of the Safeguard Requirements 3. An Indigenous Peoples plan (IPP) is required for all projects with impacts on Indigenous Peoples. Its level of detail and comprehensiveness is commensurate with the significance of potential impacts on Indigenous Peoples. The substantive aspects of this outline will guide the preparation of IPPs, although not necessarily in the order shown.

A. Executive Summary of the Indigenous Peoples Plan

This section concisely describes the critical facts, significant findings, and recommended actions.

B. Description of the Project

This section provides a general description of the project; discusses project components and activities that may bring impacts on Indigenous Peoples; and identify project area.

C. Social Impact Assessment

This section:

- (i) reviews the legal and institutional framework applicable to Indigenous Peoples in project context.
- (ii) provides baseline information on the demographic, social, cultural, and political characteristics of the affected Indigenous Peoples communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend.
- (iii) identifies key project stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples at each stage of project preparation and implementation, taking the review and baseline information into account.
- (iv) assesses, based on meaningful consultation with the affected Indigenous Peoples communities, the potential adverse and positive effects of the project. Critical to the determination of potential adverse impacts is a gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Indigenous Peoples communities given their particular circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live.
- (v) includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the project and its impact on their social, economic, and cultural status.
- (vi) identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects

or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the project.

D. Information Disclosure, Consultation and Participation

This section:

- (i) describes the information disclosure, consultation and participation process with the affected Indigenous Peoples communities that was carried out during project preparation;
- (ii) summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in project design;
- (iii) in the case of project activities requiring broad community support, documents the process and outcome of consultations with affected Indigenous Peoples communities and any agreement resulting from such consultations for the project activities and safeguard measures addressing the impacts of such activities;
- (iv) describes consultation and participation mechanisms to be used during implementation to ensure Indigenous Peoples participation during implementation; and
- (v) confirms disclosure of the draft and final IPP to the affected Indigenous Peoples communities.

E. Beneficial Measures

This section specifies the measures to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate, and gender responsive.

F. Mitigated Measures

This section specifies the measures to avoid adverse impacts on Indigenous Peoples; and where the avoidance is impossible, specifies the measures to minimize, mitigate and compensate for identified unavoidable adverse impacts for each affected Indigenous Peoples groups.

G. Capacity Building

This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the project area; and (b) Indigenous Peoples organizations in the project area to enable them to represent the affected Indigenous Peoples more effectively.

H. Grievance Redress Mechanism

This section describes the procedures to redress grievances by affected Indigenous Peoples communities. It also explains how the procedures are accessible to Indigenous Peoples and culturally appropriate and gender sensitive.

I. Monitoring, Reporting and Evaluation

This section describes the mechanisms and benchmarks appropriate to the project for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

J. Institutional Arrangement

This section describes institutional arrangement responsibilities and mechanisms for carrying out the various measures of the IPP. It also describes the process of including relevant local organizations and NGOs in carrying out the measures of the IPP.

K. Budget and Financing

This section provides an itemized budget for all activities described in the IPP.

APPENDIX 7: SUGGESTED OUTLINE OF SAFEGUARD DUE DILIGENCE BRIEFING NOTE DURING REVIEW

(To be completed by members of Credit Team)

A) Introduction (1 page)

- 1) Subproject description: title, type of subproject, location and setting, amount, size (production capacity, number of staff, etc.).
- 2) Environmental and social categorization and rationale

B) Scope of Review and Methodology (1 page)

- 1) Documents reviewed (e.g. IEE reports and EMPs, Indigenous Peoples plan, copies of permits/licenses, etc.).
- 2) Methodology adopted (e.g. site visit, review of permits and documents, etc.).

C) Compliance and Liability (by relevant safeguard requirements applicable for the specific subproject, examine environmental and social safeguard compliance) (1-3 pages)

- 1) Examine the assessment and planning documents for environment and social safeguards, mitigation measures to address safeguard issues and compliance status with relevant Government of India regulations and standards:
 - a. appropriate identification of major anticipated environmental and social risks;
 - b. adequacy of environmental assessment and social safeguard document (satisfactory IEE report and Indigenous Peoples plan);
 - c. compliance status with applicable national requirements such as information disclosure, consultation with affected people, other relevant permits); and
 - d. adequacy of mitigation measures (monitoring and reporting, institutional arrangement, budget).
- 2) Recommend mitigation measures, or corrective action plans, if gaps are identified.
- 3) Examine whether there are complaints from the public or local communities regarding the subproject company's environmental and social performance.
- 4) State any risk control or mitigation measures to be taken by the subproject, such as conditions, loan covenants or monitoring and reporting requirements.

D) Other Subproject Specific Issues, if any (1-2 pages)

E) Conclusion and Recommendations (Provide justification that a subproject has sufficient safeguard requirement or needs improvement) (1 page)

F) Attachments: All the relevant documents such as permits, maps, etc.

APPENDIX 8: OUTLINE OF SOCIAL-ENVIRONMENTAL ANNUAL REPORT BY FIs
(To be submitted by PFIs to PMU)

FI is required to submit the annual performance report to ADB. Please include additional sheets or attachments as required to provide details.

Name of Organization		
Completed by (name):		
Position in organization:		Date:
Reporting period	From:	To:

A) Subprojects processed under ADB fund during the reporting period

Name of Subproject	Sub /sector	Tenor of Sub-loan (Months)	Sub-loan amount (,000 US\$)	Safeguard Category			Environ, IR or IP issues and actions taken	Status (approve, revise, or reject)	Reasons for revise or reject
				Env	IR	IP			

Env = environment, IR = involuntary resettlement, IP = Indigenous Peoples.

^a Please use the sectors listed in the earlier table or any standard classification

B) Category B Subprojects Using ADB Funds

Name of Sub-borrower and subproject:	
Subproject location:	

Industry sector:	
Value of exposure (US\$ million):	
Safeguard category:	Environment: Involuntary Resettlement (IR): Indigenous Peoples (IP):
Any E&S due diligence by your organization? If yes, is it desk review of safeguard documents, and/or field visit, and by whom and when?	
Any environmental assessment report (including EMP), IR plan, or IP plan, or audit reports reviewed by your organization? If yes, please provide the names of documents reviewed.	
What were the main environmental, IR and IP issues associated with this subproject, and how were the issues dealt with?	
Does the subproject comply with applicable domestic and ADB safeguard requirements? Any incidents of non-compliance? Please describe how you ensure subproject E&S compliant.	
How you monitor the sub-borrower and its subproject's performance? Please describe supporting docs such as E&S monitoring reports.	

C) FI's portfolio by Sub/Sectors

Please provide an indicative % of FI's portfolio, or only those financed under ADB project if it can be separated from its entire portfolio.

Industrial Sector or subsector	Sub-loan in XX year		By sub-loan amount	
	Number	%	In USD	%

D) Sustainable Finance (Summary of subprojects with E&S Benefits)

Sustainable Finance		
<p>Have you made any investments in subprojects that have social and environmental benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, carbon finance, pollution abatement and control, sustainable supply chain, corporate social responsibility, community development, etc.? Please list these in the format provided below:</p>		
Subproject Name	Value Financed by the Financial Institution (US\$ million)	Type of Social and Environmental Benefit

E) Additional information for the reporting period

1. Please provide the number of subprojects where a field visit was conducted to review aspects including social E&S issues.
2. Please provide details of any accidents/ litigation/complaints/regulatory notices and fines, their causes and corrective actions being taken.
3. Please state any difficulties related to the ESMS implementation. What are the possible causes and actions being taken by your organization? What are the recommendations of ADB's mission?

APPENDIX 9: ENVIRONMENTAL INCIDENT REPORT FORM

	Name of company/owner	
	Environmental Incident Report	

An environmental incident is an unexpected event that may result in harm to the environment and requires some action to minimize the impact or restore the environment.

Subproject name/ name of the PFI		Subproject number:	
----------------------------------	--	--------------------	--

Incident details	Site manager/PFI ESMS team to complete	Incident report number
Date of incident:		Time:
		(ESMS Manager to complete)

1. Exact location of the incident, including Region²⁶
2. What type of activity was the team engaged in when the incident occurred?
3. Who notified you of the incident? (e.g. employee, local authority, member of public):
Name and phone no. of complainant:
4. Name and phone no. of complainant:

Nature and level of the incident

- | | | |
|--|---|--|
| <input type="checkbox"/> Major | <input type="checkbox"/> Minor ²⁷ | |
| <input type="checkbox"/> Chemical spill (incl. fuel) | <input type="checkbox"/> Air emission | <input type="checkbox"/> noise complaint |
| | <input type="checkbox"/> Unauthorized removal of vegetation | |

²⁶ **Exact location of Incident:** Provide details of the location of the incident in relation to the subproject site. Include: (i) the name of the region, (ii) distances from environmentally sensitive areas (e.g., watercourses, conservation reserves), (iii) landmarks, cross streets, etc.

²⁷ **Major or Minor Incident?** A major incident has occurred if: (i) material has escaped from site, or (ii) clean-up requires external assistance (Fire brigade or other emergency services). If neither of these conditions apply, the incident is rated 'minor'

Contaminated water discharged (not muddy water) Erosion sedimentation & Other: (specify)

5. Description of the incident²⁸

Estimated quantity, volume or area involved (include unit of measure)

Immediate actions taken and control measures implemented²⁹

6. Proposed corrective (or preventive) action³⁰

Sign	Name	Position	Date
After signing, forward to senior manager for further action			

Further action

Senior manager to complete—
Subproject Director, Subproject
Development Manager

Sign:

Other authorities
notified³¹

7. Follow up actions undertaken

--

²⁸ **Provide a brief**, succinct, factual description of the incident including: (i) what happened leading up to the incident. (ii) the material involved (if a leak or spill). (iii) the estimated volume of spilled or leaked material. (iv) the area of land or water affected. (v) who was affected by the incident.

²⁹ Describe the actions taken immediately to minimize the impact of the incident.

³⁰ Provide details of actions implemented to clean up and remediate the affected area and actions implemented to prevent the incident from occurring again.

³¹ Other authorities you might need to notify: (i) Fire brigade or other emergency services. (ii) local government if incident occurs within the local drinking water catchment area.

APPENDIX 10: SOCIAL SAFEGUARD INCIDENT REPORT FORM

	Name of company/owner	
	Social Incident Report	

A social safeguard incident is an unexpected event that may result in harm to the Indigenous Peoples and requires some action to minimize the social risk.

Subproject name/ name of the PFI		Subproject number:	
----------------------------------	--	--------------------	--

Incident details	Site manager/PFI ESMS team to complete	Incident report number
Date of incident:		Time:
		(ESMS Manager to complete)

8. Exact location of the incident, including Region³²
9. What type of activity was the team engaged in when the incident occurred?
10. Who notified you of the incident? (e.g. employee, local authority, member of public):
Name and phone no. of complainant:
11. Name and phone no. of complainant:

--	--

³² **Exact location of Incident:** Provide details of the location of the incident in relation to the subproject site. Include: (i) the name of the region, (ii) distances from environmentally sensitive areas (e.g., watercourses, conservation reserves), (iii) landmarks, cross streets, etc.

Nature and level of the incident

Land acquisition

Loss of shelter or livelihood due to land acquisition

Other: (specify)

<input type="checkbox"/> Major	<input type="checkbox"/> Minor ³³
--------------------------------	--

Physical displacement of Indigenous community/groups

Unauthorized removal of vegetation or agriculture plantation

12. Description of the incident³⁴

Estimated impact, number of people (include unit of measure)

Immediate actions taken and control measures implemented³⁵

13. Proposed corrective (or preventive) action³⁶

Actions taken	Responsible person	Timeline	
Sign	Name	Position	Date
After signing, forward to senior manager for further action			

Further action

Senior manager to complete—
Subproject Director, Subproject
Development Manager

Sign:

Other authorities notified³⁷

³³ **Major or Minor Incident?** A major incident has occurred if: (i) Protest from the local communities, or (ii) Destruction of agriculture land or livelihoods etc. If neither of these conditions apply, the incident is rated 'minor'

³⁴ **Provide a brief,** succinct, factual description of the incident including: (i) what happened leading up to the incident. (ii) the material involved (if a leak or spill). (iii) the estimated volume of spilled or leaked material. (iv) the area of land or water affected. (v) who was affected by the incident.

³⁵ Describe the actions taken immediately to minimize the impact of the incident.

³⁶ Provide details of actions implemented to reduce the risk.

³⁷ Other authorities you might need to notify: (i) Fire brigade or other emergency services. (ii) local government if incident occurs within the local drinking water catchment area.

14. Follow up actions undertaken
