

ENVIRONMENTAL & SOCIAL RISK MANAGEMENT PROCEDURE

Introduction:

Environmental and Social (E&S) Risk is part of the total risk associated with lending; and it should not be seen as a stand-alone risk. It needs to be identified, mitigated where possible, and if appropriate to be priced for. The bank at minimum shall comply with law and regulations related to environmental issues. Before booking any loan the following step by step E&S Risk Management Procedures are to be followed with holistic approach:

Overview of the ESRM:

The core objective of the procedure is to make the Bank to integrate Environment & Social (E&S) risks and incorporate appropriate risk mitigation measures in overall credit management to be able for expanding the credit/investment portfolio rather than avoid investing in business exposed to high E&S risks. Consequently, the ESRM procedure is supplemented with one Generic and ten (10) sectors specific guidance notes for investment and a comprehensive ESDD checklist and extends to the following features to be more streamlined, interactive and user friendly in nature:

- The ESRM procedure provides a robust, auto generated, quantitative risk rating system to reduce the subjectivity of a qualitative risk assessment method that was present in the ERM Guidelines.
- The ESRM procedure has a bigger focus on environmental, social and climatic risks which are becoming relevant and crucial for Bangladesh.
- The ESRM procedure in addition to investment threshold, define applicability based upon sector specific E&S impacts and the categories are expanded to include agriculture, cottage, micro, retail and trading enterprises, small enterprises, medium enterprises, large enterprises and infrastructure projects.
- The organisational roles and responsibility defined in the ESRM procedure are built upon the principles of integration of E&S risks into the bank's overall credit policy. It clearly delineates the responsibility of different functions of the Bank in terms of E&S risk assessment and the decision-making process based upon E&S risk rating.
- This guideline is supplemented with guidance notes for ten (10) environmentally sensitive sectors for investment. These guidance notes will be the guiding principle for E&S risk management for those sectors and can be used as the template for developing guidance notes for other environmentally sensitive sectors.
- Accordingly this guideline includes an E&S Due Diligence (ESDD) checklist which is divided into three sections; (i) General risks, (ii) Environmental health and safety risks, (iii) Social risks. The checklist is integrated with the generic and the 10 environmentally sensitive sectors for investment. Thus it is broad in scope but at the same time the process is much more streamlined for ease of use by the practitioners in the financial sector.
- In this procedure, the 'term loan' will synonymously be used as 'investment' for Shariah wing of the Bank.

Applicability of the ESRM Procedure:

The loan categories for which the ESRM Procedure is applicable are agriculture finance; cottage, micro small, medium enterprises (CMSME) finance; financing in retail and trading enterprises; consumer financing; financing in all large manufacturing and service enterprises (other than CMSME, retail and trading

enterprises) and infrastructure finance. All loan proposals (New/Renewal/ Revision/ Enhancement/ Reduction/ Rescheduling/ Restructuring) for the above applicable sectors have to be first screened against the exclusion list (Annex-A). Only on-balance sheet exposures need to be assessed under this guideline. Whenever any off-balance sheet exposure would be transformed into an on- balance sheet one, Environmental & Social Due Diligence (ESDD) has to be conducted on that. For demand/ continuous loan, conducting of ESDD has to be made during new approval/renewal/rescheduling/restructuring, not during disbursements.

For off-balance sheet exposure EBL is working on a separate ESMS system which will work as an extension of this ESRM procedure.

Table 1: Applicability of the Procedure by the Transaction Type as per Bangladesh Bank's Guideline

Sl. No.	Transaction Type	Exclusion List	ESDD checklist	Third party ESIA
1	Financing in all agriculture activities related to farming with full organic and environment friendly practices.	✓		
2	Financing in all agriculture activities related to farming if there is any environmentally or socially adverse agricultural practices involved such as use of pesticides, agro-chemicals leading to top soil depletion, ground water contamination; use of nitrogenous fertilizers instead of organic fertilizers leading to nitrous oxide emissions and the loan/investment proposal amounting to not more than BDT 2.5 million (25.00 Lakh)	✓		
3	Financing in All agriculture activities related to farming if there is any environmentally or socially adverse agricultural practices involved such as use of pesticides, agro-chemicals leading to top soil depletion, ground water contamination; use of nitrogenous fertilizers instead of organic fertilizers leading to nitrous oxide emissions and the loan/investment proposal amounting to more than BDT 2.5 million (25.00 Lakh)	✓	✓	
4	Financing in all types of Cottage Enterprises, all types of Micro, Retail & Trading Enterprises and Consumer Financing	✓		
5	Financing in E&S sensitive retail & trading enterprises of any amount which include chemical or chemical ingredients, highly fire absorbent products, electronic appliances, combustible oil, paper and dry materials, plastic items	✓	✓	
6	Financing in Small Enterprises (manufacturing and services) and the loan/investment proposal amounting to not more than BDT 3.00 million (30.00 Lakh)	✓		
7	Financing in Small Enterprises (manufacturing and services) and the loan/investment proposal amounting to more than BDT 3.00 million (30.00 Lakh)	✓	✓	

8	Financing in all Medium Enterprises (manufacturing and services) amounting to not more than BDT 5.00 million (50.00 Lakh)	✓		
9	Financing in all Medium Enterprises (manufacturing and services) amounting to more than BDT 5.00 million (50.00 Lakh)	✓	✓	
10	Financing in Small/Medium Enterprises (manufacturing and services) and the loan/investment proposal of any amount of following categories: a) Washing, dyeing and finishing units of RMG sector (water, chemical pollution) b) Small steel re-rolling mills (operational health and safety, thermal, air pollution) c) Brick kilns (air pollution, child labour, burning of fossil fuel) d) Units for tanning, dressing and dyeing of leather and fur (water, chemical, air pollution) e) Pesticides, agrochemical and nitrogen manufacturing units (land contamination, water, air pollution) f) Chemicals and chemical products manufacturing units (safety, pollution) g) Rubber and plastic products manufacturing units (pollution) h) Batteries and accumulators manufacturing units (chemical pollution) I) Any other industry or business segment falls under the red category of ECR 2023 (Environmental Conservation Rule 2023)	✓	✓	
11	Financing in all large manufacturing and service enterprises (other than CMSME, retail and trading enterprises)	✓	✓	
12	Financing in Infrastructure Projects	✓	✓	✓

Environmental & Social Risk Management Procedure (toolkits) followed by EBL

Annex A – EBL Exclusion List

1. Production or activities involving forced labour¹ or child labour²
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
3. Any business relating to pornography (goods/stores/web-based) or prostitution.
4. Trade in wildlife or wildlife products regulated under CITES³
5. Production or use of or trade in hazardous materials such as radioactive materials⁴, unbounded asbestos fibers⁵ and products containing PCBs⁶
6. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.⁷
7. Ship breaking / trading activities which only include: Ships with prevalent asbestos use (for e.g. passenger cruise); Ships listed on the Greenpeace blacklists⁸; Ships not certified “gas free” for hot work.
8. Drift net fishing in the marine environment using nets in excess of 2.5 km in length, deep sea bottom trawling, or fishing with the use of explosives or cyanide.
9. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances⁹ and other hazardous substances¹⁰ subject to international phaseouts or bans.
10. Destruction¹¹ of Critical Habitat¹²
11. Production and distribution of racist, anti-democratic and/or neo-nazi media.
12. Production or trade in weapons and munitions¹³
13. Production or trade in tobacco¹³
14. Production or trade in alcoholic beverages (excluding beer and wine).¹³
15. Gambling, casinos and equivalent enterprises¹³
16. Illegal logging, commercial logging operations or conversion of land for plantation for use in primary tropical moist forest.
17. Production or trade in wood or other forestry products other than from sustainably managed forests
18. Production or activities that impinge on the lands owned or claimed under adjudication by Indigenous Peoples¹⁴ and/or relocation of Indigenous Peoples from traditional or customary lands without full documented consent of such peoples.
19. Operations impacting (*i.e. significant alteration, damage, or removal of*) any critical cultural heritage or cultural heritage including those of UNESCO World Heritage Sites and/or Ramsar sites.
20. EBL incurred losses previously on the customer or group
21. Take-out of classified loans from other lenders (in known), or where the current lender wishes to withdraw.
22. Political organizations
23. Houses of worship, e.g., mosques, churches, temples, pagodas, religious organizations, etc.
24. Business which could adversely effect bank’ s reputation
25. Hydraulic horn and >75 decibel horns, polypropylene and polythene bags, two stroke engines.
26. Production or trade in Brick through Fixed Chimney Kiln (FCK)

Restricted Lending List:

Restricted lending list aims to stricter governance standard around certain exposures which have unusual high reputation and ESG risk. Business teams are advised to source/manage these exposures on very

limited basis, subject to approval of the Risk Committee of the Board or as delegated by them from time to time.

1. Equity stake in Venture Capitalist, Hedge Funds, Private Equity Funds, or Fund of Funds.
2. Lending to Venture Capitalist, private Equity Funds, or Fund of Funds.
3. Speculative transactions susceptible to market volatility.

Foot Notes:

1 Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO Conventions.

2 Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply. Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

3 CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora. A list of CITES listed species is available from the EBRD. CITES list of endangered species: <http://www.cites.org/eng/app/E-Apr27.pdf>.

4 This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where IFC, DEG considers the radioactive source to be trivial and/or adequately shielded.

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

6 PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985. United Nations (UN) list of banned chemicals and products <http://www.un.org/esa/coordination/Consolidated.list-13FinalFinal.pdf>.

7 Reference documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of trans-boundary movements of wastes destined for recovery operations ; Basel Convention of 22 March 1989 on the control of trans-boundary movements of hazardous wastes and their disposal.

8 Web link of Greenpeace blacklists:

<http://www.greenpeace.org/international/en/campaigns/oceans/pirate-fishing/Blacklist1/>

9 Ozone-depleting substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase-out dates.

10 Reference documents are EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides

in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

11 Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 12) is lost.

12 Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary forest or forests of high conservation value shall be considered critical habitats.

13 The financing of projects is excluded, when the excluded activities form a substantial part of a project sponsor's primary operations or those of the project. A benchmark for substantial is 5 – 10 % of the balance sheet or the financed volume. In Financial Institutions this is calculated with regard to the portfolio volume financing such activities.

14 The term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories
- Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture
- An indigenous language, often different from the official language of the country or region

15 Critical cultural heritage consists of (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation

Annex B – DoE (ECC) color-based activity risk categorization scheme as per Environmental Conservation Act 2023 and links to relevant activity based sub-sectoral guidelines

B1. DoE (ECC) color based activity risk categorization scheme as per Environmental Conservation Act 2023:

https://doe.portal.gov.bd/sites/default/files/files/doe.portal.gov.bd/page/ad7db23c_aa9d_439f_adca_eecb06c37bd0/2023-03-15-09-20-5841d41a75596e71a58505fba9e12166.pdf (Schedule-1{Page 3048-60 of the pdf})

B2. Links to relevant activity based sub-sectoral guidelines

<https://www.bb.org.bd/mediaroom/circulars/gbcrd/jun262022sfd03e.pdf> (Page 50-181 of the pdf)

Annex C – The Bangladesh Bank’s General Environmental & Social Due Diligence Checklist

Tab 1: User Guide

The user guide provides guidance to Risk Officers/Managers (ROs/RMs) on how to use this auto generating risk assessment tool. The generic and sector specific checklists contain questions under three categories - General; Environment, Health & Safety; and Social. Based on the responses provided to these questions, the tool will generate a quantitative risk rating. A guidance note is provided for each of the questions to help the RMs in providing their responses. The technical terms used in the checklist (including guidance notes) are further defined and explained below in "glossary of terms". For ease of reference, these terms are shown in italics. For further detailed explanation on all types of E&S risks please refer to the Environmental and Social Risk Management (ESRM) Guidelines. The ROs/RMs are also advised to use the comments section in the checklist to provide their comments in accordance to the guidance notes instructions and wherever necessary.

Step 1 Exclusion List: Please consult the Exclusion list provided below for activities and services that the Bank/FI will not finance. If your client's business is not in the Exclusion list please proceed to fill in the generic ESDD checklist OR wherever applicable sector specific ESDD checklist.

Step 2 ESDD: Please note that the Relationship Official needs to fill in ESDD for transactions defined in

Table 1: Applicability of the procedure by the transaction type as per Bangladesh Bank’s Guideline. Choose responses from the drop down list. Based on the responses provided, the tool will generate a risk rating (High, Medium & Low Risk) to determine the overall escalation category. Please refer to the guidelines for the escalation matrix. Please use the correct ESDD in accordance with the industry your client is in. Please use an Industry-specific ESDD if your client is related to the following industries:

- 1) Cement;
- 2) Ceramic;
- 3) Fertilizer;
- 4) Leather & Tanning;
- 5) Pharmaceutical;
- 6) Power;
- 7) Pulp & Paper;
- 8) Shipbreaking;
- 9) Steel re-rolling;
- 10) Textile

If your client is not related to the industries stated above, or into trading (except ship breaking) please use the Generic ESDD Checklist.

Step 3 ESDD: Please choose an answer for each question from the drop-down list. The ESDD checklist will then automatically generate the transaction's overall risk rating.

Tab 2: Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Generic ESDD
Insert Sector Name for Generic ESDD	E.g. RMG/Construction/Transport
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1
Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	
Summary of the Rating	

Tab 3: Checklist

Environmental and Social Due Diligence (ESDD) Risk Assessment	
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Project:		Transaction ID:		
Date: DD-MM-YYYY		Risk rating of the project:		
Please ensure that there is a record of relevant documents and references in order to support all responses. In the absence of documentary evidence, the RM needs to obtain verbal confirmation from the customer and insert information to the best of his knowledge.				
	Questions	Answer	Comments	Guidance Notes
1.0 General Risks				In case of the answer is "Applied", the RM must confirm the receipt of the certificate within three months.
1.01	Land clearance permit			
1.02	Water discharge permit			
1.03	Clearance from DOE			
1.04	Fire license			
1.05	Boiler license			
1.06	Factory inspection certificate			
1.07	Permission from Department of Explosives			
1.08	Notices were received or fines/penalties were charged for exceeding the limits of air, water, noise and waste levels in past three years.			
1.09	The local community is adversely affected by pollution or there was loss of livelihood because of the project.			
1.10	Worker unrest in the project caused riots/road blocks within the last three years.			encroaching into forest lands, use of old buildings or buildings without permit for industrial activities etc
1.11	The project involves activities like converting rice fields into industrial land, filling out water bodies (river, ponds) for business purpose.			Mention the measures taken by the client
1.12	The client has taken adequate measures to mitigate the impact of the operation on the eco-sensitive areas as per regulations.			definition
1.13	The client has a defined policy on environmental health and safety.			definition
1.14	The client has a defined policy on social issues management.			
1.15	The client has a defined policy on grievance mechanism.			

2.0 Environmental risks				
2.01	Plant machineries, walkways, office areas etc. are free from dust emission.			
2.02	There is sufficient ventilation i.e. provisions for cross ventilation (e.g., windows at regular intervals, exhaust fans, dust controller etc.)			
2.03	There are regular monitoring mechanism and records of ambient air quality and noise level.			
2.04	There are mitigation measures to minimize air pollution.			Following Schedule-4 of the Environment Conservation Rules, 1997.
2.05	There are mitigation measures to minimize high noise level.			
2.06	There are proper measures to control emission of CO ₂ , SO ₂ , NO _x .			Location such as an agricultural field, a residential area, an enclosed water body which is a source of drinking water or used for domestic purpose etc.
2.07	Wastewater/effluent is discharged to a location which is not according to the license and permits.			
2.08	There is an installed Effluent Treatment Plant (ETP) or Sewage Treatment Plant (STP).			
2.09	There are monitoring records of treatment of water (such as quantity of water treated, quality of wastewater before and after treatment, running hours of ETP etc.)			
2.10	There is a strong odor of chemicals, dumped waste, blocked sewerage etc. caused by untreated effluent.			
2.11	The project keeps wastewater discharge (quality and quantity) within the prescribed limit.			

2.12	There is evidence of land contamination because of activities such as leakages, spills, improper storage of waste, toxic effluent discharge.			
2.13	There are well maintained records on quantity and quality of solid waste generated (including when it was generated) and how it is being treated.			
2.14	There are boxes, cartons, plastic packets, rags, unused or left over raw materials dumped indiscriminately.			
2.15	There is a disaster management system in place to deal with natural calamities			
3.0 Social risks				
3.01	There are sufficient notice boards in domestic language with information on Personal Protective Equipment (PPE)s, workplace safety, occupational hazards.			
3.02	There are regular trainings of employees on occupational health and safety.			
3.03	There is an onsite occupational health and safety treatment center.			
3.04	Sufficient firefighting equipments are available, accessible, and identifiable from a distance.			
3.05	Firefighting equipments are properly maintained and kept unlocked, and have valid license.			
3.06	Appropriate numbers of independent emergency exits are available per working area.			
3.07	All emergency exits and access routes are free from obstruction.			
3.08	There are regular health & safety audits. [Check if there are audits carried out by Accord, Alliance, buyers (for RMG sector only) any other third party]			
3.09	Non-compliances identified in the audit reports are addressed.			
3.10	There is an independent and functioning evacuation alarm present with continuous sound to notify all workers about an emergency situation and to ensure a fast and safe evacuation.			
3.11	A fire safety plan or onsite emergency plan or disaster management plan is in place.			

3.12	There is a daycare center for the children of the employees.			
3.13	Facilities such as washroom and drinking water are sufficient for the employees.			
3.14	Employees have a separate place for eating.			
3.15	The project ensures payment of minimum wage.			
3.16	There is evidence of employees working more than 60 hours in a week.			
3.17	Verbal, physical abuse or fines are used as disciplinary actions.			
3.18	There is evidence of discrimination based on gender or religion.			
3.19	There are adequate safeguards in place to avoid child labour and forced labour.			
3.20	The project maintains records for age of workforce, wages, payment and attendance.			
3.21	There are provision for labor unions, representation, collective bargaining and grievance mechanism.			Definition of plan
3.22	There is presence of a plan for community health and safety.			
3.23	There is evidence of issues that may create nuisance/accidents/injuries to local community in future.			
3.24	There is physical evidence of foul smell, noise, air pollution etc. due to project operations that may impact the local community.			
3.25	There are measures to mitigate adverse impacts of the hazardous waste on the local community.			
3.26	There are safeguards in place to minimize or avoid community exposure to potential harmful impacts from hazardous material.			
3.27	The client has taken mitigation measures to stop spreading waterborne diseases or improper disposal of solid waste on land.			
3.28	The project caused displacement of local community.			
3.29	The displaced community were resettled and properly compensated.			

3.30	The project has a grievance redressal system (such as regular meeting) which gives the affected community and other stakeholders a platform to express their concerns.			
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Annex D – The Bangladesh Bank’s Sector Specific Environmental & Social Due Diligence checklists

Banks/FIs will use the industry specific ESDD if the project activities fall within the following industries:

- D1. Cement
- D2. Ceramic
- D3. Fertilizer
- D4. Leather & Tanning
- D5. Pharmaceutical
- D6. Power
- D7. Pulp & Paper
- D8. Shipbreaking
- D9. Steel re-rolling
- D10. Textile

Objectives of the Sector Specific Guidance Note

The objective of this Guidance Note on ESRM is to provide a high-level indicative summary of potential environmental and social (E&S) risks and performance levels for transactions in environmentally and socially sensitive sectors in Bangladesh. The scope of application will be fully aligned with the Bangladesh Bank’s Guidelines on ESRM for Banks and FIs (SFD Circular N0-03 dated June 26, 2022) complying applicable national regulations.

D.1 Environmental & Social Due Diligence checklist for Cement manufacturer

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Cement Manufacturer

CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.04	There are proper measures to manage heavy metal and liquid wastage.			
2.15	There are proper measures to control volatile organic compounds.			

D.2 Environmental & Social Due Diligence checklist for Ceramic Tile and Sanitary Ware Manufacturer

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client

Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Ceramic Tile and Sanitary Ware Manufacturer
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.15	There are proper measures to control volatile organic compounds.			

D.3 Environmental & Social Due Diligence checklist for Fertilizer Manufacturer

Project Details

Eastern Bank PLC| Environmental & Social Risk Management Procedure

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Fertilizer Manufacturer
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.01	There are mechanisms to control volatile organic compounds.			
2.15	There are sufficient mitigation measures for transporting hazardous materials.			

D.4 Environmental & Social Due Diligence checklist for Power Sector

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Power
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	

Final Score

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.15	There are proper measures to control volatile organic compounds.			

D.5 Environmental & Social Due Diligence checklist for Steel Re-rolling

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Steel Re-rolling
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.15	There are proper measures to control volatile organic compounds.			

D.6 Environmental & Social Due Diligence checklist for Pharmaceutical Industries

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Pharmaceutical Industries
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL

Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.15	There are proper measures to control volatile organic compounds.			

D.7 Environmental & Social Due Diligence checklist for Pulp and Paper Sector

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	

Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Pulp and Paper Sector
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.01	Extraction of ODSs from the system is done by persons who are trained and authorized for handling such materials.			
2.02	There are proper measures to manage heavy metal and liquid wastage.			
2.07	The project is prone to natural calamities such as floods, cyclones, etc.			

2.08	There are sufficient mitigation measures for transporting hazardous materials.			
2.09	Biological agents are used to treat wastage.			
2.10	Protective measures are not taken while removing asbestos.			
2.11	Protective measures are taken while removing Polychlorinated Biphenyls (PCBs).			
2.15	There are proper measures to control volatile organic compounds.			

D.8 Environmental & Social Due Diligence checklist for Ship Breaking

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Ship Breaking
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1
Risk Rating of the Project	Low/Medium/High Risk

General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.01	There are mechanisms to control volatile organic compounds.			
2.04	There are mitigating measures to control radiation.			
2.15	There are proper measures to manage potentially pathogenic waste.			

D.9 Environmental & Social Due Diligence checklist for Tanning and Leather Finishing

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY
Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list

Upazilla/Thana	From the drop down list
Sector	Tanning and Leather Finishing
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.01	Salt-free pickling system is installed.			
2.04	Wet scrubbers are used to control the release of VOCs.			
2.15	Non-biodegradable organic substances are not used.			

D.10 Environmental & Social Due Diligence checklist for Textile and Apparel

Project Details

Basic Information	
Bank/FI Name	Eastern Bank PLC.
Branch Name	Name of the Branch
Date	MM/DD/YYYY

Name of Client/Account	Name of the Client
Transaction ID	E.g. 123456
Location	
Division	From the drop down list
District	From the drop down list
Upazilla/Thana	From the drop down list
Sector	Textile and Apparel
CIB Sector code	
Product Manufactured/Traded	Product Manufactured/Traded
Core Market	INTERNATIONAL/LOCAL
Name of Relationship Official	Name of RM
DOE Categorisation	Green/Yellow/Orange/Red
Transaction Type as Table 1 of Guidelines	Transaction Type from Table 1

Risk Rating of the Project	Low/Medium/High Risk
General Risks	
Environmental health and safety risks	
Social risks	
Final Score	

Summary of the Rating

Checklist (Below are the changes in this sector specific ESDD from Generic ESDD checklist. All other questions are same as Generic ESDD checklist)

2.0 Environmental risks	Questions	Answer	Comments	Guidance Notes
2.01	There are mechanisms to control volatile organic compounds.			
2.03	There are proper measures to manage heavy metal and liquid wastage.			
2.04	There are mitigating measures to control radiation.			

2.15	Renewable energy is used.			
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Annex E – The Bangladesh Bank's ESDD Rating Components and Results

Administering of the generic or Sector EDD checklist concludes with determining the **overall Environmental & Social Risk Rating (ESDD rating)** of the proposal for financing. This overall ESDD Rating combines outcomes of the General risks, Environmental health and safety risks and Social risks and results will be achieved through Final score:

Risk Rating of the Project	Low Risk	Medium Risk	High Risk
General Risks			
Environmental health and safety risks			
Social risks			
Final Score	>70	40-70	<40

Annex F – IFC Performance Standards Screening Guide

For details on performance standards check the IFC web page on Performance Standards www.ifc.org/performancestandards

<p>This checklist identifies the IFC Performance Standards applicable to the transaction. "Applicable to the transaction means that the requirements of the PS need to be assessed for the transaction during project appraisal.</p>
<p>PS 1: Social and Environmental Management Systems.</p> <p>Does the company have a formal, documented Social and Environmental Management System (SEMS), with a designated person or staff, budget, and management program to implement it, and has the company conducted a formal audit or assessment of social and environmental impacts?</p> <ul style="list-style-type: none"> ▶ Yes ▶ No <p>If the answer is "No", and if the company has more than 10 employees, a company SEMS should be prepared appropriate to the scale and impacts.</p>
<p>PS 2: Labor and Human Resources.</p> <p>Does the company have a documented human resources policy--with documented terms and conditions of employment, protection against discrimination, and recognition of employee organizations--which has been communicated to employees?</p> <ul style="list-style-type: none"> ▶ Yes ▶ No <p>If the answer is "No", and if the company has more than 10 employees, a company SEMS should be prepared appropriate to the scale and impacts.</p>
<p>PS 3: Pollution Prevention and Resource Efficiency. Has the company assessed its environmental impacts and its contribution to greenhouse gasses that lead to climate change?</p> <p>Does the company produce solid or hazardous waste, air emissions, or liquid waste, or burn fuel, or use pesticides?</p> <ul style="list-style-type: none"> ▶ Yes ▶ No <p>If the answer is "Yes", this issue should be assessed during appraisal.</p>
<p>PS 4: Community Health, Safety, and Security. Is the company managing the potential health, safety, and security risks that its operations may pose to neighboring communities?</p> <p>Are there communities located in the vicinity of the project?</p> <ul style="list-style-type: none"> ▶ Yes ▶ No

If the answer is “Yes”, this issue should be assessed during appraisal.

PS 5: Land Acquisition and Involuntary Resettlement. Is the company responsibly managing the involuntary resettlement of people from land it owns or uses?

Does the company plan to buy, rent, or lease land it doesn't already own?

- ▶ Yes
- ▶ No

If the answer is “Yes”, this issue should be assessed during appraisal.

PS 6: Biodiversity Conservation. Is the company managing the impacts of its operations on biodiversity?

Are there any areas of biodiversity of natural habitat within the region of influence of the company? For these purposes, consider region-of influence to be a 25-50 mile radius

- ▶ Yes
- ▶ No

If the answer is “Yes”, this issue should be assessed during appraisal.

PS 7: Traditional Peoples: Is the company responsibly managing the potential impacts of its operations on traditional peoples?

Are there traditional peoples located in the vicinity of the company's operations?

- ▶ Yes
- ▶ No

If the answer is “Yes”, this issue should be assessed during appraisal.

PS 8: Cultural Heritage. Is the company managing the potential impacts of its operations on archeological, religious, historical, and other cultural heritage sites?

Are there archeological, religious, historical, and other cultural heritage sites in the vicinity of the company's operations?

- ▶ Yes
- ▶ No

If the answer is “Yes”, this issue should be assessed during appraisal.

Annex G – DEG List of ‘Category A’ Projects

DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH

Environmental and Social Management of Financial Institutions

Category A (high risk) Projects

August 2007/UM-rp

Category A projects are likely to have significant adverse environmental and social impacts that are sensitive, diverse, irreversible, or unprecedented. A potential impact is considered "sensitive" e.g. if it bears high risks for the workforce, affects significantly communities, indigenous people or other vulnerable groups, involves resettlement or large retrenchment or may lead to loss of a major natural habitat or cultural heritage sites.

Environmental & Social Assessment, Requirements and Monitoring

Assessment: A comprehensive Environmental Impact Audit or Assessment (prepared by a qualified consultant) is required to identify and assess the future environmental impacts associated with the proposed project, identify potential environmental and social improvement opportunities and recommend any measures needed to prevent, minimise and mitigate adverse impacts. Such an assessment will also include an examination of technically and financially feasible alternatives to the source of such impacts, and documentation of the rationale for selecting the particular course of action proposed. In exceptional circumstances, a regional, sectoral or strategic assessment may be required.

Engagement Process (Information Disclosure, Consultation and Informed Participation): When local communities may be affected by risks or adverse impacts from a project, an engagement process will include consultation with them. The same applies to projects involving physical or financial resettlement components, projects involving traditional land-rights or affecting indigenous people. The purpose of the engagement process is to build and maintain over time a constructive relationship with the affected communities, tribes, etc.. The nature and frequency of engagement will reflect the project's risks to and adverse impacts on the affected communities, tribes, etc. according to international best practices (e.g. IFC Performance Standards).

Requirements: Necessary environmental and social measures need be incorporated in the contract with the clients. Category A projects require an adequate environmental and social management system and should meet international standards within a set period of time. International Standards for Category A projects are set out in the World Bank / IFC Performance Standards. Besides the General Environmental Guidelines, Pollution Prevention and Abatement Handbook, and Occupational Health & Safety Guideline and safeguard policies, there are specific relevant sector guidelines (www.ifc.org/enviro). Social standards of a project need to comply with DEG's social standards which are based upon international conventions mainly from ILO or the UN as well as with IFC's Performance Standards.

Monitoring: Monitoring environmental and social compliance and performance of these projects on a regular basis must be secured.

Project listed below belong for environmental or social reasons to category A:

1. On- and off-shore Oil & Gas developments and crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.

2. Extraction of petroleum and natural gas for commercial purposes (including activities incidental to oil and gas extraction, excluding surveying).
3. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
4. Extraction, agglomeration and processing of peat, coal and lignite, metal ores, chemical and fertilizer minerals.
5. Production of salt.
6. Quarries and open cast mining operations.
7. Thermal power stations and other combustion installations with a heat output of 300 megawatts megawatts usually equivalent to a gross electrical output of 140 MWe for steam and single cycle gas turbines power stations. For combined cycle gas turbines (CCGT) the limit 300 MWth is interpreted as 200 MWe.
8. Integrated works for the initial smelting of cast-iron and steel; installations for the production of nonferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
9. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous-, nitrogen- or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and of biocides; basic pharmaceutical products using a chemical or biological process; explosives.
10. Construction of motorways, express roads and lines for long-distance railway traffic and of airports with a basic runway length of 2,100 metres or more; construction of a new road of four or more lanes, or realignment and/or widening of an existing road so as to provide four or more lanes, where such new road, or realigned and/or widened section of road would be 10 km or more in a continuous length.
11. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
12. Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1,350 tonnes.
13. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
14. Municipal waste water treatment plants with a capacity exceeding 150,000 population equivalent.
15. Municipal solid waste-processing and disposal facilities.
16. Large¹ dams and other impoundments designed for the holding back or permanent storage of water.
17. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
18. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.

19. Large-scale logging.
20. Large-scale tourism and retail development.
21. Construction of overhead electrical power lines.
22. Large-scale land reclamation.

¹ As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m³ are also classified as large dams.

23. Activities involving the release of genetically modified organisms (GMOs) into the natural environment, and trade in GMOs to be released into the environment.
24. Large-scale primary agriculture / silviculture involving intensification or conversion of natural habitats.
25. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
26. Installations for the intensive rearing of poultry or pigs with more than: 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
27. Projects which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in the above list. Such sensitive locations include protected areas under national law or international conventions, sites of scientific interest, habitats of rare or endangered species, locations of international, national or regional importance, such as wetlands, forests with high ecological or biodiversity value, ...
28. Projects with significant impacts on economic and social basis of local communities.
29. Projects affecting indigenous or tribal populations (including lands directly inhabited or occupied or lands and watercourses used for subsistence activities such as livestock grazing, hunting and fishing).
30. Projects which may adversely affect areas of archaeological or cultural significance.
31. Projects with physical or economic resettlement components.
32. Projects with adverse impacts on communities (e.g. impacts on social and economic infrastructure, community health&safety, vulnerable groups or projects with high influx of immigrant workers and "rent seekers", extended traffic or construction activities) especially greenfield projects or large expansions.
33. Projects which involve large retrenchment (more than 20 per cent of the present workforce or >50 workers).
34. Projects which impose serious occupational or health risks

Annex H – Examples of Specific Environmental and Social Covenants

According to the Bangladesh Bank guidelines for Environmental Risk Management, wherever the ESDD is “High”, the credit risk management function will ensure that additional conditions / covenants are included. Examples of Environmental risk-related financing conditions / covenants are as follows:

- The borrower will conduct business and maintain property in compliance with all environmental laws
- The borrower will provide environmental clearance certificates as and when obtained or renewed
- The borrower will have emergency response procedures in place
- The borrower will take immediate and necessary remedial action in the event of a hazardous spill or release.
- The borrower will not use the property for disposing of, producing, treating, storing or using contaminants, pollutants, toxic substances or hazardous materials or wastes.
- The borrower will employ a separate environmental manager with required background and skills to address environmental problems.
- The borrower will ensure adequate preparedness to climate change induced extreme events such as floods and cyclones.

In addition, when considering use of specific covenants the bank staff may consider using any of the following examples for specific covenants. These covenants are only intended to provide an indication of the types of clauses that can be used in legal agreements. Legal advice should be taken before adapting these covenants or elements of them for use in shareholder or subscription agreements.

Preparing the Client’s response to environmental and social risks identified during environmental and social appraisal of the Project, and ensuring its implementation

1. The Client shall have prepared an environmental and social action plan, (*), [and an environmental and social monitoring/worker training plan/on site emergency response plan] for the facility operations, which shall, in particular:
 - [state how the project will comply with the relevant environmental/sanitary/health and safety /labour regulations and standards/Bank requirements regarding _____ (specify)]
 - [determine the Project activities and environmental and social components to be monitored, the location of monitoring sites, and the frequency, standards, criteria, and techniques for carrying out the monitoring activities]
 - [identify the person in the company with overall responsibility for environmental, health & safety, and human resources matters]

(*) Examples of other environmental and social action programmes which may be required: environmental management plan; environmental monitoring plan; occupational health and safety management system; worker training programme, emergency response plan, human resources policy on ...

2. The Client shall ensure that appropriate budgetary allocations are made to meet capital and operating expenses, including skilled manpower resources, relating to the environmental and workplace protection measures referred to in _____ [the Environmental and Social Assessment/the conditions stated in the permit _____ issued by _____ (specify)/the environmental and social action plan]. Such allocations will include, at a minimum, _____ (provide details of the resources to be allocated to specific environmental and social measures required in other provisions).
3. The Company shall implement the environmental and social monitoring/ [pollution control/worker training] provisions outlined in the environmental and social action plan [as referred to in Section

____/ as agreed with the Bank pursuant to Section ____ (see (1)) and furnish a summary report on those activities to the Bank within [30 days of the end of each financial year].

4. Responding to changes or unforeseen circumstances:

If (i) there is any adverse environmental or social impact or issue that was not foreseen by or contemplated in the environmental and social action plan, or if (ii) any mitigation measure set out in the environmental and social action plan is not sufficient to eliminate or reduce the environmental or social impacts and meet the applicable regulations [/Bank requirements] within the time frame set out in the environmental and social action plan, the Company shall, as soon as reasonably practicable and subject to the consent of the Bank, incorporate into the environmental and social action plan additional or revised mitigation measures to achieve compliance with applicable regulations [/Bank requirements], in a manner satisfactory to the Bank.
5. *For privatising/privatised companies:* the Client shall:
 - have negotiated with [state agency responsible for privatisation; former owner/operator of the facility] an indemnification [or: an agreement defining the responsibilities of each party] for past environmental contamination and/or the cost of clean-up or any other costs related to such contamination.
 - Develop and implement a plan to mitigate the adverse impacts of collective dismissals, in line with national law and good industry practice and based on the principles of (i) non-discrimination and (ii) consultation with workers and their representatives and, where appropriate, relevant public authorities.
6. Clarifying liabilities for ongoing/future pollution e.g. between neighbouring companies or in the case of shared facilities: The client and _____ (name of neighbouring company) have entered into an agreement, satisfactory to the Bank, defining the responsibilities of each party with respect to the clean-up of potential soil and groundwater contamination on the site [or off-site], and the payment of damages, fines or other costs related to [ongoing/historical] air pollution and soil or surface/groundwater contamination resulting from the operation of the facilities by each party.

Environmental and social considerations relating to project execution and the Client's operations

7. The Client shall conduct its business and operations [including the operations of any subsidiaries] with due regard to environmental and social factors
 - including compliance with environmental, health, safety and labour laws and regulations applicable in _____ (country)]. See also section (10) below
 - [in accordance with internationally recognised/EU occupational health and safety practices]
 - [in accordance with principles and standards included in the International Labour Organisation's fundamental conventions concerning abolition of child labour, elimination of discrimination at the workplace and elimination of forced and compulsory labour]
 - [and in accordance with good international industry practices]
 - Without limiting the generality of the foregoing, the Client shall
 - ensure that potentially adverse environmental effects, such as _____ (describe possible problems – e.g., erosion, drainage, groundwater depletion, etc.) and other damage to the natural environment [or to important cultural and historic sites] receive due consideration in the design, construction, operation, and maintenance of project facilities.
 - ensure that appropriate health and safety protection measures are being used in connection with the implementation and operation of the Project.
 - take all action necessary to ensure that the following pollution control standards are monitored and enforced with compliance procedures acceptable to the Bank: _____ (specify).
 - Adopt and implement human resources policies and management practices to ensure

compliance with labour laws and regulations in [country x] including without limitation, requirements on [non-discrimination and equal opportunity]

Monitoring and reporting on environmental and social performance

8. The Client shall submit to the Bank, as soon as available, but in any event within (...) days after the end of the (financial) year, an annual report on environmental and social matters relating to the project, in a form satisfactory to the Bank, including copies of any information on environmental and social matters the Company may have to make available to the authorities and, in any event,
- the current status of environmental, health, safety and labour permits, licences or other approvals required for the projects and the Client's operations [including copies of renewals or modifications of any such approvals]
 - summary of incidents of non-compliance with the applicable environmental, health, safety and labour law, [including findings of inspection reports, penalties or increased charges imposed on the Client, and legal or administrative action or proceedings involving the Client or fines]
 - progress made on the implementation of the environmental and social action plan
 - worker health protection/safety initiatives [including training programmes] taken by the Client
 - Any accident resulting in lost time/fatalities, fire etc. in the borrower's site should be intimated to EBL within 72 hours of happening.
 - public complaints/representations, if any

The report shall state the steps taken or proposed by the Client to address any problems in the above areas, and shall identify the person at the company with overall responsibility for environmental, health, safety and human resources matters.

9. The Client shall furnish to the Bank immediate notice of any incident or accident relating to the Project and likely to have a highly adverse effect on the environment or public or occupational health and safety. In particular, such adverse effect is deemed to have occurred: (i) where the applicable law requires notification of the accident/incident to the authorities, (ii) where the accident/incident involves fatality of any person or more than one person has received serious injury requiring hospitalisation, (iii) where it has become public knowledge inter alia through coverage in the media.

Environmental and social laws and regulations applicable to the Project

10. The Client shall ensure that the Project is designed and implemented, and the Project facilities are designed, installed, operated, and maintained, in conformity with all applicable national, provincial, and local environmental, sanitary, health and safety and labour laws and other regulatory requirements. Without limiting the generality of the foregoing, the Client shall ensure compliance with:
- the _____ (title of the applicable environmental/health and safety/labour legislation) of _____ (date), as amended, or any successor legislation;
 - all applicable regulations and standards concerning _____ (indicate the relevant subject-matter) issued by (name of the relevant environmental /sanitary/labour/health and safety authority); and
 - all terms and conditions of the _____ (identify the applicable environmental clearance or permit) of _____ (date), issued by the _____ (name of the relevant environmental agency).

Annex I – Corrective Action Plan

RM will develop a corrective action plan with a timeframe for the client to implement appropriate mitigation measures to comply with the bank/FI's E&S requirements. He/she will negotiate with the client in finalising action plans and timelines where necessary.

The purpose of a corrective action plan is to mitigate potential E&S risks in the context of a transaction to an acceptable level for the bank/FI. Bank/FI will tailor the scope of a corrective action plan to each client according to the specific risks identified during the E&S due diligence process or during subsequent transaction monitoring. Corrective action plans range from simple mitigation measures to detailed management plans with actions that can be measured quantitatively or qualitatively. The corrective action plan should include a description of the specific mitigation actions to be taken by the client, a timeframe for implementation and a reporting requirement to inform the bank on the status of completion.

RM needs to discuss the corrective action plan with the client and agree on its scope and timeframe for completion. If the corrective action plan is developed as part of the transaction appraisal process, it should be included in the legal agreement. The timeframe for implementation of specific mitigation measures will vary according to the E&S risk and may range from being a condition of transaction approval to a reasonable timeframe from disbursement or when E&S issues were identified during transaction monitoring.

The following template can be used for documenting the corrective action plan agreed with the client. The template also contains few examples for guidance.

Table 2-Corrective Action Plan template with examples

Area of E&S concern as identified through ESDD	Corrective Actions required	Timeframe	Action completion indicator	Responsibility (Client staff, management or board)	Cost involved
Evidence of land pollution due to discharge of untreated effluent	Action plan may include: <ul style="list-style-type: none"> • Removal and treatment of contaminated ground soil • Construction of sewage system for industrial wastewater • Construction of wastewater treatment facility and discharge system for treated water 	6 months	<ul style="list-style-type: none"> • Installation of Effluent Treatment Plant (ETP). The ETP should be operational and the qualitative parameters of treated effluent should be within limits • The discharge of treated effluent should be through the constructed discharge system and no other modes of discharge and leakages • Qualitative parameters of treated contaminated ground soil should be within limits 	Board of Directors	

Absence of grievance redressal mechanism	Establish a grievance redressal mechanism	3 months	Well established grievance redressal mechanism which is appropriately communicated to the external stakeholders	Board of Directors	
Displacement of community structure	Restoration of community structure for common benefits	3 months		Senior Management	
Loss of trees, crops, perennials	Compensating for standing crops and trees	1 year	Plantation of trees	Senior Management	

Annex J – Monitoring Checklist

SI. No.	Question /Issues to check	Response
<i>Project Summary Information</i>		
1	Reporting period covered by this monitoring report	
2	Specification of project stage (design, construction, operation or closure stage)	
3	Key developments and any major changes in project location and design, if any from the time of loan disbursement or from the last supervision period.	
<i>General Information</i>		
4	Status of implementation of covenants/corrective action plan. Is it in line with the agreed timeframe? (i.e.,if all covenants are implemented or partially implemented or not implemented or delayed implementation). If partially implemented or not implemented or delayed implementation, RO to please mention the reason in the response column along with a timeline for completion of implementation as committed by the client during supervision.	
<i>EHS Management</i>		
5	If there was any incidence of accidents, spills, leakages, explosion etc. during the reporting period. If yes, what was the scale of damage (e.g. if there was any fatality, monetary loss etc.)? What was the action taken in response to the incident?	
6	If there were any recent fines or penalties issued by the regulatory body. If yes, RO/RM to please mention the nature of violation, amount of fine/penalty paid, action taken by the client to address the issue to avoid any such fine/penalty in future.	
7	If there was any health & safety incident. If yes, what was the extent of injury – minor, major or fatal? What was the action taken in response to the incident?	
8	If there are any new E&S risks or adverse impacts observed due to client's operation. RO/RM to please mention the types of new E&S risks, the reason for such new E&S risks, mitigation measures undertaken by the client to address the E&S risks.	
<i>Permits and Compliance Certificates</i>		
9	All the required permits, licenses and clearances in place.	
SI. No.	Question /Issues to check	Response

	RO/RM to please mention the issuance dates and duration of validity of all such permits, licenses and clearances.	
10	Other international management systems (for e.g. ISO 14000, OHSAS 18001, SA8000) followed by the client and if they have valid certifications for those management systems?	
<i>Grievance Redressal</i>		
11	<p>If there have been any recent complaints, grievance or protest received from local communities.</p> <p>If yes, RO/RM to please specify the nature of grievances; actions taken by the client to resolve grievances and if there any outstanding issues and measures proposed by the client to resolve them.</p>	
12	<p>If there were concerns raised during the stakeholder consultations carried out by the client during the reporting period.</p> <p>If yes, what was the approach undertaken by the client to address those concerns?</p>	
<i>Other Information</i>		
13	<p>Any other information pertaining to environmental matters, management approach, community, media or NGO coverage that need to be mentioned.</p> <p>If there are any environment friendly initiatives, energy saving equipment etc. that might be relevant for the Bank/FI.</p>	