

Assessment and Management of Environmental and Social Risks and Impacts

*The Nature Conservancy's
Integrated Performance Standards
Policies and Procedures for Green
Climate Fund (GCF) – Funded
Projects*

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Cover Photo: *Intervales State Park, Ribeirão Grande, SP, Brazil. Thiago Campi (TNC Photo Contest 2021).*

Acronyms

CbD – Conservation by Design (also referred to in its various iterations as “Conservation by Design 1.0” [CbD 1.0] and Conservation by Design 2.0 [CbD 2.0])

CCNet – The Conservation Coaches Network [as associated with the Open Standards for the Practice of Conservation]

CIHR – Conservation Initiative on Human Rights

CPRC – [TNC] Carbon Project Review Committee

EbA –Ecosystem-based Adaptation

ESIA – Environmental and Social Impact Assessment

ESMP – Environmental and Social Management Plan

ESMS – Environmental and Social Management System

FPIC – Free, Prior, and Informed Consent

GCF – The Green Climate Fund

GIIP – good international industry practice

HET – [TNC] Highly Effective Teams

HR – Human Resources [also referred to within TNC as the “TNC People Team”]

HRBAs – Human Rights-Based Approaches

ICP – Informed Consultation and Participation

IFC – International Finance Corporation

IIPP – [TNC] Injury and Illness Prevention Program

ILO – International Labour Organization

IPLCs – Indigenous Peoples and Local Communities [as defined by TNC]

IPM / IVM – Integrated Pest Management / Integrated Vector Management

IPP – Indigenous Peoples Plan

MSC – The Marine Stewardship Council

NGO – Non-Governmental Organization

RAC – [TNC] Risk Assessment Committee

REDD+ – Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

RSPO – The Roundtable on Sustainable Palm Oil

SIDS – Small Island Developing States

SOP – [TNC] Standard Operating Procedure

TNC – The Nature Conservancy

UN – The United Nations

UNDRIP – The United Nations Declaration on the Right of Indigenous Peoples

UNESCO – The United Nations Educational, Scientific and Cultural Organization

UNFCCC – United Nations Framework Convention on Climate Change

WHO – The World Health Organization

Performance Standard #1

Assessment and Management of Environmental and Social Risks and Impacts



Ol Pejeta Conservancy, Kenya. Matjaz Krivic (TNC Photo Contest 2022).

1.1 INTRODUCTION

The Nature Conservancy is dedicated to achieving a low carbon future for the world. We have an extensive portfolio of projects and partnerships spanning nearly 70 countries around the world, covering both developed and developing countries, and working on both conservation and climate change projects. Our unique niche is developing the science and practice of nature-based solutions to climate change, for both mitigation and adaptation. We have a 65-year history of developing financial innovations and of working with partners to scale our impact. We have developed a range of innovative financing mechanisms for both REDD+ and Ecosystem-based Adaptation (EbA), especially in Small Island Developing States (SIDS), and have established our own in-house impact investment arm, called NatureVest, to scale the use of private investment for our conservation and climate change goals. We believe that our expertise in land use mitigation and Ecosystem-based Adaptation, combined with our long track record in applied financial innovation, and our extensive field programs and partnerships throughout the developing world, position The Nature Conservancy to develop and implement projects and programs that will unlock private sector finance at scale for these solutions. That is our vision, a paradigm-shift to support the objectives of the United Nations Framework Convention on Climate Change (UNFCCC)¹ and the Green Climate Fund (GCF),² as well as our partner countries.

¹ According to the UNFCCC, "...the ultimate objective of all agreements under the UNFCCC is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development."

² <https://www.greenclimate.fund/who-we-are/about-the-fund>

TNC already has a broad portfolio of climate change projects around the world. Our focus in developing countries has been on marshalling the cost-effective role of nature in both mitigation and adaptation. On the mitigation side, we have been early innovators in developing the science, field work, policy frameworks and innovative finance mechanisms for REDD+, with some of the world's largest and most sophisticated jurisdictional REDD+ projects underway in Indonesia, Brazil, and Mexico. We are also the only NGO investor in the Forest Carbon Partnership Facility at the World Bank, an important standard-setting and capacity building entity to stimulate pay for performance REDD+ projects in over three dozen countries. With REDD+ now an established mitigation strategy, we are leveraging our land-use expertise to scale up additional mitigation projects, policies and financing schemes for other nature-based solutions such as climate-smart agriculture, forest restoration and degraded land restoration.

On the adaptation side, we were early pioneers of the concept of ecosystem-based adaptation (EbA) and now have an extensive portfolio of EbA projects across the Asia-Pacific and Caribbean regions, with a heavy focus on small island developing states (SIDS). We have also been at the forefront of innovating new financing mechanisms for adaptation in SIDS, including the world's first debt-for-adaptation restructuring with the Government of the Seychelles and the Paris Club, and are partnering with several insurance and reinsurance companies to develop new risk transfer products that could create an insurance market for the climate protection services of natural assets such as coral reefs and mangroves. With the backing of the GCF, we will seek to utilize this extensive expertise in the science, field projects, policy frameworks and innovative financing of nature-based mitigation and adaptation solutions to scale their impact and leverage private financing.

1.1.1 The Green Climate Fund

The purpose of this summary document and TNC's GCF **Environmental and Social Management System (ESMS)**³ are to ensure that adverse social or environmental impacts are avoided over the course of implementing projects and programs funded by the Green Climate Fund (GCF) or, when unavoidable, such adverse impacts are minimized and mitigated sufficiently, and/or compensated for. These GCF specific policies, standards and guidance build upon organizational policies and operations instruments already in use by TNC organization-wide. In this document, we've taken into consideration guidance from **TNC's Conservation by Design 2.0 (CbD 2.0)**,⁴ a range of other policies and management guidance in use at TNC, the **International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability**,⁵ and other internationally recognized management protocols, policies, and conventions.

TNC will apply these criteria to GCF-funded projects implemented by TNC, both during the project approval process and throughout the project's life cycle. We expect any applicability of these TNC ESMS to other GCF projects in which TNC is involved (in any other condition or any applicability to partner organizations or joint projects) will be subject to GCF requirements or to the process and criteria described herein. We expect that these policies will evolve over time, as the GCF's requirements change and we design new best practices to accommodate our growing knowledge of conservation and an ever-changing world.

A first version of this document was produced in 2018 for the purpose of GCF accreditation with the approval of TNC President and Chief Conservation Officer Brian McPeck, and Chief Operating Officer and General Counsel Wisla Heneghan. This document will be amended, and policies reviewed and updated at least every five years, consistent with GCF requirements.

³ See TNC-GCF Environmental and Social Management System (ESMS) in supplemental materials for additional information on the TNC-GCF ESMS. Any use of the term TNC ESMS herein shall be understood in reference and in the context of GCD funded projects. This document can be cited wherever the TNC ESMS is referenced in this document.

⁴ See Conservation by Design 2.0 Guidance Document in supplemental materials for additional information. The Conservation by Design 2.0 Guidance Document should be referenced wherever Conservation by Design 2.0 (or CbD 2.0) is referenced in this document, unless otherwise noted.

⁵ See IFC Performance Standards on Environmental and Social Sustainability in supplemental materials for additional information.

1.1.2 IFC Performance Standards

This document provides specific guidance on the following environmental and social safeguard topics, which will each hereafter be referred to as the Environmental and Social Safeguards Performance Standards (i.e., the 'Performance Standards'):

- Performance Standard #2: Labor and Working Conditions
- Performance Standard #3: Resource Efficiency and Pollution Prevention
- Performance Standard #4: Community Health, Safety, and Security
- Performance Standard #5: Land Acquisition and Involuntary Resettlement
- Performance Standard #6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard #7: Indigenous Peoples and Local Communities
- Performance Standard #8: Cultural Heritage

The TNC-GCF ESMS (see **Section 1.2 Environmental and Social Management System (ESMS) and Risk Assessment** below) will guide the **TNC-GCF Safeguards Coordinator** and a committee of experts charged with screening GCF-funded project proposals and overseeing approved projects through development and implementation, while paying careful attention to the environmental and social safeguards herein referred to as the Performance Standards.

1.2 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) AND RISK ASSESSMENT

The TNC ESMS is an intrinsic part of the of GCF-funded project cycle and:

- Provides operational measures and tools to systematically screen GCF-funded projects on potential negative environmental and social impacts through the various Performance Standards
- Identifies appropriate measures to avoid, minimize or compensate for these impacts and to optimize positive impacts
- Seeks to ensure that the implementation of mitigation measures and their effectiveness are monitored and that any other impacts arising during execution of the project are addressed

Risk assessment will take place as early as possible in project conceptualization. The TNC methodologies for risk assessment of GCF-funded projects are aligned with the policies and principles of this document. The type, scale, timing and location of the project proposal guide the scope and level of effort devoted to the risks and impacts identification process and will determine the appropriate and relevant methods and assessment tools. Based on the findings of the risk assessment, the process may comprise, as applicable, an **Environmental and Social Impact Assessment (ESIA)**, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.

TNC's GCF Safeguards Coordinator is the point-of-contact and decision-making authority for risk assessment and project risk-level categorization for GCF-funded projects. The TNC-GCF Safeguards Coordinator will consult, when appropriate, with the **TNC Risk Assessment Committee (RAC)**⁶ when assessing risk factors related to a project proposal and making determinations with regards to risk-level categorization (see **Section 1.2.4 Risk Categorization** of this Performance Standard). The RAC is a standing team of TNC senior managers charged

⁶ See RAC Guidelines for Project Submission in supplemental materials for guidance on submitting projects to the RAC for full assessments.

with evaluating proposed projects, and providing recommendations to relevant project-level managers about whether and how those projects should advance or be modified based on known and foreseeable risk factors.⁷

When the project involves existing assets, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts. If the assets to be developed, acquired or financed have yet to be defined, the establishment of an environmental and social due diligence process will identify risks and impacts at a point in the future when the physical elements, assets, and facilities are reasonably understood. The risks and impacts identification process will be based on ongoing findings of the Stakeholder Analysis Process (See Section 1.8.1 Stakeholder Analysis and Engagement Planning) and other relevant environmental and social baseline data at a level of detail commensurate to the scope, scale and known foreseeable risks. The process will consider environmental and social risks and impacts of the project as identified pursuant to the Performance Standard, including the issues identified in Performance Standards #2 through #8, and those stakeholders that are likely to be affected by such risks and impacts.⁸

1.2.1 Vulnerable Populations

Where vulnerable subgroups in an Affected Community are likely to be affected differentially by a TNC GCF-funded project, project teams will implement measures so that adverse impacts do not fall disproportionately upon such vulnerable subgroups.

1.2.2 Areas of Influence

Where the project involves specifically identified physical elements, aspects, facilities and/or habitat types that may be likely to generate negative impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence. This area of influence may encompass, as appropriate:

- The area likely to be affected by:
 - project⁹ activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project (the project site);
 - direct impacts from unplanned but reasonably foreseeable developments caused by the project that may occur later or at a different location; or
 - impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.
- Associated facilities or infrastructure, which were not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable.
- Cumulative impacts¹⁰ that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably and substantially defined developments at the time the risks and impacts identification process is conducted.

In the event of risks and impacts in the project's area of influence resulting from a third party's actions, TNC will address how those risks may impact the project.

⁷ The TNC Risk Assessment Committee (RAC) is composed of 15-18 members, each for a 3-year rotating term, including the Chair of the RAC (appointed by the Chief Conservation Officer), the Chief Compliance Officer, the General Counsel, and other members selected by the Chair in consultation with the Chief Conservation Officer who represent a variety of perspectives, geographic areas and responsibilities, and have their direct experience on negotiation and completion of complex conservation transactions, development and implementation of large-scale conservation strategies and solutions, familiarity with TNC standard policies, operating procedures and Core Values, and experience in managing and assessing organizational risks.

⁸ In limited high-risk circumstances, it may be appropriate for TNC to complement its environmental and social risks and impacts identification process with specific human rights due diligence as relevant to the particular business.

⁹ Examples include the project sites, the immediate airshed and watershed, or transport corridors.

¹⁰ Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or relevant concerns from Affected Communities.

1.2.3 Primary Supply Chain

Where TNC can explicitly exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains, as defined in **Performance Standard #2: Labor and Working Conditions, Section 2.6 Supply Chain**, and **Performance Standard #6, Section 6.2.9 Supply Chain**.

1.2.4 Risk Categorization

TNC's GCF ESMS applies a project-level categorization system to consider the significance of potential social and environmental risks and impacts and determine the commensurate and appropriate type and level of social and environmental assessment for a given project proposal. The basic framework for building these risk assessment criteria is included above in **Section 1.2 Environment and Social Management System (ESMS) and Risk Assessment** of this Performance Standard.

TNC will screen project activities, which may include planning support, policy advice, and capacity-building, as well as direct physical interventions and procurement actions related to a project site. Based on the screening, the **TNC-GCF Safeguards Coordinator** will categorize the project, in consultation with the standing **TNC Risk Assessment Committee**, when applicable, according to the degree of potential social and environmental risks and impacts. The screening process will result in one of the following three categorizations:

- **High Risk (A/I-1):** Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented. TNC will be accredited for, at most, Medium Risk (B/I-2) level projects, so High Risk (A/I-1) projects will not be considered for implementation.
- **Medium Risk (B/I-2):** Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. TNC will consider Medium Risk (B/I-2) project proposals; however, these proposals must be accompanied by an Environmental and Social Impact Assessment (ESIA) (see **Section 1.2.7 Environmental and Social Impact Assessment** of this Performance Standard) scaled to the complexities of the project and the nature and scale of risks identified.
- **Low Risk (C/I-3):** Activities with minimal or no adverse environmental and/or social risks and/or impacts. Low Risk (C/I-3) project proposals may proceed into development without further assessments.¹¹

Projects that undergo substantive revision after the initial screening and categorization will be re-screened and potentially re-categorized.

1.2.5 Environmental and Social Impact Assessment (ESIA)

Medium Risk (B/I-2) project proposals must be accompanied by an Environmental and Social Impact Assessment (ESIA) before they are considered by the **TNC-GCF Coordination Unit**. The purpose of an ESIA is to:¹²

- Predict and assess the type and scale of potential impacts to Affected Communities' rights, livelihoods and well-being and /or the physical, natural, socio-economic or cultural environment based on identified risk factors;
- Identify, analyze and compare feasible alternatives (including no project); and
- Develop suitable mitigation measures documented as an Environmental and Social Management Plan (ESMP) (see **Section 1.2.6 Environmental and Social Management Plan (ESMP)**).

ESIAs must include, at a minimum:

- A project description including information on geographic, ecologic, social and temporal context;

¹¹ See GCF Decisions of the Board – Seventh Meeting, 18-21 May 2014, in supplemental materials for more information

¹² https://www.iucn.org/sites/dev/files/iucn_esms_manual.pdf

- An analysis of the policy, legal, and administrative framework to clarify the framework within which the ESIA is carried out and to be adhered to by the project;
- Relevant stakeholder identification and analysis to clarify who should be included in the ESIA, particularly Affected Communities;
- Environmental and social baseline data, including any normal changes anticipated without the project;
- An environmental and social impact assessment to analyze relevant associated risks;
- If applicable, analyses of feasible alternatives to identify other options to achieve the project objectives and compare impacts, including the alternative of not implementing the proposal;
- An Environmental and Social Management Plan (ESMP) or appropriate risk management strategy documents, depending on project risk category, to establish a set of appropriate measures for avoiding or minimizing impacts and provisions to assure their effectiveness; and
- Results of any stakeholder consultations completed, in order to understand the concerns of relevant parties and what is needed to protect their rights and livelihoods.

1.2.6 Environmental and Social Management Plan (ESMP)

A main output of the ESIA process is a strategy for managing risks and mitigating impacts. Identifying mitigation measures may require consultation with Affected Communities and is guided by the mitigation hierarchy (see **Section 1.4.3 Mitigation Hierarchy** of this Performance Standard). The risk management strategy is documented as an Environmental and Social Management Plan (ESMP). The ESMP describes the set of mitigation measures developed during the ESIA together with an implementation schedule, required resources and responsibilities. It may also include provisions for training and capacity building, institutional arrangements for implementing the ESMP and requirements for monitoring. If strictly necessary, the ESMP might also specify adjustments of the grievance mechanism to address material specific needs.

The ESMP is an integral part of the proposal for Medium Risk (B/I-2) category projects. Projects with only minimal impacts that require only sporadic mitigation measures can integrate mitigation measures into their project's implementation plan.

1.3 PERFORMANCE STANDARDS POLICY STATEMENTS

The following section includes a summary statement highlighting TNC history, institutional policies, and specific guidance regarding GCF-funded projects for Performance Standards #2 - #8.

1.3.1 Statement on Labor and Working Conditions

TNC's work is guided by five core organizational values: Integrity Beyond Reproach; One Conservancy; Respect for People, Communities, and Cultures; Commitment to Diversity; and Tangible Lasting Results. These values are reflected in TNC's Code of Conduct which applies to all employees and volunteers. The Code incorporates by reference all of TNC's Policies and Standard Operating Procedures (SOPs).¹³ The Values, Code, and Policies and Procedures – together with applicable laws and a commitment to developing and implementing human rights-based approaches to conservation – inform our labor and working conditions standards and procedures for GCF-funded projects. For any GCF-funded project, in cases where these GCF performance standards deal with the same subject as the TNC Policies and Procedures (or any of their sections) the GCF performance standards will apply unless the TNC Policy and Procedure is herein incorporated.

As TNC's GCF safeguards authority, the **TNC-GCF Safeguards Coordinator** is tasked with determining the applicability of the input of TNC advisors with issue-area expertise in the various GCF Performance Standards

¹³ See TNC Policies and Standard Operating Procedures Manual for more information and the full text of TNC's Code of Conduct, Policies, and Standard Operation Procedures (SOPs). Note also that the Policies and Standard Operating Procedures Manual, including individual policies and SOPs, are subject to change with time.

when assessing GCF-funded project proposals, and reporting recommendations to the **TNC-GCF Coordination Unit**.

Compliance and Legal

Under the leadership of the Chief Ethics and Compliance Officer, the **TNC Ethics and Compliance Office**¹⁴ provides a point of leadership and guidance to implement TNC's compliance program. The Ethics and Compliance Office functions as an independent and objective body that oversees compliance issues and related concerns within TNC. The Ethics and Compliance Office helps promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law and with TNC's Policies and SOPs. The Ethics and Compliance Office provides onboarding, training, counselling, and an advice and issue Hotline to ensure full understanding of the policies and procedures.

The **TNC Legal Department** is also charged with helping to prevent illegal, unethical, or improper conduct at all levels of the organization. The Ethics and Compliance Office and the Legal Department will act in close coordination with the TNC-GCF Safeguards Coordinator on the Labor and Working Conditions Performance Standard as well as other GCF safeguards when applicable.

Equity and Non-discrimination in the Workplace

TNC is committed to actively promoting diversity, equity, and inclusion in our workforce in all the places where we operate. TNC's Equal Employment Opportunity, Affirmative Action, and Diversity SOP¹⁵ provides details about TNC's non-discrimination policy. The Ethics and Compliance Office, the Chief Diversity and Inclusion Officer and team, the TNC Chief People Officer and the People Team (Human Resources), and other applicable staff at TNC provide guidance to the TNC-GCF Safeguards Coordinator on a range of issues to ensure the safety and equitable treatment by TNC of its employees, volunteers, partners, and contractors working on GCF-funded projects.

Policies and SOPs on Non-Discrimination and Equitable Treatment of Employees:

- Equal Employment Opportunity, Affirmative Action, and Diversity Policy
- Workplace Harassment Prevention and Reporting Policy¹⁶
- Reporting Suspected Violations of Law and Policy¹⁷
- Workplace Conduct SOP¹⁸

Workplace Safety

The safety of TNC employees and others directly under TNC's purview throughout a project's life cycle is critical to our organization. Our **Illness and Injury Prevention Program (IIPP)**¹⁹ provides best practices and a framework for GCF project proposals within TNC and requests by third parties for GCF-funding administered by TNC. Those proposing GCF-funded projects through TNC are expected to abide by the standards of practice included in the IIPP, those included in the Labor and Working Conditions annex of this document, any local legal or common requirement and any other supplemental requests made by the **Chief Ethics and Compliance Officer**.

¹⁴ See TNC Ethics and Compliance Charter in supplemental materials for more information.

¹⁵ See Equal Opportunity, Affirmative Action, and Diversity SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental material for more information.

¹⁶ See Workplace Harassment Prevention and Reporting Policy in the TNC Policies and Standard Operating Procedures Manual in supplemental material for more information.

¹⁷ See Reporting Suspected Violations of Law and Policy in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

¹⁸ See Workplace Conduct SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

¹⁹ See Illness and Injury Prevention Program (IIPP) in supplemental materials for more information.

SOPs and Guidance on Safety, Labor, and Workplace Protections:

- Fire Management SOP²⁰
- Diving, Snorkeling, and Boating Safety SOP²¹
- Youth Safety SOP²²
- Disability Accommodations SOP²³
- Family and Medical Leave SOP²⁴
- Leave SOP²⁵
- Work Hours and Flexible Work Arrangements SOP²⁶
- Illness and Injury Prevention Program (IIPP)
- TNC Field Staff Exposure Prevention Checklist²⁷

The Labor and Working Conditions annex of this document provides additional guidance on labor and working conditions, as well as a working summary of GCF-funded project-specific procedures and minimum standards for project proposals.

See **Section 1.9 Grievance Mechanism** under this performance standard for information on filing a grievance related to labor and working conditions, and/or for specific complaint-filing inquiries related to this performance standard.

1.3.2 Statement on Resource Efficiency and Pollution Prevention

TNC's **Shared Conservation Agenda**²⁸ is the organization's ambitious vision for the world we live in and our role in helping to create a world where people and nature thrive. The Shared Conservation Agenda includes our strategic plan to put the world on a path toward sustainability, which we've broken down into the following five priorities: **tackle climate change, protect land and water, provide food and water sustainably, build healthy cities, and connect people and nature**. We acknowledge that climate change, overconsumption of resources, and the pollution of our lands and waters are among the greatest challenges we as humans collectively face, and we are committed to addressing these issues at a scale that matters.

TNC has a long history of working alongside and on behalf of a diverse array of international NGOs, government entities, corporations, and local communities in service of implementing cost-effective natural climate solutions and addressing the negative impacts of pollution in our air, land, and water. Our work on climate adaptation and pollution mitigation extends across the world, from carbon sequestration projects in the Brazilian rainforest to sustainable energy production research in Myanmar.

²⁰ See Fire Management SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²¹ See Diving, Snorkeling, and Boating Safety SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²² See Youth Safety SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²³ See Disability Accommodations SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²⁴ See Family and Medical Leave SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²⁵ See Leave SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²⁶ See Work Hours and Flexible Work Arrangements SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

²⁷ See TNC Field Staff Exposure Checklist in supplemental materials for more information.

²⁸ See Shared Conservation Agenda in supplemental materials for more information.

Pollution and Resource Consumption

TNC will not engage in activities involving the risk of unsustainable levels of resource consumption, except under special circumstances where expected conservation outcomes outweigh predicted consumption, operational risks have been thoroughly analyzed in early project phases, and alternatives have been explored as appropriate. Likewise, and more generally, TNC will not consider projects with considerable risk of generating certain negative environmental impacts, as these would be contrary to our organization's mission. These would include projects that will generate air, water, or land-borne pollutants that pose unacceptable material environmental or human risk. GCF-funded TNC project proposals will be evaluated on a case-by-case basis with the **GCF Safeguards Coordinator**, in consultation with a team of in-house experts and, when applicable, external consultants. When considering GCF-funded project proposals, we will implement technically, financially feasible and cost-effective measures for improving efficiency in the consumption of energy, water, as well as other resources and material inputs, with an explicit focus on generating conservation outcomes consistent with our organization's mission, values, and the overall goals of the GCF.

Pest Management

TNC is committed to minimizing and managing the environmental and health risks associated with pesticide use to ensure that principled, effective, safe, and environmentally sound pest management is promoted and supported. We will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. Our IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent economically significant pest damage and/or disease transmission to humans and animals.

1.3.3 Statement on Community Health, Safety and Security

Despite the organization's 65-year focus on nature, TNC's vision statement has evolved to include "people", reflecting decades of conservation partnerships with farmers, ranchers, fishing communities, indigenous peoples, small to large communities, government entities, and others. TNC's current vision statement is also formal recognition that people are – and always have been – an integral part of nature. Our science demonstrates that the challenges facing the planet, including climate change, are inextricably linked with human well-being challenges and that addressing them coherently together is the path forward toward success. Our core value – **Respect for People, Communities, and Cultures** – embodies this commitment to connecting nature and people and the importance of ensuring healthy and safe communities for the present and future through our work. TNC added urban conservation to our work about five years ago in recognition that, as more than the majority of humanity moves into urban centers, cities are critical locales for conservation initiatives linked to human well-being.

TNC understands that conservation cannot succeed without attending to the public health, economic resilience, energy needs, food needs, safety, and social cohesion of the communities where we work. We've operationalized these insights and commitments throughout TNC in recent years, most visibly with **Conservation by Design 2.0** in 2016, in the **TNC Global Cities Team's Flourishing Communities Strategy**²⁹ and elsewhere across the organization.

We also recognize that the need for attention to community health, safety, and security and the risks of negative impacts from interventions can both disproportionately affect vulnerable populations. Our strategy for safeguarding against community health, safety, and security risks in GCF-funded TNC projects is described in this performance standard.

²⁹ <https://global.nature.org/our-global-solutions/cities>

Tools and Resources

The policies included in the annex to this Performance Standard will apply to GCF-funded TNC projects. This does not exclude the applicability of other TNC Policies and Procedures appropriate for the specific projects or situations.

Project teams will consult with the **TNC-GCF Safeguards Coordinator** as appropriate when said relevant risks arise in project implementation. An open grievance mechanism process will also be available for Affected Communities (as defined in **Section 1.9 Grievance Mechanism**), and TNC's mitigation hierarchy approach (as defined in **Section 1.4.3 Mitigation Hierarchy**) will be applied in consultation with Affected Community members, if necessary, and only after project alternatives have been explored.

1.3.4 Statement on Land Acquisition and Involuntary Resettlement

As mentioned, TNC is committed to **Respect for People, Communities, and Cultures** – it's one of our five core values, and a promise we see as inextricably linked to our organization's overall mission; to conserve the lands and waters on which all life depends.

As part of implementing our core value of Respect for People, Communities, and Cultures, and our longstanding commitment to Human Rights-Based Approaches (HRBAs) TNC will, with respect to GCF-funded project work:

- Demonstrate respect by committing to local, on the ground, meaningful engagement and partnership with people and communities, with awareness and sensitivity to their socio-economic realities, ecological knowledge, culture, priorities and vision for the future
- Treat our partners and colleagues with fairness, honesty and equity
- Work collaboratively with relevant sectors of society, including indigenous peoples and local communities, to develop practical and culturally responsive conservation solutions

Enduring conservation success depends on the active involvement of the people and partners whose lives and livelihoods are linked to the natural systems we seek to conserve. We respect the needs, values and traditions of local communities and cultures, and we forge relationships based on mutual benefit and trust.

Physical Displacement

TNC will not consider GCF-funded project proposals with a discernable risk of forced physical displacement. For the purpose of GCF-funded projects, this guidance includes persons (i) who have formal legal rights to the land or natural resources assets they occupy or use; (ii) who do not have formal legal rights to land, natural resources access and use, but have a claim to land or natural resources assets that is recognized or recognizable under national law; or (iii) who have no currently recognizable legal right or claim to the land, natural resources or other assets they occupy or use, but based on publicly available facts or information could reasonably claim rights or access to the lands, natural resources or assets in question as a member of an Indigenous People traditionally present on lands or natural resources not already designated to any other indigenous community, as defined in Performance Standard #7: Indigenous People and Local Communities. These definitions are also applicable to Affected Communities described in **Sections 1.3.4.b Economic Displacement, 1.3.4.c Voluntary Physical Displacement**, and related policies in this Performance Standard.

Economic Displacement

TNC is committed to avoiding negative direct and foreseeable economic disruption or economic displacement in the course of the development and implementation of GCF-funded TNC projects. We will attempt to design projects that do not carry such risks, and will build into our analysis of projects the avoidance of unintended direct and foreseeable economic displacement or negative economic disruption to the extent that they can be anticipated. Where risks of economic displacement or negative economic disruption are identified after planning and prior to project implementation, project teams will engage in a process of active participatory consultation with the Affected Community to mitigate for these risks and will avoid such risks via alternative project design. In the case of Indigenous Peoples and Local Communities to whom the right of Free, Prior, and Informed Consent (FPIC) applies (see **Section 7.4.2 Circumstances Requiring FPIC**), project teams shall obtain FPIC to move

forward, with an alternative project design and budget. Where no viable project alternatives exist, and thus identified risks cannot be mitigated for, the project teams will halt implementation permanently or until such time as the identified risks can be mitigated for and, where the right to FPIC applies (See **Section 7.4.2 Circumstances Requiring FPIC**), FPIC is obtained for an alternative project design.

We are committed to a process of active consultation with Affected Communities to identify potential risk factors and address concerns in project design phases before project implementation, including with regard to potential economic livelihood changes to the Affected Community as a whole. This may include engagement with Affected Community members in the stakeholder analysis phase, the right to FPIC for potentially affected Indigenous Peoples and Local Communities (IPLCs) groups regarding the project when applicable, including economic factors (see **Section 7.4.2 Circumstances Requiring FPIC**), and an open and accessible grievance mechanism.

If there is any rare instance where unanticipated and unavoidable direct economic displacement does occur for an Affected Community after implementation of the project has begun, and only after alternatives have been fully explored, a **Livelihood Restoration Plan** will be developed with input from economically displaced persons, to establish the connection between the project and the economic impact, economic impacts and entitlements of economically displaced persons and/or communities. If compensatory transactions or remedial actions are agreed to after consultations with relevant stakeholders in the course of GCF-funded TNC activities, such compensatory transactions or remedial actions will be budgeted into the GCF-funded project and provided in a transparent, consistent, and equitable manner and/or to the terms required by applicable laws.

Voluntary Physical Displacement

TNC will actively seek to avoid situations in which Affected Communities relocate voluntarily as a result of GCF-funded TNC activities. A grievance mechanism will be established as early as possible in the project development phase for Affected Communities consistent with **Section 1.9 Grievance Mechanism**. Where there is the significant possibility of an unintended consequence of voluntary resettlement by an Affected Community that can be anticipated, and an Affected Community gives Free, Prior and Informed Consent to the project after fully understanding such a possibility, then, in the course of planning, TNC will require that a **Resettlement Action Plan** or **Livelihood Restoration Plan** be budgeted for and built into the project design, to provide in advance ways to mitigate potential impacts requiring remedial action. Projects with any substantial risk of unintended, but foreseeable, consequences that could lead to voluntary physical displacement of an Affected Community will be avoided.

1.3.5 Statement on Biodiversity Conservation and Sustainable Management of Living Natural Resources

For more than two decades, TNC's work has been guided by a framework we call **Conservation by Design** (hereafter referred to as Conservation by Design 1.0 or CbD 1.0). Since its adoption by TNC in 1996, Conservation by Design 1.0 has unified our efforts around the world by providing a common language and consistent approach across the diversity of systems, cultures, geographies, and communities in which we engage. CbD 1.0 articulates our conservation vision and marries our collaborative, science-based approach with key analytical methods. Soon after launching CbD 1.0, TNC established a network of expert coaches that quickly grew to encompass not only TNC staff, but partner staff and others interested in the methodology. That network, the **Conservation Coaches Network** or **CCNet**, now includes 625 coaches representing almost 200 institutions, helping projects in over 60 countries on all continents, and has helped establish The **Open Standards for The Practice of Conservation** ("Open Standards"), which are substantially based on CbD 1.0, as the gold standard of conservation planning globally. Around the world, this strategic framework guides TNC and our partners in conserving the lands and waters on which all life depends. Conservation coaches help ensure that the standards established by The Open Standards and CbD 1.0 are met.

Our core methodology has evolved as conservation issues have become more complex, in recognition of which we released Conservation by Design 2.0, Twentieth Anniversary Edition (or CbD 2.0) in 2015, updating and expanding upon the principles that made the CbD 1.0 framework so effective. Subsequent to the release of CbD 2.0, we published guidance for practitioners, (the Conservation by Design Twentieth Anniversary Edition

Guidance Document, 2016) and in early 2018 we launched the CbD 2.0 website, www.conservationbydesign.org, which complements the Guidance Document with a suite of learning resources and tools. With CbD 2.0, which was approved for implementation by the TNC Board of Directors in February 2015, we affirmed that TNC stands for nature – in all its diversity and functions, from the intrinsic value of nature to the variety of services it provides to people. We also recognized once again that choosing between people and nature is a false choice, that people and nature are inextricably linked; and that this reality has implications for how we set priorities and the strategies we pursue to achieve the mission. CbD 2.0 makes even more explicit our commitment to working at the intersection of people and nature for sustainable management and biodiversity conservation.

Applying CbD 1.0 / CbD 2.0 to GCF-funded Projects

While our vision has evolved, many of the principles and tools underlying our approach to conservation remain the same. In considering GCF-funded project proposals, we will therefore use the best of CbD 1.0 while overlaying the new elements of CbD 2.0. As noted above, these principles and tools are key parts of the origins of, and are aligned with, the Open Standards for the Practice of Conservation. Our approach will continue to evolve as we and our partners build the evidence base, as science provides us with new insights and technology, and with innovations in conservation strategies. As part of our commitment to CbD 2.0, we are strengthening and expanding our internal coaching capability to ensure that teams across TNC are applying best practices, meeting minimum standards, and applying CbD 2.0 rigorously to successfully meet their goals. We continue to contribute staff time and financial support to CCNet so that The Open Standards and the CCNet coaches can evolve to include the newer content in CbD 2.0, and we have established a CbD 2.0 Community of Practice to ensure that these best practices and advancements are effectively disseminated throughout the Conservancy and beyond.

Habitat Modification

TNC's work usually does not involve the development of large-scale physical infrastructure with the potential for significant negative environment impacts or considerable modification of natural habitats. We will only consider GCF-funded projects in line with our GCF risk assessment framework and consistent with our conservation mission as outlined in CbD 1.0/CbD 2.0 and other foundational documents such as the **TNC Shared Conservation Agenda**.

1.3.6 Statement on Indigenous Peoples and Local Communities

TNC recognizes indigenous peoples and local communities' (IPLC) unique relationships to their lands, territories, fresh waters, oceans, and other natural resources, and we are invested in assuring that the rights and quality of life of these communities are respected. For over 20 years, TNC has been committed to empowering the voices, choices and actions of indigenous peoples in managing their traditional lands and waters. In working to do this we have been and are applying human rights-based approaches, providing opportunities for capacity building, and working to avoid adverse impacts to indigenous peoples and local communities in our projects or other engagements.

TNC's current policy on Indigenous Peoples and Local Communities was adopted in 2009. In 2017 we updated our strategy for working with Indigenous Peoples and Local Communities and created a practitioners' framework – Strong Voices, Active Choices: A Practitioners Framework to Strengthen Outcomes for People and Nature.³⁰

Implementation of TNC's policy includes a combination of TNC guiding documents. We integrated our 2009 policy into **Conservation by Design 2.0** in 2016 – TNC's scientific method for conservation strategy and project design. More recently, in addition to the practitioners' framework, we developed a draft **Operational Toolkit for Applying Human Rights Based Approaches in Working with Indigenous Peoples and Local Communities** to guide TNC staff in the application of human rights-based approaches to our work in this context. The toolkit was piloted in 2017-2019 in Brazil, Canada and Indonesia and revised with input from those pilots.

³⁰ See Strong Voices, Active Choices: A Practitioners Framework to Strengthen Outcomes for People and Nature in supplemental materials for more information.

TNC is also a founding member and signatory of the *Conservation Initiative on Human Rights – CIHR* – a consortium of international conservation NGOs that seeks to improve the practice of conservation by promoting the integration of human rights in conservation policy and practice. We have adopted the four founding principles of CIHR (<http://www.thecihr.org/about>) for our work with Indigenous Peoples and Local Communities and apply these general guidelines to all projects sponsored or carried out by TNC:

- Respect Human Rights
- Promote Human Rights within Conservation Programs
- Protect the Vulnerable
- Encourage Good Governance³¹

Defining Indigenous Peoples and Local Communities

The policies, positions, and practices of TNC aim to be consistent with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)³² and the International Labour Organisation’s Indigenous and Tribal Peoples Convention, 1989.³³ We therefore prefer a modern understanding of the term “indigenous” that respects the right to self-identification, and, like the ILO and UN, we acknowledge the ambiguity in the term itself.

TNC uses the term "indigenous peoples and local communities" (IPLC) to refer to communities that possess a profound relationship with their natural landscapes upon which they depend for cultural, spiritual, economic and physical well-being. This includes the original inhabitants of a place and migrants who have been settled long term in a place and have the aforementioned relationship with the natural landscape. Indigenous peoples are usually original inhabitants of a place and thus consider themselves distinct from other sectors of the societies now prevailing in the territories which they, the indigenous peoples, originally occupied prior to colonization.

TNC acknowledges that there is not a single, universally accepted definition of indigenous peoples or local communities as we conceptualize the range of original inhabitants, traditional stewards, and others categorized as IPLCs for the sake of this Performance Standard. We nonetheless recognize the importance of identifying IPLCs, then mapping the boundaries of a specified project, and determining, through evaluation and culturally appropriate consultation, if and where IPLCs are affected. We then work closely with potentially Affected Communities to identify and implement interventions to avoid, if possible, or minimize, mitigate, or offset adverse impacts in an agreed upon manner, including consultations or Free, Prior and Informed Consent (FPIC), consistent with the law, UNDRIP, and traditional customs or practices.

Notes on Implementing the Draft GCF Statement on Indigenous Peoples and Local Communities

The annex for this policy provides detail and procedures for addressing impacts related to the presence of IPLCs should the Environmental and Social Management System (ESMS) identify any such impacts related to GCF-funded projects. The annex also includes instruction on when/how, for TNC GCF-funded projects, to facilitate consultation in a cultural appropriate manner, when FPIC is required, when and, in such circumstances, how to gain FPIC throughout the project cycle, and how to go about establishing culturally appropriate Grievance Mechanisms as they are needed.

For more information on identifying IPLCs and other reference material, see the annex of this policy or the above-mentioned documents cited in this policy.

³¹ See <http://www.thecihr.org/about> for more information on the founding principles of the Conservation Initiative on Human Rights. The CIHR has published numerous articles collaboratively with TNC and other CIHR member organizations to address aspects of each of the four founding principles, and provides resources for implementing the principles in conservation projects online at <http://www.thecihr.org/publications/>. The supplemental materials section of this document also includes relevant CIHR documents, including CIHR Conservation Interventions and Human Well-Being, CIHR Conservation and Human Rights Key Issues and Contexts, CIHR WCS Protected Areas and Human Livelihood, CIHR WCS Protected Areas and Human Displacement, and CIHR Protected Areas and Poverty.

³² See U.N. Declaration on the Rights of Indigenous Peoples in supplemental materials for more information.

³³ http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C169

1.3.7 Statement on Cultural Heritage

TNC is committed to creating a world where people and nature thrive. We recognize that social and ecological systems are not just linked, but truly interconnected. Our core value of Respect for People, Communities and Cultures guides our work and we respect the right to cultural heritage for present and future generations. Our core value of Commitment to Diversity undergirds our support in our work for the conservation and equitable sharing of benefits from cultural heritage. We have a history of requiring environmental assessments to be expertly completed before we acquire rights to or create projects on lands and waters.

Definition of Cultural Heritage

TNC has adopted the IFC's definition of cultural heritage as its own standard, as follows:

- Tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values
- Unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls
- Certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles

For projects with the potential to impact the cultural heritage of indigenous peoples or local communities (IPLC) as defined by TNC, the requirements of **Performance Standard #7: Indigenous Peoples and Local Communities** apply. Where this categorization is not clear, TNC will consult with the Affected Community (see **Section 1.9 Grievance Mechanism** for definition of "Affected Community"), calling on expert consultants as necessary, to classify the cultural heritage in question and assign review to either this Performance Standard or Performance Standard #7.

Applicability of this Statement and Contained Standards

The requirements of this Performance Standard apply to Cultural Heritage regardless of whether or not it has been legally protected or previously disturbed. The determination of applicability of this Cultural Heritage Statement and Standards will be part of the environmental and social assessment phase of all project applications proposed for GCF consideration. The actions needed to meet the requirements of the Standards will be subject to the management of TNC's ESMS. In addition, for GCF-funded projects, the Performance Standard will continue to apply throughout the lifecycle of the project as any new potential impacts on Cultural Heritage may arise.

Chance Find Procedures

In the process of assessing risk factors for GCF-funded projects, TNC will determine whether the proposed location of a project is in an area where cultural heritage is expected to be found. Project teams will develop project-specific 'Chance Find Procedures' for such discoveries and include details of this plan in their ESMP (see **Section 1.2.6 Environmental and Social Management Plan (ESMP)**). Once confirmed as a finding, TNC employees or contractors involved in the course of GCF-funded project development activities will not disturb any chance find until an assessment by competent professionals is made and actions consistent with the requirements of this Performance Standard are identified.

Consultation

TNC will work to identify and document the presence and significance of cultural heritage. TNC will also seek out and consult with Representatives of Affected Communities who use or have used within living memory the cultural heritage involved, government agencies responsible for protection of cultural heritage, and other relevant stakeholders to assess the nature and extent of potential impacts to cultural heritage possible in the process of project implementation, and in the designing and implementing of alternatives or mitigation plans.

Where a GCF-funded TNC project may affect cultural heritage, TNC will consult with Affected Communities who use or have used the cultural heritage within living memory, and will consider their views into its decision-making processes or, where applicable, obtain FPIC. TNC prefers an approach to cultural heritage that favors the

avoidance of impacts, and when this is not feasible, TNC will seek to minimize impacts and seek equitable outcomes by applying TNC's mitigation hierarchy (see **Section 1.4.3 Mitigation Hierarchy of this Performance Standard**) to GCF-funded projects with the consideration of the Affected Community and respecting the right to FPIC where it applies (see **Section 7.4.2 Circumstances Requiring FPIC** under **Performance Standard #7: Indigenous Peoples and Local Communities**).

1.4 MANAGEMENT PROGRAMS

Consistent with the policies, objectives, and principles described herein, project teams will establish management programs that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project. Depending on the nature and scale of the project, these programs may consist of some documented combination of operational procedures, practices, plans, and related supporting documents (including legal agreements) that are managed in a systematic way. Project teams should refer to the requirements in Performance Standards #2 – 8 for specific guidance.

1.4.1 Tailoring to Detail and Complexity of Projects

Management programs will describe desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible. This will include elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation.

The level of detail and complexity of this collective management program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts, as well as with its scope, nature and data availability. The process will also take account of the outcomes of the engagement process with Affected Communities, as appropriate. Taking into account the result of the risks and impacts identification process, including the result of consultation during this process, when required, management programs should include an Environmental and Social Management Plan (ESMP) (see **Section 1.2.6 Environmental and Social Management Plan (ESMP)** of this Performance Standard).

As appropriate, management programs will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts.

1.4.2 Applying Conservation by Design 2.0

Overall, management programs will be grounded in TNC's Conservation by Design 2.0 Framework, in a way so as to consistently combine the requirements of this document with TNC's unique strategies for conservation project implementation and addressing risk, social safeguards, and other factors.

Conservation by Design 2.0 contains 14 steps grouped around five major phases:³⁴

1. Identify Challenges and Goals

- Specific Planning Context
- Conduct Situation Analysis
- Draft Goal Statement
- Share Advances in Knowledge Through Relevant Pathways

2. Map Strategies and Places

- Identify Candidate Strategies
- Construct Results Chains

³⁴ See Conservation by Design 2.0 Guidance Document in supplemental materials under section entitled Overview of Conservation by Design 2.0 for more information.

- Strategy and Opportunity Mapping
- Select Strategy or Strategies
- Share Advances in Knowledge Through Relevant Pathways

3. Finalize Outcomes and Develop Measures

- Articulate Theory of Change
- Define Measures and Create a Monitoring and Evaluation Plan

4. Take Action

- Implement Strategy(ies) using Sound Project Management

5. Evaluate and Adapt

- Evaluation
- Adapt

Project teams will refer to this document and TNC's ESMS for GCF-funded projects for guidance on when in the project cycle the various requirements included in this document apply. For most requirements, there will be an obvious corresponding step in the Conservation by Design 2.0 process. However, managing these requirements is the responsibility of the GCF-project team and, therefore, project teams could be advised to take unique plans for each project based on the local context.

1.4.3 Mitigation Hierarchy

TNC adheres to the GCF's basic framework for mitigation hierarchy as an overall principle for managing environmental risks and impacts suitable for all instances of GCF-funded activities. Over the course of a project's life cycle, project teams should also reference TNC organizational guidance on applying mitigation hierarchy at the project-level.³⁵ TNC is an advocate for application of the mitigation hierarchy for GCF-funded projects and will seek the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically³⁶ and financially feasible.³⁷ In order of priority, the mitigation hierarchy aims to:

- Anticipate and avoid adverse risks and impacts on people and the environment
- Minimize adverse risks and impacts through abatement measures
- Mitigate any residual risks and impacts
- Where avoidance, minimization or mitigation measures are not available or sufficient, and where there is sufficient evidence to justify and support viability, design and implement measures that provide remedy and restoration before adequate and equitable compensation of any residual risks and impacts

Where the identified risks and impacts cannot be avoided, TNC will also ensure the project will operate in compliance with applicable laws and regulations, and meet the requirements of Performance Standards #1 - #8.

1.5 ORGANIZATIONAL CAPACITY AND COMPETENCY

³⁵ See TNC document Achieving Conservation and Development: 10 Principles for Applying the Mitigation Hierarchy in supplemental materials for additional resources. TNC also has detailed internal resources that provide additional guidance to structuring and implementing environmental offset programs and projects.

³⁶ Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.

³⁷ Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable.

1.5.1 TNC-GCF Coordination Unit

The GCF Coordination Unit will consist of a:

TNC-GCF Coordination Unit Director (Head of Unit)

- Manages the TNC-GCF Coordination Unit
- Oversees development and coordination of TNC's GCF project portfolio
- Oversees all relations and communications with the GCF Board and GCF Secretariat
- Ensures compliance with TNC and GCF standards for implementation of GCF-funded projects
- Approves all final documents
- Coordinates the internal approval process
- Liaises with all relevant TNC programmes and Business Units, the TNC Oversight Committee and the TNC Board of Directors when needed
- Reports to the TNC International Government Relations Director

TNC-GCF Senior Technical Advisor

- Supports the development of project proposals
- Provides guidance and technical advice to TNC programmes and Business Units on portfolio development, from initial idea to full proposal
- Advises on reviews of project documents for each stage of the internal and external approval processes
- Approves project documents for each stage of the internal and external approval processes

TNC-GCF Finance/Grants Officer

- Reviews all proposals, agreements, match commitment letters, sub-contracts and sub-awards
- Administers and maintains finance/accounting activities
- Prepares financial reports for the GCF Secretariat
- Ensures that grantee activities are performed
- Provides regular financial reports and analyses to the TNC-GCF Steering Committee

TNC-GCF Safeguards Coordinator

- Is the point-of-contact and decision-making authority for assessment and management of environmental and social risks and impacts in TNC GCF-funded projects
- Ensures operationalization of the ESMS – screening, impact assessment, management plans, monitoring and review
- Advises TNC staff and partner organisations on ESMS application
- Strengthens ESMS awareness
- Provides ESMS capacity building
- Disseminates tools and best practices
- Monitors ESMS application and guides the process of continuous enhancement and review of the system

TNC-GCF Gender Coordinator

- Coordinates the TNC-GCF gender assessment and mainstreaming process and endorses its outcomes
- Provides input to and reviews the ESMS for gender-related environmental and social risks and impacts

- Advises TNC staff and partner organisations on gender assessment and mainstreaming
- Provides gender-related capacity building and disseminates tools and best practices
- Monitors application of gender mainstreaming policies and process and guides the process of continuous enhancement and review of the system
- Reports on progress towards gender mainstreaming goals and outcomes

Each member of the TNC-GCF Coordination Unit will consult as needed with TNC in-house staff and outside experts to add capacity and satisfy their various functions. For example, the TNC-GCF Safeguards Coordinator will consult as needed with TNC's Risk Assessment Committee (RAC), the TNC Office of Ethics and Compliance, and various advisors with issue-area expertise in the Performance Standards as described in this document.³⁸

The TNC-GCF Coordination Unit will be hosted by, and will report directly to, the Director of TNC's International Government Relations unit.

1.5.2 TNC-GCF Steering Committee

A body of TNC Executive Team members consisting of the President/Chief Conservation Officer, Chief Operations Officer/General Counsel, and Co-Chief External Affairs Officer will approve all project proposals before they are reviewed by the TNC Oversight Committee and approved by the TNC Board. Only after that internal process will the proposals be submitted to the GCF for funding consideration. The Steering Committee members will, in this capacity, function as TNC's executive decision-making body for GCF-funded projects. The TNC-GCF Steering Committee will also:

- Approve TNC's GCF strategy and portfolio of GCF projects
- Approve any project involving TNC before submission to the TNC Oversight Committee and TNC Board of Directors for approval, when required
- Have overall responsibility for ESMS operationalization
- Oversee the implementation of the ESMS and ensure that ESMS procedures and standards are fully respected and enforced
- Hold management responsibility for implementing the grievance mechanism
- Review quarterly reports from the TNC-GCF Coordination Unit, including those from the TNC-GCF Safeguards Coordinator on potential risks during project implementation

1.5.3 Project Team Organizational Structure

Teams proposing projects for GCF-funding consideration (i.e. project teams) will establish, maintain, and strengthen as necessary a unit organizational structure with defined roles, responsibilities and authority to implement their project management programs. Specific personnel, including management representative(s), with clear lines of responsibility and authority, should be designated **using TNC's Highly Effective Teams Model**³⁹ and/or other organizational tools where appropriate.

Key TNC-GCF project-related environmental and social responsibilities should be well defined and communicated to the relevant personnel at TNC. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous environmental and social performance, and, if applicable, expenditures related to this sponsorship will be apportioned to the GCF-project budget. Personnel within TNC with direct responsibility for the GCF-project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the host country's relevant regulatory requirements and the applicable requirements of Performance Standards #1 through

³⁸ See TNC-GCF Coordination Unit Organizational Chart in supplemental materials for more information.

³⁹ See documents in supplemental materials related to the TNC Highly Effective Teams (HET) Model for additional resources on structuring project teams.

8. Personnel will also possess the knowledge, skills, and experience to implement the specific measures and actions required under the ESMS and the methods required to perform the actions.

1.6 EMERGENCY PREPAREDNESS AND RESPONSE

TNC will work to budget for, establish and maintain project-specific Emergency Plans so TNC staff, partners, and potentially Affected Communities will be prepared to respond to accidental and emergency situations caused by GCF-funded TNC projects in a manner appropriate to prevent and mitigate harm to people and/or the environment. These plans will be consistent with TNC organization policy and standards for all projects. They may include or refer to response procedures, provision of equipment and resources, designation of responsibilities, and internal communication procedures. Additionally, for GCF-funded TNC projects, project managers will include identification of accident-prone areas or emergency-prone situations and known and foreseeable victims, as well as communication plans and periodic training for potentially Affected Communities, to ensure effective response.

Where applicable, feasible, permissible and reasonable, TNC will also assist and collaborate with the potentially Affected Communities and the local government agencies in their preparations to respond to emergency situations, especially when TNC participation and collaboration is necessary to ensure effective response.

TNC Resources for Emergency Response:⁴⁰

- International SOS Emergency and Travel Assistance Program
- Preparedness: Things to Consider – Guidelines
- Disaster Recovery Checklist
- IT Emergency Guidelines
- Financial Management Handbook
- Fire Management SOP
- Employee Crisis Fund
- Pandemic Preparedness

1.7 MONITORING AND REVIEW

Project teams will establish procedures to monitor and measure project outcomes and the management program, as well as compliance with related legal and/or contractual obligations. TNC's monitoring processes will be grounded in our ESMS for GCF-funded projects and the **Conservation by Design 2.0 Framework**.

Where the government or another third party has responsibility for managing specific risks, impacts and associated mitigation measures, TNC will comply with laws and regulations requiring TNC to collaborate in establishing and monitoring such mitigation measures. Monitoring activities should involve direct participation of Affected Communities, where possible, and in particular for projects categorized in the Medium Risk (B/I-2) category (see **1.2.4 Risk Categorization** of this Performance Standard).

The different aspects of the project team's monitoring program will be overseen by the appropriate member of the **TNC-GCF Coordination Unit**, in consultation with others in the organization as necessary. The **TNC-GCF Safeguards Coordinator** is responsible for monitoring environmental and social risks, impacts and related issues, the **TNC-GCF Senior Technical Advisor** will monitor the technical aspects of project development and implementation, and the **TNC-GCF Grants/Finance Officer** will review and monitor budget, finance, and all aspects of grant reporting. The **TNC-GCF Coordination Unit Director** is responsible for reporting these monitoring results to the **TNC-GCF Steering Committee** and ensuring successful project oversight. When

⁴⁰ See TNC resources in supplemental materials listed under TNC Emergency Preparedness for the documents cited in 1.6 Emergency Preparedness and other resources.

necessary, project teams may also budget for and retain external experts to verify monitoring information. The extent of monitoring should be commensurate with the project's scope and scale of its environmental and social risks and impacts.

Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the management program. Monitoring should be adjusted according to performance experience and regulations. The project team will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The project team will, in collaboration with appropriate and relevant third parties, implement these corrective and preventive actions, and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.

1.7.1 ESMS Effectiveness Review

The TNC-GCF Steering Committee will receive periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with TNC's ESMS and other applicable project requirements. Based on results within these performance reviews, the Steering Committee will take the necessary and appropriate steps to ensure the intent of TNC's policy is met, that procedures, practices, and plans are being implemented, and are effective.

1.8 STAKEHOLDER ENGAGEMENT

TNC has, throughout its history, engaged with a broad range of stakeholders in its conservation work, including private landowners and leaseholders of all types and sizes, government entities at local, regional and national levels, natural resource users on land, freshwater and the oceans, indigenous peoples with and without land tenure rights, community residents, women and men, and others.

TNC's core conservation method, as updated in Conservation by Design 2.0,⁴¹ requires inclusive stakeholder engagement throughout the project cycle.⁴² This begins with establishing an evidence base that takes into account traditional knowledge as well as formally published and collected scientific and government data. The situational analysis step requires collection of disaggregated data to assure threshold information is obtained from a broad range of stakeholders, and vulnerable populations within stakeholder groups, including women and men, for example. The continuing nature of this engagement is accounted for in part through CbD 2.0's requirement that results frameworks and project goals take into account both intended and foreseeable unintended consequences to relevant affected stakeholders, and the requirement of ongoing monitoring and adaptive management.

TNC understands that stakeholder engagement is an essential foundation for assuring successful and sustainable conservation outcomes, including the management of the possible environmental and social impacts associated with conservation projects.

Ongoing stakeholder engagement may include, at levels appropriate to the context and project, the following: stakeholder analysis and planning; the disclosure and dissemination of appropriate information; relevant stakeholder consultation and reasonable participation in project design and adaptation, monitoring, project actions and management; capacity building as needed to enable participation; FPIC where it applies; design and use of a grievance mechanism; and reporting to Affected Communities. The extent and types of stakeholder engagement will be consistent with the project's scope, scale, materiality of risks and possible adverse impacts, as well as the stage of project development.

⁴¹ See Conservation by Design 2.0 Guidance Document in supplemental materials under section entitled Key Advances for more information.

⁴² See Conservation by Design 2.0 Guidance Document in supplemental materials under section entitled Conduct a Situation Analysis for more information on TNC's methodologies regarding stakeholder engagement and analysis.

1.8.1 Stakeholder Analysis and Engagement Planning

At the outset, project teams proposing projects to be considered by TNC for GCF funding will identify the range of stakeholders that may have legitimate interests in their actions and consider appropriate communications channels and methods to enable a dialogue with relevant stakeholders (see also **Section 1.10 External Communications**).

If projects involve specifically identified physical elements, aspects and/or facilities, and any of these pose a substantial risk of generating adverse environmental and/or social impacts to Affected Communities, project teams must identify the Affected Communities and meet the relevant requirements as described below.

- The project team will develop and implement a Stakeholder Engagement Plan that is commensurate to the project scope, scale and risks, impacts, and development stage, and be tailored to the characteristics and interests of the Affected Communities. Where applicable, the Stakeholder Engagement Plan will include differentiated measures to allow the effective gender integration participation of those identified as indigenous and/or vulnerable.
- When the stakeholder engagement process depends substantially on Affected Community representatives, the project team will make reasonable efforts to verify that such persons do in fact represent the views of Affected Communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.

1.8.2 Stakeholder Engagement Framework

In cases where the exact location of the project is not known, but the project is reasonably expected to have significant impacts on local communities, the project team will prepare a Stakeholder Engagement Framework, as part of its management program, outlining general principles and a strategy to identify Affected Communities and other relevant stakeholders and plan for an engagement process compatible with this Performance Standard that will be implemented once the physical location of the project is known.

1.8.3 Disclosure of Information

TNC adopts all applicable information disclosure standards, policies, and principles of the GCF for GCF-funded activities.⁴³

Disclosure of relevant project information helps Affected Communities and other stakeholders understand the risks, impacts, and opportunities of the project. Depending on the type of information and any restrictions applicable to it, the project team will determine how to provide Affected Communities access to information, in an easily accessible form and culturally appropriate local language(s), about: (i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) identified risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism.⁴⁴

At a minimum, the full draft ESIA and ESMS and/or ESMF of funding proposals assigned the Medium Risk (B/1-2) categorization must be disclosed to Affected Communities and relevant stakeholders at least 30 days prior to submission to the GCF for funding consideration.

If Indigenous Peoples or Local Communities (IPLCs) may be affected by proposed project activities, the draft ESIA and ESMS and/or ESMF must be disclosed to Affected Communities and relevant stakeholders at least 45 days prior to submission.

⁴³ See 'Information Disclosure Policy of the Green Climate Fund' in supplemental materials

⁴⁴ See TNC Information – Data Classification and Security SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information on the classification of data at TNC.

Disclosure requirements will also apply to Low Risk (C/I-3) categorized projects unless waived by the TNC-GCF Safeguards Coordinator.

1.8.4 Consultation

When Affected Communities are subject to identified risks and adverse impacts from a GCF-funded project, the project team will undertake a process of consultation in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows the project team to consider and respond to these views. The extent and degree of engagement required by the consultation process should be commensurate with the project's scale, scope, risks and adverse impacts and with the nature of the concerns raised by the Affected Communities. Effective consultation is a two-way process that should: (i) begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise; (ii) be based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and that is understandable to Affected Communities; (iii) focus inclusive engagement on those directly affected as opposed to those not directly affected; (iv) be free of external manipulation, interference, coercion, or intimidation; (v) enable meaningful participation, where applicable; and (vi) be documented.⁴⁵

The project team will tailor this consultation process to the language preferences of the Affected Communities, their decision-making processes, and the needs of indigenous and/or vulnerable groups. If project teams have already engaged in such a process, they will provide adequate documented evidence of such engagement.

1.8.5 Informed Consultation and Participation

For projects with potentially significant adverse impacts on Affected Communities, the project team will conduct an Informed Consultation and Participation (ICP) process that will build upon the steps outlined above in Consultation and will result in the Affected Communities' informed participation. ICP involves a more in-depth exchange of views and information, and an organized and iterative consultation, leading to the project team's incorporating into their decision-making process the views of the Affected Communities on matters that affect them directly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should (i) capture both men's and women's views, if necessary through separate forums or engagements, and (ii) reflect men's and women's different concerns and priorities about impacts, mitigation mechanisms, and benefits, where appropriate. The project team will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the Affected Communities, and will inform those affected about how their concerns have been considered.

1.8.6 Indigenous Peoples

For projects with identified adverse impacts to Indigenous Peoples, project teams will be required to engage them in a process of ICP and in certain circumstances will be required to obtain their Free, Prior, and Informed Consent (FPIC). The requirements related to Indigenous Peoples and the definition of the special circumstances requiring FPIC are described in **Performance Standard #7: Indigenous Peoples and Local Communities** under **Section 7.4.2 Circumstances Requiring FPIC**.

1.8.7 Private Sector Responsibilities Under Government-Led Stakeholder Engagement

Where stakeholder engagement is the responsibility of the host government, the project team will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, project teams will play an active role during the stakeholder engagement planning, implementation, and monitoring. If the process conducted by the government does not meet the relevant requirements of this Performance Standard, the project team will conduct a complementary process and, where appropriate, identify supplemental actions.

⁴⁵ See "Stakeholder Consultation" in the IFC Stakeholder Engagement Good Practice Handbook in supplemental materials for more information on effective consultation practices.

1.9 GRIEVANCE MECHANISM

The purpose of this section is to provide practical steps that The Nature Conservancy's project teams can take to build constructive, respectful relationships and resolve conflicts when working with Affected Communities in the process of planning, implementing, and monitoring GCF-funded projects throughout the project cycle. This is to ensure transparency, dialogue, and cooperation with the relevant and affected parties. An Affected Community is any local community directly and negatively impacted as a whole by a project; or a neighboring community as determined by the stakeholder analysis (see Section 1.8.1 Stakeholder Analysis and Engagement Planning) with a direct stake in the impacts to an affected local community. For this policy, an Affected Community or its representative who files a proper grievance is referred to as an Affected Party.

Specifically, this policy offers guidance, tools, and tips for establishing a grievance mechanism with three phases:

- Build trust and mutual understanding with partners
- Co-create a culturally responsive process for resolving local disputes
- Establish a process for resolving formal grievances.

A grievance mechanism process that is co-created and accepted by TNC and representatives of Affected Communities (referred to as an Affected Party once a grievance is filed) early in the project design phase is important for transparency, accountability, and good conservation outcomes. Each project-level grievance mechanism will be scaled to the risks and scope of the project, will be tailored to local laws if local laws mandate any specific requirement, will be responsive to local language, cultures, and customs, and will be made available by the TNC project team after a preliminary stakeholder analysis is conducted. Stakeholder analyses will, among other outcomes, define Affected Communities (i.e., groups or individuals eligible to file a grievance) in and adjacent to a project area. TNC may also accept grievance filings by individuals not included in the initial stakeholder analysis report provided that such individuals meet the same criteria or substantially similar criteria to the ones applicable to the initially determined Affected Communities or relevant stakeholders. In these cases, specific steps will be taken by the TNC Chief Ethics and Compliance Officer to ensure that they have standing/eligibility to use this process and the applicability of this process and connection of the project to their concerns.

For the grievance mechanism to be accessible and effective, Affected Communities need to know:

- What issues are eligible for consideration
- How they can raise a concern for consideration
- How they can file a formal grievance
- How grievances will be managed (see **Section 9.2 Resolving Grievances Locally** and **Section 9.3 What Happens If a Grievance Cannot Be Resolved Locally?**)

1.9.1 Filing a Grievance

More information on the grievance mechanism policy and resolution process is available in Annex #9 of this document (see **9. Annex to Procedures for Policy on Grievance Mechanism**), in addition to guidance on definitions and other grievance procedures. A grievance may be filed with TNC's Chief Ethics and Compliance Officer. The primary method for filing a grievance is through TNC's Ethics and Compliance Helpline.

- **Phone:** +1 (833) 426-1404 in the U.S. (for outside the U.S., visit the online reporting link below to search for the correct number on the link's home page)
- **Online Reporting:** <http://www.nature.org/tnchelpline>
- **To make a report via text in the U.S.:** +1 (571) 458-1739

The Ethics and Compliance Helpline is a 24-hour / 7-days a week free of charge service for reporting grievances, potentially illegal matters, violations of TNC policies and procedures, labor concerns or other unethical actions, whether observed, discovered, or experienced in the TNC workplace, a TNC project or about TNC. The Helpline is available to any person accessing the site to file a concern, including third parties.

All TNC employees and contracted workers engaged in the implementation of GCF-funded TNC projects will be informed, at the time of hire, of their right to and access to file a report through the Ethics and Compliance Helpline. Reports will be addressed using an understandable and transparent process that is reasonably appropriate, culturally responsive and provides timely feedback, without any retribution for filing a complaint. Please visit the section in this document on **Performance Standard #2: Labor and Working Conditions** for more information on this resource, including details on ensuring workforce protections and other logistics.

A secondary method for filing a grievance is email or mail to:

Email: compliance@TNC.org

Mailing Address:

Office of Ethics and Compliance, GCF Grievance
The Nature Conservancy
4245 North Fairfax Drive, Suite 100
Arlington, VA 22203-1606 USA

1.9.2 Preferred Language and Inclusion

Grievances – both filed by an Affected Party and those related to internal labor and working conditions – may be submitted in writing, dictated or recorded in the Affected Party or worker's preferred language. The grievance process will be easily accessible and inclusive of all appropriate representatives of an Affected Party, and in the case of a labor and working conditions-related complaint, all workers directly involved in project development and implementation.

1.9.3 Labor and Working Conditions-Related Complaints

All TNC employees and contracted workers are given the name of their direct supervisor or contract manager and the name of a Human Resources business partner at the time of their hire. Supervisors or contract managers are the first resource for complaints, followed by the Human Resources business partner. GCF-funded project-related complaints raised with such supervisors and/or partners will be processed consistent with organization-wide protocols and **Performance Standard #2: Labor and Working Conditions**, which is included in this document.

1.10 EXTERNAL COMMUNICATIONS

TNC's procedure for communications between project teams, Affected Communities, and the general public regarding GCF-funded activities includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track, and document any responses.

Information regarding TNC GCF-funded activities will be available to the public online at a specific GCF page in <https://www.conservationgateway.org>. The page will also be accessed by visiting the <https://www.nature.org/> web portal and searching for 'Green Climate Fund.'

Certain policies, a summary of ongoing GCF-funded activities, and other information related to TNC's work in collaboration with the GCF will be available to the general public on the TNC-GCF webpages above.

1.10.1 Grievance Mechanism for Affected Communities

TNC will inform the Affected Communities about the grievance mechanism during the stakeholder engagement process. Information about pending and recently resolved grievances will be publicly disclosed on TNC's GCF web page (see **Section 1.10 External Communications** above).

1.10.2 Ongoing Reporting to Affected Communities

TNC will provide periodic reports to the Affected Communities describing project implementation of actions related to ongoing risks to or impacts on Affected Communities and related to issues that the consultation process or grievance mechanism have identified as a concern to those Communities. If the management program results in material changes in or additions to the mitigation measures or actions described in these Plans on issues of concern to the Affected Communities, the updated relevant mitigation measures or actions will be communicated to them. The frequency of these reports will be proportionate to the concerns of Affected Communities, but not less than annually.

Performance Standard #2

Labor and Working Conditions



Pate, Lamu, Kenya. Sarah Waiswa (TNC).

2.1 INTRODUCTION

TNC aims for its labor and working conditions policies to be fair, equitable, and transparent. The fundamental rights of workers have been codified by countless international conventions, including those of the International Labour Organization (ILO) and the United Nations (UN).⁴⁶ We recognize these fundamental rights and have built a multi-layered set of accountability mechanisms at TNC to ensure our own policies are carried out in practice. TNC institutionalizes these rights under national labor laws in every country in which we work, and other rights in our TNC Policies and Procedures Manual. For TNC GCF-funded projects, we also incorporate these rights in this guidance. TNC's ESMS for GCF-funded projects will seek that grantees and applicable third-parties are in compliance with this Performance Standard.

For GCF-funded activities, accountability starts with the project team manager. Managers overseeing GCF-funded projects should be versed in TNC Policies and Standard Operating Procedures (SOPs),⁴⁷ and applicable GCF protocols. They should be available as a resource to all TNC employees, contractors, volunteers, and other

⁴⁶ Namely, these conventions, as adopted by the IFC, are:

ILO Convention 87 on Freedom of Association and Protection of the Right to Organize

ILO Convention 98 on the Right to Organize and Collective Bargaining

ILO Convention 29 on Forced Labor

ILO Convention 105 on the Abolition of Forced Labor

ILO Convention 138 on Minimum Age (of Employment)

ILO Convention 182 on the Worst Forms of Child Labor

ILO Convention 100 on Equal Remuneration

ILO Convention 111 on Discrimination (Employment and Occupation)

UN Convention on the Rights of the Child, Article 32.1

UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families

⁴⁷ See TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

third-party entities under TNC's purview. TNC employees will also be assigned a TNC Human Resources business partner to field labor and working concerns related to a project. If permissible under local laws and contractual arrangements, and if reasonable and necessary, TNC employees may confer with the TNC Human Resources business partner about concerns from contractors and partners. TNC Human Resources business partners may also serve as an appropriate first point-of-contact for concerns if/when a project team manager is not the appropriate first contact.

Additionally, TNC offers a 24-hour Ethics and Compliance Hotline to TNC employees, contractors, volunteers, and other third-party entities with whom TNC has a direct contractual relationship over the course of GCF-funded project activities (see **Section 1.9 Grievance Mechanism** under **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**). The hotline is a free-of-charge service for reporting potentially illegal matters, violations of our policies and procedures, or other unethical actions, whether observed, discovered, or experienced in the workplace. Reports may be made anonymously.

The Ethics and Compliance Hotline is overseen by the TNC Ethics and Compliance Office, which together with the TNC Legal Department is charged with ensuring that illegal and improper activities and working conditions are identified and addressed. These parties, alongside the TNC People Team (Human Resources), which administers HR policies, and the TNC Global Diversity, Equity, and Inclusion Department,⁴⁸ which is tasked with advising on personnel matters related to non-discrimination and equity in the workplace, combine to form TNC's basic organizational structure for overseeing issues related to this Performance Standard.

2.2 WORKING CONDITIONS AND MANAGEMENT OF WORKER RELATIONSHIP

2.2.1 Human Resources Policies and Procedures

Project teams will adopt and implement Human Resources Policies and SOPs consistent with organization-wide protocols for TNC employees and volunteers and make reasonable efforts to have contractors and other third-party entities under TNC's purview accept them or incorporate them into their own practices when no minimum standard exists as pursuant to local laws or customs. Resources will be organized in a manner that is appropriate to the project's size and workforce, and project team managers will oversee TNC employees and volunteers. If contractually and logistically possible TNC will seek to obtain compliance information from contractors and other third-party entities regarding compliance with the requirements of this Performance Standard and national laws that apply.

Project teams and assigned HR business partners will provide TNC employees with clear and understandable documented information regarding their rights under national labor and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.

2.2.2 Working Conditions and Terms of Employment

Where housing, lodging services,⁴⁹ or other living accommodations are provided to workers covered by the scope of this Performance Standard, project teams will put in place and implement policies on the quality and management of the accommodation and provision of basic services.^{50 51} Services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Appropriate representatives of Affected Communities identified should be included in conversations regarding the location and services being provided before living accommodations are offered if such accommodations affect or are located in the area of the Affected

⁴⁸ See documents and other resources related to Global Diversity, Equity and Inclusion in supplemental materials for more information.

⁴⁹ Those services might be provided either directly by TNC or by third parties.

⁵⁰ Basic services requirements refer to minimum space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting, and in some cases basic medical services.

⁵¹ See TNC Use of Conservancy Provided Housing SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

Community. Additionally, workers' living accommodation arrangements should not restrict workers' freedom of movement or of association.

2.2.3 Workers' Organizations

In countries where national law recognizes workers' rights to form and join workers' organizations of their choosing without interference and to bargain collectively, TNC will comply with national law. TNC should not seek to influence or control these mechanisms.

In the absence of such national laws, TNC will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining. TNC will engage with such workers' representatives and workers' organizations and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce. TNC will not willfully breach or cause the breach of a collective bargaining agreement.

2.2.4 Non-Discrimination and Equal Opportunity

TNC will not make employment decisions on the basis of personal characteristics⁵² unrelated to inherent job requirements. We will base the employment relationship on the principle of equal opportunity and fair treatment and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. Project teams, HR managers, and others responsible for making hiring and employment decisions will refer to the **TNC Equal Employment Opportunity, Affirmative Action and Diversity SOP**⁵³ and **Hiring and Recruiting SOP**⁵⁴ for additional guidance.

TNC will take measures to prevent and address harassment, intimidation, and/or exploitation. Relevant staff will follow the **TNC Workplace Harassment Prevention and Reporting Policy**⁵⁵ when such activity is suspected. TNC will comply with national law and, where these laws do not offer protections to persons covered in this policy or otherwise deserving of equal opportunity or equal protections safeguards, TNC will offer protections consistent with this Performance Standard and organization-wide policies, including applicable SOPs and in a manner that ensures the safety and security of workers.

Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.

2.2.5 Retrenchment

Prior to implementing any collective dismissals,⁵⁶ TNC will carry out an analysis of alternatives to retrenchment.⁵⁷ Project teams, HR managers, and others responsible for making employment decisions will follow the **TNC Separation from Employment SOP**⁵⁸ and related SOPs during separation from employment.

⁵² Such as race, color, religion, sex, national origin, age, disability, sexual orientation, gender identity, military or veteran status, or other status protected by law in all locations where TNC works.

⁵³ See TNC Equal Employment Opportunity, Affirmative Action and Diversity SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁵⁴ See TNC Hiring and Recruiting SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁵⁵ See TNC Workplace Harassment Prevention and Reporting Policy in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁵⁶ Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason; or other reasons that are not related to performance or other personal reasons.

⁵⁷ Examples of alternatives may include negotiated working-time reduction programs, employee capacity building programs; long-term maintenance works during low production periods, etc.

⁵⁸ See Separation from Employment SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce adverse impacts on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect TNC's consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. TNC will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations. If at the design stage of a project, retrenchment is a likely outcome upon completion, TNC will budget for any associated payments in the GCF-funded project proposal.

TNC will ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner, consistent with organization-wide policies. To the extent possible, all outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, because of exigent circumstances or as required by law, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.

2.3 PROTECTING THE WORKFORCE

2.3.1 Child Labor

TNC will not employ children or minors in any manner that is economically exploitative, or is likely to be hazardous 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 and/or such employment is otherwise prohibited by law. Project teams will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, TNC will follow those laws. Children under the age of 18 will not be employed in hazardous work⁵⁹ and all TNC staff are expected to abide by and administer the procedures included in the **TNC Youth Safety SOP**,⁶⁰ including: undergoing, as applicable, a background check; taking abuse and neglect training; and signing the **TNC Commitment to Youth Safety**.⁶¹ All work of persons under the age of 18 will be subject to an appropriate risk assessment and the regular monitoring of health, working conditions, and hours of work.

2.3.2 Forced Labor

TNC will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. TNC will not employ trafficked persons.⁶²

2.4 OCCUPATIONAL HEALTH AND SAFETY

TNC will provide a safe and healthy work environment, taking into account inherent risks for every project and activity type and specific hazards to a particular geography. These might include physical, chemical, biological, and radiological hazards, and specific threats to women. Project teams will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. Project teams will seek out relevant experts, both at TNC and in the local

⁵⁹ Examples of hazardous work activities include work (i) with exposure to physical, psychological, or sexual abuse; (ii) underground, underwater, working at heights, or in confined spaces; (iii) with dangerous machinery, equipment, or tools, or involving handling of heavy loads; (iv) in unhealthy environments exposing the worker to hazardous substances, agents, processes, temperatures, noise, or vibration damaging to health; or (v) under difficult conditions such as long hours, late night, or confinement by employer.

⁶⁰ See Youth Safety SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁶¹ See Commitment to Youth Safety in supplemental materials for more information.

⁶² Trafficking in persons is defined as the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.

community, to assess occupational risks, develop necessary training workshops, or for other occupational health and safety-related issues.

These steps will be taken in a manner consistent with relevant industry practice.⁶³ Project teams will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. Additional information related to emergency preparedness and response is available in the Emergency Preparedness section under **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**. To the extent possible, project teams should also be aware of and apply SOPs and policies relevant to occupational health and safety available in the **TNC Policies and Procedures Manual**, as well as applicable safety protocols such as the **Illness and Injury Prevention Program (IIPP)** used at the local level by TNC staff, and other guidance specific to a particular risk type or geography, or analyze and document the reasons for exceptions.

2.5 WORKERS ENGAGED BY THIRD PARTIES

With respect to contracted workers, TNC will take reasonable efforts to seek that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS or background that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for **Section 2.2.5 Retrenchment** and **Section 2.6 Supply Chain**.

If necessary and permissible, project teams will establish policies and procedures for managing and monitoring the performance of third-party employers in relation to the requirements of this Performance Standard. In addition, project teams will use reasonable efforts to incorporate these requirements in contractual agreements with such third-party employers.

2.6 SUPPLY CHAIN

Where there is a high risk of child labor or forced labor⁶⁴ in the primary supply chain, TNC will identify those risks consistent with **Section 2.3.1 Child Labor** and **Section 2.3.2 Forced Labor** above. If child labor or forced labor cases are identified, TNC will take appropriate steps to remedy them. Project teams will monitor primary supply chains on an ongoing basis to spot any significant changes. If new risks or incidents of child and/or forced labor are identified during project implementation, progress will be halted until the appropriate steps are taken to remedy them.

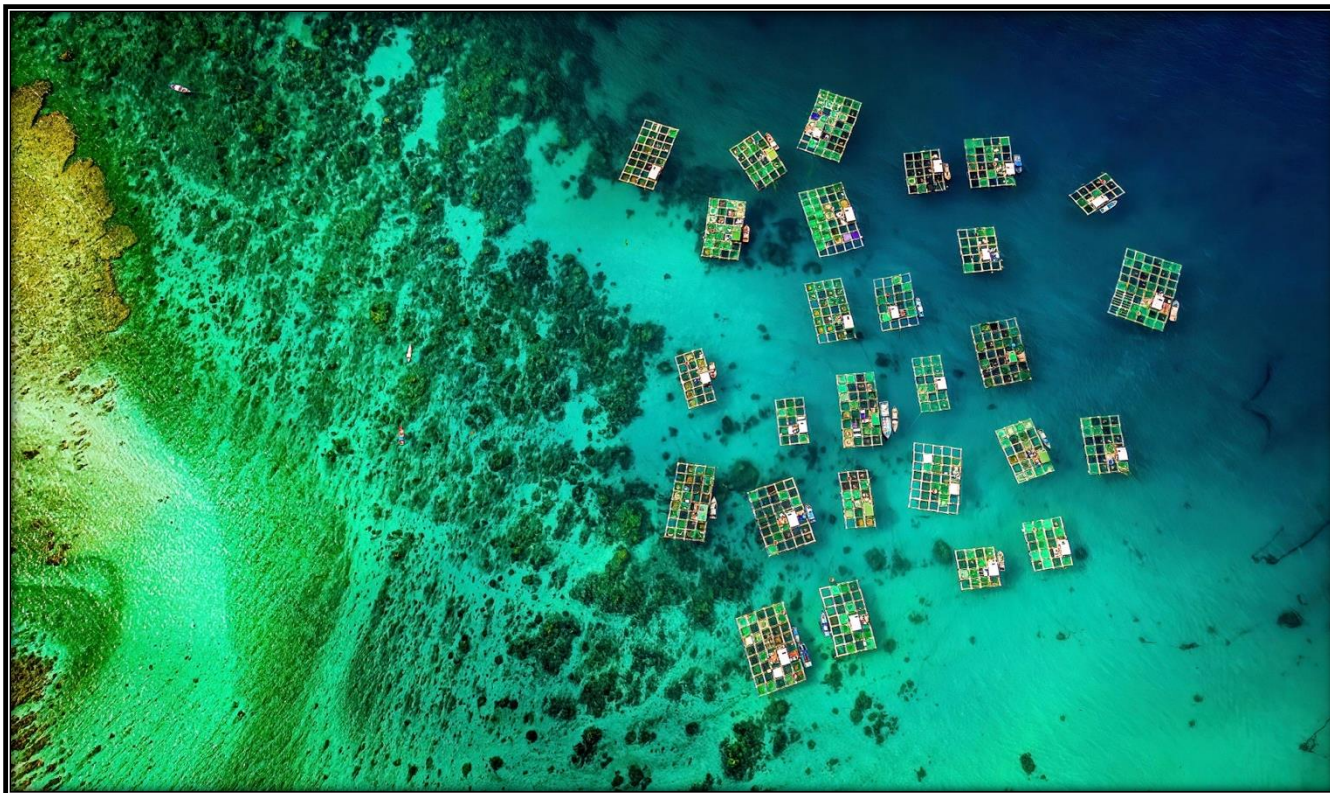
Additionally, where there is a high risk of significant safety issues related to supply chain workers, TNC will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life-threatening situations. Incidents such as these will be reported to the TNC-GCF Coordination Unit, and where appropriate, the TNC-GCF Coordination Unit will provide recommendations to project teams, taking into account applicable national laws and the situation on-the-ground, on how to address the issues. TNC's ability to fully address these risks will depend upon the project team's level of management control or influence over primary suppliers involved in a GCF-funded TNC project. Where remedy is not possible, project teams will shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with this Performance Standard.

⁶³ Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances, globally or regionally.

⁶⁴ The potential risk of child labor and forced labor will be determined during the risks and impacts identification process as required in Performance Standard #1.

Performance Standard #3

Resource Efficiency and Pollution Prevention



Aquaculture in Ly Son Island. Alex Cao (TNC Photo Contest 2021).

3.1 INTRODUCTION

This policy provides guidance for project teams proposing GCF-funded TNC projects and through every phase in project implementation. It is also intended to serve as a check sheet for the TNC-GCF Coordination Unit to use when assessing how natural and/or exhaustible resources will be used during implementation of a GCF-funded TNC project. Additionally, it provides guidance on analyzing and mitigating for material outputs that could become hazardous to communities or the environment over the course of a project's life cycle and assessing the overall carbon footprint of projects. Environmental and Social Management Plans (ESMPs) or applicable project management plans (scope/scale dependent on project risk category) proposed by project teams to the TNC-GCF Coordination Unit may be approved, rejected without exception, or rejected with suggestions for remedial steps and the opportunity to resubmit a revised ESMP or applicable plan at a later time based on these factors.

Our goals regarding minimizing greenhouse gas⁶⁵ emissions mirror those of the Green Climate Fund; we aim to engage in low-emission, climate-resilient development through mitigation and adaptation projects. TNC will not engage in activities involving the discernible risk of substantial greenhouse gas emissions.

Due to the nature of the GCF as a climate mitigation and adaptation project fund, and TNC's overall mission as a multi-national conservation organization, it is unlikely that chemical, waste, or air, land and water-borne pollutants will be substantial project outputs of GCF-funded TNC projects. TNC will evaluate risk factors related to these

⁶⁵ Definition adopted by the United Nations to include anthropogenic emissions, less removal by sinks, of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), or Sulphur hexafluoride (SF₆) – see https://unfccc.int/national_reports/annex_i_ghg_inventories/reporting_requirements/items/2759.php.

outputs in project conceptualization and implementation; however, in an effort to create evaluation mechanisms that are fit-for-purpose and consistent with the requirements of this Performance Standard, we will emphasize efficient and sustainable use of products typically used in TNC projects, particularly non-renewable natural resources, water, production materials, and equipment.

The conservation of water – including the protection of our world’s oceans, rivers, watersheds, and drinking water resources – is among TNC’s highest priorities. TNC will not take part in GCF-funded projects that risk exhaustible water consumption. TNC aims to use water resources as responsibly as possible with net conservation outcomes in mind.

Additionally, GCF-funded TNC projects will aim to avoid releasing pollutants and the generation of both hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, TNC will reduce the generation of waste consistent with our mitigation hierarchy for GCF-funded projects, and if possible, recover and reuse waste in a manner that is safe for human health and the environment.

TNC will also avoid or, when avoidance is not possible, minimize and control the release of hazardous materials. In this context, the production, transportation, handling, storage, and use of hazardous materials for project activities should be assessed. TNC will consider less hazardous substitutes where hazardous materials are intended to be used in implementations processes or other operations and we will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.

Finally, as noted in **Section 1.3.2 Statement on Resource Efficiency and Pollution Prevention**, TNC will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting pest infestations and disease vectors of public health significance related or associated with the GCF-funded project. TNC is committed to principled, ecologically sound pest management practices grounded in the best available knowledge and information on risks and impacts to the environment.

3.2 RESOURCE EFFICIENCY

Project teams will seek to implement technically and financially feasible and cost-effective measures for improving efficiency in the consumption of energy, water and other resources and material inputs during GCF-funded project activities. Such measures will integrate the principles of resource conservation into product design and project implementation processes with the objective of minimizing the use of raw materials, energy, and water. Where benchmarking data are available on resource efficiency, TNC will make a comparison to establish target levels of usage in the design of projects.

3.2.1 Greenhouse Gases

As an integral part of the social and environmental assessment process during the risk assessment process, TNC will screen and assess all proposed GCF-funded activities for climate-related risks and impacts including the potential for the direct or indirect release of greenhouse gases as a result of project activities. Greenhouse gas emissions risk assessment will examine a range of factors, such as:

- The potential for project-related increases in emissions that may exacerbate climate change, such as greenhouse gas emissions or black carbon emissions
- The viability and long-term sustainability of project outcomes due to potential climate change. This will involve the identification of components that are sensitive or vulnerable to emerging or anticipated manifestations of climate change
- Potential social, gender, and age risks for relevant groups, based on the differentiated impacts of climate change

- Opportunities for (i) facilitating adaptation via cooperation with existing or planned TNC activities (whether GCF-funded or not), (ii) combining mitigation (e.g. reduction in GHG emissions) and adaptation measures, and (iii) leveraging potentially beneficial changes in climatic or environmental conditions

TNC will consider alternatives when project teams foresee the release of a non-negligible rate of greenhouse gas emissions as a result of a GCF-funded project activity and will assure that technically and financially feasible and cost-effective options to reduce project-related GHG emissions are considered to avoid or minimize these risks. Alternative options may include, but are not limited to, alternative project locations, adoption of renewable or low-carbon intensity sources, and sustainable agricultural, forestry, and livestock management practices.

Marketing Carbon Benefits to Finance Conservation

If GCF-funded TNC projects (1) involve the potential marketing, sale or transfer of rights to realized or anticipated amounts of carbon benefits (also known as emission reductions or offsets); and/or (2) seek contributions or financial support for activities in exchange for rights to or retirement of carbon benefits, project teams will adhere to the **TNC Marketing Carbon Benefits to Finance Conservation SOP**⁶⁶ and project review will be undertaken consistent with the **TNC Carbon Project Review Committee (CPRC)** review process.

Ecological Burning and Fire Management

TNC may engage in fire management activities (such as prescribed burning and wildfire suppression) when and where the activities contribute to the perpetuation of species, communities, and ecosystems targeted for preservation, or otherwise support TNC goals and strategies, and in the case of GCF-funded activities, the aligned goals of TNC and the GCF. Fire management activities must be conducted in accordance with the **TNC Fire Management SOP**,⁶⁷ **TNC Fire Management Manual**,⁶⁸ and applicable local and federal laws.

3.2.2 Water Consumption

When a GCF-funded TNC project is expected to be a potentially significant consumer of water, TNC will explore measures that avoid or reduce water usage consistent with the TNC Mitigation Hierarchy for GCF projects (see **Section 1.4.3 Mitigation Hierarchy**), so that the project's water consumption does not have significant adverse impacts on Affected Communities, local ecosystems, or other human or non-human life reliant on the water source as determined under the Mitigation Hierarchy approach. These measures include, but are not limited to, the budgeting and use of additional technically feasible water conservation techniques regularly undertaken by TNC staff, the use of alternative water supplies, water consumption offsets to reduce total demand for water resources within the available supply, and evaluation of alternative project locations.

In such cases, viable and reasonable alternative options to conserve water, protect water-based ecosystems, and ensure continued and sustainable access to critical or traditionally reliable water sources will be adopted in so far as they are technically and financially feasible, and cost-effective given the context and extent of the specific project. When developing project alternatives, project teams should consult with the broad range of TNC in-house water conservation experts and, when required, in consultation with Affected Communities and relevant stakeholders.

3.3 POLLUTION PREVENTION

TNC will attempt to avoid the release of non-negligible pollutants or, when avoidance is not feasible, mitigate and/or control the intensity and mass flow of their release to the extent possible (given financial and logistical conditions). This applies to the release of pollutants to air, water, and land due to routine, non-routine, and foreseeable accidental circumstances with the potential for local, regional, and transboundary direct impacts. Where historical pollution such as land or ground water contamination exists, project teams will seek to determine

⁶⁶ See TNC Marketing Carbon Benefits to Finance Conservation SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁶⁷ See TNC Fire Management SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁶⁸ See TNC Fire Management Manual in supplemental materials for more information.

whether they should include (for legal or technical reasons) mitigation measures for existing circumstances and whether that undertaking should be part of the scope and objective of the GCF-funded project.

3.3.1 Wastes

TNC will seek to avoid the generation of hazardous and non-negligible non-hazardous waste materials to the extent possible. Where waste generation cannot be avoided, project teams will reduce the generation of waste, and recover and reuse waste in a manner that is technically and financially reasonable and safe for human health and the environment. Where waste cannot be recovered or reused, TNC will ensure the treatment, destruction, or disposal of waste in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material, in observance of the local applicable regulatory requirements. If the generated waste is considered hazardous,⁶⁹ TNC will adopt GIIP alternatives for its environmentally sound disposal while adhering to the limitations applicable to its transboundary movement.⁷⁰

When hazardous waste disposal is conducted by third parties, TNC will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and monitor chain of custody documentation to the final destination. Project teams should research whether licensed disposal sites are being operated to legal standards and, where they are, project teams will use these sites. Where this is not the case, project teams should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.

TNC employees and third-party contractors will adhere to relevant SOPs related to waste and hazardous materials management, including guidance in the **TNC Workplace Safety SOP**.⁷¹

3.3.2 Hazardous Materials

TNC will avoid or, when avoidance is not possible, minimize and control the release of hazardous materials, directly as a result of GCF-funded project activities. In this context, the production, transportation, handling, storage, and use of hazardous materials for project activities should be assessed thoroughly before project implementation. TNC will consider less hazardous substitutes where hazardous materials are intended to be used or where there is risk of producing hazardous by-products as a result of a GCF-funded activity. TNC will not, under any circumstances, manufacture, trade, or use chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.⁷²

3.3.3 Pesticide Use and Management

The objective of the guidance below is to minimize and manage environmental and health risks associated with the application of pesticides, insecticides, and herbicides (herewith referred to in the unitary as “pesticides”).

Project teams will, where appropriate for GCF-funded TNC agricultural projects, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting pest infestations and disease vectors of public health significance. TNC’s IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, potentially including cultural practices, biological, genetic, and where most appropriate, chemical means to prevent large-scale pest damage and/or disease transmission to humans and animals.

⁶⁹ As defined by international conventions or local legislation.

⁷⁰ Transboundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.

⁷¹ See TNC Workplace Safety SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁷² Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.

For non-agricultural projects focusing on ecological habitat restoration and invasive species control, rather than controlling pests to limit economic damage and human disease transmission, it will be preferable to control invasive species by improving ecological function, biodiversity, and/or the production of ecosystems services. Other forms of invasive species control (biological, mechanical / manual, fire, etc.) will be evaluated and used when practical and appropriate. Pesticides will be used when other methods are ineffective and/or cost prohibitive.

When pest management activities and invasive species control include the use of chemical pesticides, project teams will select chemical pesticides that are as low in human toxicity as practicable for the intended application, that are known to be effective against the target species, and that are believed to have minimal effects on non-target species and the environment. When project teams select chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be labeled for safe and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.

Project teams will design pesticide application regimes to (i) avoid damage to natural enemies of the target pest, and where avoidance is not possible, minimize such damage, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible, minimize such resistance. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides⁷³ or other GIIP.

Project teams will consider the WHO Recommended Classification of Pesticides by Hazard⁷⁴ when selecting pesticide applications and will not purchase, store, use, manufacture, or trade in products deemed as being extremely hazardous or highly hazardous by TNC pesticides experts serving as consultants to this Performance Standard, based on the best existing science at the time. Project teams will not purchase, store, use, manufacture, or trade in moderately hazardous pesticides, without the approval of TNC pesticides experts serving as consultants to this Performance Standard and will not consider applications even with approval until the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without sufficient training, equipment, and facilities to handle, store, apply, and properly dispose of these products.

⁷³ See Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides in supplemental materials for more information.

⁷⁴ See WHO Recommended Classification of Pesticides by Hazard in supplemental materials as a reference for more information on classifying chemical applications and related topics.

Performance Standard #4

Community Health, Safety, and Security



Pot-Kro Village, Brazil. Kevin Arnold (TNC).

4.1 INTRODUCTION

This policy provides guidance for project teams in the project proposal development of GCF-funded TNC projects and throughout every phase in project implementation. It is designed to calculate and address risks to community health, safety, and security that may be likely to arise in the process of implementing GCF-funded TNC projects. It is the role of TNC's ESMS for GCF-funded projects to verify that the above-mentioned risks and considerations of Affected Communities are properly addressed pursuant to these guidelines over the course of a project's lifecycle. These guidelines are meant to serve as a frame for GCF-funded project considerations.

As risks related to community health, safety, and security arise, it will be the responsibility of the project team to address them while applying TNC-GCF policies, in consultation with Affected Communities and other relevant stakeholders as required under these guidelines. The **TNC-GCF Safeguards Coordinator** will monitor risk throughout the project cycle, in consultation with the **TNC Risk Assessment Committee (RAC)** when necessary, and with impacts to community health, safety, and security in mind. See Section **1.2 Environment and Social Management System (ESMS) and Risk Assessment** for more information.

4.2 COMMUNITY HEALTH AND SAFETY

TNC will evaluate the risks and impacts to the health and safety of the Affected Communities during a GCF-funded TNC project's lifecycle and will establish preventive and control measures consistent with prevailing good international industry practice. In addition, TNC will identify risks and impacts and propose mitigation measures that are commensurate with their likelihood, nature, and magnitude. These measures will favor the avoidance of risks and impacts over minimization.

4.2.1 Infrastructure and Equipment Design and Safety

Project teams will budget, design, construct, operate, and decommission the structural elements or components of projects in accordance with GIIP, taking into consideration safety risks to third parties and Affected Communities. When new project sites will be accessed by members of the public, TNC will consider incremental risks of the public's potential exposure to operational accidents and/or natural hazards and, as reasonably possible, be consistent with the principles of universal access.

Project structural elements will be designed and constructed by competent professionals and certified or approved by competent authorities or professionals. When structural elements or components are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, TNC will engage one or more external experts with relevant experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, budgeting, construction, operation, and decommissioning. Overall, we seek to avoid high-risk in terms of safety, at the project conceptualization and development phases, and will take precautions to ensure risk factors are analyzed thoroughly (See **Section 1.2 Environment and Social Management System (ESMS) and Risk Assessment** for more information on risk analysis) and, to the extent required, a comprehensive mitigation hierarchy (see **Section 1.4.3 Mitigation Hierarchy**) is applied before implementation.

For projects that operate moving equipment on public roads and other forms of infrastructure, TNC will seek to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment. The **TNC Vehicle Use and Safety SOP**⁷⁵ provides additional details on these policies.

4.2.2 Hazardous Materials Management and Safety

TNC will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released as a result of a project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life threatening, TNC will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards or implementing appropriate safety conditions. Where hazardous materials are part of existing project infrastructure or components, TNC will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. TNC will exercise commercially reasonable efforts to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides, in accordance with the requirements of **Performance Standard #3: Resource Efficiency and Pollution Prevention** (See **Sections 3.3.2 Hazardous Materials and 3.3.3 Pesticide Use and Management**).

4.2.3 Ecosystem Services

We recognize that certain project activities impacting ecosystem services undertaken by TNC could, under certain circumstances, potentially result in direct adverse health and safety risks and impacts to members of an Affected Community. With respect to this Performance Standard, ecosystem services are limited to (i) provisioning and (ii) regulating services as defined in **Performance Standard #6: Biodiversity Conservation and Sustainable Management of Living Natural Resources** under **Section 6.2.1 Definitions**.

TNC will not undertake projects that risk significant land use change or the significant loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate the effects of natural hazards such as flooding, or landslides, or other projects with a high likelihood of increasing vulnerability and community safety-related risks and impacts. TNC, however, may engage in activities that result in certain near-term or fixed impacts to ecosystem services such as ecological burns or other land use change activities that may use natural resources, designate sites for renewable energy infrastructure, generate carbon outputs and/or pose short-term community risks to seek longer-term net positive conservation or climate adaptation outcomes.

⁷⁵ See TNC Vehicle Use and Safety SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

TNC will implement mitigation measures in accordance with **TNC's Conservation by Design 2.0 Framework** discussed in **Performance Standard #6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**. With respect to the use and loss of access to provisioning services, TNC project teams will implement mitigation measures in accordance with **Section 5.3.2 Economic Displacement** in **Performance Standard #5: Land Acquisition and Involuntary Resettlement**.

4.2.4 Community Exposure to Disease

TNC will work to avoid or minimize the potential for community exposure to waterborne, water based, water-related, and vector-borne diseases, and communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases are endemic in communities in the project area of influence, TNC project teams will be encouraged to explore opportunities during the project lifecycle to improve environmental conditions that could help minimize their incidence.

TNC will seek to avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

4.2.5 Emergency Preparedness and Response

In addition to the emergency preparedness and response requirements described in **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**, TNC will also assist and collaborate with the Affected Communities, competent local government agencies, and relevant parties, in their preparations to respond effectively to emergency situations in GCF-funded TNC project areas, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, project teams will play an active role in preparing for and responding to any emergencies associated with the project. The project team will document its emergency preparedness and response activities, resources, and responsibilities, and if necessary will disclose appropriate information to Affected Communities, relevant government agencies, or other relevant parties.

4.3 SECURITY PERSONNEL

If TNC retains as staff or contractors, workers to provide security to safeguard its personnel and property, it will assess risks posed by its security arrangements to those within and outside the project site. In making such arrangements, project teams will be guided by the principles of proportionality, good international practice,⁷⁶ TNC's Hiring and Recruiting SOP⁷⁷ and other relevant documents in the TNC Policies and Standard Operating Procedures Manual⁷⁸ in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers, and by applicable law. The project team will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will inform them about standards for use of force (and where applicable, firearms), and appropriate conduct toward workers and Affected Communities; and require them to act within the applicable law. The project team will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. TNC will provide a grievance mechanism for Affected Communities to express concerns about the security arrangements and acts of security personnel.

TNC will assess and document risks arising from the project's use of government security personnel deployed to provide security services. TNC will seek to ensure that security personnel will act in a manner consistent with this Performance Standard and encourage the relevant public authorities to disclose the security arrangements for TNC's project sites to the public, subject to reasonable security concerns.

⁷⁶ Including practice consistent with the United Nation's (UN) Code of Conduct for Law Enforcement Officials, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

⁷⁷ See TNC Hiring and Recruiting SOP in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

⁷⁸ See TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

Performance Standard #5

Land Acquisition and Involuntary Resettlement



Thame Village, Solukhumbu District, Nepal. Lucas Marcelo (TNC Photo Contest 2017)

5.1 INTRODUCTION

TNC will not consider GCF-funded project proposals with a discernible risk of forced physical displacement, and will seek to avoid GCF-funded proposals with a discernible risk of direct economic displacement, and/or voluntary physical displacement by an Affected Community. In cases with minimal risk of unintended consequences that include direct economic or voluntary physical displacement by an Affected Community, TNC will consider feasible alternative project designs to avoid and/or minimize the potential for direct economic displacement or non-forcible physical displacement, while balancing environmental, social, and financial costs and benefits, and paying particular attention to impacts on the poor and vulnerable, and will obtain FPIC regarding such risks where the right to FPIC applies (See **Section 7.4.2 Circumstances Requiring FPIC**).

When there is a risk of any of the types of displacements listed in the previous paragraph, Affected Communities will be consulted at every phase from project conceptualization through implementation and monitoring/review. Project teams will enter into good faith negotiations with the Affected Community to work towards terms of agreement regarding the issue while eliminating the risk of all forms of involuntary resettlement where at all possible, and minimizing, mitigating, and where necessary compensating for direct economic displacement, and will obtain FPIC regarding such issues where the right to FPIC applies (See Section 7.4.2 Circumstances Requiring FPIC). TNC will budget for such contingencies in the GCF-funded project proposal.

Any compensation to be recognized under a GCF-funded project will be calculated, netted, and determined taking into consideration any other compensation or compensation-equivalent payment (independently of the legal title or cause) to be payable to the affected parties by any other third party, including government agencies, multilateral agencies, insurance companies, private entities, and non-profits.

Despite these stringent limitations on considering projects that present these risks and given that as an unintended consequence such displacement could conceivably occur, the rest of this policy addresses TNC's standards for avoiding and/minimizing the potential for economic displacement and non-forcible (voluntary) physical displacement resulting from GCF-funded TNC projects.

5.2 GENERAL

5.2.1 Project Design

As a general statement, TNC will avoid forced physical displacement under all circumstances in the design of projects, and will consider feasible alternative project designs to avoid and/or minimize the potential for unintended consequences of a project involving direct economic displacement or non-forcible physical displacement by Affected Communities, while balancing environmental, social, and financial costs and benefits, and paying particular attention to impacts on the poor and vulnerable.

5.2.2 Compensation and Benefits for Non-Forcibly and/or Economically Displaced Persons

We repeat that TNC will not move forward with the implementation of a GCF-funded project proposal where there is a discernible risk of anticipated economic displacement or voluntary physical displacement, and will consider projects presenting such risks only if they are at a minimal level of unintended but foreseeable risk, the Affected Community has been informed of such risks and FPIC has been obtained where the right applies (See **Section 7.4.2 Circumstances Requiring FPIC**). TNC will budget for such contingencies in the GCF-funded project proposal.

Should such types of displacement occur, compensation agreements for economically displaced or voluntary physically displaced communities or persons may be available. Such agreements will be transparent and applied fairly and equitably to the Affected Communities and affected persons within those communities, regardless of whether or not they individually favored the agreement (see **Section 5.3 Displacement** for additional information). TNC will budget for such contingencies in the GCF-funded project proposal.

Where livelihoods of economically displaced persons are land-based,⁷⁹ or where land is collectively owned, TNC will, where feasible, offer the displaced people land-based compensation.

5.2.3 Community Engagement

TNC will engage with Affected Communities through the process of stakeholder engagement described in Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts (see Section 1.8 Stakeholder Engagement). Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. Disclosure of relevant information and participation of Affected Communities and persons will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that are consistent with the objectives of this Performance Standard. Additional provisions apply to consultations with Indigenous Peoples, in accordance with Performance Standard #7: Indigenous Peoples and Local Communities.

The consultation process should ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should also be explored.

⁷⁹ The term "land-based" includes livelihood activities such as subsistence cropping and grazing of livestock as well as the harvesting of natural resources.

5.2.4 Grievance Mechanism

TNC will establish a grievance mechanism consistent with **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts** as early as possible in the project development phase.

5.2.5 Resettlement and Livelihood Restoration Planning and Implementation

Where economic displacement or voluntary physical displacement is unavoidable, a census will be carried out to collect appropriate socioeconomic baseline data to identify the persons who will be displaced by the project, determine other sources of compensation or compensation-like payment, determine who will be eligible for compensation and assistance,⁸⁰ and discourage ineligible persons, such as opportunistic settlers, from claiming benefits or nonexistent damages. In the absence of host government procedures, TNC will establish a cutoff date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area. TNC will budget for such contingencies in the GCF-funded project proposal.

TNC will abstain from being directly responsible for any expropriation or forced sale procedure. In cases where expropriation or other legal procedures are initiated by other parties (including government agencies), project teams will explore opportunities to collaborate with the responsible government agency to encourage mitigation through avoidance, minimize, and/or, if permitted by the agency, play a role commensurate with the scope of the project in resettlement planning, implementation, and monitoring.

TNC will establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan⁸¹ or Livelihood Restoration Plan (see **Sections 5.3.1 Physical Displacement** and **5.3.2 Economic Displacement**) and take corrective action as necessary. The extent of monitoring activities will be commensurate with the project's risks and impacts. For projects with significant economic or voluntary physical displacement risks in which TNC has decided to engage, TNC will retain competent resettlement professionals agreed upon by the Affected Community to provide advice on compliance with this Performance Standard and to verify TNC's monitoring information. Affected persons will be consulted during the monitoring process and implementation will be halted if new risks of forced physical displacement are identified during project implementation and cannot be eliminated where they have been identified.

Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered complete when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this Performance Standard. It may be necessary for TNC to commission an external completion audit of the Resettlement Action Plan or Livelihood Restoration Plan to assess whether the provisions have been met, depending on the scale and/or complexity of physical and economic displacement associated with a project. The completion audit should be undertaken once all mitigation measures have been substantially completed and once affected persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods. The completion audit will be undertaken by competent resettlement professionals once the agreed monitoring period is concluded. The completion audit will include, at a minimum, a review of the totality of mitigation measures implemented by the affected persons, a comparison of implementation outcomes against agreed objectives, and a conclusion as to whether the monitoring process can be ended.⁸² TNC will budget for such contingencies in the GCF-funded project proposal.

⁸⁰ Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or heads of households, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.

⁸¹ The IFC Handbook for Preparing a Resettlement Action Plan should be referenced and may be used as a guideline text for project teams designing Resettlement Action Plans. This resource is available in the supplemental materials.

⁸² The completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan, will be undertaken by external resettlement experts once the agreed monitoring period is concluded, and will involve a more in-depth assessment than regular resettlement monitoring activities, including at a minimum a review of all mitigation measures with respect to physical and/or economic displacement, a comparison of implementation outcomes against agreed objectives, and a conclusion as to whether the monitoring process can be ended.

Where the exact nature or magnitude of the land dispute or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the stage of project development, TNC will develop a Resettlement and/or Livelihood Restoration Framework outlining general principles compatible with this Performance Standard. Once the individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific Resettlement Action Plan or Livelihood Restoration Plan and procedures in accordance with **Sections 5.3.1 Physical Displacement** and **5.3.2 Economic Displacement** below.

5.3 DISPLACEMENT

Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law;⁸³ or (iii) who have no currently recognizable legal right or claim to the land, natural resources or other assets they occupy or use, but could reasonably claim rights or access to the lands, natural resources or assets in question as a member of an Indigenous People traditionally present on lands or natural resources not already designated to any other indigenous community, as defined in **Performance Standard #7: Indigenous People and Local Communities**.

The census will help establish the status of the displaced persons. Project-related land acquisition and/or restrictions on land use may result in economic displacement as well as specific forms of voluntary physical displacement that TNC may be required to redress but may not ultimately lead to an implementation freeze. Consequently, in some cases, requirements of this Performance Standard in respect to voluntary physical displacement and economic displacement may apply simultaneously.⁸⁴

5.3.1 Physical Displacement

As discussed in **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts** under **Section 1.3.4 Statement on Land Acquisition and Involuntary Resettlement**, TNC will not consider GCF-funded project proposals with a discernable risk of forced physical displacement. If a discernable risk of forced physical displacement is identified after a project has been approved for implementation, implementation will be halted until such point that the risk(s) are eliminated.

In the case of voluntary physical displacement, TNC will develop a Resettlement Action Plan⁸⁵ that covers, at a minimum, the applicable requirements of this Performance Standard. This will include an analysis of the reasons for relocation, and where redress is necessary, compensation if the relocation was deemed as being unavoidable and undertaken as a direct result of a GCF-funded TNC project.

The Resettlement Action Plan will be designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement compensation budget from within the project budget funds, repurposed as necessary from planned project elements that will not take place given the need for resettlement, and a resettlement schedule; and establish the entitlements of all categories of affected persons. Particular attention will be paid to the needs of women, the poor and the vulnerable. TNC will document all transactions to acquire land rights, as well as compensation measures and relocation activities.

In the case of voluntary physical resettlement as a direct result of a GCF-funded TNC project, where a GCF-funded TNC project is determined as being the primary cause of relocation, TNC will (i) consult with the displaced persons, discuss the reasons for their resettlement, and assess the conditions of their resettlement, including a comparison of livelihood and living standards before and after the relocation, (ii) provide relocation assistance or

⁸³ Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

⁸⁴ Where a project results in both voluntary physical displacement and economic displacement, the requirements of Section 5.3.2 Economic Displacement should be incorporated into the Resettlement Action Plan or Framework discussed in Section 5.3.1 Physical Displacement (i.e., there is no need to have a separate Resettlement Action Plan and Livelihood Restoration Plan).

⁸⁵ See IFC Handbook for Preparing a Resettlement Action Plan in supplemental materials for guidelines on developing a Resettlement Action Plan.

relocation compensation suited to the reasonable needs of each group of displaced persons, if applicable, but only where resettlement was deemed as being unavoidable. Existing social and cultural institutions of the displaced persons and any host communities will be respected during this process.

TNC will not compensate or assist those who encroach on the project area after the cut-off date for eligibility.

5.3.2 Economic Displacement

In the case of projects involving direct economic displacement only, where a GCF-funded TNC project is determined to be the primary cause of the economic displacement due to a GFC funded project, TNC will develop a Livelihood Restoration Plan to compensate affected persons and/or communities and offer other assistance that meets the objectives of this Performance Standard. The Livelihood Restoration Plan will establish the entitlements of affected persons and/or communities and will ensure that these are provided in a transparent, consistent, and equitable manner. The mitigation of economic displacement will be considered complete when affected persons or communities have received compensation and other assistance according to the requirements of the Livelihood Restoration Plan and this Performance Standard and are deemed to have been provided with adequate opportunity to reestablish their livelihoods.

If land acquisition or restrictions on land use result in economic displacement defined as non-voluntary loss of assets and/or means of livelihood, regardless of whether the affected people are physically displaced, TNC will meet the requirements of this section, as applicable. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss.

Economically displaced persons whose livelihoods or income levels are adversely affected will also be provided opportunities to restore their means of income-earning capacity, production levels, and standards of living:

- For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost should be offered as a matter of priority.
- For persons whose livelihoods are natural resource-based and where project-related restrictions on access apply, implementation of measures will be made that either allow continued access to affected resources or provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where appropriate, benefits and compensation associated with natural resource usage may be collective in nature, rather than directly oriented towards individuals or households.
- If circumstances prevent TNC from providing land or similar resources as described above, alternative income earning opportunities may be provided, such as credit facilities, training, cash, or employment opportunities. Cash compensation alone, however, is frequently insufficient to restore livelihoods.

Transitional support should be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income earning capacity, production levels, and standards of living.

Performance Standard #6

Biodiversity Conservation and Sustainable Management of Living Natural Resources



Madulsima, Sri Lanka. Tharshanthan Thangavelrajah (TNC Photo Contest 2019).

6.1 INTRODUCTION

This Performance Standard reflects the objectives and guidance of TNC's Conservation by Design 2.0 framework (CbD 2.0), which builds upon the Open Standards for the Practice of Conservation managed by the Conservation Measures Partnership,⁸⁶ of which TNC is a founding member. The Open Standards – an internationally recognized set of principles and approaches for project design, management, and monitoring – is the world's best-in-practice body of step-by-step, outcome-driven conservation project guidelines.⁸⁷ From the Open Standards, we apply various conservation planning methods, tools, and resources, updating and supplementing them by applying additional steps and methods contained in Conservation by Design 2.0.

CbD 2.0 will guide GCF-funded project design and planning, as well as project management related to monitoring and evaluation. Additionally, as is the case for each Performance Standard, the actions needed to meet the requirements of this Standard will be subject to the management of TNC's ESMS. The content of TNC's ESMS is consistent with CbD 2.0, so should be the ESMPs and/or appropriate management plans for specific GCF-funded projects.

⁸⁶ <http://www.conservationmeasures.org/>

⁸⁷ See Open Standards for the Practice of Conservation Version 3.0 in supplemental materials for more information.

6.1.1 Criteria

While most of the concepts, definitions, and specific guidelines in this performance standard are in use at the project-level organization-wide, this specific performance standard will apply only to projects that meet the following criteria:

- TNC projects or activities in which the Green Climate Fund serves as a principal grantor or principal funding source and that:
 - Are located in areas that provide significant ecosystem services to Affected Communities, upon which they depend for survival, sustenance, livelihood, or primary income
 - Involve the extraction of renewable natural resources as a main purpose (e.g., plantation forestry, commercial harvesting, agriculture, livestock, fisheries, and aquaculture)
 - Have a discernible risk of modifying a natural, modified or critical habitat

The applicability of this performance standard will be assessed during implementation of the ESMS.

6.1.2 Risk Assessment

A pre-project implementation risk assessment will be conducted by the TNC-GCF Safeguards Coordinator. For more information on this, visit **Section 1.2 Environment and Social Management System (ESMS) and Risk Assessment of Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**. Pre-project implementation risk assessments will be done in concert with an on-the-ground situation analysis, consistent with the Conservation by Design 2.0 framework and TNC best practices. This assessment will consider relevant threats to biodiversity and ecosystem services, especially focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution.

Once a project has been approved, the TNC-GCF Safeguards Coordinator will recommend to the TNC-GCF Coordination Unit a regular monitoring and risk reporting framework for project teams to adhere to throughout the life cycle of the project. Based on the initial risk assessment, project teams may be required to report to the TNC-GCF Coordination Unit on some risk factors with more regularity.

6.2 PROTECTION AND CONSERVATION OF BIODIVERSITY

6.2.1 Definitions

For the purpose of applying this policy to the ESMS and GCF-funded TNC projects, we define the following terms “natural habitat,” “modified habitat,” “critical habitat,” and “ecosystem service” to mean:

- Natural habitat: Areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition.⁸⁸
- Modified habitat: Areas that may contain a large proportion of plant and/ or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition.⁸⁹ Modified habitats may include areas managed for agriculture, forest plantations, reclaimed⁹⁰ coastal zones, and reclaimed wetlands.⁹¹

⁸⁸ Definition adopted for the purpose of this policy from the IFC Performance Standards on Environmental and Social Sustainability available in the supplemental materials.

⁸⁹ This excludes habitat that has been converted in anticipation of the project.

⁹⁰ Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.

⁹¹ Definition adopted for the purpose of this policy from the IFC Performance Standards on Environmental and Social Sustainability available in the supplemental materials.

- Critical habitat: Areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered⁹² species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.⁹³
- Ecosystem service: Ecosystem services are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) habitat or supporting services, which are the natural processes that maintain the other services.⁹⁴

Habitat type, including area of coverage and project impacts, if not already mapped and categorized using similar methods and standards, will be mapped, evaluated and categorized during the risk assessment process.

6.2.2 Avoidance of Negative Impacts

TNC will seek to avoid negative impacts to habitat and biodiversity and, when risks to habitat and biodiversity are identified, a mitigation hierarchy based on the guidance included in Conservation by Design 2.0 will guide the approval process or next steps in implementation, depending on the project's life cycle stage. When TNC does not have the internal capacity or personnel, project teams will seek out the advice of recognized experts contracted to assess biodiversity and ecosystem service values associated with local habitats, such as biological, cultural, aesthetic, spiritual, educational, recreational or other values that have been identified by representative(s) of the Affected Community, local government, and/or relevant stakeholders.

Modified and Natural Habitat

TNC in GCF-funded projects will not significantly convert or degrade modified or natural habitats, nor will engage partners or contractors to conduct such activities, unless all the following are demonstrated:

- Consultation has established the views of relevant stakeholders, including Affected Communities, with respect to the extent of conversion and/or degradation
- The project does not lead to measurable adverse impacts on those biodiversity values for which the habitat was designated, and on the ecological processes supporting those biodiversity values
- The project does not negatively impact the global and/or national/regional population of any Critically Endangered or Endangered species
- There is clear evidence that the estimated overall conservation value of the project outweighs any localized negative impacts to the habitat (i.e. there is an expected net conservation gain)
- A long-term biodiversity monitoring and evaluation program is integrated into the project's management program

⁹² As listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. The determination of critical habitat based on other listings is as follows: (i) If the species is listed nationally / regionally as critically endangered or endangered, in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with competent professionals; and (ii) in instances where nationally or regionally listed species' categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as "protected" or "restricted"), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.

⁹³ Definition adopted for the purpose of this policy from the IFC Performance Standards on Environmental and Social Sustainability available in the supplemental materials.

⁹⁴ Examples are as follows: (i) provisioning services may include food, fisheries, freshwater, timber, fibers, medicinal plants; (ii) regulating services may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards (e.g., erosion control, coastal defense from flooding due to sea-level rise and storm surge); (iii) cultural services may include natural areas that are sacred sites, tourism, and areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services may include maintenance of genetic diversity, preservation of habitats essential to support a species' lifecycle (e.g., breeding/nursery grounds, reproduction, refugia, and migration corridors), soil formation, nutrient cycling, primary production.

Critical Habitat

TNC in GCF-funded projects will not convert or degrade critical habitats, nor will TNC engage partners or contractors to conduct such activities. If in the process of implementing a TNC GCF-funded project any negative impacts on critical habitats are identified, the TNC-GCF Steering Committee will be notified and must recommend measures to redesign the project to avoid these impacts. If negative impacts to critical habitat cannot be mitigated, project implementation will be halted until mitigation alternatives are identified and agreed upon by the TNC-GCF Safeguards Coordinator, project manager, and relevant stakeholders identified in the stakeholder analysis process (see **Section 1.8.1 Stakeholder Analysis and Engagement Planning**).

6.2.3 Adaptive Management Framework

The CbD 2.0 conservation process builds off the strong and widely adopted approach of adaptive management, which TNC will apply to GCF-funded TNC projects using the specific guidance included in the Conservation by Design 2.0 Guidance Document and website.⁹⁵ Adaptive management is a structured, iterative process of systematically testing assumptions to learn, adapt and improve decision-making in the face of uncertainty. Based on TNC's experience applying CbD 1.0 over the last twenty years, CbD 2.0 includes the following four major advances: 1) explicitly consider linkages between people and nature, 2) design interventions focused on creating systemic change, 3) integrate spatial planning with the development and selection of new conservation strategies, and 4) robustly draw upon and build the evidence base for conservation.

6.2.4 Monitoring

Managers of GCF-funded TNC projects will define measures and create a monitoring and evaluation plan for Biodiversity Conservation and Sustainable Management of Living Natural Resources by using the Conservation by Design 2.0 monitoring and evaluation framework (**CbD 2.0 Step #11: Define Measures and Create a Monitoring and Evaluation Plan**).

Projects will use the following four-step process to guide the development of monitoring plans:

- Define monitoring and measures needs
- Define indicators and measures
- Evaluate needs and available human and data resources
- Develop monitoring and evaluation plans for desired level of rigor and certainty

More information on monitoring is available in the Conservation by Design 2.0 Guidance Document, Conservation by Design 2.0 website, and TNC Guidance for Integrating Gender into Green Climate Fund (GCF) Projects.

Conservation Coaches Network (CCNet)

GCF-funded TNC projects will be assigned one or more CCNet Conservation Coaches from within TNC to assist with implementation of the Conservation by Design 2.0 and the Open Standards for the Practice of Conservation frameworks. CCNet Conservation Coaches will meet regularly with project managers to ensure projects are aligned with target conservation outcomes and this Performance Standard (see Section 1.3.5 Statement on Biodiversity Conservation and Sustainable Management of Living Natural Resources for background and additional information on the Conservation Coaches Network).⁹⁶

⁹⁵ See Phase 5 (Evaluate and Adapt) in Section 1.4.2 Applying Conservation by Design 2.0 and applicable guidance in the Conservation by Design 2.0 Guidance Document, which is included in the supplemental materials. The Miradi Adaptive Management Software, a product of the Open Standards for the Practice of Conservation, is cited in the CbD 2.0 Guidance Document as one possible resource, among others.

⁹⁶ <http://www.ccneglobal.com/>

6.2.5 Biodiversity Offsets

TNC is an advocate for its mitigation hierarchy, beginning with avoiding impacts to the maximum extent possible, minimizing residual impacts, and only offsetting any remaining unavoidable impacts as a last step (see **Section 1.4.3 Mitigation Hierarchy**).

TNC does not anticipate considering projects that would require environmental offsets or that would not achieve a net positive benefit for biodiversity conservation. As a conservation organization, project teams will seek to avoid negative impacts to all habitat types; and if avoidance is not possible, reduce and minimize impacts to the extent possible.

In the rare cases where avoidance, reduction or minimization of impacts is not sufficient to mitigate and/or restore an affected habitat or species, project managers of GCF-funded TNC projects may budget and propose biodiversity offset options to the TNC-GCF Steering Committee. As such, TNC is committed to adopting biodiversity offsets only to the extent necessary and appropriate for GCF-funded TNC projects.

Projects that require a biodiversity offset will be an exception to TNC's policy to avoid significant modification of habitats and must only be considered if the proposed offset will produce net benefits to conservation and achieves no net loss of biodiversity within the same ecosystem types – for example, ecological restoration of habitats, actions to reduce fragmentation, and restoration of ecosystem functions. Additionally, TNC has internal guidance on the development and application of environmental offset programs and projects.⁹⁷

6.2.6 Legally Protected and International Recognized Areas

Where national regulations permit a project on legally protected areas or internationally recognized areas (e.g., World Heritage Areas)⁹⁸ or on areas that are proposed for protection or international recognition, the project team must comply with national and local regulations for appropriate environmental management and will consult with relevant stakeholders during the preparation of management and mitigation measures. The project team must ensure that any proposed development is consistent with the area's management plan or, in the absence of a management plan, with the terms of FPIC agreed upon by the Affected Community if FPIC applies, and objectives determined by the responsible natural resource, protected area, or wildlife agency.

6.2.7 Invasive Alien Species

Project teams will be required to take precautions to avoid introducing any known or potentially invasive alien species into a local ecosystem at any stage in the project cycle. TNC will not purposefully introduce known invasive alien species into a project area. If invasive alien species are unintentionally introduced during project development, TNC will identify measures to minimize and/or mitigate for this.

If invasive alien species exist in a project area, the project team will not promote their spread or undertake activities that could enhance their competitiveness in comparison with indigenous plant or animal life.

At times, it may be necessary for project teams or the GCF Committee to consult with the standing TNC Invasive Species Advisory Committee, for guidance on this topic and mitigating negative impacts.

6.2.8 Management of Ecosystem Services

Where a GCF funded project is likely to adversely impact ecosystem services, as determined by the risks and impacts identification process, project teams will conduct a systematic review to identify priority ecosystem services. Priority ecosystem services are two-fold: (i) those services on which project operations are most likely to have an impact and, therefore, which result in adverse impacts to Affected Communities; and/or (ii) those services on which the project is directly dependent for its operations (e.g., water). When Affected Communities are likely to be impacted, they should participate in the determination of priority ecosystem services in accordance with the

⁹⁷ See TNC document *Achieving Conservation and Development: 10 Principles for Applying the Mitigation Hierarchy* in supplemental materials for more information.

⁹⁸ <https://whc.unesco.org/en/list/>

stakeholder engagement process as defined in **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts** (see **Section 1.8 Stakeholder Engagement**).

With respect to impacts on priority ecosystem services of relevance to Affected Communities and where TNC has direct management control or controlling influence, adverse impacts should be avoided. If these impacts are unavoidable, project teams will minimize them and implement mitigation measures that aim to maintain the value and functionality of priority services. With respect to impacts on priority ecosystem services on which the project depends, project teams should minimize impacts on ecosystem services and implement measures that increase resource efficiency of their operations, as described in **Performance Standard #3: Resource Efficiency and Pollution Prevention**. Additional provisions for ecosystem services are included in **Performance Standards #4, 5, 7, and 8**.

6.2.9 Sustainable Management of Living Natural Resources

Where TNC or a third-party contracted by TNC for work related to a TNC GCF-funded project is engaged in the primary production of living natural resources related to a GCF-funded project, including natural and plantation forestry, agriculture, animal husbandry, aquaculture, and fisheries, project teams will be subject to the requirements of this section, in addition to the rest of this Performance Standard. Where feasible, project teams will locate land-based agribusiness and forestry projects on unforested land or land already converted. TNC will manage, and require subcontractors and partners to manage, living natural resources in a sustainable manner, through the application of industry-specific good management practices and available technologies. Where such primary production practices are codified in globally, regionally, or nationally recognized standards, project teams will implement sustainable management practices that meet one or more relevant and credible standards.

Credible globally, regionally, or nationally recognized standards for sustainable management of living natural resources are those which (i) are objective and achievable; (ii) are founded on a multi stakeholder consultative process; (iii) encourage step-wise and continual improvements; and (iv) provide for independent verification or certification through appropriate accredited bodies for such standards.⁹⁹

Where relevant and credible standard(s) exist, but TNC has not yet obtained independent verification or certification of its compliance with such standard(s), project teams will conduct a pre-assessment of its conformity to the applicable standard(s) and take actions to achieve such verification or certification over an appropriate period of time.

In the absence of a relevant and credible global, regional, or national standard for the particular living natural resource in the country concerned, project teams will:

- Commit to applying good international industry operating principles, management practices, and technologies; and
- Actively engage and support the development of a national standard, where relevant, including studies that contribute to the definition and demonstration of sustainable practices.

6.2.10 Supply Chain

Before purchasing primary production (especially but not exclusively food and fiber commodities) that is known to be produced in a region where there is a significant risk of conversion of natural and/or critical habitats, the project team will explore sustainable sourcing options or feasible alternatives to purchase in a region.

⁹⁹ A credible certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders, such as local people and communities, Indigenous Peoples, and civil society organizations representing consumer, producer and conservation interests. Such a system has fair, transparent and independent decision-making procedures that avoid conflicts of interest. Examples of such standards include, but are not limited to those of the Forest Stewardship Council, the Marine Stewardship Council (MSC), the Roundtable on Sustainable Palm Oil (RSPO), etc.

Performance Standard #7

Indigenous Peoples and Local Communities



Kyela, Mbeya, Tanzania. Daniel Msirikale (TNC Photo Contest 2022).

7.1 INTRODUCTION

This policy is intended to help the TNC-GCF Coordination Unit and project teams involved in GCF-funded activities understand the key principles that underlie good conservation practices and culturally responsive relationships with Indigenous Peoples and Local Communities (IPLCs). The annex, based on the TNC Operational Toolkit and IFC guidance, among other sources, offers more detailed options for how to implement these principles in practice. The policy aims to provide clarity about how TNC will work on GCF-funded projects that involve IPLCs and the Annex shows how to implement a rights-based approach to conservation in the context of indigenous lands, territories, fresh waters, oceans, and natural resources.

7.1.1 Avoidance of Adverse Impacts

As a general policy, adverse impacts to IPLCs should be avoided. Where alternatives have been systematically explored, in consultation with the affected Indigenous People, to consider feasible project designs that might avoid adverse impacts and adverse impacts are unavoidable, TNC will engage in further informed consultation with, and if required will seek FPIC to, and plan to minimize and compensate for these adverse impacts. Such plans will be designed in an equitable and culturally appropriate manner with mitigation and compensation proportionate to the nature and scale of such impacts and the form and degree of vulnerability of the affected indigenous peoples. The consultations regarding appropriate mitigation measures to minimize impacts and determine appropriate compensation will be conducted with the purpose of improving outcomes over time, and with the full and effective participation of the affected indigenous peoples, including relevant subgroups, such as women.

7.2 IDENTIFYING AND ENGAGING WITH INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

Potential GCF grantee partners of TNC and/or Business Units at TNC engaged in proposing GCF-funded projects are required by this policy to carry out a preliminary assessment, in the early stages of project conceptualization, of a project's possible impacts on Indigenous Peoples and Local Communities (IPLCs), as IPLCs are defined in **Section 1.3.6.a Defining Indigenous Peoples and Local Communities**. This process will typically start in the stakeholder analysis phase of project planning, which is explained in further detail in **Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts** (see **Section 1.8.1 Stakeholder Analysis and Engagement Planning**).

- 1) This preliminary risk assessment will help form the basis for later monitoring relationships with IPLCs in the geography or potential impact area of a GCF-funded TNC project. The risk assessment will: Identify IPLCs, if any, living in, or carrying out their daily activities within or near, the project boundaries, or who have established or customary tenure rights regarding any of the natural resources the project will impact. During the identification phase, planners should keep in mind any nomadic herders or hunter/gatherers who may not currently be present but who may use the land during certain times, circumstances or seasons.
- 2) If IPLCs are present or potentially impacted, determine the most appropriate way to approach and engage with these IPLCs, by learning about governance and key institutions, individuals and relevant subgroups to assure TNC works with the appropriate institutions and individual representatives while also accessing disaggregated data from vulnerable populations and by gender.
- 3) Collaborate with the IPLCs on initial resource mapping and clarification of historical uses of natural resources within the project areas, based on pre-existing sources and in consultation with the IPLCs to understand the locations, customary access routes to, and uses of resources which may be impacted. Full disclosure of the project's preliminary plans and possible impacts is required when contacting the IPLCs for initial resource mapping. In the circumstances listed in **Section 7.4.2 Circumstances Requiring FPIC** below, this mapping will require FPIC as well.

Note: Certain GCF-funded TNC projects will take place with IPLC partners with whom TNC has worked in the past and where some requirements of this policy, such as the preliminary assessment, have already been completed. Where this is the case, project teams may submit formal documentation of their completion.

7.3 INDIGENOUS PEOPLES PLAN

If a proposed GCF-funded TNC project may potentially have impacts on, or involve direct engagement with an IPLC, and the conditions listed in the following paragraph are met, an Indigenous Peoples Plan (IPP) must be prepared.

Whether an IPP is required for a GCF-funded project will depend largely on outcomes of the preliminary risk assessment described in **Section 7.2 Identifying and Engaging with Indigenous Peoples and Local Communities** above, including any Initial Resource Mapping and consultations with IPLCs – all requirements of the situation analysis phase for GCF-funded projects. This will ultimately be decided by the TNC-GCF Safeguards Coordinator in consultation with the project team.

At a minimum, IPPs will include:

- Baseline information (from independent and participatory environmental and social risks and impacts assessment processes)
- Key findings and analyses of impacts, risks and opportunities

- Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities
- Community-based natural resource management
- Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, any Free, Prior and Informed Consent obtained when and from whom, and future engagement plans
- Gender assessment and action plans
- Benefit sharing plans
- Tenure arrangements
- Grievance redress mechanisms
- Costs, budgets, timetables, and organizational responsibilities
- Monitoring, evaluation, and reporting

7.4 FREE, PRIOR, AND INFORMED CONSENT

This section of this policy delineates how Free, Prior and Informed Consent (FPIC) is defined and when it is required.

7.4.1 Definitions

TNC conceptualizes FPIC as a fundamental framework that provides the rationale of fully and meaningfully engaging indigenous peoples in governance. Indigenous peoples have a right to self-determination, meaning the right to freely determine their political status and pursue their own economic, social and cultural development. FPIC is a principle designed to protect that right by ensuring that indigenous peoples can give or withhold consent to a project that may affect them or their territories. Importantly, the phrase “FPIC” is not narrowly defined to mean only the consent sought for a particular project. Rather, it is an ongoing process – one in which indigenous peoples can conduct their own discussions and decision-making, without intimidation and with sufficient time and space to engage on their own terms. It will usually require expert capacity within the project team to enable FPIC processes, including proficiency in the working language of the IPLCs involved, and sufficient cultural competency to engage appropriately with all relevant stakeholders. Such skills must be obtained via contract if the project team does not already have them.

The definition of FPIC includes the word “consent.” But it also includes several adjectives describing the traits of that consent – Free, Prior, and Informed. It is helpful to understand what each element of the definition means.

- **Free** – means consent that is given free of coercion, intimidation or manipulation.
- **Prior** – means that consent should be sought sufficiently in advance of any authorization or commencement of activities, in the early stages of project development, honoring culturally appropriate timelines.
- **Informed** – implies that information is provided that covers a range of aspects, including the nature, size, pace, reversibility and scope of a proposed project; the purpose of the project; locality and areas affected; a preliminary assessment of the likely economic, social, cultural and environmental impacts; personnel likely to be involved; and procedures the project may entail. This information should be provided in culturally appropriate formats and languages, accommodating differing needs of relevant sub-groups within a community (e.g., women, youth, elderly, people with disabilities).
- **Consent** – refers to the collective decision made by the IPLC community, using their own customary decision-making processes. As will be discussed in more detail later in this protocol, the community is free to say “yes,” “no,” or “yes, but with conditions” to the proposed activities.

7.4.2 Circumstances Requiring FPIC

FPIC will be required for GCF-funded TNC projects under the circumstances identified in this section, as dictated in the GCF's Indigenous Peoples Policy.¹⁰⁰ If IPLCs feel FPIC is not being granted appropriately, they may request the right to FPIC through the formal grievance process elaborated in **1.9 Grievance Mechanism of Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**.

Under this performance standard, the following circumstances automatically trigger FPIC:

- Initial and subsequent resource mapping of lands and natural resources subject to traditional ownership or under long term customary use or long-term occupation by IPLCs
- Impacts on lands and natural resources subject to traditional ownership or under long term customary use or long-term occupation by IPLCs
- Relocation of indigenous peoples from lands and natural resources subject to their traditional ownership or under long term customary use or occupation
- Impacts to IPLC Cultural heritage (“Critical Cultural Heritage”) (see **Section 8.8 Critical Cultural Heritage in Performance Standard #8: Cultural Heritage**)

The TNC-GCF Safeguards Coordinator and/or TNC-GCF Coordination Unit Director may also trigger FPIC at any point in the project cycle.

7.4.3 A Note on FPIC as an Iterative Process

It is very important to point out that obtaining FPIC is an iterative process. It will not occur in one meeting with the relevant communities. Rather, it takes place over time, through continuous dialogue, robust communication and information sharing, repeated meetings and the building of trust and cooperation.

Most importantly, FPIC is not secured once and then forgotten about. It is a continual process that project teams should revisit throughout the life of the project, in order to understand whether any changes need to be made for ongoing IPLC consent and commitment to the project, especially if there are material changes in the project or its circumstances. Ongoing documentation of FPIC will be important as the project team works in collaboration with the IPLC's involved.

7.5 GRIEVANCE MECHANISM FOR INDIGENOUS PEOPLES

All GCF-funded activities affecting indigenous peoples will establish a culturally responsive, effective grievance mechanism at the project level to address IPLC's project-related concerns. The mechanism will be designed in consultation with the potentially affected IPLC communities, using the grievance mechanism for all GCF-funded activities as a baseline. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the IPLC Affected Communities, and without retribution to the individuals, groups, or communities that raised issues or concerns.

For more information on the TNC grievance mechanism for GCF-funded projects, please reference **Section 1.9 Grievance Mechanism in Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**.

7.6 MITIGATION AND DEVELOPMENT BENEFITS

TNC, with the participation of affected IPLCs, including FPIC if required, will identify measures to mitigate environmental and social risks and impacts in alignment with the mitigation hierarchy as described in **Section 1.4.3 Mitigation Hierarchy**, and other relevant policies of GCF that set prioritized steps for limiting adverse impacts through avoidance, minimization, restoration, and compensation, as well as opportunities for culturally

¹⁰⁰ See Green Climate Fund Indigenous Peoples Policy in supplemental materials for more information. Reference Section 7.2 Circumstances Requiring Free, Prior and Informed Consent for more information on the GCF's policy regarding Free, Prior and Informed Consent.

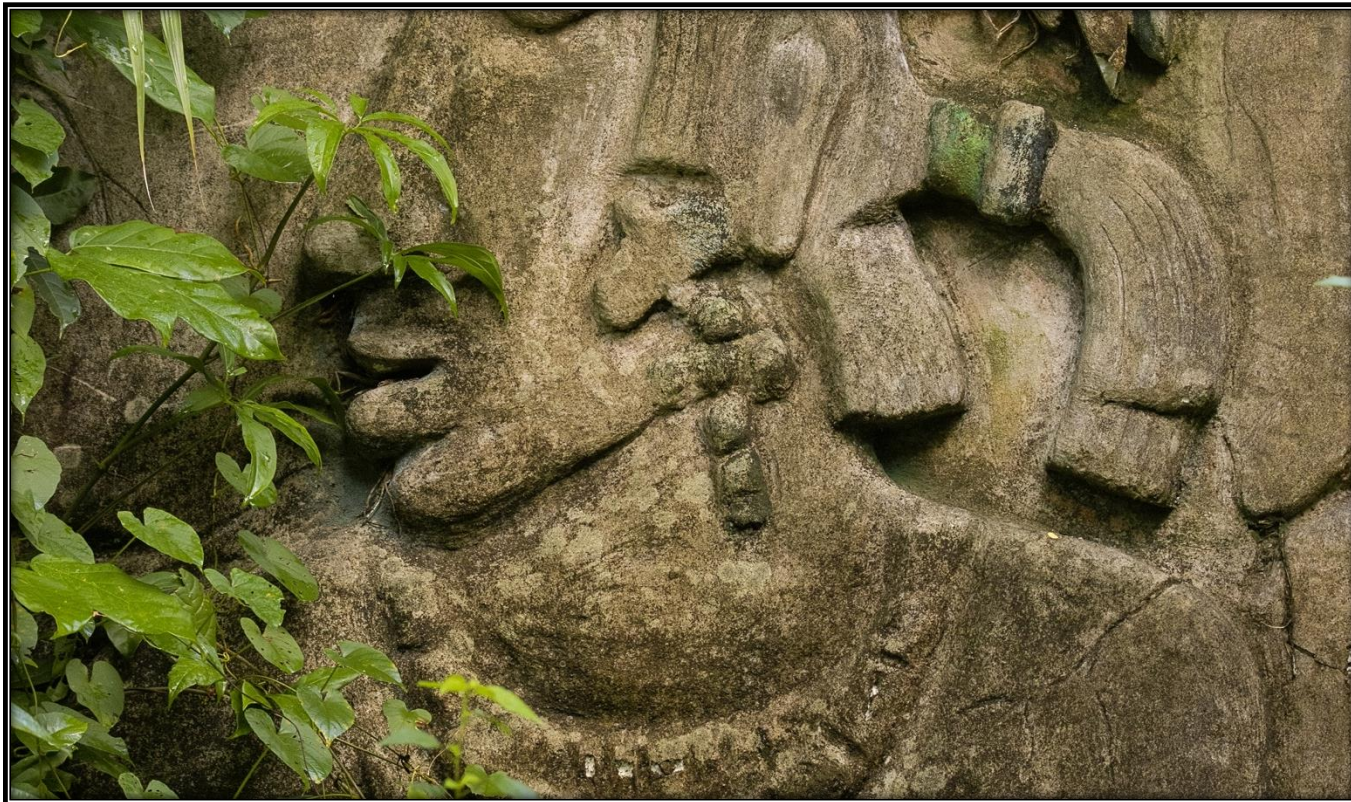
appropriate and sustainable development benefits. The scope of the environmental and social assessments and mitigation will include cultural and physical impacts.

The determination, delivery, and distribution of any compensation to indigenous peoples will take account of the institutions, rules and customs of these indigenous peoples, capacities, and gender equality. Eligibility for compensation can either be individually or collectively based, or be a combination of both, to be determined in consultation with Affected Communities. Where compensation occurs on a collective basis, as far as practicable, mechanisms that promote the effective distribution of compensation to all eligible members, or collective use of compensation in a manner that benefits all members of the group, including women, youth, the elderly and persons with disabilities, will be defined and implemented in consultation with affected IPLCs.

Various factors, including, but not limited to, the nature and context of the activity and the vulnerability of affected IPLCs, will determine how affected IPLCs will benefit from the activities. Identified opportunities will aim to address the goals and preferences of the affected IPLCs, including improving their standard of living and livelihoods in a culturally appropriate manner, recognizing, and strengthening the role of women in the project, and fostering the long-term sustainability of the natural resources on which they depend.

Performance Standard #8

Cultural Heritage



Chan Chich Lodge, Gallon Jug Estate, Orange Walk District, Belize. Lucas Bustamante.

8.1 TANGIBLE CULTURAL HERITAGE

Tangible cultural heritage¹⁰¹ is unique and often non-renewable, and a wide range of activities can pose risks of potential damage directly and indirectly. Therefore, pre-project baseline assessment may be necessary, either desk-based or field-based.

8.2 SCREENING PHASE

The screening phase of the risks and impacts identification process will identify the extent and complexity of potential risks to cultural heritage and any possible impacts in the project area of influence. If the screening indicates potential adverse impacts, further assessment will be undertaken to discover the nature and scale of such impacts and proposed mitigation measures. The scope and type of analysis will vary depending on the nature and scale of the proposed project's potential adverse impacts on cultural heritage resources. As noted above, expert consultants will be retained or engaged to complete such analyses.

8.3 PROJECT DESIGN AND EXECUTION PHASE

Where cultural heritage is present or potentially present or impacted, TNC work in the design phase and execution of GCF-funded projects will comply with applicable laws including national laws related to cultural heritage and country implementing obligations under the UNESCO Convention Concerning the Protection of the World Cultural and Natural Heritage.¹⁰² TNC will also assure that cultural heritage is identified and protected

¹⁰¹ TNC adopts the IFC's definitions of Tangible Cultural Heritage Resource Types. See IFC Cultural Heritage Guidance Note in supplemental materials under 'Annex A' for a listing and description of these types. TNC project teams may also reference the Process Guidance for this performance standard in the IFC Cultural Heritage Guidance Note, which is available for general reference in 'Annex B.'

¹⁰² See Convention Concerning the Protection of the World Cultural and Natural Heritage in supplemental materials for more information.

according to internationally recognized practices for their protection, field-based study and documentation. As stated above, where the risk and identification process determine there is a chance of impacts TNC will retain competent consultants to assist. Special rules with regard to the removal of nonreplicable cultural heritage and regarding critical cultural heritage are discussed below in **Section 8.7 Removal of Non-Replicable Cultural Heritage** and **Section 8.8 Critical Cultural Heritage**.

8.4 DISCLOSURE OF FINDINGS

The findings of the cultural heritage component of the assessment will generally be disclosed as part of, and in the same manner as, the relevant assessment documentation. Exceptions to such disclosure, however, will be made where TNC in consultation with any potential grantees, and in consultation with persons with relevant expertise, determine that disclosure would compromise or would jeopardize the safety or integrity of the cultural heritage involved and/or would endanger the source of information about the cultural heritage. In such cases, such sensitive information relating to these particular aspects will be omitted from the assessment documentation.

8.5 COMMUNITY ACCESS

Where a proposed GCF-funded project site is found to contain tangible cultural heritage or would prevent access to previously accessible cultural heritage sites being used by, or that have been used by Affected Communities within living memory for long-standing cultural purposes, TNC will make serious efforts to consult with current and/or historical users and owners of the site, in addition to government entities. Based on consultations, and to the extent possible, the project will allow continued access to the cultural site or provide an alternate access route, taking into consideration overriding health, safety, and security issues.

8.6 REMOVAL OF REPLICABLE CULTURAL HERITAGE

Where the proposed project or the funded project during implementation encounters tangible cultural heritage that is not critical and is replicable (defined as tangible forms of cultural heritage that can themselves be moved to another location or that can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures, including archeological or historical sites where the particular eras and cultural values they represent are well represented by other sites and/or structures), TNC and grantees will apply mitigation measures favoring avoidance. In considering relocation and restoration, TNC or grantees will employ expertise, local, governmental, and otherwise, and will give key consideration to recommendations of members of the Affected Communities regarding practitioners of cultural heritage, such as elders, with whom to consult. If avoidance is not feasible the mitigation hierarchy below applies:

- Minimize adverse impacts and implement restoration measures, in situ, that ensure maintenance of the value and functionality of the cultural heritage, including maintaining or restoring any ecosystem processes (while adhering to requirements for biodiversity conservation) needed to support it
- Where restoration in situ is not possible, restore the functionality of the cultural heritage, in a different location, including the ecosystem processes needed to support it
- The permanent removal of historical and archeological artifacts and structures is carried out according to the principles in **Section 8.3 Project Design and Execution** above and
- Only where minimization of adverse impacts and restoration to ensure maintenance of the value and functionality of the cultural heritage are demonstrably not feasible, and where the Affected Communities are using the tangible cultural heritage for long-standing cultural purposes, compensate for loss of that tangible cultural heritage

Conditions for compensation for Replicable Tangible Cultural Heritage that cannot be restored, nor adverse impacts minimized:

- Where impact reduction and restoration are not feasible, TNC and its grantees will provide a justification for that determination based on a competent expert's review of the circumstances, and only then will compensation be considered as a way to address the impact on tangible cultural heritage. Compensation may only be paid to Affected Communities using tangible cultural heritage for long-standing cultural

purposes. It is not to be given for removal of archeological material from cultural horizons that pre-date the current Affected Communities or for other cultural heritage that has not been used within the living memory of the community. Compensation is also not to be given for loss of intangible cultural heritage.

8.7 REMOVAL OF NON-REPLICABLE CULTURAL HERITAGE

8.7.1 Definition of Non-Replicable Cultural Heritage

Nonreplicable cultural heritage may relate to the social, economic, cultural, environmental, and climatic conditions of past peoples, their evolving ecologies, adaptive strategies, and early forms of environmental management, where the (i) cultural heritage is unique or relatively unique for the period it represents, or (ii) cultural heritage is unique or relatively unique in linking several periods in the same site.

8.7.2 Removal Conditions

Since removal is likely to cause irreparable damage or destruction of cultural heritage, TNC and its grantees will not remove any nonreplicable cultural heritage unless all of the following are met:

- There are no technically or financially feasible alternatives to removal
- The overall benefits of the project conclusively outweigh the anticipated loss of cultural heritage anticipated from removal

Removal is conducted using methods commonly applied by experts in similar circumstance.

8.8 CRITICAL CULTURAL HERITAGE

8.8.1 Definition of Critical Cultural Heritage

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

8.8.2 Standards for Addressing Critical Cultural Heritage

- TNC and/or its grantees will not remove, significantly alter, or damage critical cultural heritage if at all feasible and will avoid projects that have a likelihood of involving such impacts. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, we will use a process of documented good faith informed consultation and participation with the Affected Communities as described in **Section 1.8.5 Informed Consultation and Participation of Performance Standard #1: Assessment and Management of Environmental and Social Risks and Impacts**. If TNC does not have internal capacity, TNC will retain external experts to assist in the assessment and protection of critical cultural heritage.
- Legally protected cultural heritage areas are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national law in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, TNC will assure that, in addition to the requirements for critical cultural heritage cited immediately above, TNC and/or its grantees will meet the following requirements:
 - Comply with defined national or local cultural heritage regulations or the protected area management plans
 - Consult the protected area sponsors and managers, Affected Communities and other key stakeholders on the proposed project
 - Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area

8.9 PROJECT USE OF CULTURAL HERITAGE

Where a project proposes to use the cultural heritage, including intangible cultural heritage such as knowledge, innovations, or practices of Affected Communities for commercial purposes, TNC and/or its grantees will inform these communities of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. TNC and/or its grantees will also determine whether ownership is individual, collective or a mixture of both, before proceeding. TNC and/or its grantees will not proceed with such commercialization unless we (i) enter into a process of informed consultation and participation, including with relevant subgroups such as women, as described in **Section 1.8.5 Informed Consultation and Participation**, using a good faith negotiation process that results in a documented outcome, FPIC is obtained if required, and (ii) we provide for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with the local customs and traditions. In addition, use of images, music, other media, some traditional names or other similar cultural heritage (even in the project proposal phase) should only be done after assessing the cultural sensitivities related to such use and underlying justification for and potential environmental and social risks of doing so.

Grievance Mechanism – Annex to Procedures for Policy on Grievance Mechanism

9.1 ELIGIBILITY

After a preliminary stakeholder analysis has been completed in reference to a TNC GCF-funded project, grievances related to such project may be filed by representatives of an Affected Community (referred to as the Affected Party after filing a grievance), within the eligibility parameters included under **Section 9.4 Filing Criteria** of this policy.

Representatives of an Affected Party may include a legal entity representing the Affected Community pursuant to an existing agreement or understanding with the latter, translators, consultants, individuals, or another entity legally contracted to represent the Affected Community with regards to the grievance. For more information, see **“Who may submit a formal grievance”** in the supplemental materials package.

9.2 RESOLVING GRIEVANCES LOCALLY

9.2.1 How Does TNC’s Grievance Mechanism Work?

Project Teams are responsible for developing local, project-specific options for grievance filing and redress. This process is supported by the central Grievance Redress Mechanism (i.e., the Ethics and Compliance Helpline) managed by the TNC Ethics and Compliance Office and Regional Directors available to accept and elevate project-level grievances through the formal grievance filing system.

There are three phases in TNC’s grievance mechanism for GCF-funded projects:

TNC Phase 1: Build Trust and Mutual Understanding with Affected Community Partners

The best approach to preventing misunderstandings or difficulties from escalating to grievances is to enter into relationships with Affected Communities from a stance of humble learning, respect and honesty. Maintaining constructive, open relationships with partners through regular contact and consultation throughout the project, in appropriate ways as defined in partnership with the Affected Communities themselves, enables project teams to identify and address issues proactively. It is important to develop these relationships through the Affected Communities’ formal institutions, while also ensuring an approach that is inclusive of relevant sub-groups within the community. Transparency is key. If mutual trust and understanding are cultivated from the beginning of a project, it is more likely that problems can be resolved through discussion and informal agreement at the local level.

TNC Phase 2: Co-create a Culturally Responsive Process for Resolving Local Disputes

Collaborating with an Affected Community to design a grievance mechanism can help strengthen relationships in planned or existing projects. One of the first questions to ask is whether or not there is a grievance mechanism mandated by a host country government or government/multilateral entity applicable to the project that preempts any other type of mechanism. If the local government or multilateral entity mandates use of a particular grievance mechanism, TNC project teams should determine what types of disputes it applies to, whether the Affected Community has consented or is mandated to use it, and if GCF will accept the terms of the established grievance process, or may be willing to do so. TNC may also request the grantor to waive its own grievance mechanism and allow the implementation and application of a grievance mechanism under this document. **TNC’s**

Code of Conduct¹⁰³ and **Environmental and Social Management System (ESMS)** require compliance with the laws in all places where we work. This includes laws requiring use of a grievance mechanism.

¹⁰³ See TNC Code of Conduct in the TNC Policies and Standard Operating Procedures Manual in supplemental materials for more information.

For these reasons, TNC's starting point should be that it will comply with government mandated grievance mechanisms, with the approval of the GCF Secretariat or the appropriate GCF office. Often the Affected Community would be bound by a host country government-mandated mechanism, but not by the GCF's requirements if the Affected Community is not a party to the funding agreement.

If the Affected Community has agreed or is mandated to use the government- or other grantor-required grievance mechanism, and it applies to all disputes not resolved by informal agreement, the required grievance mechanism should be followed. If the Affected Community has not validly consented to use the required grievance mechanism, the project may be suspended for additional fact-finding or to request a waiver from the applicability of the required grievance mechanism. TNC's project team may need to gather more information about the validity, reasons and circumstances for the Affected Community's opposition to a required grievance mechanism. In some cases, it may be possible for TNC and the Affected Community to seek a variance or other accommodation from the local government, grantor or GCF Secretariat. If TNC's project team and the Affected Community cannot reach agreement on compliance with a government-mandated grievance process, the project may be postponed until some agreement can be reached or until a legal determination can be made about the validity, legitimacy, adequacy and applicability of the government-required grievance mechanism under applicable laws.

If there is no governmentally or other grantor-required grievance mechanism or one that only applies to formal grievances, TNC's project team and the Affected Community may solve problems by reaching an informal agreement (TNC Phase 1) or using a culturally responsive process for resolving local disputes (TNC Phase 2).

A culturally responsive approach is usually the most natural, non-threatening and cost-effective option for solving difficulties and should be grounded in a proper understanding of the Affected Community's social and cultural norms for conflict resolution. These practices may include tribal, clan or community councils, open dialogues, facilitation or mediation methods, and traditional ceremonies related to conflict, loss or reconciliation. To make sure the approach is truly co-created and culturally responsive, TNC's project team should work through the Affected Community's formal institutions, while creating an inclusive process that fosters the meaningful participation of relevant sub-groups. The TNC project team should be aware of power dynamics and imbalances, both between TNC or other partners and the Affected Community, and within the Affected Community itself. To cultivate an inclusive approach, TNC's project team should be aware of the relevant sub-groups within the Affected Community, like women, elders, youth, people with disabilities, and other minorities and potentially marginalized groups that will be directly affected, as a sub-group-by the project, and foster an inclusive approach through tailoring meetings and consultations to these sub-group's preferred location, time of day, language and format. It may be important to hold separate meetings for particular sub-groups if appropriate given the social and cultural background of the Affected Community as a whole.

If an outside mediator is culturally acceptable, TNC and the Affected Community should identify in advance a respected third party or an objective academic or professional individual or entity to serve as the mediator. This designation should be included in the information about the grievance mechanism that is distributed in the project area.¹⁰⁴

9.3 WHAT HAPPENS IF A GRIEVANCE CANNOT BE RESOLVED LOCALLY?

9.3.1 TNC Phase 3: Establish a Process for Resolving Formal Grievances

If a dispute cannot be resolved in TNC Phase 1 or 2, it may need to be elevated to: 1) the host country government or appropriate office if the Affected Community has consented or is mandated to using a required grievance mechanism; or 2) TNC's Chief Ethics and Compliance Officer (TNC Phase 3). Both the local and formal phases of the grievance mechanism should be discussed and agreed upon with the Chief Ethics and Compliance Officer as early as possible – ideally during the project design phase.

¹⁰⁴ See Grievance Mechanism Checklist for Information That Should be Co-Created and Shared for more information.

The steps, timeframes and procedures for TNC’s formal grievance process are presented below under **Section 9.4 Filing Process** and **Section 9.5 Review and Resolution Process**. An Affected Party may elevate a complaint to TNC’s Chief Ethics and Compliance Officer, who is responsible for overseeing and managing the formal phase of TNC’s grievance mechanism for GCF-funded projects, and may be contacted directly by email, phone or mail (See **Section 1.9.1 Filing a Grievance**).

9.4 FILING CRITERIA

9.4.1 What Kinds of Grievances Are and Are Not Eligible Under The Formal Grievance Phase For GCF-Funded TNC Projects?

As stated above, the formal phase of the grievance mechanism is established to receive and resolve the following:

- Grievances related to TNC’s failure to comply with policies enumerated in this document
- Grievances related to violations of Green Climate Fund policies, including the IFC Performance Standards on Environmental and Social Sustainability if applicable to GCF-funded projects
- Grievances related to TNC’s actions inconsistent with the UN Declaration on the Rights of Indigenous Peoples.¹⁰⁵

The following issues are not eligible:

- Grievances filed:
 - More than 30 days after the date of the official closure of the project
 - 18 months after the date of the official closure of the project in cases where the complaint addresses an impact resulting from project activities that was not, and reasonably could not have been, known prior to or on the date of official closure
- Grievances that relate to the laws, policies, and regulations of the country, unless they relate directly to TNC’s failure to comply with these principles and guidelines in connection with the specific project
- Grievances where the Affected Party has not made good faith efforts to address the problem with TNC’s project team or Business Unit staff unless reasonable fear of retaliation or safety concerns caused the Affected Party to escalate to a higher level
- Grievances about the adequacy or suitability of TNC’s ESMS policies or procedures
- Grievances that are frivolous, malicious, duplicitous, trivial, that lack minimal specificity about the type of impact, or are intended to gain competitive advantage
- Grievances that relate to TNC’s non-project-related administrative matters, such as finance, human resources and general administration
- Grievances submitted by the Affected Party on matters it submitted to the grievance mechanism earlier, unless new substantive evidence is provided
- Grievances that relate to fraud or corruption, which should instead be directed to TNC’s Ethics & Compliance Helpline or reported directly to the TNC Chief Ethics and Compliance Officer
- Grievances that relate to the procurement of goods and services (but not related to fraud or corruption), which should instead be directed to the TNC office responsible for the particular procurement
- Any other grievance not explicitly listed in the list of resolvable grievances.

¹⁰⁵ See U.N. Declaration on the Rights of Indigenous Peoples in supplemental materials for more information.

9.4.2 Information Needed to File A Grievance

The following information will be requested to file a formal grievance and may be submitted in writing, dictated, or recorded in the Affected Community's preferred language:

- Affected Party's name and contact information
- If not filed directly by the Affected Party, proof that the representative has the authority from the Affected Party or by operation of law to represent the Affected Party
- The specific GCF-funded TNC project or program of concern, including region, country and TNC local contact
- If the filing party has not been previously identified by TNC as a representative of an Affected Community through the pre-engagement stakeholder analysis process, proof that the party or representative has appealed for classification as an Affected Community
- The alleged or perceived violation and the harm that is or may be resulting from the violation with reasonable detail or description about the violation and harm
- Any other relevant information or documents (e.g., date of event)
- Any actions taken so far to resolve the problem, including contact with TNC at the project or Business Unit level
- Whether confidentiality, to the extent available given GCF reporting requirements, is requested and the reason for the request

If a grievance is filed using TNC's Ethics & Compliance Hotline, this information should be provided in the description of the conduct.

9.5 REVIEW AND RESOLUTION PROCESS

9.5.1 What Is the Process For Resolving A Formal TNC-GCF Funded Project Grievance?

- The Chief Ethics and Compliance Officer receives a grievance and determines eligibility.
 - The Chief Ethics and Compliance Officer will acknowledge receipt of the complaint within 48 hours (if the 48 hours run during a local business day) or 48 hours and one business day (if at least 24 hours don't run during a business day).
 - Within 10 business days of receipt, the Chief Ethics and Compliance Officer will assess eligibility and provide a response to the Affected Party or representative as to whether the complaint raises an eligible grievance.
- If the grievance is eligible, the Chief Ethics and Compliance Officer will notify TNC's project team, Business Unit manager and report to the TNC-GCF Coordination Unit at the same time as informing the Affected Party or representative.
 - If confidentiality has been requested and granted, the Chief Ethics and Compliance Officer will communicate the determination of eligibility to the Affected Party and to the TNC project team and Business Unit manager to the extent possible without breaching confidentiality.
 - The Chief Ethics and Compliance Officer will also notify the TNC Chief Diversity, Equity & Inclusion Officer, the appropriate TNC legal counsel and any other senior leaders relevant to the grievance, to the extent possible without breaching confidentiality (if applicable).
- Within 10 business days of receiving notice from the Chief Ethics and Compliance Officer, TNC's project team or Business Unit manager will provide a response stating their view of the situation, the complaint, the alleged or perceived violation and harm.

- The Chief Ethics and Compliance Officer will communicate appropriate information received from TNC's project team or Business Unit manager to the Affected Party or representative within 10 business days of receipt of the response.

From this point forward, there are two possible pathways to resolution, as recommended by the Chief Ethics and Compliance Officer.

9.5.2 Party-Led Resolution

- If there is no request for confidentiality or if confidentiality can be accommodated, and the Chief Ethics and Compliance Officer sees an unlikely risk of retaliation or other reason not to recommend the parties be in renewed contact about the issues, she/he may recommend that TNC's project team or Business Unit manager look into the matter by investigating the issues raised and opening a dialogue with the Affected Party, and, at his or her discretion, other validly concerned parties about the complaint.
- Assuming direct contact for attempted resolution is appropriate, TNC's project team or Business Unit manager will work with the Affected Party and at his or her discretion, to co-create an approach to resolve the issues identified. The Chief Ethics and Compliance Officer may assist by facilitating dialogues, promoting information sharing, undertaking joint fact-finding, using culturally appropriate approaches to problem-solving or providing mediation or facilitation resources if approved by the Affected Party. If appropriate, the Chief Ethics and Compliance Officer may offer resources to further clarify, assess and resolve issues, including the engagement of outside experts and translation services.
- If agreement on the approach is reached, TNC's project team, TNC Business Unit manager and the Affected Party will develop an action plan and timeframe to resolve the issues identified within 30 days from the date of the last communication by the Chief Ethics and Compliance Officer under **Section 9.5.1 What is the Process for Resolving a Formal TNC GCF-Funded Project Grievance?**. TNC's project team or Business Unit manager will:
 1. Summarize the suggested resolution of the grievance, including concerns raised, actions taken, conclusions reached, action plan and timeframe, method and frequency for tracking and evaluating progress, and mechanisms for compliance with/enforcement of the agreed-upon resolution
 2. Communicate the resolution to the Chief Ethics and Compliance Officer
 3. Document communication of the resolution to the Affected Party

If agreement cannot be reached, TNC and/or the Affected Party will inform the Chief Ethics and Compliance Officer who will take further action (see below).

9.5.3 TNC Chief Compliance Offer-Led Resolution

- If a Party-Led Resolution is contra-indicated because confidentiality does not permit it, or a Party-Led Resolution has been refused by the Affected Party, or the Affected Party requests a decision by the Chief Ethics and Compliance Officer instead of a Party-Led Resolution, or the Party-Led Resolution was unsuccessful, the Chief Ethics and Compliance Officer will conduct fact-finding with the Affected Party and the TNC project or Business Unit. Fact-finding will be conducted in a reasonable manner that does not affect the confidentiality or reserve of TNC data, documentation, and personnel and that does not affect or unduly burden its normal operations and activities.
- At its discretion, the Chief Ethics and Compliance Officer may engage a third party investigator to carry out a compliance review and in-depth investigation of the issues and their root causes, and develop a plan for corrective action. The investigation may involve fact-finding through interviews with the potentially Affected Party, TNC's project team, Business Unit staff and relevant stakeholders; comprehensive information-gathering; and in-country inspections if needed.

- Following the investigation, the Chief Ethics and Compliance Officer will develop draft findings, a proposed approach to resolution and an action plan and timeframe, a method and frequency for tracking and evaluating progress, and mechanisms for compliance with/enforcement of the resolution.
- The Affected Party, TNC's project team and Business Unit manager will have 10 business days to respond to the Chief Ethics and Compliance Officer's proposal.
- Within 10 business days of the receipt of the responses or the due date for responses, the Chief Ethics and Compliance Officer may revise the draft proposal and then will issue a decision to the Affected Party, TNC's project team and Business Unit manager. TNC's project team, Business Unit manager and the Affected Party are expected to implement the action plan in the decision.
- The Chief Ethics and Compliance Officer will monitor implementation of the action plan and check in regularly with the Affected Party as specified in the action plan.
- When the action plan is completed, the Chief Ethics and Compliance Officer, TNC's project team, Business Unit manager, and the Affected Party will determine if the grievance has been resolved. If yes, the lessons learned will be incorporated into the project and shared with other TNC programs as appropriate. If no, the Chief Ethics and Compliance Officer or Affected Party or representative may suggest additional actions to the parties or may conclude the grievance after determining that all feasible actions have been taken.

At the conclusion of either the Party-Led Resolution or Chief Ethics and Compliance Officer-Led Resolution, the Chief Ethics and Compliance Officer will prepare a final report and submit it to all parties involved in the grievance process and the GCF Secretariat or applicable office.

9.6 PROJECT-LEVEL GRIEVANCE DISCLOSURE AND CONSULTATION

Where TNC is an Accredited Entity to Executing Entities directly responsible for project deliverables, or an Intermediary Entity to Executing Entities and/or Financial Intermediaries, it will ensure a project-specific system of grievance management, oversight, and reporting is established consistent with the requirements in this **9. Annex to Procedures for Policy on Grievance Mechanism**. The GCF-TNC Safeguards Coordinator and Ethics & Compliance Department will inform project-level grievance design and the system will be overseen by the TNC Ethics & Compliance Department. Clear lines of responsibility and reporting will be articulated in the project ESMS and/or ESMF(s).

The TNC-GCF grievance filing and review and resolution process will be made publicly available on the TNC-GCF webpage consistent with **Section 9.4 Filing Criteria** and **Section 9.5 Review and Resolution Process**. Materials regarding the grievance filing process, management and oversight will also be made widely available to Affected Communities in locally- and culturally responsive ways as early as possible in project development. At a minimum, this will include widely distributed print materials.

The stakeholder consultation process may be used to resolve conflicts locally consistent with **Section 9.2 Resolving Grievances Locally**. Stakeholder Engagement Plans will summarize the process for considering input on local grievance design during the consultation process, communicating the availability of local grievances, and a summary of the basic process for local grievance resolution. Where grievances cannot be resolved locally by Executing Entities, project teams will follow the guidance and subsequent steps articulated in **Section 9.3 What Happens If A Grievance Cannot Be Resolved Locally?**

Glossary of Terms

Affected Community – Any local community directly and negatively impacted as a whole by a project; or a neighboring community as determined by the stakeholder analysis, with a direct stake in the impacts to an affected local community. For more information, see **Section 1.9 Grievance Mechanism**.

Chance Find Procedures – A chance find procedure is a project-specific procedure that outlines the actions to be taken if previously unknown cultural heritage is encountered in any phase of project planning, implementation, or monitoring. For more information, see **Section 1.3.7.c Chance Find Procedures**.

Conservation by Design (CbD) – TNC’s guiding framework for conservation and project-planning. CbD articulates TNC’s conservation vision and marries our collaborative, science-based approach with key analytical methods. Since its adoption by TNC in 1996, CbD has unified our efforts around the world by providing a common language and consistent approach across the diversity of systems, cultures, geographies, and communities in which TNC engages. In 2015, TNC updated and expanded upon the principles that made the CbD framework so effective, with the release of Conservation by Design 2.0, with a supporting guidance document released in 2016. For more information, please see **Section 1.3.5 Statement on Biodiversity Conservation and Sustainable Management of Living Natural Resources**.

Conservation Initiative on Human Rights (CIHR) – A consortium of international conservation NGOs that seeks to improve the practice of conservation by promoting the integration of human rights in conservation policy and practice. TNC is a founding member and signatory of the CIHR and has adopted the founding principles of CIHR for our work with Indigenous Peoples and Local Communities and seeks to apply these general guidelines to all projects sponsored or carried out by TNC that involve indigenous peoples and/or local communities.

Cultural Heritage – For the purpose of GCF-funded projects, TNC adopts the IFC’s definition of cultural heritage which includes tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; unique natural features or tangible objects that embody cultural values; and, certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles. For more information, see **Section 1.3.7.a Definition of Cultural Heritage**.

Economic Displacement – TNC adopts the IFC’s definition of economic displacement, that refers to the loss of assets or access to assets that leads to loss of income sources or other means of livelihood. For more information, see **Section 5.3.2 Economic Displacement**.

Environmental and Social Impact Assessment (ESIA) – the ESIA process is a way to identify, predict and assess the type and scale of potential negative social and/or environmental impacts, and opportunities to benefit Affected Communities, associated with a GCF-funded project. A main output of the ESIA process is a strategy for managing risks and mitigating negative impacts associated with the project. ESIA’s are scaled to the complexities of the project and the nature and scale of risks identified. The need for and/or scope of an ESIA is determined based on the needs and the assigned risk category of the project. For more information, see **Section 1.2.5 Environmental and Social Impact Assessment (ESIA)**.

Environmental and Social Management Plan (ESMP) – The ESMP describes the set of mitigation measures for environmental and social risks developed during the ESIA process, together with an implementation schedule, required resources and responsibilities. The risk management strategy for GCF-funded projects is documented as an ESMP. For more information, see **Section 1.2.6 Environmental and Social Management Plan**.

Environmental and Social Management System (ESMS) – A methodological approach to, and process for, managing environmental and social risks and impacts in a structured way on an ongoing basis. For more information, see **Section 1.2 Environmental and Social Management System (ESMS) and Risk Assessment**

Free, Prior, and Informed Consent (FPIC) – A principle designed to protect the right of Indigenous Peoples to self-determination by ensuring that they can give or withhold consent to a project that may affect them or their territories. For a full definition of FPIC, see **Section 7.4. Free, Prior, and Informed Consent**.

GCF-Funded Project – Any TNC project where the GCF is a primary project grantor and/or sponsor and the requirements of this document apply.

Gender Mainstreaming Plan – An action plan that includes specific gender-related activities and actions that will address the inequalities and/or opportunities revealed during the gender assessment. For more information, see **‘Guidance for Integrating Gender into Green Climate Fund (GCF) Projects’** in supplemental materials.

Gender Assessment – A gender assessment examines women’s and men’s social, economic and cultural situations and highlights any gender-based inequalities, impacts and opportunities related to the project context. For more information, see **‘Guidance for Integrating Gender into Green Climate Fund (GCF) Projects’** in supplemental materials.

Gender Integration – Strategies and steps built into a project during the assessment, design, implementation, monitoring and evaluation phases, to include women and men equitably in project planning and implementation, analyze the gender context, take gender norms into account, assure no unintended negative gender impacts will occur and to the extent possible, reduce gender-based inequalities. For more information, see **‘Guidance for Integrating Gender into Green Climate Fund (GCF) Projects’** in supplemental materials.

Gender Mainstreaming – Gender mainstreaming is the process of incorporating gender perspectives into organizational, program and/or project policies, strategies and functions to achieve gender equality. For more information, see **‘Mainstreaming Gender in Green Climate Fund Projects: A practical manual to support the integration of gender equality in climate change interventions and climate finance’** in supplemental materials.

Good International Industry Practice (GIIP) – The exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances. In most cases, TNC will refer to international norms, recognized treaties, the policies of reputable internationally recognized organizations, or other relevant resources for guidance on what constitutes GIIP in a particular case.

Green Climate Fund (GCF) – A recently created global fund managed by a multinational secretariat that supports implementation of the COP 21 agreements and distributes the funds pledged to support the efforts of developing countries to respond to the challenge of climate change. GCF helps developing countries limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change. It seeks to promote a paradigm shift to low-emission and climate-resilient development, considering the needs of nations that are particularly vulnerable to climate change impacts.

Grievance Mechanism – For the purpose of GCF-funded projects, a grievance mechanism is a formal complaint channel that applicable individuals or groups of individuals may use to file a claim that an Affected Community (which, during the grievance filing process, is referred to as an “Affected Party”) has been negatively affected by a TNC GCF-funded project. For more information, see **Section 1.9 Grievance Mechanism** and **Section 9. Annex to Procedures for Policy on Grievance Mechanism**.

Indigenous Peoples and Local Communities (IPLC) – TNC uses the term "indigenous peoples and local communities" (IPLC) to refer to communities that possess a profound relationship with their natural landscapes upon which they depend for cultural, spiritual, economic, and physical well-being. This includes the original inhabitants of a place and migrants who have been settled long term in a place and have the relationship with the natural landscape. Indigenous peoples are usually original inhabitants of a place and thus consider themselves distinct from other sectors of the societies now prevailing in the territories, which they, the indigenous peoples, originally occupied prior to colonization. For a full description of IPLCs, as defined by TNC, see **Section 1.3.6.a Defining Indigenous Peoples and Local Communities**.

Indigenous Peoples Plan (IPP) – A project-specific document designed to address, and then create plans to avoid, minimize, and/or mitigate possible impacts, particularly environmental and social risks, on relevant Indigenous Peoples and Local Communities (IPLCs) associated with a TNC GCF-funded project. If a proposed GCF-funded TNC project may potentially have impacts on, or involve direct engagement with an IPLC, and the conditions listed in the relevant sections of this document are met, an Indigenous Peoples Plan (IPP) must be prepared. For more information, see **Section 7.3 Indigenous Peoples Plan**.

Informed Consultation and Participation (ICP) – Informed consultation and participation (ICP) builds upon the consultation process for Indigenous Peoples and Local Communities. ICP involves using the information gathered in the initial consultation process to continue dialogue and, where applicable, mitigate foreseeable negative impacts to IPLC communities, tailor project implementation in view of the feedback of relevant IPLC groups, and identify appropriate mechanisms for the sharing of project benefits. For more information, see **Section 1.8.5 Informed Consultation and Participation**.

International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability – The IFC's Performance Standards on Environmental and Social Sustainability define IFC clients' responsibilities for managing their environmental and social risks. The Green Climate Fund has adopted these standards as their interim benchmark for the consideration of GCF-funded projects and therefore, TNC project teams seeking funding through the GCF will adhere to the requirements of the IFC standards with regards to environmental and social safeguards, project planning, management, and monitoring.

Integrated Vector Management (IVM) – A rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness, and sustainability of disease-vector control. The ultimate goal is to prevent the transmission of vector-borne diseases. For more information, see **Section 3.3.3 Pesticide Use and Management**.

Integrated Pest Management (IPM) – An ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques. For more information, see **Section 3.3.3 Pesticide Use and Management**.

Livelihood Restoration Plan – A plan that establishes the entitlements (e.g., compensation, other assistance) of an applicable Affected Community that has been economically displaced, in order to provide them with adequate opportunity to reestablish their livelihoods. For more information, see **Section 5.3.2 Economic Displacement**.

Mitigation Hierarchy – A mitigation hierarchy, for the purpose of this document, is a basic systematic process to mitigate for impacts to sensitive ecological, environmental, and/or social resources and/or values affected or potentially affected by a TNC GCF-funded project. A mitigation hierarchy is, therefore, a basic strategic framework for managing environmental and social risk and impacts associated with a project. For more information, see **Section 1.4.3 Mitigation Hierarchy**.

Performance Standard – For the purpose of this document, performance standard refers to minimum policy thresholds project teams must meet during all phases of project planning, implementation, and monitoring for GCF-funded projects. The performance standard categories are detailed in this document (see **Section 1.1.2 IFC**

Performance Standards) and their requirements derive from the IFC Performance Standards on Environmental and Social Sustainability.

Physical Displacement – TNC adopts the IFC’s definition of physical displacement, to refer to Affected Community member relocation or loss of shelter. For the purpose of this document, this definition is further differentiated between Forced Physical Displacement (forcible and/or non-voluntary relocation or loss of shelter through legal or other means) and Voluntary Physical Displacement (voluntary relocation and/or the voluntary vacating of shelter driven by the direct and/or immediate impacts of a TNC GCF-funded project). For more information, see **Section 5.3.1 Physical Displacement**.

Project Team – The core TNC unit, plus third-party consultants and/or partners, where appropriate, proposing a GCF-funded project, and all those directly involved in the five stages of project planning and implementation (as defined in Conservation by Design 2.0), namely: identify challenges and goals, map strategies and places, finalize outcomes and develop measures, take action, and evaluate and adapt. The project team is led by a project manager, and reports to the GCF Coordination Unit.

Resettlement Action Plan – A plan that establishes the entitlements (e.g., compensation, other assistance) of an applicable Affected Community that has been physically displaced (either forcibly, or in certain circumstances, voluntarily), in order to provide them with adequate opportunity to reestablish their livelihoods. For more information, see **Section 5.3.1 Physical Displacement**.

Shared Conservation Agenda – TNC’s organizational strategy for TNC’s role in helping to fulfill our mission, which is to help create a world where people and nature thrive. The Shared Conservation Agenda includes a strategic plan to put the world on a path towards sustainability, which is broken down into the following five priorities: tackle climate change, protect land and water, provide food and water sustainably, build healthy cities, and connect people and nature.

Stakeholder Analysis – A process that includes identifying the range of stakeholders that may be interested in the outcomes of a GCF-funded project, designing appropriate external communications channels to facilitate dialogue with the relevant stakeholders for input and to hear concerns, then developing a Stakeholder Engagement Plan scaled to the project risks and impacts that includes measures to allow the participation of all groups, including the disadvantaged and/or vulnerable. For more information, see **Section 1.8.1 Stakeholder Analysis and Engagement Planning**.

Supply Chain – The sources from which primary production (especially but not exclusively physical commodities required to implement a GCF-funded project) are produced, purchased, and/or acquired.

TNC Policies (as defined in the TNC Policies and Procedures manual) – Policies are statements of critical institutional importance. Policies address issues that potentially affect every TNC employee, and/or pose a significant adverse legal, financial, or reputational risk to the organization. Because TNC’s Code of Conduct requires that TNC follow the law in all places where it works, policies do not restate the laws, unless an explicit statement of organizational policy is required by a law or court decision. Compliance with policies is mandatory. Violation of a policy constitutes grounds for immediate disciplinary action, up to and including dismissal.

TNC Standard Operating Procedures (SOPs) (as defined in the TNC Policies and Procedures manual) – Standard Operating Procedures, or SOPs, implement policies and/or are business practices promulgated by management to achieve efficiency and minimize legal risk. An SOP is considered the required means of accomplishing a stated purpose or goal and noncompliance with an SOP will affect TNC’s ability to achieve a stated business objective. Like policies, compliance with Standard Operating Procedures is mandatory and a violation of a Standard Operating Procedure also constitutes grounds for disciplinary action, up to and including dismissal.