



Environmental, Social & Governance Management System (ESMS)

Novastar Ventures Fund III (NVIII)

May 2025

NOVASTAR⁺

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1. CONTEXT

Novastar Ventures Africa People and Planet Fund III (NVIII or Novastar) backs and scales early and growth stage companies which can forge a new, clean, inclusive and sustainable development path for Africa. The continent is extremely vulnerable to climate change. Yet Africa also has rapidly growing populations and economies, unencumbered legacy vested interests in a fossil-fuel based economy, hasn't yet adopted industrial scale agriculture with negative climate impacts, and has a track record of leapfrogging legacy industries (e.g. mobile telephony, mobile money). NVIII sees Africa not as a climate change victim, but as an unmatched opportunity to lead the world in the green transition. NVIII backs early and growth stage businesses that align the short-term economic interests of a young, growing, urbanizing population with planet-positive solutions.

To create long-term value, however, a business must do more than have the right product in the right market. The business must work effectively to build trust with the local community, with its customers and suppliers; it must manage its use of natural resources in a way that is sustainable; it must create a safe and fulfilling environment for its employees and it must govern itself in a way that safeguards the interests of all its stakeholders. Novastar therefore works with its investees to constantly improve not only their social impact, but also their environmental and governance practices (ESG).

In addition, by promoting sound ESG practices among our investees and demonstrating the benefit of following these practices to other businesses, we aim to encourage the wider adoption of sound ESG practices beyond our portfolio.

This ESG policy and management system (ESMS) has therefore been developed to complement Novastar's strategy for the delivery of social benefits to the mass market (as applied through the mass low-income market social impact assessment) to maximise value for investee customers, shareholders, workers, and future generations, and minimise negative environmental and social impacts generated by the activities of its portfolio companies. This requires monitoring the impact of investee business activities on communities and the environment, implementing policies that ensure objective, consistent and fair treatment of all stakeholders, and encouraging the adoption of good corporate governance. The goal is to develop companies that act with integrity, fairness and diligence in all their dealings, promote international best practice with regards treatment of the environment, communities and employees, whilst also delivering the social and financial benefits of commercial development.

The detail of these policies and objectives are explored more fully in the Investment Code included in Annex 2.

2. SCOPE

This ESG Policy applies to all NVIII investments and throughout the life of the investment – from initial research, due diligence, and investment closing, through to monitoring and exit.

3. COMMITMENT TO ESG STANDARDS AND REGULATIONS

Novastar is committed to ensuring that sound ESG management forms a core element of the investment process. At the basic level, this involves not financing any activities that are on the Exclusion List. However, beyond this, Novastar will work with its investees to comply with all applicable national laws and regulations of the host country(ies) in which the investee companies operate. We will seek to ensure that investees are managed in a manner consistent with international standards of conduct including the IFC's Performance Standards on Environmental and Social Sustainability (www.ifc.org/performancestandards) and key GCF policies including: **GCF Revised Environmental and Social Policy; GCF Environmental and Social Management System (ESMS); GCF Indigenous Peoples Policy; GCF Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH); GCF Gender Policy and Action Plan 2020–2023; GCF Information Disclosure Policy;**

Whilst we will pursue the establishment and maintenance of the highest ESG standards by our investees, Novastar will also be pragmatic in its approach, tailoring ESG policies to the stage of development of each investee. This point is particularly relevant as Novastar is a venture fund investing in early stage companies, and can therefore work with their founders and management to weave strong ESG management practice into the fabric of the businesses from the beginning. However, since it may be appropriate to 'phase in' certain ESG practices over time, rather than expect full compliance from nascent businesses at the outset, we will also be able to leverage our iterative investment process (multiple, milestone-based investment rounds) to ensure that ESG practices in our investees are progressively implemented, and keep pace with the growth and maturity of their business.

In order to deliver on our commitment to ESG compliance, Novastar will:

- ✦ Implement clear roles and responsibilities for the supervision and review of our own internal ESG policies;
- ✦ Train all new employees in ESG processes;
- ✦ Integrate an ESG risk assessment into the investment process for all new investments;
- ✦ Conduct ESG due diligence on a potential investee based on the risk assessment, and develop an Action Plan for ESG improvements;
- ✦ Incorporate obligations for ESG compliance and reporting into the legal documentation of the investment, and where appropriate, make subsequent rounds of investment dependent on the achievement of ESG milestones;
- ✦ Disclose to the Institutional Limited Partners the results of ESG due diligence on the first three transactions of NVIII; and
- ✦ Report on any Serious Incidents to the Limited Partners (and other parties as may be required);
- ✦ Where necessary, make Technical Assistance grants available from the Institutional Limited Partners to assist the investees with ESG training and implementation, and work with them to ensure that their ESG Policy is properly communicated to all their management and employees; and
- ✦ Seeking continuous improvement of our own ESG management, where the aim is to always enhance positive effects in relation to the environment, workers, communities, and other affected stakeholders.

Furthermore, when investing into companies Novastar will:

- ✦ Encourage investees to minimize their adverse impacts and enhance positive effects on the environment and all stakeholders (including employees and any affected communities);

- ✦ Require investees to comply with the legal and regulatory requirements in the jurisdictions where they operate, at a minimum, and work over defined time frames towards relevant international E&S norms and standards
- ✦ Require investees to observe high standards of business integrity and governance
- ✦ Encourage investees to ensure a preventive and precautionary approach with respect to their environmental and social impacts. If negative environmental or social impacts are unavoidable, they must be appropriately mitigated or compensated for;
- ✦ Encourage investees to establish open dialogues with their stakeholders on the environmental and social impacts of their activities; and
- ✦ Encourage investees to consider the potential for positive impacts and opportunities from business activities (e.g., certifications to enter new markets, strengthening of supply chain structures/management, and employee training).

Novastar's Anti-Bribery Policy, Anti-Money Laundering checks, 'Know Your Customer' (KYC) Procedures and Statement on Human Rights are part of our ESG Policy.

4. ROLES AND RESPONSIBILITIES AT FUND LEVEL AND PORTFOLIO COMPANY LEVEL

4.1. Fund Level

Novastar's commitment to environmental and social responsibility and good governance extends to employees, directors, officers, contractors and agents (the "**Employees**"). Each has a responsibility to adhere to this Policy. It is therefore vital that each of them fully understands the Policy and is equipped and committed to play their part in its implementation.

All those in a position to influence investment decisions including members of the Investment Committee will be briefed on Novastar's ESG policies and processes, and our operational practices will seek to ensure a high level of ESG awareness. In particular:

<p>Head of Sustainability & Partner in charge of ESG</p>	<p>Oversight of the ESMS:</p> <ul style="list-style-type: none"> ✦ The Partner in charge of ESG is responsible for ensuring implementation of this ESMS. ✦ Set the ESG vision and strategy aligned with the fund's objectives. ✦ They will regularly report to the Investment Committee on the implementation of the ESMS by Novastar and its investees. ✦ The Head of Sustainability is the designated Complaints Officer for the external grievance redress mechanism (see Annex 8A), and checks the Novastar complaints/grievance email address, maintaining the complaints log, tracking recurring issues, and ensuring systemic problems are addressed. <p>ESMS Review & Update:</p> <ul style="list-style-type: none"> ✦ The Head of Sustainability shall review the ESG Policy vis-à-vis implementation by Novastar Employees and the investee companies during the preceding financial year taking into consideration: any areas of concern raised by: (a) any Novastar Employees, (b) any investee, or (c) the Advisory Committee or E&S Committee during the preceding year; any incidences of non-compliance by: (a) Novastar Employees; or (b) any investee during the preceding year; and changes (or proposed changes) to any applicable legislation or regulations that may impact the business activities of Novastar or any of its investee's, Novastar's Exclusion List, the Novastar ESMS, or the compliance with or implementation of the ESG Policy. ✦ The Head of Sustainability shall then propose updates to this ESG Policy and ESG Management System in respect of the above, and present this to the Partner in charge of ESG for their approval. <p>Induction & Training:</p> <ul style="list-style-type: none"> ✦ The Head of Sustainability shall ensure that all new employees are given ESG Induction Training upon joining Novastar. Specifically, all investment team members will be trained in our ESG policies and management system by: Attending an initial training session on the critical aspects of the ESG policy and manual; this training session will be led and/or organised (if
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Partner in charge of
ESG

external experts are to be used) by the Head of Sustainability; Attending an ESG training programme organised by a DFI (or equivalent); and shadowing an investment team member through an ESG due diligence process

- ★ In addition, all new employees shall be provided with a copy of (i) the ESG Management System; (ii) the Code of Conduct for their review and reference.
- ★ Staff fulfilling specialist roles such as the money laundering officer, compliance officer and directors will receive appropriate training for that role.
- ★ Novastar shall be responsible for ensuring communication of and compliance with this Policy to Employees. By signing his/her respective employment agreement or appointment letter, each Employee will be deemed to have agreed to comply with this ESG Policy.
- ★ Working with the investment managers, the Head of Sustainability will share lessons from ESG Due Diligence and Monitoring during Novastar Summits
- ★ The Head of Sustainability will deliver an onboarding session with relevant ESG personnel at new portfolio companies on ESG & Business Integrity matters, including reporting requirements

ESG Due Diligence: Lead ESG due diligence on portfolio companies, aligning with IFC Performance Standards and Green Climate Fund criteria. Assess ESG risks; conduct site visits and stakeholder interviews; develop ESAPs with clear deliverables and deadlines; negotiate ESAPs with entrepreneurs; and prepare due diligence reports for the investment committee's review.

Portfolio Monitoring: Take full ownership of the ESG portfolio monitoring process. Proactively engage with portfolio companies (with the support of investment managers) to identify and address ESG risks and opportunities, drive continuous improvement, ensure timely and high-quality reporting to LPs, and lead initiatives to elevate ESG performance across the portfolio.

Reporting to LPs:

- ★ Facilitate Quarterly E&S committee calls.
- ★ The E&S Committee, who are well versed in ESG matters, will also be consulted to provide advice to the General Partner and Manager on matters related to evolving ESG policies and procedures, including this Policy.
- ★ Lead quarterly, Annual & Serious Incident reporting to LPs.
- ★ **Strategic Oversight:** Ensure that the ESG vision and strategy are aligned with the fund's objectives, that the ESG framework integrates into the investment process and achieves compliance with investor expectations.
- ★ **Resource Allocation and Support:** Provide leadership and resources for the Head of Sustainability to implement the ESMS effectively. Foster collaboration between the Novastar ESG function and other teams, and portfolio companies on ESG priorities.
- ★ **Stakeholder Engagement:** Represent the firm on ESG matters with investors, regulators, and other stakeholders. Communicate ESG performance, initiatives, and impact transparently to build trust and maintain alignment with LPs (including E&S Committees and Novastar's Advisory Committee).

Investment Managers	<p>During the Investment Process: Carry out the initial screening against the ESG Exclusion List, identify key risks and collaborate with the Head of Sustainability to conduct ESG due diligence and write the ESG Report. Ensure that ESG and Business Integrity issues that are uncovered are discussed with the Compliance Officer, Head of Sustainability, and the Money Laundering Reporting Officer (MLRO).</p> <p>Portfolio Monitoring: Track and evaluate portfolio companies' ESG performance against agreed action plans and KPIs. Ensure that serious incidents and notable changes to the business that affect with the company's ESG risk profile are discussed with the Head of Sustainability and appropriate actions implemented.</p>
The Compliance Officer, MLRO (Money Laundering Reporting Officer)	<ul style="list-style-type: none"> ✦ The responsibility for all business integrity and financial crime related issues lies with the Money Laundering Reporting officer ("MLRO") ✦ The investment team will raise business integrity queries with the MLRO. The investment team will conduct initial screening of investment opportunities using the due diligence questionnaire as guidance and will consult with the MLRO with identified risk areas. ✦ The MLRO will provide the investment team and the ESG lead with guidance and direction, requesting additional information in high-risk situations, which include lack of information. The MLRO is required to provide a final review and sign-off.
E&S Committee	<ul style="list-style-type: none"> ✦ The Environmental & Social (E&S) Committee provides advisory and oversight support to Novastar's ESG strategy and implementation. ✦ Comprised of ESG leads at Limited Partners (LPs), the committee fosters alignment between Novastar and its LPs on ESG priorities. ✦ Meets quarterly with Novastar's ESG leads to discuss progress, identify emerging ESG risks and opportunities, and provide strategic input. ✦ Reviews and provides feedback on preliminary ESG due diligence reports for potential investments to ensure alignment with international standards and LP expectations. ✦ Acts as a sounding board on ESG matters across the portfolio, promoting continuous improvement and knowledge sharing.

4.2. Portfolio Company Level

Resource Allocation Based on ESG Due Diligence: Following Novastar's ESG due diligence (ESG DD), Portfolio Companies are expected to allocate appropriate financial and human resources to address identified ESG risks and close any gaps with the Fund's ESG standards. The level of investment should be proportional to the stage of business, risks and impacts identified, and the company's capacity to manage them. These guidelines are aligned with GCF Standards (The GCF Revised Environmental and Social Policy and IFC Performance Standards on Environmental and Social Sustainability).

Minimum ESG Functions Required in All Portfolio Companies: At a minimum, each Portfolio Company must ensure the following ESG-related functions are adequately fulfilled. These roles may be distributed across existing staff or assigned to dedicated personnel, depending on the nature and scale of ESG risks:

Role	Key Responsibilities
Person with overall ESG Responsibility	Oversees overall ESG integration, ensures compliance with ESG requirements, facilitates internal ESG planning and implementation, and reports to Novastar.
Environmental Lead	Manages environmental risks and ensures compliance with national regulations and investor (Novastar, GCF) environmental safeguards.
Health & Safety Officer	Oversees workplace safety, labour conditions, and security, including for subcontracted workers.
Community Engagement Focal Point	Leads stakeholder engagement processes, manages community relations, implements grievance mechanisms, and ensures transparency in communication.

Scaling ESG Capacity to Risk Profile: The structure and size of the ESG team should be proportional to the scale and complexity of the company's operations and associated risks. In cases where high-risk ESG issues are identified during due diligence, a dedicated staff member must be appointed to oversee the relevant risk area. This person must have appropriate expertise, authority, and seniority to implement effective risk management measures. If the high-risk issue does not fall within the standard roles described above, the company must create a specific new position to address it.

5. REVISION OF POLICY

This Policy shall come into effect with effect from June 2025, and shall be reviewed annually to determine whether it requires revision.

The Novastar Head of Sustainability who is responsible for the implementation of the ESG Policy shall review the ESG Policy vis-à-vis implementation by Novastar Employees and the investee companies during the preceding financial year taking into consideration:

- ✦ any areas of concern raised by: (a) any Novastar Employees, (b) any investee, or (c) the E&S Committee or Advisory Committee during the preceding year;
- ✦ any incidences of non-compliance by: (a) Novastar Employees; or (b) any investee during the preceding year; and
- ✦ changes (or proposed changes) to any applicable legislation or regulations that may impact the business activities of Novastar or any of its investee's, Novastar's Exclusion List, the Novastar ESG Management System, or the compliance with or implementation of the ESG Policy.

The Novastar Head of Sustainability shall propose updates to this ESG Policy and ESG Management System in respect of the above, and present this to the Partner in charge of ESG for their approval.

6. INDUCTION & TRAINING AT FUND LEVEL AND PORTFOLIO COMPANY LEVEL

Novastar Team	<p>All Novastar employees are given ESG Induction Training upon joining the firm. Specifically, all investment professionals will be trained in our ESG policies and management system by:</p> <ul style="list-style-type: none"> ✦ Attending an initial training session on the critical aspects of the ESG policy and manual; this training session will be led by the Head of Sustainability (or other qualified senior investment professional); ✦ Attending an ESG training programme organised by a DFI (or equivalent) ✦ Getting a copy of the ESG Management System ✦ Investment team members will receive regular ESG refresher trainings ✦ Staff fulfilling specialist roles such as the money laundering officer, compliance officer and directors will receive appropriate training for their roles.
Portfolio Companies	<p>The Head of Sustainability will deliver an onboarding session with relevant ESG personnel at new portfolio companies on ESG & Business Integrity matters, including reporting requirements.</p>

7. PRINCIPLES FOR RESPONSIBLE INVESTMENT

ESG considerations are a core component of Novastar's investment process. When investing in any business, we view ESG issues in the same way we do any commercial and legal risks and opportunities.

The principles informing the approach to ESG in the investment activities of Novastar are as follows:

Principle 1	ESG criteria will be incorporated into our investment analysis and decision-making processes.
Principle 2	<p>Novastar will apply our ESG Policy across each of the investment portfolios and regions in which we invest, and in particular shall:</p> <ul style="list-style-type: none"> ★ communicate and promote ESG risk management matters throughout our organisation and with our investees; and ★ support our investees in developing sustainable long-term ESG risk mitigation strategies.
Principle 3	We will comply with applicable ESG laws and regulations and look to our investees to do the same.
Principle 4	Novastar will inform our investors of this ESG policy and provide them with information on our approach to ESG issues on a regular basis and investees will be required to disclose ESG issues within their businesses.
Principle 5	We will work with our investors (and other invested organisations) in the promotion, acceptance and implementation of sustainable ESG policies and practices throughout the impact investment industry.
Principle 6	Novastar will ensure that each member of its team is accountable for ESG integration in accordance with our policy.

In addition, Novastar is committed to complying with the BII's Code of Responsible Investing available at <https://toolkit.cdccgroup.com/working-with-cdc/code-responsible-investing/> and Obviam's Responsible Investing Policy at <https://www.obviam.ch/expertise/investing-responsibly/>

8. ESMS IMPLEMENTATION COSTS*

As part of our commitment to responsible investment, Novastar assumes full responsibility for the implementation and maintenance of its Environmental and Social Management **System** (ESMS). The costs covered by Novastar include, but are not limited to:

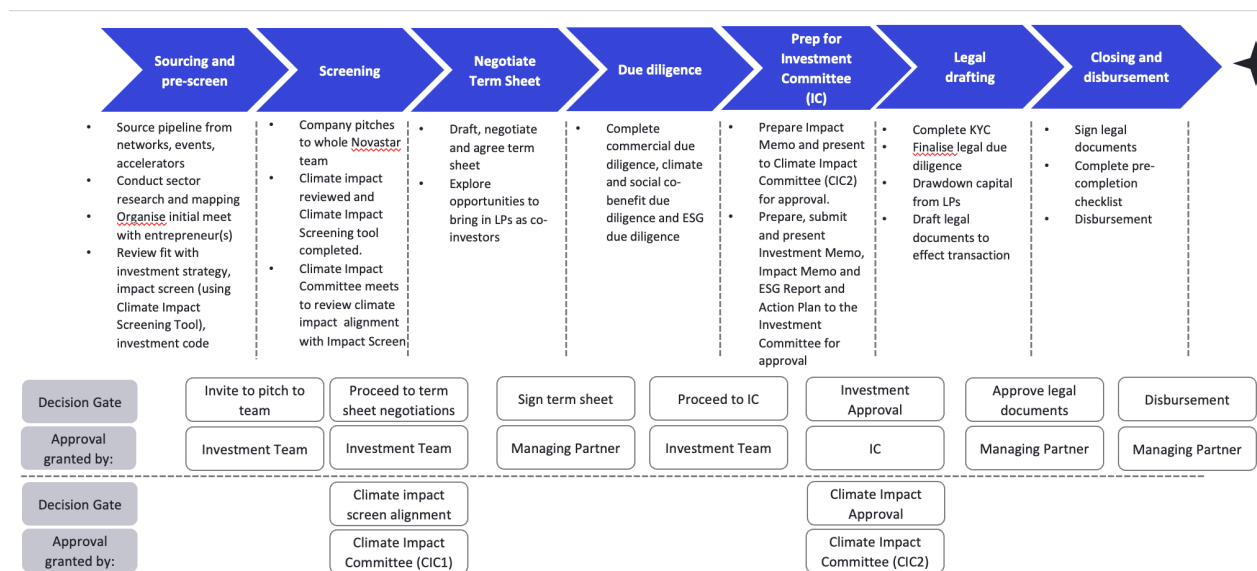
- ★ Development and periodic updates of the ESMS, including alignment with international standards (e.g., IFC Performance Standards, GCF RESP);
- ★ Training of investment team members and relevant staff on ESG risk identification, management, and monitoring;
- ★ Development and maintenance of ESG tools and systems, such as checklists, reporting templates, and data management platforms;
- ★ ESG diligence of pipeline and portfolio companies;
- ★ Stakeholder engagement and communications related to the ESMS at the fund level.

These costs are incorporated into Novastar's operating budget, ensuring the ESMS remains effective, resourced, and continually improved.

*NB: Each portfolio company is responsible for implementing the ESAP between them and Novastar, fulfilling related reporting requirements, and covering all associated costs, including those necessary to meet our firm's ESG standards.

9. ESG IN THE INVESTMENT PROCESS

ESG is embedded into the entire investment process. For context, an overview of the investment process is below:



Within the process outlined above, the ESG steps in NVII's investment process are as follows:

Stage 1: Initial Review	<ul style="list-style-type: none"> ★ Exclude businesses that do not align with NVIII Social and Environmental Impact Screen. ★ Exclude companies whose business activities fall within the Exclusion List. ★ Assess the investment according to ESG policies. ★ Form a preliminary view on the character & motivation of the founder(s). ★ Clarify Impact and ESG expectations with owners/mgt. ★ Identify opportunities to add value. ★ Check compliance with ESG requirements in the investment policy. ★ For potential investments that currently breach the investment code (but which will resolve the breaches after the investment), present the investment to the Advisory Committee for review.
Stage 2: Risk Rating and Due Diligence	<ul style="list-style-type: none"> ★ Understand how ESG matters are managed by the investee. ★ Assess ESG risks and assign ESG risk ratings. ★ Identify ESG gaps and opportunities; discuss with owners/ management. ★ Assess the need for external ESG consultants to conduct due diligence. ★ Gather ESG-relevant information through questionnaires, interviews, site visits & document review. ★ Evaluate and prioritise ESG activities and goals in the investee's Action Plan. ★ Identify resources required to implement the Action Plan. ★ Present the ESG Due Diligence and Action Plan for the first 3 investments and all high-risk investments to the E&S Committee for review.

Stage 3: Investment	<ul style="list-style-type: none"> ✦ Include all ESG-related items in the investment papers. ✦ Confirm ESG Action Plan with the milestones tied to subsequent investment stages (or by withholding a portion of the investment, pending progress against plan). ✦ Formally approve ESG matters in IC. ✦ Disclose Category B investments as per the agreed GCF disclosure process. ✦ Procure legal undertaking from investees for ESG requirements at disbursement. ✦ Assign investee responsibility for managing and monitoring ESG, and make it an integral part of the legal documentation.
Stage 4: Reporting and Monitoring	<ul style="list-style-type: none"> ✦ Monitor performance on ESG and progress on Action Plans. ✦ Assist investees with implementation of ESG Action Plan. ✦ Secure external assistance if needed. ✦ Monitor, record, follow up any serious ESG incidents, and inform investors. ✦ Collect ESG metrics. ✦ Prepare quarterly/annual reports. ✦ Sign off Action Plan achievement before milestone investments are disbursed. ✦ Report on progress on ESG matters (performance against the ESG Action Plan, serious incidents, breaches)
Stage 5: Exit	<ul style="list-style-type: none"> ✦ Identify remaining ESG risks and opportunities at exit. ✦ Conduct due diligence (including Anti-Money Laundering checks) on buyer and assess potential ESG issues (e.g., redundancy management, perceived conflicts of interest). ✦ Seek to ensure sound ESG practices post sale. ✦ Assess total low-income market and development impact from the investment. ✦ In wind down situations, ensure that liquidators act appropriately towards debt collection and asset recovery.

9.1. Stage 1: Initial Review

At this stage, Novastar makes an initial, preliminary evaluation of the potential for the investee under consideration to confirm whether: (i) it meets the NVIII Social and Environmental Impact Screen requirements; and (ii) whether its business activities are prohibited under the Novastar Exclusion List.

9.1.1. Stage 1.1 Alignment with NVIII Social and Environmental Impact Screen

NVIII will positively screen for investments where the commercial growth of the company and the scale of climate impact and social co-benefits are clearly and strongly correlated. The fund will avoid investments that require a trade-off between the financial and non-financial objectives of the fund. At the time of NVIII's initial investment, the target company must satisfy at least one of the following criteria:

- ✦ The company provides solutions that enhance climate resilience for The Many (see definition below);
- ✦ The company enables the removal or avoidance of greenhouse gas emissions (CO₂e) and, at scale, benefits The Many as end consumers or suppliers;

- ★ The company enhances biodiversity and/or soil health and, at scale, benefits The Many as end consumers or suppliers;
- ★ NVIII's investment is designated and structured to enable the business to satisfy one of the three criteria above.

'The Many' means economically active customers, suppliers and employees that constitute 60% to 80% of the population in our principal geographies without which our portfolio companies could not get to scale. NVIII will use qualitative criteria and income proxies in the Impact Screen to ensure the business can get to scale by serving "The Many" – typically individuals and households characterized by their:

1. Limited access to affordable, quality basic goods and services such as food, energy, water, sanitation, transportation and housing;
2. Insecure income and vulnerability to income shocks, whether due to climate or the insecurity of informal markets;
3. Low income due to reliance on unskilled employment, small-scale agriculture, or other low-productivity, part-time or informal market opportunities;
4. Limited access to markets, such that they gain poor returns for their produce or enterprise, struggle to find affordable products suited to their needs and pay high costs for goods and services;
5. Vulnerability to climate risks and their negative impacts including reduced productivity, income and demand for solutions that build resilience.

While our assessment of The Many focuses on these qualitative proxies, where possible we will also reference per capita daily incomes (< c.\$6 per day) as a secondary check, mindful that what characterizes low-income varies by country and region within countries, so we will not apply the same standard everywhere.

Climate Impact Screening

We will rigorously apply a screen for climate mitigation and adaptation impact. To ensure that we are being rigorous about the application of this climate screen, we have designed (see Annex 15) – with the support of GCF and British International Investment's climate finance team (LPs in NVIII) - a screening tool which will be used to ensure the consistent assessment of the climate risks specific to the country and population, to the solution offered and the strength of the logical consequence of its success driving mitigation and / or adaptation outcomes. We use this tool in our due diligence process for making new investments to help us gauge whether companies are in / out of our impact screen, ensuring unambiguous logical linkages between the climate need and the solution offered by the company. Companies must meet a 'threshold' of climate impact in order to be screened 'in'. The tool we've designed includes a scoring system whereby companies are ranked on the strength of climate adaptation impact and climate mitigation impact from Low to High. Any company which score 'Low' in both of these impact areas will be screened 'out' for NVIII. Investments that score either 'Medium' or 'High' for either climate adaptation impact or climate mitigation impact will pass the screen. Higher scores will influence our ultimate investment decision, but this score not is the only criterion as we will also consider commercial elements that are needed to drive capital appreciation.

9.1.2. Stage 1.2 Novastar Exclusion List

Novastar shall NOT invest in companies whose business activities fall within the Exclusion List (whether now or in the future), and these companies will be identified at the initial review stage. Novastar shall make use of the Exclusion Checklist set out in Annex 2B to assess whether an investee's business is precluded from investment by the Fund. Annex 2B includes activities that are not aligned with environmental, social, and governance (ESG) principles & responsible investment. Annex 2B is consistent with the exclusion lists of Novastar's Limited Partners and will be updated to align with the Exclusion Lists of any new investors in the Fund. [Future Activities](#)

falling within the Exclusion List: In order to prevent an investee from carrying on activities that fall within the Exclusion List after the investment by Novastar we shall include, in the legal documentation entered into with the investee, covenants that require the investee to: immediately notify Novastar of any business activity that may fall within the Exclusion List; and immediately adopt and implement such plan or take such action (as agreed with Novastar) to cease or remedy such activity within a specified period. These additional actions shall form part of the ESG Action Plan for that investee, and shall be subject to the monitoring provisions under this ESG Management System.

Novastar may also reserve the right to cease making any advances to an investee or decline to participate in future fund raisings by said investee until any such activities are ceased, removed from the investee's business, or otherwise remedied.

In addition, Novastar will also include the right to pursue other remedies permitted under the contracts or under any applicable laws and regulations.

9.2. Stage 2A: ESG & BI Risk Rating

At this stage Novastar establishes the ESG risks inherent in the investee's business. The ESG risk ratings are used to determine the extent of due diligence required; and/ or whether to involve the help of specialists during due diligence.

We derive 3 risk assessment including one for E&S, Governance, and Business Integrity.

9.2.1. Stage 2A.1 E&S (Environmental and Social) Risk Rating

NVIII E&S risk categories are as follows, with Category A being the highest risk category, and C the lowest. These risk ratings are aligned with previous Novastar Funds and informed by global standards such as those set by the Green Climate Fund (GCF). NVIII will not invest GCF funds in companies with a risk rating of A.

- ★ Category A: Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- ★ Category B: Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
- ★ Category C: Activities with minimal or no adverse environment and/or social risks and/or impact.

Table: Environment & Social Risk Categorisation

Category	Parameters	Indicators (Not Exhaustive)	Illustrative Activities	Information Requirements
Category A High Risk	Activities with potential significant adverse environmental and/or social risks and impacts that,	★ Developments with large resettlement or land	The investee's business activities listed in Annex 1 will fall under Category A ² The list provided is indicative and the types of	A copy of the Environmental Assessment Report or elements thereof

² Taken from the Environmental and Social Policy of the European Bank for Reconstruction and Development (May 2008) available at <http://www.unece.org/fileadmin/DAM/env/pp/ppif/responses/Cat.1-2.IFs/Pan-Euro/EBRD.from.2006.07.25.envtl.policy.pdf>

Category	Parameters	Indicators (Not Exhaustive)	Illustrative Activities	Information Requirements
	<p>individually or cumulatively, are diverse, irreversible, or unprecedented (<i>Ref GCF RESP</i>)</p> <p>Novastar considers that the investee's business activities are likely to have significant adverse environmental and social effects that are sensitive, diverse, or unprecedented.</p> <p>These effects may affect an area broader than the sites or facilities subject to the physical works, and may be irreversible.</p> <p>These impacts cannot be mitigated or remedied or if so – only at significant cost.</p> <p>Please refer to Annex 1 for a list of Category A (High Risk) Business Activities.</p>	<p>conversion components.</p> <ul style="list-style-type: none"> ★ Significant impacts on communities. ★ Trigger IFC Performance Standards¹ 5-8, as well as IFC Performance Standards 1-4. ★ Serious health and safety risks. ★ Risk of significant harmful emissions. ★ Labour rights risks may be significant. 	<p>activities it contains are examples. The categorisation of each activity will depend on the nature and extent of any actual or potential adverse environmental or social impacts, as determined by the specifics of its design, operation, and location.</p> <p>Examples of Category A activities include (<i>not exhaustive</i>):</p> <ul style="list-style-type: none"> ★ Extraction of petroleum and natural gas for commercial purposes, and installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more. ★ Municipal wastewater treatment plants with a capacity exceeding 150,000 population-equivalent. ★ Municipal solid waste processing and disposal facilities. ★ Large-scale tourism and retail development. ★ Construction of high-voltage overhead electrical power lines. ★ Large-scale land reclamation. 	<p>in order to assist Novastar in identifying and assessing potential adverse environmental and social effects.</p> <p>If the environmental and social assessment for a Category A activity has been completed by an employee(s) of the investee or any affiliate thereof, Novastar shall require, prior to the time it makes an investment decision, that independent expertise acceptable to Novastar be engaged to review such assessment for potentially significant problems in the analysis.</p>

¹ Refers to the IFC Performance Standards on Environmental and Social Sustainability (January 2012) available at http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbfd1a5d13d27/PS_English_2012_Full-Documents.pdf?MOD=AJPERES

Category	Parameters	Indicators (Not Exhaustive)	Illustrative Activities	Information Requirements
			<ul style="list-style-type: none"> Large-scale primary agriculture or forestation involving intensification or conversion of natural habitats. <p>Socially Critical Projects, examples of Category A activities:</p> <ul style="list-style-type: none"> Projects with large groups of low-skilled labour, for instance in free trade zones etc. (e.g. textiles manufacturing projects which may affect indigenous or tribal populations) Projects which may affect areas of archaeological or cultural significance Projects which cause or have caused (during last 5 years) physical or economic resettlement Projects which cause retrenchment of more than 10% of the present work force 	
Category B Medium Risk	Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation	<ul style="list-style-type: none"> Developments including some land acquisition / conversion. Trigger IFC Performance Standards 5-8 in a limited way plus IFC Performance Standards 1-4. 	<p>The following activities may fall under Category B provided that they are not in sensitive areas:</p> <ul style="list-style-type: none"> Smaller scale agri-industry and aquaculture. Smaller scale infrastructure or industrial developments. 	Information provided to Novastar for the purposes of a review of a Category B activity may be in the form of environmental and social assessment

Category	Parameters	Indicators (Not Exhaustive)	Illustrative Activities	Information Requirements
	<p>measures (<i>Ref GCF RESP</i>);</p> <ul style="list-style-type: none"> Activities with generally limited potential adverse social or environmental impacts that are site-specific and readily addressed through mitigation measures, but having some specific features which can have potential significantly more adverse social or environmental impacts. Activities with limited potential adverse social or environmental impacts that are site-specific and readily addressed through well-known mitigation measures. 	<ul style="list-style-type: none"> Some impact on communities. Significant health and safety, labour rights or emissions risks. Only brownfield land. IFC Performance Standards 1-4 triggered. Minimal health and safety, labour rights or emissions risks. 	<ul style="list-style-type: none"> Irrigation, rural water supply, and sanitation projects. General manufacturing. Food processing. Telecommunication. Tourism (including hotels). Smaller scale dams or reservoirs. Thermal power stations with capacities less than 300 MWt (~140 MWe). 	<p>instruments or elements thereof and should examine potential negative and positive environmental and social effects including measures to prevent, minimise or compensate for adverse impacts and improve related performance.</p> <p>However, the scope of the environmental and social assessment for a Category B activity may be narrower than that of a Category A activity.</p>
Category C Low Risk	Activities with minimal or no adverse environmental and/or social risks and/or impacts although labour issues must still	Labour rights issues only (IFC Performance Standards 1-2).	<p>Examples of Category C business activities:</p> <ul style="list-style-type: none"> Advisory Assignments. 	Information required in respect of a Category C activity will be that required by Novastar to categorize the

Category	Parameters	Indicators (Not Exhaustive)	Illustrative Activities	Information Requirements
	be checked) (<i>Ref GCF RESP</i>)		<ul style="list-style-type: none"> ★ Media & Information Technology. ★ Life insurance. ★ Securities underwriters, brokers and dealers. ★ Consultancy. 	investee's activities.

9.2.2. Stage 2A.2 Corporate Governance Risk Rating

In addition to assessing the E&S risk, Novastar will consider and rate the risks of poor corporate governance by using the table below to categorise the potential governance risks. NVIII Corporate Governance risk categories are as follows, with Category A being the highest risk category, and C the lowest.

Novastar believes that strengthening governance systems helps to improve company performance, reduce long-term costs and increase social impacts. High quality corporate governance can have a developmental effect by enhancing a company's reputation, improving internal controls, and ultimately helping it seek commercial backing.

It may be necessary to consider the organizational structure of the investee to fully understand governance risks, for example: some investees may have been established off-shore with a local operating subsidiary especially where they may have existing relationships with other investors. The laws and regulations of the offshore country or indeed the other external investors, may already hold such investee to high business integrity and governance standards; OR some investees may have established non-profit entities that complement the activities of the for-profit company. The governance relationship between these closely related entities will need to be understood and relevant checks and balances established.

The results of the risk review will be used to determine how to proceed with the investment. For investments which are low to medium risk Corporate Governance Risk, we will proceed to full ESG due diligence using internal resources while Novastar may proceed to full ESG due diligence and may use specialist expertise to support the diligence on high-risk corporate governance companies.

Table: Corporate Governance Risk Categorisation

Category	Parameters	Indicators
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Category A High Risk	A proposed investment is classified as Category A if the company does not have the minimum elements of good corporate governance and will not after investment.	<ul style="list-style-type: none"> ★ Basic formalities of corporate governance are in place (or will be in place post investment), including: <ul style="list-style-type: none"> i) a board of directors which meets regularly; ii) records of shareholders; and iii) annual shareholder meetings. ★ A board of directors is constituted, meets regularly and deliberates independently of executive management.
Category B Medium Risk	A proposed investment is classified as Category B if the company only has some of the minimum elements of good corporate governance.	<ul style="list-style-type: none"> ★ Adequate internal controls and risk management systems are in place and are periodically reviewed by independent external auditors. ★ Adequate accounting and auditing systems exist, including: <ul style="list-style-type: none"> i) quarterly financial reports approved by the board; and ii) annual financial statements audited by recognised firm.
Category C Low Risk	A proposed investment is classified as Category C if the company has the minimum elements of good corporate governance.	<ul style="list-style-type: none"> ★ Annual shareholder meetings. All shareholders provided with all material information and a detailed agenda in advance of meetings. ★ Compliance with relevant anti-money laundering and anti-corruption laws, and relevant policies and procedures are in place including: <ul style="list-style-type: none"> i) Know-Your-Customer checks carried out in relation to all suppliers, contractors used by the company; ii) anti-bribery, gifts & hospitality policies in place; iii) whistleblowing and non-retaliation policy; and iv) procedures for dealing with Politically Exposed Persons (PEPs).

9.2.3. Stage 2A.3 Business Integrity Risk Rating

During ESG due diligence, Novastar will consider and rate the risks of poor business integrity using the table below to categorise the potential governance risks. NVIII Business Integrity risk categories have Category A being the highest risk category, and C the lowest.

Robust business integrity in terms of anti-money laundering, anti-bribery and corruption, counter terrorist financing, proliferation financing, whistleblowing and sanctions practices help mitigate compliance, reputational, and operational risks, and builds the company's reputation as an ethical and trustworthy organisation.

Novastar's systems and procedures for managing business integrity risks including, the following elements and tools:

- ★ Business Integrity section of the ESG Questionnaire in Annex 3;

- ✦ Novastar's Financial Crime Policy which sets out the risk assessment and procedures for: Money Laundering; Terrorist Finance; Proliferation Financing; Internal Fraud; External Fraud; Market Abuse.
- ✦ Novastar's Anti-Bribery and Corruption Policy
- ✦ Business Integrity – Integrity Requirements Checklist

Table: Business Integrity Risk Assessment

Category	Description of Category	Examples
Category A High Risk	A proposed investment is classified if it is likely to have significant risks for corruption or other issues related to business integrity	<ul style="list-style-type: none"> ✦ Investments where founders or senior team members are PEPs or a PEP is a major shareholder/owner; ✦ Investments in countries classified as lower than 20 by Transparency International's Corruption Perceptions Index require the investment team to bring this to the attention of the MLRO. Post initial screening conducted by the Investment team and the MLRO, the MLRO and the investment lead will present the opportunity to the IC to approve to proceed to full due diligence. The MLRO will co-work and oversee the due diligence with the investment lead throughout the investment process. ✦ Investments in countries classified 20-40 by Transparency International's Corruption Perceptions Index <i>and</i>– <ul style="list-style-type: none"> ◆ in sectors which involve large contracts, including with public sector entities or the government, such as construction, public works contracts, real estate and property development, oil and gas, or mining; ◆ in industries where corruption may be common and permits or licenses are required to operate; the risk also depends on the scale of the company's operations and will be assessed on a case by case basis: <ul style="list-style-type: none"> • heavy manufacturing • pharmaceuticals • utilities • power generation and transmission • telecommunications and equipment • large hotel groups • forestry ◆ companies with significant state ownership interests; ◆ privatisations; and / or <ul style="list-style-type: none"> • in businesses that rely heavily on intermediaries / Agents / Contractors; • in businesses that have opaque structures; • in businesses that allow facilitation payments. • In businesses that are involved in the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological

		weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws, or, where applicable, international obligations. It includes technology, goods, software, services or expertise.
Category B Medium Risk	A proposed investment is classified as Category B if the risks for corruption or other issues related to business integrity are less than for Category A investments but nevertheless a concern.	<ul style="list-style-type: none"> ✦ Investments in countries classified as 20-40 by Transparency International's Corruption Perceptions Index in industries where corruption may be common, such as: <ul style="list-style-type: none"> ◆ medical care; ◆ transportation and storage; ◆ restaurants and leisure ◆ in businesses that have incentive schemes that promote consumer detriment; ◆ in businesses where historical corporate scandal risks are present, such as; people misconduct, anti-competitive behaviour, bullying and sexual harassment. ◆ in businesses that do not foster a culture of conflicts of interest identification and management strategy. ✦ Investments in countries classified as 40-70 by Transparency International's Corruption Perceptions Index and within the sectors and with the characteristics listed in Category A above, for countries classified as 20-40.
Category C Low Risk	A proposed investment is classified as Category C if it is likely to have low risks for corruption or other issues related to business integrity.	<ul style="list-style-type: none"> ✦ Investments in countries classified as higher than 70 by Transparency International's Corruption Perceptions Index; ✦ Investments in countries classified as 20-70 by Transparency International's Corruption Perceptions Index in industries that are usually not prone to corruption, such as: information technology; and agriculture.

Table: Business Integrity Country Risk Rating

Novastar will use Transparency International's latest Corruption Perception Index published annually <https://www.transparency.org/en/cpi#> for a basic country business integrity risk classification. NVIII will provide funding for investees that operate across Africa – particularly in the following countries whose Transparency International Index ratings are set out below.

Country	Transparency Index Country Rating (2024)
Ghana	42

Kenya	32
Nigeria	26
Rwanda	57
Egypt	30
South Africa	41

Novastar will classify investees as High Business Integrity Risk only if their business activities fall within the industries and business types listed in the business integrity risk assessment.

For investments in countries ranked 20-70 on Transparency International's Corruption Perceptions Index, and operating in industries other than those listed in the BI risk assessment, Novastar will exercise discretion in assigning a business integrity risk rating.

Given the inherently high business integrity risk in these countries, all investees must demonstrate compliance with anti-corruption and anti-money laundering regulations. They must also implement measures to prevent corruption and money laundering as part of their corporate governance processes.

Since business integrity extends beyond territorial corruption risk, Novastar will conduct due diligence on all relevant aspects and assess risk on a case-by-case basis, following the criteria outlined above.

Table: Conflict Screening at Country Level: Conflict Screening and Sensitivity Assessment

Element	Description
Purpose	In alignment with the Green Climate Fund (GCF) Environmental and Social Policy, Novastar will incorporate conflict screening and sensitivity analysis into ESG due diligence, in line with GCF Revised Environmental and Social Policy and in recognition of investments in fragile/conflict-affected contexts (e.g. Nigeria).
Applicability	Required for all investments. Conflict Sensitivity Assessment (CSA) is mandatory only for investments in medium-to-high conflict risk contexts identified during initial screening.
Conflict Screening	Conducted during ESG due diligence using: • World Bank Fragile and Conflict-Affected Situations (FCS) list • ACLED conflict data • UN country profiles or similar sources Screening identifies risks such as: • Armed conflict, violence, or political unrest • Land tenure disputes • Marginalization of women or Indigenous Peoples • Threats to project staff, communities, or supply chains
Trigger for Conflict Sensitivity Assessment (CSA)	If conflict risk is rated medium or high, a CSA is required.

Conflict Sensitivity Assessment (CSA)	CSA may be a standalone section or integrated into existing safeguards documentation such as: • Environmental and Social Due Diligence (ESDD) • Environmental and Social Action Plan (ESAP) • Gender Assessment • Indigenous Peoples Plan (IPP) It will cover: • Potential project impacts on local tensions • Risk of exacerbating or mitigating conflict • Protection of vulnerable groups (e.g. women, displaced people) • Conflict-sensitive stakeholder engagement and grievance mechanisms
Tools and Guidance	Novastar will use recognized external frameworks such as: • UNEP Conflict Sensitivity Tool • CGIAR Climate Security Sensitivity Tool • USAID Fragility Assessment Framework
Land Tenure & Indigenous Peoples	Where Indigenous Peoples or customary landholders are involved, conflict risks over land and resource rights are assessed under IFC Performance Standard 7. The results would then be documented in the Indigenous Peoples Plan (IPP).
Documentation	Conflict screening outcomes and CSA (if required) will be included in the investment's E&S documentation and disclosed according to GCF policies.
Review and Updates	Conflict-related risks will be reviewed periodically throughout the investment lifecycle. Any material changes trigger a reassessment.

9.2.4. Stage 2B: Preliminary ESG Due Diligence Report to the E&S Committee

This step applies to i) the first 3 investments for NVIII AND ii) the first 3 investments categorised as high-risk projects.

Involvement of the EnS committee in the ESG due diligence process:

- ✦ During the E&S screening stage, Novastar will provide the E&S sub-committee with a brief overview of the project, including its stage, identified E&S risks, preliminary risk rating, and proposed ESDD process (internal or external).
- ✦ The committee will have 3 days to approve the rating and proposed ESDD modalities, after which the Novastar team will proceed based on the recommendations made.
- ✦ This approval process will expire at 6 months post 1st close unless the E&S Committee decide to extend.
- ✦ The subcommittee will also have to review the three first ESDD reports for high-risk projects.

Refer to Appendix 16 for the template of this report.

9.2.5. Stage 2C ESG Due Diligence

After completion of the risk assessment, ESG due diligence will then be conducted at the same time as commercial, legal and financial due diligence. Careful planning of due diligence, and scoping of potential issues, impacts and opportunities are important pre-requisites to helping investees progress their business activities and receive the funding they seek in a timely and efficient manner.

The due diligence process will establish:

- ✦ the ESG opportunities, impacts and issues associated with the investee and its area of influence;

- ✦ the capacity and commitment of the investee to address or mitigate these satisfactorily; and
- ✦ the role of third parties in achieving compliance with the ESG Policy.

9.2.6. Stage 2C.1 ESG Due Diligence Process - detailed workflow and timeline

The table below shows the detailed due diligence workflow, which is part of Novastar's overall investment process.

Table: ESG Due Diligence Detailed Workflow (Weeks 1 – 9)

Week 1			
Activity	Resource	Output	Responsibility
Join meetings between the deal team / investment director + investee(s) to understand the business operations & any anticipated expansion plans (products, geographies etc) that would be material to ESG	Company pitch deck, business plan	<i>Business Overview</i> section of the ESG due diligence report	Head of Sustainability, Investment Analyst
Assess company and assign it 3 ESG risk ratings on a scale of A to C for E&S, Governance and Business Integrity. Identify the key priority areas for ESG DD.	Novastar ESMS risk rating criteria	<ul style="list-style-type: none"> ✦ ESG risk rating section of the ESG due diligence report showing 3 risk ratings, key areas for due diligence, and Go/No-Go recommendation provided to the Investment Director ✦ Recommendation on type of due diligence we undertake (depth, use of external consultants etc) 	Head of Sustainability
Week 3			
Creation of ESG Folder Structure (incl. key templates)	Deal Folder in OneDrive	ESG Folder Created	Investment Analyst
ESG due diligence kick-off call: <ol style="list-style-type: none"> Discuss Novastar's ESG Requirements with Investee Ascertain who ESG main point of contact 	Novastar ESG Slide deck, Novastar ESG Questionnaire	ESG Questionnaire emailed to investee. Investee given 1 week to complete it	Head of Sustainability, Investment Analyst, Investment Director

will be on investee side 3. Provide copy of Novastar ESG Questionnaire 4. Give them a heads up about potential site visits & staff interviews			
*For first 3 investments in NVIII OR if E&S risk rating is <i>medium-high</i> or higher: Write report of 'Preliminary E&S risk overview'	ESG data room, notes from meetings with investee so far	Preliminary E&S risk overview report sent to the NVIII EnS Committee	Head of Sustainability, Investment Analyst
If the ESG risk ratings are high or medium high: decide whether external specialist consultants will be required and consult E&S Committee	Novastar ESMS	Top 3 external consultants to consider (incl. their relevant expertise)	Head of Sustainability, Partner in charge of ESG
Complete 1st draft of ESG due diligence report	ESG data room	Completed sections of ESG report incl. 1. Company overview 2. Preliminary risk rating 3. Key questions/areas of concern 4. Corporate governance section	★ Head of Sustainability, Investment Analyst (for company overview), ★ Investment director (for corporate governance risk assessment)
Week 4			
Complete 2nd draft of ESG report	ESG Questionnaire responses, ESG data room	Draft ESG Report incl. 1. All key risks/concerns/questions assessed 2. IFC PS 1-4, GBVH, Road safety risk assessment complete	Head of Sustainability, Investment Analyst
Site visits & interviews with staff/customers/stakeholders	Question list to focus on with each stakeholder informed by	Draft ESG Report incl. 1. All key risks/concerns/questions assessed	Head of Sustainability, Investment Analyst

	the key ESG risks & related questions	2. IFC PS 1-4, GBVH, Road safety risk assessment complete	
Send investee follow up questions/requests for missing data	-	Follow up questionnaire (sent to investee)	Investment Analyst
*For first 3 investments in NVIII OR if E&S risk rating is <i>medium-high</i> or higher: Meet E&S Committee to discuss report of 'Preliminary E&S risk overview' and any feedback received from them.	Preliminary E&S risk overview report sent to the NVIII EnS Committee, feedback from E&S committee	Written response to EnS committee on how feedback will be incorporated into the ESG due diligence process	Head of Sustainability, Partner in charge of ESG, Investment Analyst
Week 5			
Complete 1st draft of ESAP	ESAP template	Draft ESAP	Head of Sustainability, Investment Analyst
Meet entrepreneur to discuss ESAP draft and explain rationale	ESAP draft	ESAP draft	Head of Sustainability, Investment Manager
Continue drafting ESG Report	ESG Questionnaire	Draft ESG Report	Head of Sustainability, Investment Analyst
Week 6			
Continue drafting ESG Report	ESG Questionnaire	Final ESG Report	Head of Sustainability, Investment Analyst
Finalise ESAP after incorporating feedback from entrepreneur	ESAP template	Agreed Action Plan with Investee	Head of Sustainability, Investment Manager
Finalise ESG Report and ESAP	ESG Report	Final ESG Report	Head of Sustainability, Investment Analyst, Partner in charge of ESG
Send ESG Report (and ESAP) to IC	ESG Report	Email to IC with ESG report attached and request for their approval	Head of Sustainability
Week 7			

Present ESG Report and ESAP to IC	Final ESG Report	Approved by IC	Head of Sustainability
Week 8			
Follow up on all approvals of ESG report & ESAP by the IC	Final ESG Report	Approved by IC, subject to final approval by Managing Partner (see week 9 for more information)	Head of Sustainability
Week 9			
Post IC approval, submit Category B ESDD report to GCF and publish as per the Disclosure requirements in Section 11.2 of this ESMS	Disclosure Package		Head of Sustainability, Partner in charge of ESG
"*For first 3 investments in NVIII OR if E&S risk rating is medium-high or higher: Share ESG due diligence report with the EnS Committee	ESG report (incl. ESAP)		Head of Sustainability, Partner in charge of ESG
Week 9 onwards			
Minimum 30 days after publication of Category B Disclosure Package, Managing Partner approves the transaction	Disclosure Package and resolution of any comments received by the GCF Secretariat, Board Members, Board Observers and public	Final transaction approval	Managing Partner
Sign legal documents (note this can only done after completion of step above - Final transaction approval)	Transaction Package including legals	Signature of legal package	Managing Partner

Disbursement	Pre-disbursement checklist completed	Disburse	Finance Director & Managing Partner
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9.2.7. Stage 2C.2 Conducting the detailed ESG Due Diligence Assessment

Assuming that a potential investee satisfies the NVIII Social and Environmental Impact Screen and is not engaged with activities on the Exclusion List, we will engage in a dialogue with them about their willingness to integrate the following ESG objectives into their business processes/ activities in order to meet the following ESG Targets.

To determine whether investees meet targets, Novastar will benchmark an investee's business activities against the relevant aspects of the *IFC Performance Standards* and other internationally recognized sector specific or issue specific standards such as **GCF Revised Environmental and Social Policy**; **GCF Environmental and Social Management System (ESMS)**; **GCF Indigenous Peoples Policy**; **GCF Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH)**; **GCF Gender Policy and Action Plan 2020–2023**; **GCF Information Disclosure Policy**. Good Practice notes in GBVH and Supply Chains from BII, Business Integrity standards from Swedfund, and Road Safety standards from IOGP

The investee will be informed of the need and scope for due diligence investigations to be conducted. External consultants may be required in relation to high risk and potentially some medium-high risk activities where their expertise is needed to evaluate the risks and opportunities for mitigation. Novastar will use a detailed ESG due diligence questionnaire (adapted from the CDC Toolkit for ESG for Fund Managers) to guide the ESG due diligence process.

Table: Scope of Review and Methodology

Applicable Environmental and Social Laws and Standards	IFC
	<ul style="list-style-type: none"> ✦ IFC Performance Standards [ifc.org/ps1-8]; ✦ IFC Corporate Governance document [ifc.org/corp gov].
	GCF <ul style="list-style-type: none"> ✦ GCF Revised Environmental and Social Policy; ✦ GCF Environmental and Social Management System (ESMS); ✦ GCF Indigenous Peoples Policy; ✦ GCF Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH); ✦ GCF Gender Policy and Action Plan 2020–2023; ✦ GCF Information Disclosure Policy.
	BII <ul style="list-style-type: none"> ✦ BII Good Practice Note on GBVH [bii.co.uk/GBVH]; ✦ BII Good E&S Note on Supply Chains [fintoolkit.bii.co.uk/supply-chains].

	<p>Swedfund's Business Integrity Policy [swedfund.se/business-integrity]</p> <p>International Association of Oil & Gas Producers (IOGP) Safety Practice's Guidelines on Managing land transportation risks</p>
Examples of documents reviewed	<p>To begin with, Novastar will request from the investee all materially relevant ESG information including but not limited to environmental impact assessment reports, social impact assessment reports, evidence of corporate governance (e.g., board minutes, Memoranda & Articles of Association) risk assessments, engineering reports and designs, soil investigations, information on air and water quality modelling, monitoring, resettlement plans, etc. These may go a long way in answering a number of the questions raised in the due diligence questionnaire. However, Novastar will consider the adequacy of this information in terms of: quality and scope of baseline data; methodologies of impact assessment; documentation of the scope of assessment; and when the data was collected, over what period and when the assessment was carried out are also essential factors in considering the relevance of these reports.</p> <ul style="list-style-type: none"> ★ Complete Novastar ESG due diligence questionnaire; ★ Company's ESG data room including policies, ESMS, training documents; ★ Company's Commercial data room including board updates; ★ Third party ESG reports and risk assessments.
Site visits and interviews	<ul style="list-style-type: none"> ★ Site Inspection comprising visual observations of relevant areas and meetings <p>Whatever the nature of the investee and the information received from the investee, Novastar will routinely conduct a site visit to the investee's operations at this stage.</p> <ul style="list-style-type: none"> ★ Interviews with Relevant Stakeholders <ul style="list-style-type: none"> ◆ This will include interviews with the investee staff and employees, beneficiaries (direct or indirect), community representatives, consumers or suppliers, government officials, or competitors.
External consultation	<p>Where it is determined that external consultants are required to conduct such ESG Due Diligence review, Novastar shall prepare suitable terms of reference to ensure that the necessary due diligence exercise is conducted.</p> <p>In selecting an external consultant, the following will be taken into consideration:</p> <ul style="list-style-type: none"> ★ The scope of the investee's business/assets: For example, if it is not feasible for the consultant to visit all sites/assets (financially or due to timescale) Novastar will require that they prioritise 'highest risk' assets; ★ Track record of the consultant, particularly in the host country or industry; ★ The consultants' knowledge and experience of the local context including, socio-political context, legal framework, competition;

	<ul style="list-style-type: none"> ★ The consultant's knowledge of relevant standards including the GCF Policies, IFC Performance Standards, ILO Conventions, BII Code of Responsible Investing and so on; ★ The consultant's auditing experience is an added advantage; ★ The consultant's knowledge of local language may be important especially where the due diligence exercise may require the consultant to conduct interviews with various stakeholders; and ★ The cost of the consulting intervention, in relation to the size of investment and risks under consideration. <p>In addition, Novastar shall consider any recommendations received from local contacts in selecting an external consultant. Novastar shall also confirm that the external consultant holds the required professional indemnity insurance policies to cover the cost of legal liabilities established against them.</p> <p><u>Scope of Work and Deliverables:</u> The terms of reference of the external consultant should be clearly stated in writing to that consultant.</p> <p>Novastar will be required to make the scope of the work as clear and succinct as possible to ensure efficient use of the resources. Novastar will take time to consider and clearly document the costs and timing of the due diligence reports to ensure that these are completed within the expected period. The consultant will also be able to give advice on the scope, assuming they have conducted similar due diligence exercises before; and may provide advice on concerns and limitation of the study as well as time scales within which the due diligence can properly be completed.</p> <p>To the extent that the Consultant is required to provide on-going supervision of ESG performance of an investee, this should be stated clearly in the terms of reference. Novastar will provide, as a matter of course, the external consultant with a copy of Novastar's ESG Policy, or relevant parts thereof, for context. The deliverables shall be clear and the consultant will be informed of what reports will be required from him – and if so desired the form of the reports (for example: detailed report, executive summary of key issues, ESG Action Plan, supervision reports and so on).</p> <p>On receipt of the consultant's report, Novastar will endeavour to hold a closing meeting with the external consultant to discuss their findings, and obtain any further feedback, not contained in the report.</p>
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Scoring of company's performance per performance standard:

On a granular, performance standard level, a Company receives a score, out of 5, depending on how well it fulfilled the requirements of the standard, with higher scoring given when it fulfils all or most of the requirements of the standard and a low scoring if many requirements are unmet.

Rating is as follows:

- ★ 5-Exceptional. Extremely good performance which could serve as a model example for others
- ★ 4-Strong. A high standard of performance
- ★ 3-Acceptable. Satisfactory performance but could be improved. So far the company is not adversely affected
- ★ 2-Marginal. Performance gives rise to concern and company is potentially compromised

- ★ 1-Poor. Absence of behaviour required by the standard.

Top scoring companies meet the following targets:

- ★ *Environmental*: Investees should mitigate negative environmental impacts, use natural resources efficiently, and comply with local and national environmental laws. They must obtain necessary permits, assess and mitigate environmental risks, enhance positive impacts, reduce greenhouse gas emissions, and work towards international best practices.
- ★ *Social*: Companies should ensure fair treatment of employees, adhering to labour laws on wages, child labour, and workplace safety. They must promote gender equality, provide grievance mechanisms, and respect employee rights. For other stakeholders, they should ensure customer protection, responsible marketing, and strong engagement with communities and regulators.
- ★ *Governance*: Investees must uphold high corporate governance standards, ensure transparency in financial reporting, and establish strong internal controls. Whistleblowing procedures should be in place to report misconduct.
- ★ *Business Integrity*: Companies should combat bribery, fraud, and corruption by implementing strict policies, maintaining ethical business conduct, and complying with international sanctions.

IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts

Description of the performance standard	Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by management, and involves engagement between the client, its workers, local communities directly affected by the project (the Affected Communities) and, where appropriate, other stakeholders. Drawing on the elements of the established business management process of “plan, do, check, and act,” the ESMS entails a methodological approach to managing environmental and social risks ² and impacts ³ in a structured way on an ongoing basis. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes. Source: IFC
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Potential Risk	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Inadequate Environmental & Social Risk Assessment – Rapid expansion without assessing environmental and social risks could lead to non-compliance, reputational harm, and operational inefficiencies.	Implement an Environmental & Social Management System (ESMS) with regular risk assessments.

Weak Supply Chain Oversight – Lack of monitoring for suppliers could lead to poor labor conditions, unethical sourcing, and regulatory violations.	Establish a supplier screening and compliance process, conduct regular audits, and partner only with vetted suppliers.
Community Health & Safety Risks – Improper handling of equipment supplied by the company (e.g. biodigesters, cookstoves, electric buses, motorbikes) could pose hazards to communities and workers.	Implement safety protocols for product handling. Conduct awareness campaigns on safe usage and emergency response.
Occupational Health & Safety (OHS) Risks – Employees in production facilities face risks like fires, accidents, or injuries.	Enforce comprehensive OHS policies, provide PPE, conduct regular safety training, and implement worker safety programs.
Failure to Comply with Local & International Regulations – Expanding into new markets without proper compliance checks could lead to legal penalties and business disruption.	Conduct regulatory due diligence before expansion, develop an internal compliance roadmap, and engage proactively with regulators.
Weak Stakeholder Engagement – Lack of proper communication with communities, suppliers, regulators, and customers could lead to opposition and regulatory hurdles.	Establish a structured stakeholder engagement plan, including supplier forums, community consultations, and government partnerships.
Weak Grievance Mechanism – Employees, suppliers, and customers may lack access to a proper grievance reporting system, leading to unresolved disputes.	Develop an accessible grievance mechanism with clear escalation procedures, ensuring transparency and timely resolution.
Carbon Footprint & Energy Use – High energy use in supply chains and logistics (e.g., delivery fleets, production facilities) could increase emissions and costs.	Adopt sustainable logistics solutions, explore electric vehicles (EVs) for distribution, alternative fuels, and energy-efficient production methods.
Waste Management & Packaging Waste – Single-use packaging and food waste from fast-moving supply chains contribute to environmental pollution.	Implement waste reduction initiatives, use eco-friendly packaging, and partner with recycling programs. Optimize inventory management to reduce spoilage.
Climate Change Resilience Risks – Changes in weather patterns could impact supply chains, energy availability, and product performance.	Diversify supplier networks and develop own contingency plans for extreme weather events e.g. floods.
Poor ESG Performance Monitoring & Reporting – Without structured ESG tracking, companies may fail to meet investor, regulatory, and operational sustainability goals.	Implement a systematic ESG monitoring and reporting framework, conduct regular audits, and align reporting with GRI, SASB, and IFC standards.

Financial & Reputational Risks from ESG Non-Compliance – Investors, regulators, and consumers may withdraw support if ESG commitments are not met.

Align corporate ESG strategy with global standards including IFC standards, integrate sustainability goals into business operations and governance including reporting to the board/board sub-committees, and provide transparent ESG reporting.

IFC PS 2: Labor and Working Conditions

Description of the performance standard

Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations. Source: [IFC](#)

Potential Risk (IFC PS2: Labor & Working Conditions)	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Non-Compliance with Labor Laws & Standards – Failure to comply with national labour laws, IFC labour standards, or ILO conventions may result in fines, legal action, and reputational damage.	Conduct regular labour law compliance audits and ensure alignment with ILO conventions and national regulations. Train HR teams on best labour practices.
Worker Health & Safety Risks – Employees may face risks to their health and personal safety such as fire hazards, injuries, and exposure to unsafe working conditions.	Implement a comprehensive Occupational Health & Safety (OHS) management system, conduct regular safety training, and provide protective equipment (PPE). Ensure facilities comply with local regulatory standards and meet international safety standards.
Fair Wages & Working Hours Violations – Failure to provide fair wages, benefits, or reasonable working hours could lead to worker dissatisfaction, high turnover, and regulatory action.	Establish a fair compensation policy in line with industry benchmarks. Monitor working hours compliance to prevent excessive workloads or exploitative practices.
Lack of Formal Contracts – Some workers, particularly delivery or field personnel or informal labourers in supply chains, may not have formal	Require written contracts for all workers, including temporary and gig workers. Conduct regular audits to

contracts, leading to lack of clarity and potential disputes.	ensure labour rights are upheld across all employment models.
Discrimination & Lack of Diversity Policies – Gender, age, or ethnicity-based discrimination in hiring, promotions, or wages may lead to reputational damage and legal consequences.	Implement anti-discrimination policies, ensure diversity in hiring. Track and report gender/diversity disaggregated metrics.
Lack of Worker Representation & Freedom of Association – Workers may not have access to collective bargaining or representation, leading to disputes and lower job satisfaction.	Ensure compliance with freedom of association laws, allowing workers to form or join unions. Establish worker councils to facilitate dialogue between employees and management.
Worker Grievances Not Addressed – Employees may lack a proper channel to report complaints about unfair treatment, safety concerns, or wage disputes, increasing turnover and legal risks.	Develop a formal, anonymous grievance mechanism, ensuring clear reporting channels and timely resolutions. Provide periodic worker surveys to assess concerns.
Poor Working Conditions in the Supply Chain – If suppliers engage in unethical labour practices (e.g., child labour, forced labour, poor working conditions), it can lead to reputational damage and regulatory penalties.	Implement supplier labour compliance policies and programs, require suppliers to adhere to IFC and ILO labour standards, and conduct periodic labour audits. Engage with suppliers on worker rights training.
Job Insecurity for Gig Workers & Delivery Personnel – High dependence on temporary workers (e.g. delivery riders or operators at distribution points) may lead to unstable income and lack of benefits.	Provide social protection measures for temporary/gig workers, such as insurance options, fair pay structures, and paths to full-time employment. Explore alternative worker benefits models (e.g., micro-insurance, savings plans).
Sexual Harassment & Workplace Misconduct – Without clear policies and training, workplaces may fail to prevent or address harassment, leading to legal and reputational risks.	Establish a zero-tolerance policy for harassment, conduct mandatory workplace training, and create safe reporting mechanisms. Ensure gender-sensitive workplace policies.

IFC PS 3: Resource Efficiency and Pollution Prevention

Description of the performance standard	Performance Standard 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels. 1 There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention ² and GHG emission avoidance and mitigation technologies and
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	<p>practices have become more accessible and achievable in virtually all parts of the world. These are often implemented through continuous improvement methodologies similar to those used to enhance quality or productivity, which are generally well known to most industrial, agricultural, and service sector companies.</p> <p>Source: IFC</p>
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Potential Risk (IFC PS3: Resource Efficiency & Pollution Prevention)	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
High Energy Consumption in Production & Operations – Warehouses, biodigester or cookstove manufacturing may consume excessive energy, increasing emissions.	Implement energy efficiency measures, including the use of renewable energy (e.g., solar panels), energy-efficient appliances, and automated energy monitoring systems.
Waste Generation from Packaging & Operations – Packaging waste such as from delivery of food orders may contribute to environmental pollution.	Shift towards biodegradable or recyclable packaging. Implement waste minimization programs and partner with recycling companies. Promote customer incentives for eco-friendly packaging choices.
Hazardous Waste Disposal Risks – Improper disposal of waste from production/operations could lead to environmental contamination.	Develop a hazardous waste management plan aligned with local and international disposal standards. Establish safe handling, storage, and disposal protocols for hazardous materials.
Climate Change Impact on Raw Material Availability – Extreme weather conditions could disrupt the supply of raw materials (e.g., crops required in the supply chain, fresh food for food on demand delivery).	Diversify supplier networks
Lack of ESG Performance Monitoring & Reporting on Resource Use – Poor tracking of energy, water, and waste metrics could hinder sustainability progress.	Implement ESG performance tracking systems to monitor resource use. Align sustainability reporting with IFC, GRI, and SASB standards.

IFC PS 4: Community Health, Safety, and Security	
Description of the performance standard	Performance Standard 4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also

	<p>experience an acceleration and/or intensification of impacts due to project activities. While acknowledging the public authorities' role in promoting the health, safety, and security of the public, this Performance Standard addresses the client's responsibility to avoid or minimize the risks and impacts to community health, safety, and security that may arise from project related activities, with particular attention to vulnerable groups.</p> <p>Source: IFC</p>
Potential Risk (IFC PS4: Community Health, Safety & Security)	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Fire & Explosion Risks from production facilities or from products at alternative premises – Improper storage and handling of fuel such as biogas could result in explosions or fire incidents, endangering nearby communities.	Implement strict fire safety protocols, including proper ventilation, and emergency response training for staff and customers. Ensure compliance with fire safety regulations and conduct regular inspections.
Food Safety Risks to Consumers – Contaminated or expired food could cause foodborne illnesses, damaging the company's reputation and leading to regulatory action.	Adopt HACCP and ISO 22000 food safety standards. Implement quality control measures throughout the supply chain, from sourcing to last-mile delivery. Conduct regular food safety audits.
Traffic & Road Safety Risks – Increased vehicle traffic may contribute to accidents, putting both employees, customers and the community at risk.	Train drivers on safe driving practices, enforce speed limits, and equip vehicles with tracking and safety technology. Partner with authorities to improve road safety awareness.
Waste & Littering in Communities – Packaging waste and improperly disposed organic waste from food and biofuel operations may pollute local environments.	Establish waste collection and recycling programs
Lack of Emergency Preparedness & Response Plans – If companies are not prepared for emergencies (e.g., fires, fuel spills, food recalls), they could put employees and the public at risk.	Develop comprehensive emergency response plans, conduct regular safety drills, and ensure all staff are trained in first aid and crisis management. Establish community emergency coordination where relevant.

IFC PS 5: Land Acquisition and Involuntary Resettlement

Description of the performance standard

Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood¹) as a result of project-related land acquisition² and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

Source: [IFC](#)

Potential Risk (IFC PS5: Land Acquisition & Involuntary Resettlement)	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Conflict with Indigenous or Vulnerable Communities – Expansion into rural or peri-urban areas may inadvertently affect indigenous groups or vulnerable communities, leading to conflict.	Conduct free, prior, and informed consent (FPIC) consultations with indigenous or vulnerable groups. Implement social impact assessments to address potential risks.
Lack of Transparent Land Acquisition Processes – If the company does not follow clear and ethical procedures for land acquisition, it could face allegations of corruption, legal action, or reputational harm.	Implement transparent land acquisition policies with publicly documented agreements. Engage third-party auditors to verify ethical land transactions.
Portfolio company may require land for project activities - where land is not acquired through a willing-buyer, willing-seller approach (e.g., through government expropriation), there is a risk of physical and/or economic displacement. This may impact individuals or communities with legal or informal land use rights, potentially leading to loss of shelter, livelihoods, or access to resources. Such situations can cause significant social disruption, especially for vulnerable groups.	During ESG due diligence, portfolio companies must disclose whether land acquisition involves potential involuntary resettlement. If risks are identified, the investee must develop a Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP) aligned with GCF ESS, IFC PS5 and IFC Good Practice Handbook on Land Acquisition and Involuntary Resettlement. The RAP/LRP should include community engagement, compensation at full replacement cost, livelihood restoration, and

grievance redress. Refer to Annex 16 for detailed guidelines on how to create action plans.

IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Description of the performance standard

Performance Standard 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. The requirements set out in this Performance Standard have been guided by the Convention on Biological Diversity, which defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.”

Source: [IFC](#)

Potential Risk (IFC PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources)

Mitigating Actions (Novastar advisory to Portfolio Companies)

Operating in or Adjacent to Critical Habitats or Areas with High Biodiversity Value: Portfolio companies may operate in or near areas critical for biodiversity, potentially leading to habitat degradation or fragmentation.

NVIII will require portfolio companies to conduct thorough environmental and social impact assessments (ESIAs) to identify operational areas and assess potential impacts on critical habitats and biodiversity. This includes mapping sensitive areas and understanding species presence.

Adverse Impacts on Endangered or Critically Endangered Species: Company activities could negatively affect endangered or critically endangered species through habitat disturbance, pollution, or other pathways.

NVIII will mandate the development and implementation of specific biodiversity management plans that include measures to avoid, minimize, and, where residual impacts remain, offset potential harm to endangered or critically endangered species, aligning with the mitigation hierarchy.

Lack of Adequate Policies and Procedures for Biodiversity Management: Portfolio companies may lack robust policies, procedures, and monitoring mechanisms to identify, assess, and manage their impacts on biodiversity.

NVIII will mandate portfolio companies to establish and implement clear biodiversity policies, procedures, and monitoring systems. This includes training staff, setting measurable targets, and regularly reporting on biodiversity performance.

Non-Compliance with Local Environmental Laws and Regulations Related to Biodiversity: Portfolio companies may not fully comply with local

NVIII will conduct thorough due diligence to ensure portfolio companies have a strong understanding of and are compliant with all relevant local

environmental laws and regulations concerning biodiversity protection.	environmental laws and regulations related to biodiversity. Ongoing monitoring of compliance will be required.
Business Models Inherently Carrying Biodiversity Risks: The core business model of a portfolio company might inherently pose risks to biodiversity (e.g., unsustainable sourcing, practices impacting natural ecosystems).	NVIII will prioritize investments in business models that demonstrate a commitment to biodiversity conservation and sustainable resource management. Where risks exist, NVIII will require companies to align operational practices with IFC PS6 principles and implement mitigation measures through the ESAP.
Pollution (Noise, Air, Light) Impacting Biodiversity and Ecosystems: Pollution from manufacturing or input supply activities could negatively affect local biodiversity and ecosystem health.	NVIII will diligence portfolio companies on their potential noise, air, and light pollution, and their resource efficiency practices, where these are identified as material risks. Companies will be required to implement reasonable measures to prevent and control pollution to minimize impacts on biodiversity, as outlined in their ESAPs.

IFC PS 7: Indigenous Peoples

Description of the performance standard	<p>Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population. In many cases, their economic, social, and legal status limits their capacity to defend their rights to, and interests in, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. Indigenous Peoples are particularly vulnerable if their lands and resources are transformed, encroached upon, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also come under threat. As a consequence, Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than non-indigenous communities. This vulnerability may include loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and diseases.</p> <p>Source: IFC</p>
Potential Risk (IFC PS7: Indigenous Peoples)	Mitigating Actions (Novastar Advisory to Portfolio Companies)
Disruption of Indigenous Lands & Livelihoods – Expansion of facilities and storage sites may	Conduct Free, Prior, and Informed Consent (FPIC) consultations with indigenous communities before any land acquisition or expansion. Work with local

encroach on indigenous lands, affecting traditional livelihoods.	NGOs and indigenous representatives to assess potential impacts.
Failure to Respect Indigenous Rights & Cultural Heritage – Operations in rural or semi-rural areas may inadvertently affect sacred sites, cultural practices, or traditional resource use.	Conduct cultural heritage assessments before site selection. Establish protocols to protect sacred lands and collaborate with indigenous groups to co-develop solutions that respect cultural values.
Limited Economic Inclusion of Indigenous Communities – Indigenous groups may not benefit from business operations or employment opportunities, leading to social exclusion.	Develop inclusive hiring and procurement policies that prioritize indigenous participation. Offer training and capacity-building programs for indigenous entrepreneurs and workers.
Environmental Impact on Indigenous-Dependent Ecosystems – Land use changes, pollution, or resource extraction could disrupt ecosystems that indigenous peoples rely on for food, water, and traditional practices.	Conduct environmental and social impact assessments (ESIA) with indigenous input. Implement sustainable resource management practices to ensure environmental conservation.
Inadequate Consultation & Stakeholder Engagement – Lack of meaningful engagement with indigenous communities could lead to resistance, reputational damage, and legal risks.	Establish a formal indigenous engagement strategy, ensuring continuous dialogue with indigenous leaders. Use participatory approaches in decision-making.
Displacement & Resettlement of Indigenous Groups – If large tracts of land are acquired for company facilities, it could result in the displacement of indigenous populations.	Avoid land acquisition in high-risk indigenous areas where possible. If displacement is unavoidable, provide fair compensation, relocation support, and alternative livelihood programs.
Failure to Integrate Indigenous Knowledge & Sustainability Practices – Overlooking indigenous expertise in sustainable agriculture, land use, and conservation may lead to suboptimal resource management.	Collaborate with indigenous experts and local organizations to integrate traditional ecological knowledge into sustainability strategies. Promote community-led conservation projects.
Potential Conflict with Indigenous Groups Over Resource Use – If operations impact indigenous access to natural resources, it could create conflict and regulatory challenges.	Implement conflict resolution mechanisms that involve indigenous mediators. Develop shared-benefit models to ensure indigenous communities receive direct economic or social benefits from operations.
Lack of Indigenous Representation in Decision-Making – Indigenous voices may not be adequately included in business planning, leading to oversight of community concerns.	Ensure indigenous representation in advisory boards, community consultations, and governance structures where business operations affect indigenous lands or communities.

Annex 12 contains the Novastar Ventures Indigenous Peoples Engagement Framework informed by the **GCF Indigenous Peoples Policy**. Novastar recognizes that Indigenous Peoples are a distinct stakeholder group, with unique rights and contributions to make to climate change mitigation and adaptation. While Novastar itself does

not engage directly with Indigenous Peoples, it ensures that its portfolio companies, where relevant, do so in a manner that is respectful, inclusive, and compliant with global standards, including the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the GCF Indigenous Peoples Policy. While Novastar does not engage directly, it requires investees to assess risks and impacts, obtain Free, Prior, and Informed Consent (FPIC) where necessary, and share benefits in a culturally appropriate and equitable manner. The Framework applies to all GCF-linked investments where Indigenous Peoples are present, have collective attachment to land, or may be affected by operations, including in contexts without formal state recognition.

To date, previous portfolio companies have operated primarily in established high-density urban and peri-urban areas or long-established agricultural areas across East and West Africa, in locations that are not known to be Indigenous Peoples' territories and have no formal or informal recognition as lands with collective attachment, traditional cultural significance, or customary occupation by Indigenous communities. In line with the GCF Indigenous Peoples Policy (Paragraphs 14–17), the requirement to apply the Indigenous Peoples safeguards is triggered only when Indigenous Peoples are present in or have collective attachment to the area where project activities take place and are likely to be affected positively or negatively, or have claims to land, natural resources, or cultural heritage in those areas. The Policy “does not apply to individuals or small groups migrating to urban areas in search of economic opportunity,” which describes the vast majority of urban populations in Novastar’s portfolio geographies.

With NVIII, portfolio companies may expand or have existing operations into rural areas, and for this eventuality, we’ve developed an extensive Indigenous Peoples Engagement Framework, which addresses Indigenous Peoples screening and free and prior informed consent (FPIC) processes in accordance with GCF policy.

IFC PS 8: Cultural Heritage	
Description of the performance standard	<p>Performance Standard 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to ensure that clients protect cultural heritage in the course of their project activities. In addition, the requirements of this Performance Standard on a project’s use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.</p> <p>Source: IFC</p>
Potential Risk (IFC PS8: Cultural Heritage)	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage)
Lack of Protocols for Chance Finds – Construction activities (e.g., laying biodigesters, building distribution hubs) may uncover unknown archaeological sites, leading to project delays and legal consequences.	Implement a Chance Finds Procedure to ensure that any discovered artifacts, remains, or sites are reported, preserved, and assessed by heritage authorities before further work continues.

Unintended Impact from Supply Chain Operations – Suppliers of materials (e.g., timber, construction materials) may source from areas with cultural heritage significance, causing indirect harm.

Implement a cultural heritage due diligence process in supplier screening criteria. Require suppliers to adhere to heritage protection laws.

BII GBVH Standards: Addressing Gender-Based Violence and Harassment (GBVH) risks

Description of the performance standard

Source: [BII](#)

This standard focuses on preventing, mitigating, and responding to Gender-Based Violence and Harassment (GBVH) in private sector operations and investments. It mandates that companies identify, assess, and address GBVH risks within workplaces, supply chains, and communities impacted by their operations. The overall standard emphasizes the following key components, against which a company should adhere:

1. **Overarching Principles:** The following principles need to underpin all efforts to assess, prevent, respond to, and monitor GBVH: Survivor-centred, Safe, Context-specific, Collaborative, Inclusive, Integrated, Non-discriminatory, Well-informed.
2. **Assessing GBVH Risks, company capacity and resources:** Understanding of how to screen operations, projects, and investments for GBVH risks, company capacity and resources to prevent and respond to GBVH and clarity on when expert support is sought. GBVH risks vary globally and within organizations, influenced by factors like gender inequality, stereotypes, and weak legislation. High risks also correlate with poverty, discrimination, corruption, and specific project conditions: new or migrant workforce, seasonal deadlines, remote locations, and security needs. Companies and investors should assess and address these risks proactively.
3. **Preventing GBVH and encouraging reporting:** Understanding key areas of GBVH prevention, how they interrelate and the importance of an integrated approach. Companies can proactively prevent and respond to GBVH by integrating measures into existing systems. This includes strengthening leadership and company culture, developing clear policies and codes of conduct, establishing grievance mechanisms, enhancing recruitment processes, conducting comprehensive training, collaborating with contractors, and improving physical site designs for safety. These actions ensure GBVH risks are understood, communicated effectively, and addressed transparently across all levels of operations and engagements.
4. **Responding to reports of GBVH:** Company responses to GBVH reports should prioritize survivors, ensuring dignity, safety, and informed decision-making with confidentiality. Responses must be sensitive and expert-led, avoiding actions that could discredit efforts or cause harm. Effective handling reinforces intolerance for GBVH, crucial for prevention. Companies should provide immediate support, appoint trained responders, and consider investigations carefully. Companies should align with investors on incident escalation and maintain confidentiality, enhancing investor's capacity for tracking and supporting responses. Collaborating

	<p>post-response helps derive lessons for future GBVH prevention and response efforts, ensuring ongoing improvement in addressing these issues.</p> <p>5. Monitoring GBVH: Ongoing monitoring ensures companies track and address evolving GBVH risks in operations. Regular risk reassessment is crucial as new risks can emerge and existing ones change. Monitoring helps identify areas for improvement in prevention and response efforts, integrating GBVH into existing processes and using tailored KPIs. Methods include data collection from company records, worker surveys, community feedback, and observation during site visits. This approach ensures that efforts to combat GBVH are responsive to local contexts and effective in promoting safety and respect across all levels of engagement.</p>
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Potential GBVH Risk	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage)
High-Risk Workplace Environments – Poorly lit facilities, isolated worksites, and lack of security increase the risk of GBVH incidents.	Improve physical safety measures, such as CCTV, secure worker accommodations, and well-lit areas. Establish safe transport options for employees, especially women.
Failure to Prevent GBVH in Supply Chains – Suppliers may engage in exploitative labor practices, including sexual harassment and abuse, damaging corporate reputation.	Implement supplier ESG screening & auditing programs. Require supplier compliance with GBVH prevention policies through contracts and regular third-party audits.
Lack of Worker Training on GBVH – Employees and management may lack awareness of workplace harassment policies, leading to tolerance of GBVH behaviors.	Conduct mandatory GBVH training for all employees, managers, and security personnel. Integrate GBVH awareness into onboarding & leadership training.
Ineffective Grievance Mechanisms – Survivors and witnesses may fear retaliation or lack trust in reporting systems, leading to underreporting.	Develop anonymous, survivor-centered grievance mechanisms with multiple reporting channels (e.g., helplines, external mediators, HR policies). Appoint trained GBVH focal points.
Workplace Culture Allowing GBVH to Persist – A lack of accountability for GBVH incidents can lead to a culture of impunity.	Create zero-tolerance GBVH policies, enforce disciplinary actions, and conduct regular leadership training to reinforce company values & ethics.
Lack of GBVH Data & Monitoring – Companies may fail to track and address GBVH trends due to insufficient reporting systems.	Establish GBVH monitoring frameworks, conduct regular ESG audits, and include GBVH KPIs in ESG disclosures.

IFC CG: Corporate Governance	
Description of the performance standard	<p>This standard on Corporate Governance establishes a framework for companies to ensure transparent, accountable, and ethical management practices that protect stakeholders, enhance business sustainability, and attract investment. It requires companies to implement strong governance structures, including independent boards, internal controls, risk management, compliance mechanisms, and ethical business conduct. This standard emphasizes shareholder rights, disclosure of financial and non-financial information, conflict-of-interest policies, and stakeholder engagement. Companies must also integrate succession planning, decision-making accountability, and governance of family-owned businesses to align with international best practices and promote long-term business resilience.</p> <p>Source: IFC</p>
Potential Corporate Governance Risk	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Weak Board Oversight & Decision-Making – Lack of an effective board structure or independent directors can lead to poor governance, weak accountability, and ineffective strategic decisions.	Establish a formalized board structure with independent directors and clear decision-making frameworks. Conduct regular board evaluations and enforce board meeting protocols.
Lack of Transparency & Financial Disclosure – Poor financial reporting or lack of investor transparency increases reputational risk and reduces investor confidence.	Implement robust financial reporting systems aligned with IFRS or GAAP. Ensure timely disclosure of financial statements and reporting.
Inadequate Internal Controls & Risk Management – Weak internal controls expose companies to fraud, operational inefficiencies, and regulatory violations.	Develop a risk management framework, conduct internal audits, and ensure segregation of duties in financial processes. Establish a compliance officer role.
Conflicts of Interest & Related-Party Transactions – Unchecked relationships between management, board members, or suppliers can lead to favouritism, mismanagement, or financial losses.	Enforce a conflict-of-interest policy, require board member disclosures, and maintain a clear procurement process with competitive bidding.
Lack of Succession Planning & Leadership Continuity – Absence of a clear plan for CEO and key executive transitions can create instability and disrupt business operations.	Implement a succession planning strategy, develop internal leadership training programs, and ensure an emergency leadership transition plan.

Ineffective Shareholder Rights & Governance – Minority shareholders may lack protections, leading to governance disputes and reduced investor confidence.	Adopt strong shareholder agreements, ensure fair treatment of minority shareholders, and provide mechanisms for investor engagement and voting rights.
Lack of ESG Integration in Governance Practices – Failure to integrate ESG considerations into decision-making can expose the company to regulatory, reputational, and operational risks.	Embed ESG factors into corporate governance policies, appoint an ESG committee, and require ESG reporting to investors.
Weak Compliance with Regulatory & Ethical Standards – Operating in emerging markets without a strong compliance framework can lead to legal risks and financial penalties.	Develop a comprehensive compliance program, conduct regular regulatory audits, and enforce a whistleblower policy.
Lack of Stakeholder Engagement & Communication – Poor engagement with customers, regulators, and local communities can result in reputational damage and operational roadblocks.	Establish a formal stakeholder engagement strategy, conduct regular community consultations, and maintain transparent communication channels.
Cybersecurity & Data Protection Risks – Weak IT governance and lack of cybersecurity policies can expose companies to data breaches and regulatory penalties.	Develop strong cybersecurity policies, conduct data protection training, and invest in IT risk management tools.
Governance Challenges in Family-Owned Businesses – If a company is family-owned or closely held, decision-making may be informal and lack proper governance structures.	Define clear governance roles, separate ownership from management, and implement a family business governance framework.
Operational Risks from Weak Corporate Structures – Lack of clear delegation of authority can slow decision-making and reduce efficiency.	Develop clear delegation frameworks, define roles and responsibilities, and create performance review mechanisms.

BI: Business Integrity

Description of the performance standard	This standard establishes a framework to prevent, detect, and address financial crimes and unethical business practices in private sector operations. It requires companies to implement risk-based business integrity management systems to combat corruption, bribery, fraud, money laundering, terrorism financing, conflicts of interest, and sanctions breaches. This standard mandates a clear business integrity policy, accountability at the management level, staff training, and public transparency. By ensuring strong governance, ethical compliance, and continuous monitoring, the standard enhances corporate trust, investor confidence, and
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	<p>regulatory compliance, strengthening businesses against financial and reputational risks.</p> <p>Source: Swedfund</p>
Potential Business Integrity Risk	Mitigating Actions (Novastar advisory to Portfolio Companies dependent on stage of business)
Corruption & Bribery (Including Facilitation Payments) – Employees, suppliers, or third parties may engage in bribery to expedite business approvals, customs clearance, or licensing.	Implement a strict anti-bribery policy with zero-tolerance enforcement. Conduct employee training on bribery risks and require all partners to sign an anti-corruption commitment.
Fraud & Embezzlement – Internal fraud (e.g., theft of company funds, falsified financial reports, inflated expenses) can cause financial and reputational damage.	Strengthen internal controls and financial oversight, conduct regular audits, and implement whistleblower protection programs.
Extortion & Sextortion – Employees or third parties may be forced into making illegal payments under threat, including sextortion (sexual favours in exchange for business benefits).	Develop a safe and anonymous grievance mechanism. Train staff on extortion risks and reporting protocols. Establish a strict supplier code of conduct.
Conflict of Interest – Undisclosed personal relationships between employees and suppliers, regulators, or clients could lead to biased decision-making and financial losses.	Require annual conflict of interest disclosures. Establish a review process for related-party transactions. Enforce board-level oversight on procurement.
Money Laundering – Weak financial controls could allow company operations to be used for hiding illicit funds from criminal activities.	Implement Know Your Customer (KYC) and Anti-Money Laundering (AML) protocols. Require background checks on high-risk business partners and transactions.
Terrorism Financing – Inadequate monitoring of third-party transactions may allow funds to be misused for illicit activities.	Establish due diligence procedures for all suppliers, investors, and partners. Conduct sanctions screening before entering financial agreements.
Sanctions Breaches – Engaging with restricted or sanctioned entities (e.g., blacklisted suppliers or individuals) could lead to regulatory penalties.	Screen all business partners through global sanctions lists (OFAC, EU, UN). Conduct periodic compliance checks on supply chain activities.
Weak Business Integrity Policies – Lack of a structured business integrity policy increases	Develop a comprehensive Business Integrity Policy covering bribery, conflicts of interest, fraud, and AML

exposure to corruption, fraud, and unethical behavior.	compliance. Train employees and suppliers on ethics and compliance.
Inadequate Accountability & Oversight – Lack of a designated compliance officer or ethics committee weakens governance and increases non-compliance risks.	Appoint a senior compliance officer to oversee business integrity programs. Ensure board-level oversight on integrity risks.
Lack of Transparency in Reporting Business Integrity Issues – Companies may fail to disclose financial crimes, corruption incidents, or integrity violations, leading to reputational damage.	Establish transparent reporting procedures. Disclose business integrity policies, compliance measures, and risk mitigation efforts in ESG reports.

9.2.8. Stage 2C.3 Due Diligence Results & ESG Action Plan (ESAP)

Upon completion of due diligence, the findings, conclusions, and recommendations shall be presented in the Due Diligence Report (see *Annex 4* for a contents outline).

The ESG due diligence review will form part of the overall IC papers on an investee prepared by Novastar. A summary of the due diligence findings and Action Plan will form part the Investment Memorandum provided to the Investment Committee. The full Due Diligence Report will be available to the Investment Committee upon request and will only be included with the Investment Memorandum when the investment is categorized as High Risk.

The Due Diligence Report shall contain the following information about the investee:

- ✦ Business description - including the site and ESG setting, surrounding land uses and so on;
- ✦ Company ESG management systems - the processes by which the Company manages ESG performance including community engagement activities;
- ✦ Significant ESG impacts and risks - summarised according to the topics covered by the applicable IFC Performance Standards as may be relevant; and
- ✦ Recommended corrective actions, which must be implemented for the proposed investment to proceed to financial closure.

Novastar's goal is to raise the ESG standards of the investee company to:

- ✦ Eliminate any significant failings identified in the ESG Due Diligence to ensure that the company complies with our minimum requirements on avoiding adverse environmental and social impacts; and
- ✦ Strengthen specific areas of ESG practices to enhance the value of the company in the long term:
- ✦ Enhance the environmental impact of the company in a way that reduces costs, increases customer and staff loyalty and, where possible, generates additional revenue;
- ✦ Enhance the social impact of the company in a way that increases customer and staff loyalty; and
- ✦ Improve the corporate governance of the company in a way that improves its processes and controls as it matures. We will use the IFC Corporate Governance Matrix to lay out the path of corporate governance improvement as the company matures.

Any mitigating actions addressed in the ESG due diligence review should clearly indicate the (achievable) level of compliance with the Novastar Policy and the existing performance gaps, and the recommended corrective actions that need to be taken by the investee to close these gaps.

Where Novastar determines that an investee's business activities are likely to have significant adverse ESG effects, Novastar will determine whether, despite these effects, it is justified in considering investing in such investee. Novastar may justify an investment in an investee company whose activities may have adverse ESG effect where:

- ★ it is satisfied that the mitigation measures (implemented or to be implemented) would significantly reduce the potential adverse ESG associated with the business;
- ★ it is satisfied that the investee's business activities are designed to meet or exceed internationally recognized good practices, guidelines or standards;
- ★ the investee's business activities represents an opportunity to improve environmental conditions in the host country above base-line conditions; or
- ★ the investee's business provides an opportunity to transfer environmentally sound technologies, services and knowledge to, or for the benefit of, the host country.

ESAP Development, Approval, and Implementation

Novastar shall prepare an **ESG due diligence report & ESAP** (ESG Action Plan) to be included in conjunction with the investment memorandum of each investee, together with detailed justifications for investment for review by the Investment Committee where there are significant adverse ESG risks. A template ESAP is attached in Annex 5.

- ★ Novastar will then agree with the investee on an ESG Action Plan that will contain:
 - ◆ reasonable corrective actions and timelines agreed between the parties to prevent, remove, mitigate or reduce the ESG risks discovered during the due diligence process. This may necessitate further ESG evaluations or even site visits; and
 - ◆ a monitoring mechanism to ensure that the deliverables in the ESG Action Plan are fulfilled within the agreed timescales.
- ★ The agreed Action Plan will be provided to the Investment Committee for their review and consent. Additional reviews or due diligence work may be triggered as a result.
- ★ The ESG Due Diligence Report and Action Plan for the first three investments will be shared with the NVIII E&S Committee who will provide comments on the documents with a view to improving the process, content and conclusions of the ESG review. Novastar will incorporate these recommendations into this ESMS as appropriate.
- ★ The implementation of the agreed ESAP will form part of the **legal documentation** agreed by and between Novastar and the investee. The ESAP may have substantial implementation costs, and it is important that these costs be taken into account when assessing the overall structure and viability of the proposed investment. The **portfolio company** is responsible for implementing the ESAP, fulfilling related reporting requirements, and **covering all associated costs**, including those necessary to meet our firm's ESG standards.

9.2.9. Stage 2C.4 Disclosure

For new Category B companies, post IC approval, Novastar will submit the ESDD report to GCF and publish as per the Disclosure requirements in Section 11.2 of this ESMS

9.3. Stage 3: Investment

Legal Documentation

In order to make the process of integrating ESG practices into investee companies, Novastar shall consider including the following provisions, as appropriate, in the preparation of the term sheet and legal documentation:

ESG Compliance	<p>Including:</p> <ul style="list-style-type: none"> ★ requirements to design, construct, operate, maintain and monitor the investee's compliance with Novastar's Investment Code; ★ compliance by an investee with host country laws and regulations - normally confirmed through warranties and representations.
Conditions of Disbursement	<p>Including:</p> <ul style="list-style-type: none"> ★ The implementation of environmental mitigation and management measures specified in the Action Plan, and consequences of non-compliance or failure, and the actions being taken to remedy any such deficiency. ★ In the case of a phased investment program, the key ESG performance indicators or milestones required prior to the release of funds to the investee, and the consequences of non-compliance or remedy. ★ Limitations/restrictions on future activities that may fall under the Novastar Exclusion List.
Warranties	<p>Warranties should be given by the company at the time of Completion including:</p> <ul style="list-style-type: none"> ★ the company is not aware of (i) any existing or threatened complaint, claim, or notice from any governmental authority; or (ii) any material written communication from any person concerning the failure by the company to undertake its operations and activities in accordance with the Investment Code; ★ the company and its executives have not engaged in (i) Corrupt Practices, Fraudulent Practices, Coercive Practices or Collusive Practices; (ii) Money Laundering or (iii) Financing of Terrorism
Monitoring and Reporting	<p>Covenants should be included that require:</p> <ul style="list-style-type: none"> ★ Periodic reporting (at least annually) on the progress of the investee and in particular its compliance with ESG matters. Novastar shall take into consideration the various reporting requirements and deadlines for investees and ensure that deadlines set out provide Novastar with sufficient time to review and prepare reports on the same under the provisions of the Limited Partnership Agreement and various side letters agreed with the Institutional Limited Partners. ★ Prompt reporting on social, labour, health and safety, security or environmental occurrences (Serious Incidents) or circumstance which may reasonably be expected to have an impact on the investee's operations, compliance with the Action Plan, or compliance with Novastar's ESG Policy ★ The need for monitoring either by Novastar or by external consultants or other parties. <p>The allocation of monitoring costs to investees should also be considered and included in the terms of legal documentation.</p>

Right of Access and Information	<ul style="list-style-type: none"> ★ The right of access to the investee's company offices and business site by Novastar (or their representatives, employees, or consultants). ★ Right to obtain information on the company's business activities, finances or other information related to or affecting ESG as Novastar may require. ★ Right to inspect the company's books of account, agreements, employee records, HSE records, or such other ESG records as required from time to time.
Changes to the Investee or its Business	Especially in relation to a phased investment program, construction and operation stages, clauses may be included that address or restrict future material changes to the project.

Process

Novastar will typically prepare and negotiate the Term Sheet and full investment agreements.

Where possible, standardised terms shall be used to ensure consistency in Novastar's approach. Template documents shall be prepared by the Fund's lawyers or legal consultants, which will be used as the basis for drawing up the Term Sheet and investment agreement.

Final Approval & Disbursement

At a minimum of 30 days after publication of Category B Disclosure Package, the Managing Partner will, in the following order:

1. review and approve the final transaction ensuring comments received during the Disclosure Period have been resolved/incorporated
2. sign final form legals

Disbursement will be initiated by the Finance Director upon completed and signed pre-disbursement checklist and approved by Managing Partner.

9.4. Stage 4: Reporting and Monitoring

Monitoring and supervision form a vital part of the ESG process for Novastar and is used by Novastar for the following purposes:

- ★ to provide formal assurance to Novastar and third parties, including the Limited Partners, and any regulatory authorities, that the business is compliant with required regulations and agreed limits;
- ★ to verify that the relevant mitigation / enhancement measures set out in the ESG Action Plan are being followed by investees and their operations are being conducted within compliance limits, and to verify that the mitigation measures are effective;
- ★ to check that any negative impacts do not exceed the ESG standards, provide an early warning for asset/site management, and adjust mitigation measures on a day-to-day basis to suit evolving conditions;
- ★ to help Novastar to meet its transparency and accountability obligations, and to continuously improve the way it operates;
- ★ to ensure benefits to the investee by building ESG management capacity and identifying opportunities for improved operational efficiency; and

- ★ to aid timely exits (in certain cases, a pre-divestment ESG audit may be needed to determine potential issues requiring attention prior to disposal).

ESG monitoring also contributes to Novastar's knowledge about ESG issues, risks and opportunities illustrating for example how investment strategies that take full account of ESG risk factors are likely to perform under different market conditions and economic environments.

9.4.1. Stage 4.A: Reporting

The investee shall provide all such reports as are required under the ESG Action Plan which will also typically form part of the standard covenants in the legal documentation and will require an investee to provide periodic reports on ESG matters as well as any changes in corporate governance practices or ESG management systems.

Novastar shall provide the Limited Partners with an Annual Monitoring Report which summarises the ESG performance of each of the portfolio companies, including:

- ★ Execution of the ESG Action Plan;
- ★ Material and serious ESG incidents, including mitigating actions taken;
- ★ New ESG risks emerging or identified in the year; and
- ★ Results of third party ESG reviews of the company.

Novastar will where possible provide investees with guidance and examples to assist them in their reporting obligations. Where necessary, Novastar may make Technical Assistance grants available from the Institutional Limited Partners to assist the investees with ESG reporting.

Serious Incidents Reporting

The Investee must immediately report any serious or unforeseen ESG issues including reporting on incidents and accidents that result in a loss of life, material effect on the material effect on the environment, human rights or material breach of law to the Fund using the Incident Report in Annex 6. A copy of the report should be provided to the Investment Committee together with the results of any investigation and the corrective measures to be introduced in order to prevent any reoccurrence.

Novastar shall within 3 days of receipt of a serious incident report from an Investee, provide the Advisory Committee with a report (using the Fund Incident Report Form in Annex 6) of any serious incidents related to any Investee that results in:

- ★ Loss of life;
- ★ Material effect on the environment; or material breach of law.
- ★ High risk GBVH incidents (see Annex 11A for the definitions)

9.4.2. Stage 4B: Monitoring

Monitoring will typically be anchored by Novastar's right to Board representation, as well as the right to access and inspect an investee's books, offices and sites for the purposes of monitoring as set out in the legal documentation.

Novastar may employ any or all of the following types of supervision methods, depending on the risk category in which investee's business activities fall. Investees with a higher risk will be subject to more intensive monitoring.

Inspections:	Planned and conducted on a regular basis to ensure that mitigation measures and commitments are properly maintained and implemented, and that specific management procedures are being followed.
Monitoring:	Undertaken to verify predictions made in the due diligence report and to confirm that the activities at the site are not resulting in an unacceptable deterioration in the quality of habitats or infrastructure (for example monitoring disturbance to affected residents through a grievance mechanism).
Compliance Monitoring:	Involving periodic sampling or continuous recording of specific environmental quality indicators or discharge levels to ensure compliance of discharges and emissions with project standards (e.g. produced water discharges and air emissions).
Board Participation:	Appointing an investment manager responsible for a particular investee to be a non-executive director at that investee's board. Board participation is an effective way for Novastar managers to gain influence on an on-going basis over investees and in particular to bring about improvements in corporate governance.
Auditing (internal and external):	<p>To assess compliance of business activities with both regulatory and site management system requirements. The use of external consultants to conduct audits as well as the frequency of such audits will be based on risk management requirements and standard industry practices.</p> <p>Third party audits are a more systematic and detailed assessment of the state of compliance of an operation. They are normally carried out by an external consultant, working to agreed terms of reference.</p>

As part of the monitoring process, Novastar may make site visits and consider making independent ESG audits (involving external consultants if necessary). The details of the monitoring or supervision processes will flow from the issues identified during the ESG Risk Assessment, ESG Due Diligence for new investees, or from existing audits of existing investees, and will typically include the following:

- ✦ key performance indicators or baseline parameters which will be monitored to gauge the company's ESG impact and performance;
- ✦ annual ESG reporting including contents, format, performance indicators, and aspects of the Action Plan that require progress reports;
- ✦ notification procedures for material incidents, events and accidents;
- ✦ an outline schedule for the frequency of Novastar monitoring visits and agreement on how they will be funded – this may take the form of attendance of meetings by Novastar appointees to the boards of investee companies;
- ✦ requirements for monitoring of particularly sensitive issues such as payment of compensation to vulnerable groups, or impacts on endangered species;

- ★ whether there is a need for third party monitoring or auditing (paid for by Novastar or the investee) and if so, what the process is for appointing consultants and agreeing the terms of reference, how often the monitoring/auditing should take place and its scope;
- ★ for some projects, the role of local communities, and Non-Governmental Organisations (NGOs) and other stakeholders in monitoring;
- ★ a mechanism for remedying material non-compliances;
- ★ for very large, complex or high profile business activities, an appropriate mechanism to achieve independent, external and transparent oversight of implementation.

Quarterly ESG Performance Monitoring

At the end of each quarter, NVIII sends out a quarterly data request to portfolio companies which includes reporting on Social & Environmental Impact metrics and the Environmental, Social & Governance Action Plan (ESAP) among other financial/commercial performance indicators. Where relevant, some social and environmental indicators are customised for the portfolio company. Please refer to Annex 7B for a template of the quarterly data request.

Annual ESG Compliance Monitoring

Annex 7 has the template for the annual ESG and compliance requests that Novastar sends its portfolio companies. As part of the Annual ESG Compliance monitoring, NVIII will send information requests to its portfolio companies on (i) whether there were any changes in the E&S risk profile of their business operations which will help inform NVIII and GCF whether the ESS risk category remains applicable for the reporting period and/or whether there are new ESS/IFC PS that were triggered as a result of business expansion or growth, for example; and (ii), as applicable/relevant, information on any stakeholder engagement activities that they have done during the reporting period including key information about the stakeholders engaged, date and location of engagement activities, the feedback from the stakeholders, and how these feedbacks were taken into consideration by the portfolio company.

9.4.3. Stage 4C: External Audits

For higher risk businesses it may be appropriate to require the investee to appoint independent monitoring consultants to report regularly to Novastar. The main output from an audit or monitoring consultant's visit is a detailed report, which should cover all relevant aspects of an investee's performance and list clear recommendations for improvements. Audit reports should first be reviewed critically for completeness and reliability. If the report is considered thorough and complete it should then be reviewed again for its finding with regard to the state of compliance of the projects, any significant ESG risks, and recommendations for follow-up action or changes to the operation. Follow-up action might include adjusting the risk rating for the project, agreeing revisions to the ESG Action Plan, developing a remedial Action Plan, or arranging further visits by external specialists

The report from the external consultants shall be provided to the Investment Committee for their review together with the remedial plan or mechanism agreed between Novastar and the investee to correct any issues arising therefrom.

9.5. Stage 5: Exit

Novastar's exit from an investment may either be in the form of a change of control sale, secondary sale, IPO or write-off. Novastar aspires to integrate ESG principles throughout the exit process, ensuring that the transaction aligns with the values of responsible investing.

For investments that are written-off, Novastar will review the key ESG issues associated with such an investee to seek, where possible, that the investee continues to honour the ESG obligations as defined in any agreements with Novastar and to ensure that ESG impacts of Novastar's write-off are minimised.

For investments that are exited via a sale or IPO, Novastar will seek, where possible, that sound ESG practices and improvements continue under the new ownership. Novastar will conduct an exit review in accordance with the checklist below, which is informed by the [UNPRI Responsible Investment in Private Equity & IFC Principles of Responsible Investing](#).

Notwithstanding the process below, Novastar cannot be expected to be responsible for practices in an exited investee.

Refer to Annex 10 for the ESG Narrative template to be included in the Exit Memo presented to IC.

Table: ESG at exit checklist for sale or IPO

Action	By
<p>Assessing Buyer Intent, Impact motivation and ESG Capacity: Evaluate potential buyers' ESG track record, policies, track records, and commitment to responsible business practices including interviewing them on their intentions in relation to impact (on consumers/producers, the planet), plans to retain employees and responsible ESG practices. This is to ensure they have the capability to manage ESG risks and continued impact effectively post-acquisition</p> <p>Also, assess how the new ownership may affect ESG matters and take into consideration the impact that new ownership will have on employees, local communities and the local environment.</p> <p>Red flags might include weak or non-existent ESG policies, a poor track record in managing ESG risks linked to previous investments, evidence of unsustainable or unethical practices, lack of commitment to ESG principles, and inadequate resources to address ESG issues.</p>	Head of Sustainability
<p>Conducting Conflict of Interest Checks at Exit: Assess potential real or perceived conflicts of interest involving the buyer, management team, or other stakeholders. This includes evaluating the buyer's business relationships, investments, or affiliations that could negatively impact the portfolio company by disrupting business continuity, or lead to ESG non-compliance, potentially harming stakeholders and the portfolio company's long-term value.</p> <p>Red flags might include undisclosed financial ties or investments that could influence the buyer's decision-making, relationships with competitors or entities with poor ESG practices, prior allegations of unethical behaviour, reputational risks tied to</p>	Investment Manager

controversial industries, and misalignment between the buyer's strategic goals and the portfolio company's commitments.	
Conduct Money Laundering Checks at Exit: Ascertain the buyer's identity and confirm that the acquisition funds are legitimate and not linked to criminal activities. This includes tracing the origin of funds, reviewing financial records, and cross-checking with global sanctions or financial crime databases. This helps mitigate legal and reputational risks.	MLRO
Embedding ESG Commitments in Legal Agreements: Where possible, include specific ESG clauses in legal documentation governing such divestments, such as ongoing commitments to environmental and social standards, reporting obligations, or remedial actions. This ensures that the buyer remains aligned with ESG objectives	Investment Manager + Legal Counsel
Stakeholder Engagement and Transparency: Where appropriate, communicate with employees, communities, and other stakeholders regarding the exit process and its potential impacts. This minimizes risks of reputational harm and strengthens trust in the transaction .	Investment Manager

10. INFORMATION DISCLOSURE, STAKEHOLDER ENGAGEMENT AND GRIEVANCE REDRESS

10.1. Grievance Redress Mechanisms

Three-tier Grievance Redress Structure

Novastar Ventures provides for grievance and redress at three levels: the Green Climate Fund (GCF), Novastar (as the accredited entity), and the level of investee companies. Novastar will ensure that all parties affected—or likely to be affected—by GCF-financed activities are made aware of the grievance and redress mechanisms available at each level.

Stakeholder Communication

Information about grievance redress mechanisms will be communicated:

- ✦ At the earliest stage of the stakeholder engagement process,
- ✦ In an understandable format,
- ✦ In all relevant local languages.

Novastar and its investee companies will provide clear guidance on how to submit complaints, including contact information and appropriate communication channels.

Responsibilities as a GCF Intermediary

As a GCF intermediary, Novastar will:

- ✦ Maintain responsibility for its own entity-level grievance mechanism,
- ✦ Conduct due diligence and provide ongoing oversight to ensure investee mechanisms are functional, appropriate, and compliant.
- ✦ Require investees to establish and operate effective grievance mechanisms aligned with GCF standards,

Novastar-level Grievance Redress Expectations

Novastar will operate its own grievance mechanism and ensure that the mechanism is:

- ✦ **Accessible** to all affected stakeholders,
- ✦ **Equitable** and fair to all parties involved,
- ✦ **Predictable**, with clear procedures and timelines,
- ✦ **Transparent**, ensuring clarity about processes and outcomes,
- ✦ **Independent and legitimate**, free from influence or bias,
- ✦ Designed to enable continuous learning and improvement.

The Novastar External Grievance Mechanism is detailed in Annex 8A.

Portfolio company-level Grievance Redress Mechanisms

In line with GCF Environmental and Social Safeguards (ESS) standards, Novastar requires all portfolio companies to establish and maintain **grievance redress mechanisms (GRMs)**. These mechanisms must be:

- ✦ Proportionate to the risks and impacts of the activity,
- ✦ Capable of receiving and resolving concerns regarding environmental and social performance,

- ✦ Designed to resolve complaints in a timely and satisfactory manner for complainants and other affected stakeholders
- ✦ In cases involving **Sexual Exploitation, Abuse, and Harassment (SEAH)**, mechanisms must be **survivor-centred, gender-responsive**, and ensure safety, confidentiality, and respect for the dignity of survivors.

GCF Independent Redress Mechanism

If a complaint is filed with the **GCF Independent Redress Mechanism**, Novastar will cooperate fully with GCF throughout the handling and resolution process. Novastar will not restrict complainants from accessing the GCF's mechanism or from pursuing any available judicial or administrative remedies in host countries.

10.2. Information Disclosure

These requirements align with the GCF's commitment to transparency and stakeholder engagement, ensuring that affected communities and stakeholders have timely access to relevant environmental and social information. Further information can be found in Annex 17 of this ESMS.

ESS Disclosure Requirements for Category B Investments	ESS Disclosure Requirements for Category C Investments
<p>Category B projects are those with potential limited adverse environmental and/or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.</p> <p>Disclosure Obligations for new Category B investments:</p> <ul style="list-style-type: none"> ✦ Timeline: Environmental and social safeguards reports must be disclosed at least 30 days prior to Novastar's final approval of the investment and signing of legal documentation. ✦ Method of Disclosure: <ul style="list-style-type: none"> ◆ Novastar is required to disclose the ESS reports on its website. ◆ Locations Convenient to Affected Peoples: Novastar must also ensure that the ESS reports are available in locations accessible to the affected communities. ◆ Green Climate Fund (GCF) Website: The ESS reports should be submitted to the GCF Secretariat for publication on the GCF website alongside the funding proposal. ✦ Language: Disclosures will be made in English and, in the local language(s) if not 	<p>Category C projects are those with minimal or no adverse environmental and/or social risks and/or impacts.</p> <p>Disclosure Obligations:</p> <ul style="list-style-type: none"> ✦ Advance Disclosure: For Category C projects, there is no requirement for advance disclosure of environmental and social safeguard3s reports prior to Board consideration. <p>Note: While advance disclosure is not mandated for Category C projects, GCF encourages transparency and may require disclosure of relevant information as deemed appropriate to maintain stakeholder confidence and engagement.</p>

<p>English, to ensure accessibility for affected communities.</p> <p>Further information on the disclosure process & timelines can be found in Annex 17 of this ESMS.</p>	
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11. ANNEXES

11.1. Annex 1: Category A (High Risk) Business Activities

This list is for illustration purposes only and is not conclusive or complete.

1. Crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. Thermal power stations and other combustion installations with a heat output of 300 megawatts³ or more and nuclear power stations and other nuclear reactors, including the dismantling or decommissioning of such power stations or reactors (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).
3. Installations designed for the production or enrichment of nuclear fuels, the reprocessing, storage or final disposal of irradiated nuclear fuels, or for the storage, disposal or processing of radioactive waste.
4. Integrated works for the initial smelting of cast-iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
5. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20,000 tonnes finished product; for friction material, with an annual production of more than 50 tonnes finished product; and for other asbestos utilization of more than 200 tonnes per year.
6. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous-, nitrogen or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; and explosives.
7. Construction of motorways, express roads and lines for long-distance railway traffic; airports with a basic runway length of 2,100 metres or more; new roads of four or more lanes, or realignment and/or widening of existing roads to provide four or more lanes, where such new roads, or realigned and/or widened sections of road would be 10 km or more in a continuous length.
8. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
9. Sea ports and also inland-waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1,350 tonnes.
10. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
11. Large dams⁴ and other impoundments designed for the holding back or permanent storage of water.
12. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
13. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; or (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
14. Large-scale peat extraction, quarries and open-cast mining, and processing of metal ores or coal.
15. Extraction of petroleum and natural gas for commercial purposes.

³Equivalent to a gross electrical output of 140 MW for steam and single cycle gas turbine power stations

⁴ As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15 meters high and have a reservoir volume of more than 3 million cubic metres are also classified as large dams

16. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more
17. Large-scale logging.
18. Municipal wastewater treatment plants with a capacity exceeding 150,000 population equivalent.
19. Municipal solid waste processing and disposal facilities.
20. Large-scale tourism and retail development.
21. Construction of high-voltage overhead electrical power lines.
22. Large-scale land reclamation.
23. Large-scale primary agriculture or forestation involving intensification or conversion of natural habitats.
24. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
25. Installations for the intensive rearing of poultry or pigs with more than 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows
26. Projects⁵, which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in this list. Such sensitive locations include, inter alia, national parks and other protected areas identified by national or international law, and other sensitive locations of international, national or regional importance, such as wetlands, forests with high biodiversity value, areas of archaeological or cultural significance, and areas of importance for Indigenous Peoples or other vulnerable groups.
27. Projects, which may result in significant adverse social impacts to local communities, or other project affected parties.
28. Projects which may involve significant involuntary resettlement or economic displacement.

Potential High-risk sectors requiring detailed ESG due diligence:

Forestry	Infrastructure
Board and Particle-based Products	Tourism and Hospitality Development
Sawmilling and Wood-based Products	Railways
Forest Harvesting Operations	Ports, Harbours and Terminals
Pulp and Paper Mills	Airports
	Airlines
Agribusiness/Food Production	Shipping
Mammalian Livestock Production	Gas Distribution Systems
Poultry Production	Toll Roads

⁵ Including, without limitation, socially or environmentally oriented projects (such as renewables).

Plantation Crop Production	Telecommunications
Annual Crop Production	Crude Oil and Petroleum Product Terminals
Aquaculture	Retail Petroleum Networks
Sugar Manufacturing	Health Care Facilities
Vegetable Oil Processing	Waste Management Facilities
Dairy Processing	Water and Sanitation
Fish Processing	
Meat Processing	General Manufacturing
Poultry Processing	Cement and Lime Manufacturing
Breweries	Ceramic Tile and Sanitary Ware Manufacturing
Food and Beverage Processing	Glass Manufacturing
	Construction Materials Extraction
Chemicals	Textiles Manufacturing
Pharmaceuticals and Biotechnology Manufacturing	Tanning and Leather Finishing
Coal Processing	Semiconductors and Electronics Manufacturing
Natural Gas Processing	Printing
Oleochemicals Manufacturing	Foundries
Nitrogenous Fertilizer Manufacturing	Integrated Steel Mills
Phosphate Fertilizer Manufacturing	Base Metal Smelting and Refining
Pesticides Formulation, Manufacturing and Packaging	Metal, Plastic, Rubber Products Manufacturing
Petroleum-based Polymers Manufacturing	

	Petroleum Refining	Mining
	Large Volume Petroleum-based Organic Chemicals Manufacturing	Mining
	Large Volume Inorganic Compounds Manufacturing and Coal Tar Distillation	
		Power
		Wind Energy
	Oil and Gas	Geothermal Power Generation
	Offshore Oil and Gas Development	Electric Power Transmission and Distribution
	Onshore Oil and Gas Development	Thermal Power
	Liquefied Natural Gas (LNG) Facilities	

11.2. Annex 2: Novastar's Investment Code

According to the investment code, Novastar Ventures Africa People and Planet Fund III LP invests responsibly, prioritizing environmental, social, and governance (ESG) considerations. The fund aligns with international standards, such as IFC Performance Standards and UN Guiding Principles on Business and Human Rights, to ensure compliance and ethical business practices.

Novastar requires portfolio companies to establish ESG management systems, implement policies to mitigate environmental risks, and adopt fair labour practices, including non-discrimination, fair wages, and worker safety. Companies must also avoid forced and child labour, human rights violations, and corruption. Businesses are expected to comply with local laws, minimize negative environmental impacts, and enhance positive social contributions.

Financial institutions within Novastar's portfolio must uphold strict AML policies, ensure fair treatment of clients, and prevent over-indebtedness. Sanctions compliance, ethical tax practices, and data protection are mandatory. Overall, Novastar promotes responsible investments that contribute positively to sustainability, human rights, and governance while ensuring financial integrity.

Novastar's Investment Code cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for information on the Investment Code.

11.2.1. Annex 2B: NVIII Exclusion List

The Exclusion list is part of the *NVIII investment Code* and is detailed below.

The exclusion list states that: The Portfolio Company shall not, perform, carry on, invest in or finance any Excluded Activity or Additional Excluded Activity, provided that the restriction on Additional Excluded Activities shall not apply to Clients of the Portfolio Company that are Financial Institutions. The Portfolio Company is restricted from engaging in activities involving forced or child labour, human trafficking, illegal materials, hazardous substances, unsustainable fishing, wildlife trade, and activities harming conservation areas. It also excludes involvement in weapons, pornography, racist media, and businesses heavily reliant on alcohol, tobacco, or gambling. Additional exclusions cover speculative cryptocurrency use, high-risk AI, targeted social media, and military-intelligence services. Fossil fuel activities are broadly restricted, except in limited cases where alternatives are infeasible. Some hybrid energy solutions and LPG use are permitted under strict conditions if they reduce emissions and improve living standards.

Schedule 1 – Exclusion List

The Portfolio Company shall not, perform, carry on, invest in or finance any Excluded Activity or Additional Excluded Activity, provided that the restriction on Additional Excluded Activities shall not apply to Clients of the Portfolio Company that are Financial Institutions. The Portfolio Company shall not supply products or services primarily designed to facilitate an Excluded Activity. For the avoidance of doubt, products or services supplied to private or state security services shall be considered as a trade in arms where they could reasonably be considered to have a direct lethal application. Where the Portfolio Company supply products or services primarily designed to facilitate an Excluded Activity after Novastar's investment, the Portfolio Company shall provide Novastar with a quarterly report containing details of the Portfolio Company's source of revenue and customers.

The Portfolio Company shall not, perform, carry on, invest in or finance any Excluded Fossil Fuel Activity.

Excluded Activities

The Portfolio Company will not engage in any activities involved in the production, use of, trade in or distribution of:

1. Forced labour,^[1] child labour,^[2] or human trafficking
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - a. ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides, chemicals or wastes;
 - b. wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - c. unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
4. Destruction^[3] of High Conservation Value areas^[4]
5. Activities that have a negative impact on any wetland designated under the Ramsar Convention
6. Activities that have a negative impact on any world heritage site designated by UNESCO (unless the consent by the relevant government and UNESCO has been obtained in advance)
7. Production of, or trade in radioactive materials^[5]
8. Production of, use of, or trade in unbonded asbestos fibres
9. Pornography and/or prostitution
10. Racist and/or anti-democratic media
11. Production of or trade in, arms (i.e. weapons, munitions or nuclear products, primarily designated for military purposes)
12. In the event that any of the following products form a substantial part of a project's primary financed business activities^[6]:
 - a. Alcoholic Beverages (except beer and wine);
 - b. Tobacco or tobacco related products;
 - c. Weapons and munitions; or
 - d. Gambling, casinos and equivalent enterprises.

Excluded Fossil Fuel Activities

The Portfolio Company shall not, perform, carry on, invest in or finance any Excluded Fossil Fuel Activity meaning:

- a. mining, prospecting or exploring for Fossil Fuels;
- b. producing, processing or refining Fossil Fuels or using waste heat from the burning of Fossil Fuels whether by a Portfolio Company or a third party;
- c. generating power or heat using Fossil Fuels, storing or transmitting that power or heat or refurbishing or rehabilitating power generation plants that use Fossil Fuels;
- d. storing, transporting, distributing or trading in Fossil Fuels, or developing, acquiring, constructing, operating or maintaining any infrastructure for the storage, transport, distribution of, or trade in, Fossil Fuels;
- e. CCUS, except if:
 - i. it is not used for enhanced oil, gas or coalbed methane recovery, or any equivalent technology;
 - ii. it is used in connection with gas-only fired power generation or for industrial or for industrial processes that burn any Fossil Fuel (other than coal);
 - iii. it will significantly abate greenhouse gas emissions over the lifetime of the existing Fossil Fuel related assets; and
 - iv. it will not significantly extend the life of existing Fossil Fuel related assets;

- f. engaging in Fossil Fuel Dependent Heavy Industry;
- g. the production and provision of goods, services or other outputs (including advisory or financial services and utilities) for exclusive use in connection with any activity referred to in (a) to (f) above; and
- h. the improvement of the efficiency, health and safety or environmental and social standards of any business engaged in any activity referred to in (a) to (f) above,

“CCUS” means carbon capture and storage and carbon capture, use, transport and storage.

“Fossil Fuel” means any fossil fuel including coal, oil (including heavy fuel oil, light crude oil or diesel) or gas (including liquefied gas);

“Fossil Fuel Dependent Heavy Industry” means industrial processes that:

- a. need high temperatures that can only be achieved through burning Fossil Fuel (such as manufacturing cement, ceramics, glass and paper); or
- b. use Fossil Fuel as feedstock but that do not produce fuels (such as manufacturing steel, detergents, waxes, lubricants, white oils and paint).

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

[2] Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

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

[4] High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

[5] This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

[6] For companies, “substantial” means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, “substantial” means more than 10% of their underlying portfolio volumes.

11.3. Annex 3: Due Diligence Questionnaire

This ESG questionnaire serves as a reporting framework for assessing ESG risks and compliance within the company's operations and investments. The questions are structured around key environmental, social, and governance (ESG) themes. It includes compliance with IFC Performance Standards (PS1–PS8) covering topics such as environmental and social management, labor rights, resource efficiency, community exposure, land acquisition, biodiversity conservation, indigenous peoples, and cultural heritage. Additional sections address corporate governance, road safety, gender-based violence and harassment (GBVH), supply chain risks, child safety, modern slavery, and business integrity.

The ESG Due Diligence questionnaire cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for more information regarding the ESG Due Diligence questionnaire.

11.4. Annex 4: ESG Due Diligence Report – Sample Table of Contents

A table of contents for Template of the ESG due diligence report is shown below.

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11.5. Annex 4: Novastar Template ESG Action Plan

The Novastar template ESAP is aligned with the GCF's Revised Environmental and Social Policy (RESP) and GCF Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process. The ESAP details specific actions to manage identified environmental and social risks, including timelines, responsible parties, and monitoring indicators. It addresses risks such as potential impacts on vulnerable groups, ensures stakeholder engagement, outline grievance redress mechanisms, incorporate measures to prevent sexual exploitation, abuse, and harassment and additional risks identified during the ESG due diligence process and to meet the obligations of the NVIII ESMS.

The ESAP is part of the legal agreements for investment from Novastar and is developed by the Investee company and the Novastar deal team and approved by the Investment Committee. Portfolio companies are required to report on their progress against the ESAP on a quarterly and annual basis.

Example of an ESAP

Risk	Mitigation Measure(s)	Risk Significance*	Responsible Party/Person	Deadline	Expected Deliverable	Cost/Budget (USD)
Inadequate stakeholder engagement, leading to mistrust or delays	Establish a Stakeholder Engagement Plan, hold quarterly consultations , and set up grievance mechanism	Medium	Community Liaison Officer	30 June 2025	-Copy of Stakeholder Engagement Plan that has been approved by company leadership -Copy of GRM -Minutes from stakeholder engagement meetings	xx

**Takes into account both the severity of potential impacts and the likelihood of their occurrence.*

11.6. Annex 6: Serious Incident Report Template

This template is used to document and report serious incidents involving investee companies. It captures critical details, including incident type, causes, and follow-up actions. The report ensures thorough documentation for accountability, compliance, and preventive measures. The information collected includes:

- ★ **General Information:** Date of report, Fund & Fund Manager details, Contact person & information, Portfolio entity details
- ★ **Incident Details:** Date, time, and location; Type of incident (e.g., fatality, fraud); Persons involved/injured/deceased; Context and narrative; Weather & conditions
- ★ **Investigation & Actions:** Cause of incident; Status of investigation; Parties involved in the investigation; Management follow-up actions; Reports received & actions taken; Preventive measures & monitoring plans
- ★ **Attachments (if applicable):** External investigation reports; Policy/procedure changes

	Description of Issue	
	Date and time	
	Location of Accident (e.g., address and describe the site)	
	Type of incident: (e.g., environmental issue, fatality, alleged fraud)	
	Name of person(s) involved / injured / deceased, if applicable	
	Narrative and contextual information	
	Weather and other conditions at time of incident	
	State whether incident was work or non-work related	
	Causes of incident	
	Status of investigation	
	Listing of parties involved in investigation (e.g. witnesses and staff, unions, police, other authorities and other parties)	
	Company Management Follow-Up Actions	
	Company manager's view of incident: degree of severity, possible uncertainties or disputed facts to be investigated	
	Status of Investigation	
	Reports Received	
	Immediate actions taken by the fund manager and other parties	[Novastar to complete in most instances]
	Further actions to prevent re-occurrence of incident	
	Monitoring/reporting arrangements to follow up on efficacy of actions	
	Results to date of actions taken	
	Attachments to the incident report (if any):	
	External or third-party investigation reports	

	Changes to policy or procedures to prevent such incidents again
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11.7. Annex 7: Template Annual ESG & Compliance Requests

Every year, as part of Novastar's monitoring, and the reporting of ESG performance, portfolio companies are required to populate an Annual ESG & Compliance questionnaire.

The Annual ESG & Compliance Requests cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for more information regarding these requests.

11.8. Annex 7B: Template Quarterly ESG-related Data Request

At the end of each quarter, NVIII sends out a quarterly data request to portfolio companies which includes a Social & Environmental Impact Report and Environmental and Social Action Plan (ESAP) among other financial/commercial performance indicators. Where relevant, some social and environmental indicators are customised for the portfolio company.

Novastar's Data Request cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for information.

11.9. Annex 8A: Novastar Ventures Complaints and Grievance Redress Mechanism

11.9.1. Purpose and Rationale

Novastar Ventures is committed to managing grievances and complaints in a manner that is transparent, fair, survivor-centered, and aligned with international best practices.

This policy establishes a grievance redress and complaints handling framework consistent with the requirements outlined in:

- ✦ The effectiveness criteria for non-judicial grievance mechanisms described in the UN Guiding Principles on Business and Human Rights (UNGPs).
- ✦ The GCF Revised Environmental and Social Policy (Decision B.19/10)
- ✦ The GCF Gender Equality and Social Inclusion Policy
- ✦ The GCF Indigenous Peoples Policy

The objective is to ensure that stakeholders affected by Novastar's investments—whether directly or indirectly—have access to mechanisms to raise concerns and receive timely, fair resolution without fear of retaliation.

11.9.2. Scope

This policy applies to all grievances or complaints submitted by:

- ✦ Individuals or communities directly or indirectly affected by Novastar or its investee companies,
- ✦ Portfolio company staff and contractors,
- ✦ Co-investors, partners, service providers, or other stakeholders.

It includes complaints related to:

- ✦ Environmental and social impacts,
- ✦ Sexual Exploitation, Abuse, and Harassment (SEAH),
- ✦ Indigenous Peoples' rights,
- ✦ Land acquisition or resettlement,
- ✦ Labor conditions and workplace grievances,
- ✦ Any non-compliance with Novastar's or its investees' ESG policies or the GCF's requirements.

*Novastar employees have access to a separate, internal complaints policy.

11.9.3. Grievance Redress Mechanism Structure

Novastar acknowledges that grievance redress operates across three levels:

1. Portfolio company
2. Novastar's own mechanism
3. **GCF Level** (via the Independent Redress Mechanism). Complainants are also entitled to submit complaints directly to the **GCF Independent Redress Mechanism and the Indigenous Peoples Specialist at the GCF**. More information can be found at: <https://irm.greenclimate.fund>

Stakeholders may access any of these levels. Novastar will not impede access to the **GCF Independent Redress Mechanism**, or any judicial or administrative remedies available under national law. Novastar will cooperate

fully with the GCF Independent Redress Mechanism in the resolution and investigation of complaints filed at the GCF level.

11.9.4. Requirements for Investee Companies

Novastar requires all investee companies to establish, maintain, and publicize **company-level complaints and grievance redress mechanisms** that are:

- ★ Scaled to the risks and impacts of the activity,
- ★ Accessible, transparent, and free to users,
- ★ Culturally appropriate and available in relevant local languages,
- ★ Confidential and protective of complainant identity,
- ★ Communicated to stakeholders at the earliest opportunity during stakeholder engagement, and

Novastar will provide guidance, capacity support, and ongoing oversight to ensure effective implementation of these mechanisms.

11.9.5. Submission of Complaints to Novastar

Stakeholders can submit complaints to Novastar through the following channels:

- ★ **Email:** complaints@novastarventures.com
- ★ **In person:** Such as during stakeholder engagement sessions or site visits where Novastar teams are present.

The email address will be published on Novastar's website.

All complaints mechanisms are **accessible at no cost to complainants**. Complaints may be submitted anonymously. All complaints will be treated with confidentiality and respect for the rights and dignity of the complainant.

11.9.6. Complaint Handling Process

Upon receiving a complaint:

1. **Acknowledgement:** Novastar will acknowledge receipt of the complaint within **10 business days**.
2. **Investigation:** The designated Complaints Officer (the Head of Sustainability) will assess the complaint, coordinate an investigation (internal or external), and consult relevant parties while maintaining confidentiality.
3. **Resolution:** Novastar will aim to provide a written response and resolution within **two months**. If further time is needed, the complainant will be informed with justification.
4. **Escalation:** If unsatisfied, complainants may escalate to Novastar's senior management or Board, and/or to the **GCF Independent Redress Mechanism**.
5. If the complaint is related to Indigenous Peoples, Novastar will seek input from IP specialists or partners with relevant experience.

All complaints will be logged, monitored, and tracked through a confidential complaints register.

11.9.7. Protection from Retaliation

Novastar strictly prohibits retaliation against any complainant who raises concerns in good faith. Any staff or partner found to have retaliated against a complainant will be subject to disciplinary action, including potential dismissal or contract termination.

11.9.8. Handling Sexual Exploitation, Abuse, or Harassment (SEAH) Complaints

Complaints involving Sexual Exploitation, Abuse, or Harassment will be handled through a **survivor-centered and gender-responsive** approach that prioritizes:

- Confidentiality,
- Safety and well-being of the survivor,
- Ethical storage and management of data, and
- Analysis of SEAH trends for prevention and accountability.

11.9.9. Monitoring, Reporting, and Learning

- The **Complaints Officer** is responsible for maintaining the complaints log, tracking recurring issues, and ensuring systemic problems are addressed.
- A **Complaints Report** will be presented annually to Novastar's senior management with anonymized data and recommendations.
- Lessons learned will inform continuous improvement of the ESMS and grievance procedures. The grievance mechanism will be reviewed annually for effectiveness and updated as needed.

11.9.10. Alignment with GCF and International Standards

This Complaints and Grievance Redress policy is aligned with:

- The Green Climate Fund's Environmental and Social Policy and related safeguard standards,
- The GCF's Gender and Social Inclusion Policy,
- The United Nations Guiding Principles on Business and Human Rights (Effectiveness Criteria for Non-Judicial Grievance Mechanisms).

11.9.11. Grievance Form and Grievance Log Template

Grievance Form

(To be filled out by the complainant – optional for anonymous complaints)

Name (optional): _____

Job Title (if applicable): _____

Date of Complaint: _____

Nature of Grievance: (e.g., discrimination, harassment, unethical conduct, workplace safety)

Details of the Complaint (include dates, names, and relevant facts):

Steps Taken for Informal Resolution (if applicable):

Preferred Resolution Outcome:

Signature (if applicable): _____

Date: _____

Grievance Log Template

#	Grievance Description	Complainant (Anonymous if requested)	Category (e.g., Harassment, Ethics, Safety)	Date Received	Resolution Status	Outcome
1	Alleged discrimination by manager	Anonymous	Workplace Harassment	Jan 15, 2024	Resolved	Verbal warning issued to manager
2	Unethical procurement practices	John Doe	Business Ethics	Feb 2, 2024	Under Investigation	Pending further review
3	GBVH complaint	Anonymous	Gender-Based Violence	March 10, 2024	Closed	Survivor received support & disciplinary action taken

11.10. Annex 8B: For Portfolio Companies: Novastar Ventures Guidance for Complaints and Grievance Redress Mechanism

Introduction: As a recipient of GCF-aligned funding through Novastar Ventures, your company is required to establish and maintain a robust, accessible, and transparent Grievance Redress Mechanism (GRM) in accordance with the Green Climate Fund (GCF) Environmental and Social Policy, and Indigenous Peoples Policy, and IFC Performance Standards. A strong GRM is essential for identifying and addressing concerns early, building trust with affected parties, and managing environmental and social risks responsibly. It is particularly critical in preventing and responding to issues such as Sexual Exploitation, Abuse, and Harassment (SEAH) and ensuring respect for the rights of Indigenous Peoples and other vulnerable groups.

This guidance outlines the minimum GCF-compliant requirements your company must meet to ensure grievance mechanisms are survivor-centered, culturally appropriate, and aligned with international standards. For full reference, please consult the [GCF Revised Environmental and Social Policy](#), the [GCF Environmental and Social Safeguards Standards](#) and the GCF Indigenous Peoples Policy.

The guidance below covers two types of grievance mechanisms:

- ✦ **External GRM** – for clients, users, affected communities, and other outside stakeholders (see GCF ESP, Section 7.3).
- ✦ **Internal GRM** – for employees, contractors, and workers, in accordance with IFC Performance Standard 2: Labor and Working Conditions.

Both mechanisms must be culturally appropriate, confidential, survivor-centered (in the case of SEAH), and designed for continuous learning and improvement.

Reference documents: [GCF Revised Environmental and Social Policy \(RESP\)](#); [IFC Performance Standards \(PS1 & PS2\)](#)

External GRM (for Communities, Clients, External Stakeholders)	Internal GRM (for Employees, Contractors, and Workers)
<p>Adapted from GCF ESP Section 7.3</p> <p>I. Establishment</p> <ul style="list-style-type: none"> ✦ A functioning company-level grievance mechanism is in place. ✦ The GRM is designed to handle concerns related to the environmental and social performance of the company ✦ The GRM is proportionate to the risks and impacts of the company. ✦ Designated staff or focal point(s) are assigned and trained to manage the GRM. ✦ The mechanism is operational throughout the company lifecycle and includes clear procedures for intake, resolution, and documentation. 	<p>Adapted from IFC Performance Standard 2: Labor and Working Conditions</p> <p>I. Establishment</p> <ul style="list-style-type: none"> ✦ A documented, worker-accessible internal grievance mechanism is in place. ✦ Employees and contractors are informed about the mechanism during onboarding. ✦ Designated HR or management staff are trained to handle grievances. <p>II. Scope and Access</p> <ul style="list-style-type: none"> ✦ Covers issues such as: <ul style="list-style-type: none"> ◆ Working conditions ◆ Harassment, discrimination ◆ SEAH or power-based misconduct ◆ Retaliation

<p>II. Stakeholder Communication and Accessibility</p> <ul style="list-style-type: none"> ★ Affected or potentially affected communities are informed about: <ul style="list-style-type: none"> ◆ The portfolio company's GRM ◆ Novastar Ventures' GRM ◆ The GCF Independent Redress Mechanism ★ GRM information is shared at the earliest opportunity during stakeholder engagement. ★ Information is communicated in an understandable format and in all relevant local and Indigenous languages. ★ The GRM is free of charge to the public. ★ Information is communicated using inclusive formats (e.g., oral, visual) to accommodate different literacy levels. <p>III. Procedural Safeguards</p> <ul style="list-style-type: none"> ★ The GRM guarantees protection from retaliation for complainants and whistleblowers. ★ Anonymous complaints are permitted, and complainants' identities are kept confidential. ★ Access to the GRM does not hinder access to: <ul style="list-style-type: none"> ◆ Novastar's grievance mechanism ◆ The GCF Independent Redress Mechanism ◆ Judicial or administrative remedies <p>IV. Complaint Resolution Process</p> <ul style="list-style-type: none"> ★ The mechanism includes documented procedures for receiving, assessing, investigating, resolving, and closing complaints. ★ All complaints are addressed promptly, fairly, and transparently. ★ Complainants receive a timely written response, including rationale for decisions made. ★ The company conducts root cause analysis for systemic or repeated complaints. ★ Lessons learned from complaints are integrated into operational improvements and the ESMS. <p>V. Special Provisions for SEAH (Sexual Exploitation, Abuse, and Harassment)</p> <p>Must be addressed separately and with survivor-centered protections</p> <ul style="list-style-type: none"> ★ The GRM includes clear, confidential, and survivor-centered procedures for SEAH-related complaints. ★ SEAH complaints are handled by trained staff who ensure confidentiality, safety, and informed consent. 	<ul style="list-style-type: none"> ◆ Labor rights violations ★ Mechanism is confidential, non-retaliatory, and free to use. ★ Employees may submit complaints anonymously if desired. <p>III. Complaint Management</p> <ul style="list-style-type: none"> ★ Complaints are acknowledged and resolved within a defined timeline. ★ Complainants receive feedback on outcomes. ★ Escalation process is in place for unresolved issues. <p>IV: SEAH-Specific Protocols</p> <ul style="list-style-type: none"> ★ SEAH complaints are treated separately and with confidentiality. ★ Managed by trained, impartial staff. ★ Access to external support services (e.g., psychosocial, legal, medical) is offered. ★ Investigation and response are survivor-centered and rights-based. <p>V: Monitoring & Learning</p> <ul style="list-style-type: none"> ★ Internal complaints are tracked, anonymized, and analyzed. ★ Trends are reviewed periodically by senior management. ★ Lessons learned inform updates to HR policies, training, and culture-building efforts.
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- ✦ The GRM is **gender-responsive** and sensitive to power dynamics and trauma.
- ✦ The mechanism outlines or refers to **support services**, including:
 - Medical care
 - Psychosocial support
 - Legal assistance
 - Protection and relocation (if required)
- ✦ SEAH incidents are tracked and reported **separately** in line with Novastar requirements.

VI. Monitoring, Reporting, and Learning

- ✦ A **complaints log/register** is maintained, including SEAH cases.
- ✦ Regular review of complaints data is conducted to identify trends, recurrence, or escalation risks.
- ✦ Key insights and trends from the GRM are **reported to Novastar** as part of ESG reporting.
- ✦ Portfolio companies demonstrate **continuous improvement** in GRM design and effectiveness.

VII. Indigenous Peoples (Where Applicable)

- ✦ The GRM is **culturally appropriate** for Indigenous communities affected (positively or otherwise) by the company's activities.
- ✦ The design of the GRM reflects **Free, Prior, and Informed Consent (FPIC)** where applicable.
- ✦ Indigenous stakeholders have been **consulted** on grievance access and redress mechanisms.
- ✦ Information is shared in **local Indigenous languages** and using formats suitable to local contexts (e.g., oral, community gatherings).
- ✦ Where relevant and rights-compatible, the GRM may integrate or align with **traditional grievance resolution practices**.
- ✦ Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation
- ✦ The mechanism will consider customary laws, applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, and justice systems of indigenous peoples as appropriate and be able to use independent indigenous experts.

VIII. Stakeholder Engagement Integration

- ✦ The GRM is embedded into the **Stakeholder Engagement Plan (SEP)** or similar engagement framework.
- ✦ Stakeholder engagement activities ensure inclusion of: Women, Youth, People with disabilities, Marginalized or at-risk groups

- ✦ Community members are actively informed about: Their right to raise concerns; Available support mechanisms; Expected timelines and processes for complaint resolution
- ✦ Feedback from stakeholders is used to **update and improve** the GRM over time.

IX. UNGP Effectiveness Criteria

The GRM must reflect the following UN Guiding Principles on Business and Human Rights (UNGPs) criteria:

- ✦ **Legitimacy** – Stakeholders trust the mechanism and those operating it.
- ✦ **Accessibility** – The mechanism is known, reachable, and free of barriers (e.g., language, literacy, cost).
- ✦ **Predictability** – Timeframes and procedures are clear.
- ✦ **Equitability** – All parties can engage fairly, including access to information and advice.
- ✦ **Transparency** – Information about the process and outcomes is shared (while protecting confidentiality).
- ✦ **Rights-compatibility** – Resolutions uphold human rights and do not cause harm.
- ✦ **Continuous learning** – Lessons inform ESG and operational practice.
- ✦ **Stakeholder engagement** – Stakeholders have input into design and monitoring of the GRM.

11.11. **Annex 9: Preliminary ESG Due Diligence Report Template to the E&S Committee**

The table of contents is provided below

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11.12. Annex 10: E&S Narrative Template for Exits

This E&S Narrative Template for Exit incorporates the due diligence processes related to assessing the new company owner. It would be included as a section in the Exit Investment Memo presented to the IC for approval of the exit.

The E&S template for exits cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for more information regarding the exit template.

11.13. Annex 11A: Novastar's Approach to addressing Sexual Exploitation, Abuse, and Harassment (SEAH) risks

Commitment to Preventing SEAH

Novastar Ventures is committed to proactively identifying, preventing, and addressing Sexual Exploitation, Abuse, and Harassment (SEAH) in all areas of our operations and across our investment portfolio. We recognize SEAH as a serious risk and are committed to embedding strong, survivor-centered protections in our Environmental and Social Management System (ESMS). Measures to address SEAH risks are embedded in multiple documents including in our Environmental and Social Management System (ESMS), Grievance Redress Mechanism, Risk assessment framework, ESG due diligence questionnaire, Investment Code, and Information Disclosure requirements to LPs. However, we have created a single comprehensive summary of our approach to addressing SEAH risk shown below.

Novastar's SEAH objectives are to:

- ✦ Establish a clear and comprehensive approach to identifying, assessing, investigating, and mitigating SEAH risks.
- ✦ Ensure all Novastar team members are responsible for preventing and responding to SEAH and are trained on best practices.
- ✦ Integrate SEAH-specific risk analysis into ESG and Environmental and Social Impact Assessment (ESIA) processes across all potential investments.
- ✦ Support portfolio companies in establishing strong, effective mechanisms to prevent, monitor, and respond to SEAH risks and incidents.
- ✦ Continuously learn and improve our SEAH approach based on stakeholder engagement, monitoring data, and root cause analysis.

I. Strategic Measures for SEAH Risk Management

To uphold our SEAH commitment, Novastar has implemented a range of practical strategies across our operations and investments:

- ✦ **Gender and SEAH Risk Assessments:** We conduct gender and SEAH-specific analyses in the markets we operate in to understand context-specific vulnerabilities.
- ✦ **Stakeholder Engagement:** We advise our portfolio companies to engage a range of stakeholders such as civil society organisations, women's rights groups, and community-based organisations to inform their understanding of SEAH risks and co-design mitigation strategies.
- ✦ **Gender Action Plans:** We require each portfolio company to develop a Gender Action Plan that includes SEAH prevention and response components.
- ✦ **Technical Assistance Facility:** Where possible, Novastar offers portfolio companies access to technical support—including funding and third-party expertise—to strengthen SEAH mitigation systems.
- ✦ **Community Awareness:** We support our investees in developing engagement plans that inform communities of their rights and available SEAH reporting channels.
- ✦ **Incident Investigation Protocols:** We have created internal and portfolio-level templates for investigating SEAH-related ESG incidents.
- ✦ **Survivor-Centred Grievance Mechanisms:** All Novastar-supported grievance channels are designed to ensure safety, dignity, confidentiality, and access to appropriate support services.
- ✦ **Investee Guidance:** We provide a SEAH expectations guide to portfolio companies outlining minimum standards for prevention, reporting, and response mechanisms.

II. Roles, Responsibilities and Capacity Building

SEAH prevention and response at Novastar is a shared responsibility. We have clearly defined roles to ensure robust implementation:

- ★ **Partner in charge of ESG:** Oversees Novastar's ESMS and SEAH risk management strategy, ensures timely communication with investors regarding major ESG or SEAH incidents.
- ★ **Head of Sustainability:** Lead integration of SEAH into due diligence and portfolio monitoring processes, reviews portfolio-level SEAH mitigation strategies, and ensures alignment with Novastar's ESMS.
- ★ **Investment Team:** Trained to identify SEAH risks during due diligence and to engage with investees on SEAH compliance throughout the investment lifecycle.

III. Identified SEAH Risks in Novastar's Operating Context

Based on our experience and market analysis, we have identified the following SEAH risk scenarios across our portfolio:

<p>a) SEAH within Portfolio Companies' Internal Operations</p> <ul style="list-style-type: none"> ★ Risk Level: Medium ★ Magnitude: Low ★ Probability: Medium ★ Description: Early-stage companies may lack robust HR policies, making employees vulnerable to SEAH. Risk increases with limited management oversight or weak reporting culture. 	<p>b) SEAH in Community Engagement</p> <ul style="list-style-type: none"> ★ Risk Level: Medium ★ Magnitude: Medium ★ Probability: Low ★ Description: Sales agents or field staff engaging directly with customers may exploit power imbalances. These incidents can result in community harm, legal exposure, and reputational risk.
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IV. SEAH in ESG Due Diligence

Novastar integrates SEAH diligence as part of ESG Due Diligence. Novastar uses BII's (British International Investment) Standards detailed in the Good Practice Note on GBVH [bii.co.uk/GBVH] as the risk assessment framework during SEAH due diligence (refer to the detailed process in Section 10. The standards focuses on preventing, mitigating, and responding to Gender-Based Violence and Harassment (GBVH) in private sector operations, across 5 core areas: 1 - Overarching Principles including Survivor-centred, Safe, and Non-discriminatory.; 2- Assessing GBVH Risks, company capacity and resources; 3 - Preventing GBVH and encouraging reporting; 4 - Responding to reports of GBVH; 5 - Monitoring GBVH.

During due diligence, Novastar's due diligence questionnaire is used as a tool to collect evidence of policies and proper implementation of measures potential investees have address SEAH risks in their operations. We assess the investee's policies and practices including but not limited:

- ★ Sexual Harassment and Gender-Based Violence
- ★ Code of Conduct
- ★ HR and Equal Opportunity policies
- ★ Grievance mechanisms and incident trackers
- ★ Flexible work and leave policies
- ★ Compliance with national laws on sexual harassment is verified

- ✦ A review of past SEAH incidents (if any) is conducted

External E&S consultants with SEAH expertise may be hired to conduct third-party ESIAs if the risk level is considered high.

If any gaps are found, the investee will be required to address these through time-bound action plans, embedded within their Gender Action Plan.

V. Monitoring and Reporting on SEAH

Novastar closely tracks SEAH-related performance indicators across the portfolio. Specifically, we:

- ✦ Require investees to report annually on progress against their Gender Action Plans, including SEAH components.
- ✦ Monitor reported SEAH incidents and ensure that appropriate follow-up actions and remediation steps are implemented.
- ✦ Conduct periodic portfolio reviews to assess implementation of SEAH safeguards and identify areas for improvement.
- ✦ Share summary information on SEAH activities and lessons learned via on-going reporting such as quarterly and annual reports.

How we categorize SEAH incidents

- ✦ **High Risk Safeguarding Violation:** The incident involves physical assault (rape), sexual exploitation, harassment and abuse or a GBVH incident with a minor, or has a risk of reputational harm through media or NGO reports.
- ✦ **Medium Risk Safeguarding Violation:** an attempt or repeated attempts to sexually exploit but no incident of rape or physical assault reported. Eg. Use of threat, solicitation for sexual favours, restricting access to financial or other resources, offensive or inappropriate touch.
- ✦ **Low Risk Safeguarding Violation:** incident involved offensive comments and insulting jokes but no form of physical assault.

Notifying LPs of High risk incidents: Novastar will notify our LPs in writing within three (3) days after the occurrence of any: (i) High Risk Safeguarding Violation which has occurred in relation to the Fund or any Portfolio Company. Furthermore, we shall provide LPs, within forty five (45) days of the end of each calendar quarter together with the quarterly reports... and (b) information regarding the Medium Risk Safeguarding Violations and Low Risk Safeguarding Violations which have occurred in relation to the Fund or any Portfolio Company.

VI. SEAH Incident Management, Response

We are committed to building trust and accountability in our portfolio and their communities by transparently managing SEAH risks and supporting survivors.

All SEAH incidents must be reported to Novastar by investees in a timely manner as part of ESG reporting obligations in the Novastar Investment Code. Novastar will:

- ✦ Require investees to implement remedial actions and update their Gender Action Plans if needed.
- ✦ Disclose material SEAH incidents to relevant investors in accordance with fund reporting obligations.

- ★ Incorporate SEAH risk tracking into our ESG incident management system, including:
 - ◆ Analysis of trends and recurring risk factors,
 - ◆ Root cause evaluations,
 - ◆ Collaborative procedural improvements with investees.

VII. Commitment to Learning & Continuous Improvement

Novastar recognizes that preventing SEAH requires continuous learning - all investment team members of Novastar undertake ESG capacity building on GBVH/SEAH to enhance gender-responsive deal sourcing and due diligence

11.14. Annex 12: Novastar Ventures Indigenous Peoples Engagement Framework

Adapted from the Green Climate Fund Indigenous Peoples Policy

(<https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf>)

I. Introduction and Rationale

Novastar Ventures recognizes that Indigenous Peoples are a distinct stakeholder group, with unique rights and contributions to make to climate change mitigation and adaptation. While Novastar itself does not engage directly with Indigenous Peoples, it ensures that its portfolio companies, where relevant, do so in a manner that is respectful, inclusive, and compliant with global standards, including the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the GCF Indigenous Peoples Policy.

Novastar is committed to supporting portfolio companies to:

- ✦ Identify risks to and impacts on Indigenous Peoples
- ✦ Obtain Free, Prior, and Informed Consent (FPIC) where applicable
- ✦ Share benefits in a culturally appropriate and equitable manner
- ✦ Avoid harm and promote development aligned with Indigenous values

II. Scope of Application

This Framework applies to:

- ✦ All Novastar portfolio companies that receive investment from GCF-linked funds.
- ✦ Investments where Indigenous Peoples are present, have collective attachment to land, or may be affected—positively or negatively—by operations.
- ✦ Investments across all sectors and countries, including those without formal state recognition of Indigenous Peoples.

III. Policy Objectives

Novastar aims to ensure that:

- ✦ Portfolio companies respect the rights, dignity, identity, and livelihoods of Indigenous Peoples.
- ✦ Risks are properly assessed, mitigated, and monitored.
- ✦ Portfolio companies engage Indigenous Peoples through inclusive, gender-responsive, and culturally appropriate processes.
- ✦ Free, Prior, and Informed Consent is secured before projects proceed where required.
- ✦ Grievance mechanisms are accessible and effective.
- ✦ Indigenous Peoples share equitably in project benefits.

IV. Roles and Responsibilities

Novastar Ventures	Portfolio Companies
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Novastar will:

- ✦ Establish ESG and legal requirements on Indigenous engagement in all relevant investment agreements.
- ✦ Screen projects for potential Indigenous Peoples impact and assign Indigenous Peoples risk levels.
- ✦ Provide tools, templates, and guidance to investees for them to comply with the GCF Indigenous Peoples Policies.
- ✦ Conduct ESG due diligence and ensure compliance with Free, Prior, and Informed Consent and Indigenous Peoples safeguards.
- ✦ Monitor portfolio-level implementation and report to the GCF.
- ✦ Escalate systemic non-compliance or serious grievances to the GCF where appropriate.

Screening and Impact Assessment

Portfolio companies must:

- ✦ Determine whether Indigenous Peoples are present in or near the project area.
- ✦ Assess economic, social, cultural, and environmental impacts specific to Indigenous Peoples.
- ✦ Consult with Indigenous groups and integrate findings into risk assessments.

Free, Prior and Informed Consent (FPIC)

FPIC is required when:

- ✦ The project may affect Indigenous Peoples' lands, territories, or natural resources.
- ✦ Resettlement or displacement is proposed.
- ✦ Cultural heritage is involved.
- ✦ Commercial use of Indigenous Peoples lands or knowledge is planned.

Indigenous Peoples Plan (IPP)

If impacts on Indigenous Peoples are anticipated, companies must develop an IPP that includes:

- ✦ Baseline data and impact analysis
- ✦ Consultation and Free, Prior, and Informed Consent records
- ✦ Mitigation and benefit-sharing measures
- ✦ Tenure arrangements
- ✦ Gender and intergenerational considerations
- ✦ Grievance redress mechanisms
- ✦ Monitoring, evaluation, and reporting
- ✦ Budget and responsibilities

If site-specific activities are not yet known, an Indigenous Peoples Planning Framework is required.

Benefit Sharing and Cultural Protection

- ✦ Ensure equitable, culturally appropriate benefit sharing
- ✦ Protect sacred sites, cultural practices, and traditional knowledge
- ✦ Compensate for impacts in line with Indigenous Peoples preferences and customs

Grievance Redress

Portfolio companies must:

- ✦ Establish a culturally appropriate grievance redress mechanism
- ✦ Ensure it is accessible, confidential, free of retaliation, and available in local languages
- ✦ Log and respond to complaints, and report serious issues to Novastar

V. Monitoring and Reporting

Portfolio companies are required to:

- ★ Monitor progress against the Indigenous Peoples Plans or Indigenous Peoples Planning Framework
- ★ Track Free, Prior, and Informed Consent and grievance cases
- ★ Submit quarterly updates to Novastar

Novastar will:

- ★ Aggregate and validate portfolio reports
- ★ Include Indigenous Peoples engagement in GCF reporting
- ★ Conduct periodic evaluations of investee compliance

VI. Capacity Building and Continuous Improvement

Novastar will:

- ★ Provide training and guidance to its teams and investees on Indigenous Peoples policy and risk management
- ★ Involve third-party consultants for high-risk projects
- ★ Incorporate expertise from Indigenous Peoples experts to improve the Framework periodically

VII. Disclosure and Transparency

Portfolio companies must:

- ★ Disclose Indigenous Peoples Plans or Indigenous Peoples Planning Framework summaries in local languages and accessible formats
- ★ Inform Indigenous communities of their rights, benefits, and complaints mechanisms
- ★ Ensure transparency in all engagement processes

VIII. Indicative* Indigenous Peoples

Country	Indigenous Peoples (IPs)	Rationale (based on GCF criteria)	Regions (Counties/Provinces/States)
Kenya	Maasai	Semi-nomadic pastoralists, culturally distinct, tied to ancestral rangelands.	Kajiado, Narok, Laikipia, Baringo
	Samburu	Related to Maasai; pastoralist, culturally distinct, marginalized.	Samburu, Isiolo, Laikipia
	Rendille	Nomadic pastoralists, culturally distinct, face political and economic exclusion.	Marsabit
	Turkana	Pastoralist, marginalized, with strong cultural identity and land claims.	Turkana
	Pokot	Agro-pastoralist group with strong cultural cohesion.	West Pokot, Baringo
	Borana	Cushitic-speaking pastoralists with ancestral land claims and distinct culture.	Marsabit, Isiolo
	Ogiek	Hunter-gatherers with strong forest connection; marginalized and displaced.	Nakuru, Narok, Baringo, Uasin Gishu (Mau Forest region)
	Endorois	Indigenous to Lake Bogoria; displaced by conservation efforts, legally recognized as IPs.	Baringo
	Yaaku	Small endangered community with distinct language and forest-based heritage.	Laikipia
South Africa	San (Bushmen)	Original inhabitants; hunter-gatherers; severely marginalized; unique click languages.	Northern Cape, Eastern Cape, parts of Western Cape
	Khoikhoi	Historically pastoralist, distinct identity and culture, suppressed under colonial rule.	Western Cape, Northern Cape
	Nama	Part of Khoisan identity, distinct Nama language and culture.	Northern Cape (Richtersveld, Namaqualand)
Nigeria	Ogoni	Marginalized Niger Delta group; known for environmental justice activism (e.g., Shell).	Rivers State (Ogoniland)
	Ijaw	Culturally distinct, large ethnic minority in the Niger Delta with strong territorial identity.	Bayelsa, Rivers, Delta, Ondo
	Itsekiri, Urhobo, Ibibio, others	Niger Delta minorities with traditional governance structures and ancestral ties to lands and waterways.	Delta, Akwa Ibom, Cross River

Egypt	Amazigh (Siwa Berbers)	Speak Tamazight; distinct North African identity; historically marginalized.	Matrouh Governorate (Siwa Oasis)
	Nubians	Indigenous to Nile Valley; displaced by Aswan Dam; retain language and strong identity.	Aswan and Kom Ombo (Upper Egypt)
	Bedouin	Nomadic, tribal communities with strong cultural and land-based identity; often excluded from state development programs.	Sinai Peninsula, Eastern and Western Deserts, Matrouh Governorate
Rwanda	Batwa (Twa)	The Batwa are forest-dwelling hunter-gatherers, considered the original inhabitants of the Great Lakes region. They are marginalized, culturally distinct, and have lost ancestral lands due to conservation policies.	Western, Southern, and Northern provinces; particularly near forests like Nyungwe, Volcanoes National Park
Ghana * Ghana does not officially recognize Indigenous Peoples per se, but under GCF definitions, minority ethnic groups with non-dominant, land-based, and culturally distinct characteristics may qualify.	Anufo	Ethnic minority with distinct language and traditional leadership systems; often marginalized in northern Ghana.	North East Region (particularly Chereponi, Bunkpurugu-Nakpanduri districts)
	Konkomba	Non-dominant ethnic group with strong cultural traditions and land attachment, often excluded from local political structures.	Northern Region, North East Region
	Nawuri, Nchumuru	Culturally and linguistically distinct groups with historical land-based identity and limited political influence.	Oti Region (Kpandai, Krachi)
	Guan groups (e.g., Gonja, Efutu)	Some Guan subgroups are culturally distinct, geographically isolated, and underrepresented. Recognition depends on marginalization context.	Savannah Region, Central Region

*This list is not comprehensive but rather illustrative. Other Indigenous Peoples might exist in these countries. Additional groups in Nigeria might include the Mbororo (a Fulani subgroup) are particularly known to be nomadic pastoralists and there may also be Tuareg.

In Kenya, based on feedback from the GCF Indigenous Peoples Advisory Group (IPAG) member., the groups may include Bajuni, Burji, Gagabaye, Sanya, Waara, Boni, Aweer, Borana, Dasanach, Duruma, El Chamus, Ilchamus, IL Molo, El Molo, Endorois, Gabra, Konso, Malakote, Il wani, Walwana, Masaai, Munyonaya, Ogiek, Orma, Pokot, Rendille, Samburu, Sakuye, Sanya, Sanye, Sengwer, Somali, Sweii, Ltorobo, Ndorobo, Turkana, Watha, Wakifundi, Washayu, Watwaka, Wachwaka, Yaaku, Yiaku, Tswaka, Dorobo, Sebei, Dahalo, Abasuba, Nubian, Makonde, Wayyu, Gosha, Pokomo

11.15. Annex 13: Novastar Ventures Stakeholder Engagement Plan

I. GCF Requirements

GCF requires projects to develop stakeholder engagement plans based on the principles of transparency, accountability, inclusiveness, non-discrimination, and “do no harm”. All stakeholder engagement plans for directly financed projects and those financed by intermediaries should have a detailed process for effective engagement with governments, investors, entrepreneurs, communities and individuals – including vulnerable and marginalised groups and individuals – who could be potentially affected by proposed GCF-funded activities. The Plan must also detail a process for receiving and managing concerns and grievances at the project level that has been designed in consultation with stakeholders in a gender-responsive manner.

II. Stakeholder Engagement Plan Objectives

NVIII seeks to continue learning from and sharing insights with stakeholders through Fund implementation. Stakeholder engagement is an iterative process with many types of engagement, the plan and activities are expected to be revisited and evaluated on a regular basis.

We foresee stakeholder engagement as critical throughout the 10 to 14 year life of the Fund and we have developed a strong, positive reputation for the completeness and transparency of our reporting and stakeholder engagement.

III. Stakeholder Engagement Activities

Country Governments

- ★ NVIII is committed to ensuring that alignment with target country climate priorities is maintained through the life of the Fund. We will ensure alignment through regular dialogue, meetings, consultations and events with NDAs and other key government stakeholders.
- ★ NVIII will provide country NDAs a Fund report and consultation on an annual basis. Engagements will happen via in-person meetings, hosting ecosystem events and annual reporting on the Fund’s investment activities and performance, including impact generated.
- ★ When assessing new investments, NVIII will review the alignment with the country’s climate needs and government strategies. An example of some of the questions that will be asked include:
- ★ How does the company’s solutions align with the country’s NDCs or National Adaptation Plans?
- ★ What are the historical climate trends and future climate trends?
- ★ What is the impact of the climate hazards in the country?
- ★ NVIII’s portfolio companies will also proactively engage with the government to help design the regulatory framework and policies which will govern key industries in the future - e.g. KOKO Networks (a Novastar portfolio company) has supported Kenya with its carbon market regulatory framework and BasiGo (another Novastar portfolio company) has helped the Kenyan government develop its policies towards electric mobility. This engagement is critical as it helps to shape the green industries of the future and ensure that the regulatory environment is designed in a just, pragmatic way which promotes green growth.

Capital Markets Ecosystem

- ★ NVIII will continuously engage with the capital markets ecosystem throughout the life of NVIII. Key initiatives planned to ensure meaningful engagement include:
 - ◆ Publishing newsletters, blogs and thought-leadership pieces on topics such as sectoral trends / market assessments, success stories from the portfolio, climate impact generated by the portfolio, NVIII impact reports. For example, we published an EV Mobility Report at the Africa Tech Summit 2025. Key capital allocators are interested in learning about the climate tech ecosystem in Africa. and our sectoral thought-leadership is an important tool for driving more investment into business models that can deliver transformative climate impact.
 - ◆ Hosting events – such as networking events, panels, round tables etc - which help showcase its planet-positive portfolio and receive feedback from capital markets. Having been the first institutional VC in Africa we have helped build the ecosystem and therefore have a convening

power which is uniquely catalytic. Through ecosystem engagement events listed above, NVIII will signal that there is a rapidly growing opportunity for scaling climate technologies in Africa and this will attract other private sector investors.

- ◆ Building relationships – through on the ground ecosystem trips and conference attendance - with financial investors in Northern and Southern Africa (new regions for Novastar) with a view to co-investment partnerships. NVIII is also building relationships with financial investors from outside Africa, such as the Middle East, Asia and Europe, who are interested in co-investing alongside an experienced Africa investor like Novastar.
- ◆ Building relationships with strategic investors interested in fast-growth climate technologies in Africa, including strengthening the Japan-Africa bridge. The NVIII team will regularly travel to Japan and other regions in the Global North to engage with these companies and learn more about their strategic interests in Africa. These investors will be important co-investor partners alongside NVIII and / or acquire portfolio companies in the future. Key engagement initiatives planned for 2025 include:
 - Hosting a number of financial and strategic investors in Lagos for an ecosystem tour in April 2025. Participants includes leading organizations including SBI, Mitsubishi, JICA, Sojitz, and Marubeni.
 - Organizing a side-event at TICAD 9 Conference in Japan, demonstrating evidences of climate-tech innovations happening in Africa. Event will be in collaboration with IFC and BII, also with Mitsubishi Corporation and MOL.
 - NVIII is in process of 3 co-investments into climate-tech pipeline companies with LPs and co-investors from Japan. These will also be announced during the TICAD 9 event mentioned above.

NVIII Investors (Limited Partners)

- ✦ As agreed in the Limited Partnership Agreement, NVIII will provide quarterly and annual reporting to investors in the Fund. Reports are a valuable tool to sensitize stakeholders to ongoing activity and insights we develop in the lifecycle of the fund.
- ✦ NVIII will convene bi-annual Limited Partner Advisory Committee (LPAC) meetings in person or online and an Annual General Meeting. Each year we will host a week-long in-country visit for LPAC members where members will visit portfolio and pipeline companies, engage with their leaders and their beneficiaries (customers, employees and suppliers). These opportunities for engagement will be a valuable forum to share updates on the Fund, insights from the market and gather learnings from our investors.

Entrepreneurial Ecosystem

- ✦ The team will continue to fully integrate itself into the entrepreneurial hubs in our target countries and look to get feedback from entrepreneurs and companies. This will be an important way of deal sourcing throughout the investment period (4 years) and the types of deals reviewed and their associated market opportunities will inform the NVIII investment strategy. This will include regular travel to South Africa, Egypt, Rwanda and Ghana to engage with the entrepreneurial ecosystem via in-person meetings, panels and events.
- ✦ NVIII will host quarterly events for its portfolio company founders to engage with entrepreneurs and disseminate learnings.
- ✦ NVIII will attend key entrepreneurial conferences to engage with entrepreneurs and learn about key challenges and opportunities. Key conferences / events that the NVIII team plan to attend in 2025 include:
 - ◆ Africa Tech Summit in Nairobi, Kenya (February 2025)
 - ◆ BII Innovation for Impact VC Summit in Colombo, Sri Lanka (March 2025)
 - ◆ Annual AVCA Conference & VC Summit in Lagos, Nigeria (April/May 2025)
 - ◆ GITEX Africa in Marrakech, Morocco (April 2025)

- ◆ East Africa Ventures Capital Association Conference (June 2025)
- ◆ Africa Tech Summit in London, UK (June 2025)
- ◆ Climate Week with TED and JICA in Nairobi, Kenya (June 2025)
- ◆ TICAD 9 Africa-Japan Conference in Tokyo, Japan (August 2025)
- ◆ FT Africa Summit in London, UK (October 2025)
- ◆ AFSIC Conference 2025 in London, UK (October 2025)
- ◆ Norrsken Africa Week 2025 in Kigali, Rwanda (November 2025)

The Many, As Employees, Suppliers or Customers

- ✦ When making investments NVIII will interview the beneficiaries during our commercial and impact due diligence process. We will need to ascertain the problem faced by the Many, and the extent to which the solution directly solves the problem and that it can be scaled to deliver low-carbon or / and adaptation impact. We will also assess the extent to which an investment could lead to maladaptation impacts on the Many. We will use the REGILIENCE tool to help assess the risk and document findings in the Impact Memo that is approved by the investment committee.
- ✦ Once a company is in the NVIII portfolio, we will have strong visibility into the company operations and activities through board representation, mandated reporting and regular company visits. We will also make regular field visits to speak to customers, continuously learning about the impact of the products / services on its beneficiaries. We will disseminate this learning to the rest of the portfolio and the Fund's future investment approach – e.g. directing capital towards products and services generate the strongest and most scalable climate impact.
- ✦ NVIII will use 60 Decibels (a customer surveying company) to conduct research into the climate resilience impact from the products and services offered by the NVIII portfolio. This will be a valuable learning tool for the team as we consider which business models are most likely to deliver our impact objectives.

Vulnerable Groups in Civil Society (E.G. Indigenous Tribes and Women)

- ✦ *Indigenous People (IPs):* The Novastar ESMS section *Novastar Ventures Indigenous Peoples Engagement Framework* provides a detailed framework for ongoing engagement, and was adapted from the Green Climate Fund Indigenous Peoples Policy (<https://www.greenclimate.fund/sites/default/files/document/ip-policy.pdf>). Novastar ensures that its portfolio companies engage Indigenous Peoples in a respectful, inclusive, and GCF-compliant manner. While Novastar does not engage Indigenous communities directly, it requires investees to identify the presence of Indigenous Peoples, assess potential impacts, and obtain Free, Prior, and Informed Consent (FPIC) where applicable. Portfolio companies must develop Indigenous Peoples Plans (IPPs) or Planning Frameworks outlining mitigation, benefit-sharing, cultural protections, and grievance mechanisms. Engagement must be culturally appropriate, gender-responsive, and participatory. Grievance mechanisms must be accessible, confidential, and available in local languages. Novastar provides tools, guidance, and oversight to ensure compliance, and collects quarterly reports from investees to track FPIC, grievances, and implementation progress. This approach ensures that Indigenous rights are respected and aligned with the GCF Indigenous Peoples Policy and international standards such as UNDRIP and IFC Performance Standard 7.
- ✦ *Women:* As part of Novastar's diligence at the investment stage, Novastar will review and assess the company's workplace gender policies, including policies and training on Gender Based Violence and Sexual Harassment (GBVH) in the workplace and conduct of staff in the community/with customers. Gaps identified will form part of the ESG action plan NVIII has with the company. Examples of how portfolio companies engage their female employees is through surveys, town halls and specific leadership programs. Examples of how portfolio companies engage female customers is through in-person interactions, surveys or 3rd party research through organisations like 60decibels.

NVIII Stakeholder List				
Stakeholder Group	Key stakeholders	Interest and influence	Engagement to date summary	Engagement plan summary
Country governments	Government agencies, relevant ministries	National governments and their agencies are aligned to NVIII's climate mitigation and adaptation objectives. They are critical to development of an enabling environment for sustainability and growth of the sector.	In-person meetings with relevant ministries and officials in-person to discuss NVIII, discussing Novastar's portfolio companies and pipeline companies, introducing government officials to NVIII pipeline companies.	NVIII will regularly engage with the NDAs in target countries. The NDA representatives are expected to be invited to annual meetings and receive reports highlighting Fund performance on an annual basis. These representatives will also be invited to participate in knowledge-sharing events and round tables hosted by NVIII. Engage with relevant ministries on industry wide matters via industry associations – Novastar sit on the Board of the East Africa Venture Capital Association
Capital markets ecosystem	VC investors, PE investors, corporate investors, Industry groups bodies such as EAVCA, AVCA.	Mandate to invest in and / or support innovative, high growth climate technologies in Africa. Maintain high levels of influence and interest as they are capital providers to NVIII portfolio companies and could also be acquirers.	Hosted events, attended conference, organised panels and travelled to and spent time in each of our target countries and held in-person meetings with key investors in those geographies.	Publish thought-leadership, host networking events, panels etc, attend conferences, organise ecosystem tours, travel to target countries for in-person meetings, build Japan-Africa bridge.
NVIII Investors	Development Finance Institutions (DFIs), corporates, family offices	Have mandates to support the NVIII fund strategy and are motivated by climate mitigation and resilience impact. High degree of interest as they are financially exposed to NVIII.	Continuous consultation with prospective Fund investors and we have incorporated feedback on matters such as fund size, geographies, sectors, impact, E&S, capital allocation.	Convene bi-annual Limited Partner Advisory Committee (LPAC) meetings in person or online and an Annual General Meeting. Each year we will host a week-long in-country visit for LPAC members where members will visit portfolio and pipeline

				companies, engage with their leaders and their beneficiaries (customers, employees and suppliers).
Entrepreneurial ecosystem	Entrepreneurs, climate pipeline companies	The management teams in these companies are aligned with NVIII's objectives to generate benefits for people and planet.	Engagement with early-stage accelerators and entrepreneur-focused events, in-person meetings with leading climate technology companies.	Attend key entrepreneurial conferences to engage with entrepreneurs and learn about key challenges and opportunities, publish thought-leadership on key sectors, host quarterly events for its portfolio company founders and travel to target countries to engage with entrepreneurial ecosystem
The Many, as employees, suppliers or customers	Climate vulnerable communities, other beneficiaries and end-users	Creating meaningful impact for beneficiaries is a very important component of NVIII. By engaging with the Many, companies will ensure they are solving the biggest and most painful problems which will be critical to the company's success.	Visited and interview these beneficiaries to understand their needs and behavioural economics and conducted 3rd party deep dives to understand the impact experienced more deeply.	Portfolio companies will have stakeholder engagement plans for the communities and will be expected to have or to develop grievance mechanisms that respond to community concerns.
Vulnerable groups	Women, Indigenous communities	By engaging with vulnerable groups, companies will ensure that their solutions do not have adverse or unintended consequences	Engagement has primarily been through the portfolio companies who interact with vulnerable groups (e.g indigenous communities and female employees / customers)	At the fund level, NVIII has (i) a robust grievance redress mechanism aligned with international best practices (ii) a strong complaints mechanism (iii) an Indigenous Peoples Policy (iv) and Gender Action Plan to ensure vulnerable populations are engaged in the Fund.

Annual Monitoring

As part of annual monitoring, NVIII will send information requests to its portfolio companies for information on any stakeholder engagement activities that they have done during the reporting period including key information about the stakeholders engaged, date and location of engagement activities, the feedback from the

stakeholders, and how these feedbacks were taken into consideration by the portfolio company (refer to Annex 7 for the annual questionnaire).

11.16. Annex 14: Novastar Emergency Preparedness and Response Guidance for Investees

This Emergency Preparedness and Response Guidance Note is tailored for Novastar investees, aligned with IFC Performance Standard 4: Community Health, Safety, and Security; IFC Environmental, Health, and Safety Guidelines (EHS Guidelines); GCF Revised Environmental and Social Policy (RESP). The guidance outlines the expectations for Novastar portfolio companies to prevent, prepare for, and respond to emergency situations that may affect workers, surrounding communities, or the environment.

I. Scope

All investees are required to develop and maintain an Emergency Preparedness and Response Plan (EPRP) where operations present potential risks of significant harm due to accidents, natural disasters, conflict, or infrastructure failure.

II. Emergency Risk Identification

Companies must:

- ★ Identify emergency scenarios during ESG due diligence and site-level risk assessments
- ★ Consider both internal (e.g. equipment failure, fire, chemical spills) and external risks (e.g. floods, conflict, pandemics)
- ★ Evaluate potential consequences for employees, communities, and the environment

III. Emergency Preparedness and Response Plan (EPRP)

The EPRP must include:

- ★ Likely emergency scenarios
- ★ Roles and responsibilities of key personnel
- ★ Notification and communication protocols (internal, external, public)
- ★ Evacuation procedures and assembly points
- ★ First aid, fire-fighting, and other emergency equipment and instructions
- ★ Contact details for local emergency services
- ★ Procedures for coordinating with public emergency response agencies

IV. Community Engagement

Where local communities may be affected:

- ★ Inform and engage communities on relevant emergency risks and response measures
- ★ Ensure plans reflect the language, culture, and capacities of vulnerable groups
- ★ Establish early warning systems if applicable (e.g., sirens, SMS alerts)
- ★ Align with community-based emergency plans where they exist

V. Training and Testing

- ★ Conduct regular staff training and awareness sessions on emergency procedures
- ★ Test emergency response plans at least annually through drills or simulations
- ★ Involve community representatives in drills where relevant
- ★ Record outcomes of drills and revise procedures based on lessons learned

VI. Incident Response and Reporting

In the event of an emergency:

- ★ Activate the EPRP and ensure timely response
- ★ Notify Novastar within 24 hours of any serious incidents (e.g., fatalities, environmental contamination, major property damage)
- ★ Conduct a root cause analysis and corrective action review
- ★ Maintain a log of all incidents and near misses

VII. Review and Updates

- ★ EPRPs must be reviewed at least annually or after any major incident
- ★ Plans must be updated following operational changes, site expansion, or new risk identification

11.17. Annex 15: Climate Impact Screening Tool

Novastar's Climate Impact Screening Tool cannot be shared publicly due to proprietary materials. Please email info@novastarventures.com for information on Tool.

11.18. Annex 16: Novastar guidance for creating action plans for resettlement and livelihood restoration

The Novastar land and resettlement guidance note is informed by the following key documents that will help portfolio companies facing this risk to develop appropriate action plans aligned with GCF ESS and IFC PS5 standards:

- ★ GCF Environmental and Social Safeguards (2022): This document elaborates on the responsibilities of entities, even when land acquisition and resettlement are managed by third parties such as governments. It emphasizes the need for external compliance reviews and completion audits to ensure appropriate resettlement planning throughout the project lifecycle.
- ★ IFC Handbook for Land Acquisition and Involuntary Resettlement (2023): This 512-page handbook offers detailed procedures and best practices for managing land acquisition and resettlement processes in line with IFC PS5.

Below are summary checklists followed by tables of contents to guide portfolio companies on how to create 2 types of action plans:

- ★ Resettlement Action Plan (RAP): This is a broad plan addressing all impacts of physical and/or economic displacement. It covers compensation for lost assets, resettlement assistance for physically displaced people (housing, relocation), and measures for livelihood restoration for those who lose income sources. It's triggered by involuntary resettlement.
- ★ Livelihood Restoration Plan (LRP): This is a specific plan focused solely on restoring or improving the livelihoods of people who experience economic displacement (loss of income, access to resources). It details tailored activities like skills training or business support, even if physical relocation doesn't occur. It can be a part of a RAP or a standalone document.

11.18.1. Annex 16A: Checklists for Action Plans based on IFC	
Resettlement Action Plan (RAP) Checklist	Livelihood Restoration Plan (LRP) Checklist
<input type="checkbox"/> Executive Summary: Provide a concise overview of the RAP. <input type="checkbox"/> Glossary: Define all key terms <input type="checkbox"/> Introduction: Describe the project, its scope, contents, and summarize key findings. <input type="checkbox"/> Policy and Legal Framework: Summarize relevant laws, regulations, policies, and gap analysis. <input type="checkbox"/> Project Description: Describe the project and its components. <input type="checkbox"/> Project Impacts: Describe the impacts of the project. <input type="checkbox"/> Socioeconomic Studies: Summarize the findings of socioeconomic studies. <input type="checkbox"/> Information Disclosure, Consultation, and Participation: Describe the plan for stakeholder engagement. <input type="checkbox"/> Resettlement and Compensation: Detail the resettlement and compensation strategy.	<input type="checkbox"/> Executive Summary: Provide a concise overview of the LRP, including justification, key issues, impacts, measures, policies, and stakeholder engagement. <input type="checkbox"/> Glossary: Define all key terms, such as "replacement value." <input type="checkbox"/> Introduction: Describe the project, its scope, contents, and summarize key findings.

- ☐ Grievance Management Mechanisms: Describe the grievance management process.
- ☐ Monitoring and Evaluation: Describe the monitoring and evaluation plan.
- ☐ Implementation Schedule: Provide a detailed implementation schedule.
- ☐ Budget: Provide a detailed budget.
- ☐ Implementation Schedule and Change Management: Detail the implementation schedule and change management procedures.
- ☐ Appendices: Include detailed results of the census and socioeconomic survey, and other relevant documents.

- ☐ Policy and Legal Framework: Summarize relevant legal frameworks, IFC PS5, and gap-bridging measures.
- ☐ Project Impacts: Describe the project's impacts, identify affected parties, quantify impacts, and address gender issues.
- ☐ Socioeconomic Profile: Summarize the socioeconomic conditions of affected communities.
- ☐ Livelihood Restoration Program: Describe the strategy, objectives, eligibility, restoration measures, institutional arrangements, the grievance mechanism, and the consultation process.
- ☐ Resettlement Site Selection, Preparation, and Relocation: (If required) Detail the process for physical relocation.
- ☐ Housing, Infrastructure, and Social Services: (If required) Describe plans for housing, infrastructure, and services.
- ☐ Environmental Protection and Management: Describe environmental management and mitigation.
- ☐ Consultation and Participation: Describe the stakeholder engagement process.
- ☐ Grievance Mechanism: Describe the process for addressing grievances.
- ☐ Monitoring and Evaluation: Describe how LRP implementation will be monitored and evaluated.

	<input type="checkbox"/> Implementation Schedule: Provide a detailed implementation schedule. <input type="checkbox"/> Budget: Provide a detailed budget for all aspects of LRP implementation. <input type="checkbox"/> Appendices: Include detailed census/survey results, compensation forms, survey forms, grievance templates, and terms of reference for audits.
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11.18.2. Annex 16B: Annotated Table of Contents for a Resettlement Action Plan

This is an excerpt of Appendix G of IFC Handbook for Land Acquisition and Involuntary Resettlement. Please use the handbook for detailed guidelines on how to populate the various sections of the Resettlement Action Plan

I. Executive Summary

The executive summary should provide readers with an understanding of the key issues associated with the resettlement action plan (RAP): types of impacts, number of people impacted in each category, and description of measures to mitigate impacts, time frame, roles and responsibilities, overview of policies to which the RAP will be developed, and an overview of the stakeholder engagement and grievance process.

II. Glossary

A key component of the RAP, the glossary provides a description of the key terms used in the RAP such as physical displacement. Refer to the Glossary in this handbook.

III.

a. Introduction

- ★ **Project description** provides a summary of the project, which includes all the components (including associated facilities) and a description of the project footprint, the construction timeline, location, general roles and responsibilities, and project ownership. Includes maps.
- ★ **Scope and contents** provides an overview of what the RAP will cover and an overview of each of the chapters. Includes a summary of resettlement impacts.

b. Project Impacts

This section describes project impacts related to land acquisition, resettlement, and physical and economic displacement, as well as alternatives considered and efforts to minimize impacts and includes the following:

- ★ **Summary** provides an overview of the types of physical and economic displacement, usually disaggregated by physically displaced, economically displaced, and both, listed typically in tabular form. It is important that these figures have a high degree of accuracy and that the categories be clear.
- ★ Description of project components (including associated facilities) or activities that may potentially result in displacement
- ★ Description of footprint and area of influence of such components or activities
- ★ Scope and scale of land acquisition and impacts on structures and other fixed assets (could include common property areas; households; businesses [formal, informal, ambulatory, large-scale]; cultural heritage; public facilities [schools, clinics etc.])
- ★ Project-imposed restrictions on use of, or access to, land or natural resources, including farming, pastoral, and fallow land; fishing grounds; foraging areas; sources of nontimber forest products; pathways; and so forth
- ★ Alternatives considered to avoid or minimize displacement and why those were rejected
- ★ Mechanisms established to minimize displacement during project construction and operation

c. Objectives and Processes

- ★ **RAP objectives** describes what the intended results of the RAP implementation will be.
- ★ **Processes** provides an overview of how the RAP will be implemented, including discussion of the scoping process, stakeholder engagement, grievance mechanism (GM), studies undertaken, and implementation schedule.

d. Legal Framework

- ★ **Legal framework** typically includes an overview of constitutional law, international conventions, sectoral laws, and decrees as related to land acquisition and resettlement. As relevant, it should include laws related to land tenure, inheritance, stakeholder engagement, GMs, women's rights and gender-based violence (GBV), cultural heritage, eviction, expropriation and compensation.
- ★ **Applicable legal and administrative procedures** includes a description of the judicial remedies available to displaced persons and the normal time frame for such procedures, and any available grievance redress mechanisms that may be relevant to the project.
- ★ **Laws and regulations** includes those relating to the agencies responsible for implementing resettlement activities.
- ★ **Project/lender policies** includes a summary of policies covering all aspects of resettlement. This will include policies related to land acquisition, compensation, resettlement, gender rights and GBV, stakeholder engagement, GMs, and so forth.
- ★ A **gap analysis** is typically presented as a matrix comparing national legal framework and project/lender policies and the mechanism to bridge such gaps.

e. Institutional Framework

- ★ **General framework** describes the relevant national government structures, including agencies responsible for all aspects of land acquisition and resettlement, including restrictions to access natural resources. Includes regional and municipal government entities. Subsections might also include

traditional leaders, communal leadership, and so forth. Includes nongovernmental organizations (NGOs) and civil society organizations (CSOs) that may have a role in RAP implementation.

- ★ **Institutional capacity** includes an assessment of the capacity of such governmental agencies, NGOs, and CSOs to support the resettlement/land acquisition/livelihood-restoration processes.
- ★ **Institutional support** describes measures proposed to strengthen institutional capacity.

f. **Baseline Studies**

Provides an overview of findings of socioeconomic studies conducted in the early stages of RAP preparation, including results of household and census surveys, information on vulnerable groups, information on livelihoods and standards of living, land tenure and transfer systems, use of natural resources, patterns of social interaction, social services, and public infrastructure. See Module 4. Baseline Data Collection for more details.

- ★ **Results of census of affected households and land and asset survey** includes methodology, implementation, and results.
- ★ **Socioeconomic baseline surveys** includes a description of the following, at a minimum:
 - ◆ Methodology
 - ◆ Implementation
 - ◆ Results including information on:
 - Characteristics of displaced households and communities (and host communities where relevant)
 - Production systems, labor, household organization, and social networks
 - Livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities)
 - Standards of living (including health status) of the displaced population
 - Vulnerable groups or persons for whom special provisions may have to be made
 - Private, public, or community infrastructure, property, or services that may be affected
 - Land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, nontitle-based usufruct systems (including fishing, grazing, or use of forest areas) governed by locally recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area; characterization of affected land
 - Potentially affected cultural heritage
 - Total affected structures, plots of land, households, businesses
- ★ **Summary socioeconomic description, categorization, and characterization** of affected persons, communities, affected land, natural resources, and businesses. Tables summarizing impacts.

IV. **Valuation and Compensation Methodology**

This section describes the company's policies and methodology for valuing assets and providing compensation.

- ★ Methodology used in valuing losses to determine replacement costs (including relevant formulas as well as processes for valuation, including updates to valuations)

- ★ Compensation, including a description of the proposed types and levels of compensation to include residences, structures, businesses, land, loss of access to natural resources, and loss of all forms of livelihoods

V. Eligibility and Entitlements

- ★ **Eligibility** includes a definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cutoff dates.
- ★ **Entitlement** describes all categories of affected persons and the options that they are being offered for all losses (including compensation, allowances, assistance and livelihood-restoration measures, resettlement housing). This is preferably provided in tabular form (entitlement matrix). Where relevant, includes host communities.

VI. Livelihood Restoration and Improvement

Describes the strategy and measures to be used to restore and improve livelihoods of affected persons.

- ★ Principles for eligibility, key aspects of livelihood restoration and improvement entitlements
- ★ Description of livelihood impacts, includes impacts related to land-based livelihoods, all categories of business, other non-land-based livelihoods, and livelihoods based on natural resource use
- ★ Restoration and improvement of non-land-based livelihoods: employability enhancement, project procurement and employment, support to small and medium enterprise creation and development, and so forth (with details on programs for each category of project-affected person [PAP] requiring livelihood restoration)
- ★ Restoration and improvement of land-based livelihoods, such as land for land replacement, capacity building, access to credit, and so forth (with details on programs for each category of PAP requiring livelihood restoration)
- ★ Restoration and improvement of wage-based livelihoods, such as vocational training, transitional support, and so forth (with details on programs for each category of PAP requiring livelihood restoration)
- ★ Gender, includes supplementary measures to ensure that women have equal or enhanced access to livelihood-restoration measures
- ★ Vulnerable people, describes measures to provide additional assistance and support for restoration of vulnerable people's livelihoods
- ★ Partnerships for planning and implementation of livelihood restoration and improvement

VII. Resettlement Housing/Resettlement/Sites

This section includes the process of resettlement site selection and design and/or resettlement housing design as well as construction.

- ★ **Resettlement site selection** describes institutional and technical arrangements for identifying, acquiring, and preparing relocation sites. Includes engineering and site designs. Includes discussion of alternative site consideration.

- ★ **Housing** includes description of replacement housing and material. Includes architectural designs and photos of model house. Includes description of how entitlements are assigned: room-for-room replacement or by square foot.
- ★ **Construction** describes the process for constructing the replacement houses (self-build, local firms, outsourced, etc.).
- ★ **Infrastructure** outlines plans to provide infrastructure and utilities (e.g., water, electricity, roads) and social services (e.g., schools, clinics), including measures to ensure their maintenance. Includes plans to enhance services for host communities.
- ★ **Relocation** describes how relocation will be conducted and types of assistance provided, including timetables for site preparation and transfer of households. Includes consideration of measures to ensure maintenance of social networks, kinship groups, and existing patterns of group organization.
- ★ **Host communities** defines measures to enhance integration with host communities.
- ★ **Security of tenure** describes measures for regularizing tenure and transferring titles to those resettled.

VIII. Stakeholder engagement

The section includes a description of stakeholder engagement and disclosure associated with resettlement planning, including engagement with affected households, local and/or national authorities, relevant community-based organizations and NGOs, and other identified stakeholders, including host communities.

- ★ **Summary** provides an overview of all consultation and engagement efforts related to resettlement planning with all RAP stakeholders. Includes relevant dates and process followed. Provides summary of key issues raised.
- ★ **Stakeholder mapping** provides results of stakeholder analysis and mapping. Includes charts and figures.
- ★ **Resettlement committees** describes the role and responsibility of committees, including selection and composition. Summarizes key decisions and concerns.
- ★ **Stakeholder engagement and information disclosure** outlines a plan for ongoing consultation and communication with stakeholders. Includes a summary of the methodology, plan for monitoring and reporting disclosure, time frames, and schedules.

IX. Grievance Management Mechanisms

Provides an overview of GM to resolve disputes arising from resettlement.

- ★ **Principles.** Outlines GM principles including accessibility, affordability, transparency, cultural appropriateness, and so forth.
- ★ **Significant grievances.** Provides overview of significant grievances submitted prior to completion of RAP (past land acquisition and resettlement, conflicts over land, etc.).
- ★ **Grievance process.** Details methodology for communicating the GM to affected persons: receiving, registering, responding to, monitoring and reporting on grievances. Include grievance flow chart. Include discussion of judicial recourse and third-party mediation.
- ★ **Grievance categories.** Provides description of GM categories. Typically, these include issues with compensation rates, valuation rates, delays in compensation, and so forth.
- ★ **Sexual harassment and GBV.** Describes measures to address complaints related to sexual harassment and GBV, including provision of training to grievance staff and special channels for resolving GBV grievances.
- ★ **Grievance committee.** Describes functioning and composition.
- ★ **Monitoring GM.** Describes monitoring process, including key performance indicators (KPIs).

X. Vulnerable People

The RAP baseline studies will identify vulnerable people. This section will outline the process for defining vulnerability and efforts made to provide support.

- ★ **Identification.** Presents and discusses the criteria used to identify vulnerable people.
- ★ **Characterization.** Describes and defines vulnerable PAPs.
- ★ **Support measures.** Describes measures to be implemented to provide assistance to physically and/or economically displaced vulnerable people.

XI. Monitoring

To include discussions of arrangements for monitoring of resettlement activities by the project, government authorities, and other external auditors.

- ★ **Objectives.** Provides the intended outcomes of RAP monitoring.
- ★ **Internal monitoring.** Describes scope and content.
- ★ **External monitoring.** Describes scope and content.
- ★ **Participatory monitoring.** Describes measures to include affected persons in the monitoring efforts.
- ★ **Indicators.** Provides in tabular form, including KPIs with an accompanying explanation. Includes frequency and targets for KPIs.
- ★ **Implementation schedule.** Outlines the schedule of all internal and external monitoring and completion audits.
- ★ **Reporting.** Describes measures for internal and external reporting, including schedule. Defines which reports will be internal and external.
- ★ **Completion audit.** Describes objectives, process, methodology, and implementation arrangements of completion audit. Provides completion audit indicators and estimated time frame.

XI. Roles and Responsibilities

- ★ **Organizational responsibilities—external.** Describes the external organizational framework for implementing resettlement, including identification of entities responsible for delivery of resettlement measures and provision of services and arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation. Include partners in livelihood restoration.
- ★ **Organizational responsibilities—internal.** Provides breakdown of internal roles and responsibilities for RAP implementation, including reporting lines. Includes organizational flow chart. Provides overview of internal coordination meetings and schedule.
- ★ **Capacity building.** Describes measures (including technical assistance) needed to strengthen the implementing entities' capacity to design and carry out resettlement activities, as well as provisions for the transfer to local authorities or resettlers responsibility for managing facilities and services (such as schools, clinics, or water) provided as part of the resettlement.

XII. Implementation Schedule and Change Management

- ★ **Schedule.** Provides a detailed implementation schedule in tabular form with a narrative explanation to cover all key aspects of the resettlement process. Includes a review of compatibility of a resettlement schedule with an overall project construction and development schedule.
- ★ **Change management.** Includes provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

XIII. Budget Provide a budget in tabular form with a narrative explanation of all aspects of RAP Implementation.

Appendix A. Detailed results of the census and socioeconomic survey (Note: Ensure privacy of PAPs in census and survey results)

Appendix B. Household compensation form

Appendix C. Household land and asset survey form

Appendix D. Template of a grievance registration and follow-up form

Appendix E. Terms of reference for external evaluation and completion audit

11.18.3. Annex 16C: Annotated Table of Contents for a Livelihood Restoration Plan

This is an excerpt of Appendix H from IFC Handbook for Land Acquisition and Involuntary Resettlement. Please use the handbook for detailed guidelines on how to populate the various sections of the Livelihoods Restoration Plan

I. Executive Summary

The livelihood restoration plan (LRP) executive summary should provide readers with a justification for development of an LRP (versus a resettlement action plan [RAP]). It should provide an understanding of the key issues associated with the LRP: types of impacts with a focus on economic displacement; number of people impacted disaggregated by type of economic displacement; description of livelihood restoration measures, time frame, roles, and responsibilities; overview of policies to which the LRP will be developed; and an overview of the stakeholder engagement and grievance process.

II.

a. Glossary

A key component of the LRP, the glossary provides a description of the key terms used such as replacement value. Refer to the Glossary in this handbook.

b. Introduction

- ✦ Project description provides a summary of the project, including all the components (including associated facilities) and a description of the project footprint, the construction timeline, location, general roles and responsibilities, and project ownership. Includes maps.
- ✦ Scope and contents provides an overview of what the LRP will cover and an overview of each of the chapters. Includes a summary of the key findings of the scoping exercise and RAP, as relevant to livelihoods.

III. Policy and Legal Framework

This section summarizes the relevant national and local legal and policy frameworks, including the appraisal and valuation system, and IFC's Performance Standard 5. It also defines the gap between local law/policy and PS5 and the measures to bridge the gap.

IV. Project Impacts

- ✦ Description of the project component that results in economic displacement.
- ✦ Identification of project-affected persons, households, businesses, and assets.
- ✦ Quantification of impacts—number of persons affected, assets lost, and so forth.
- ✦ Mainstreaming gender issues in impact assessment.

V. Socioeconomic Profile

This section provides a summary of the socioeconomic conditions of affected persons, households, and communities. It includes:

- ✦ Description of the main economic activities, including formal and informal employment, self-employment, agriculture, fishing, and forestry.
- ✦ Any specific issues related to gender, age, social, or ethnic groups.
- ✦ A summary of the social infrastructure and services, including education, health, water, sanitation, and energy.
- ✦ Social networks and social support systems, including community-based organizations, self-help groups, and traditional leadership structures.

VI. Livelihood Restoration Program

This section describes the proposed livelihood restoration strategy. It includes:

- ✦ Objectives of the livelihood restoration program.
- ✦ Eligibility criteria for livelihood restoration measures.

- ★ Description of the restoration measures, including:
 - ◆ For land-based activities: provision of replacement land, agricultural inputs and training, access to credit, and so forth;
 - ◆ For non-land-based activities: skills training, access to credit, business development support, and so forth;
 - ◆ For employees: job placement assistance, skills training, and so forth.
- ★ Details of institutional arrangements for the implementation of the livelihood restoration program, including roles and responsibilities, and mechanisms for coordination and monitoring.
- ★ Details of the grievance mechanism.
- ★ Consultation and participation process for the design and implementation of the livelihood restoration program.

VII. Resettlement Site Selection, Preparation, and Relocation

This section is only required if physical relocation is required.

VIII. Housing, Infrastructure, and Social Services

This section is only required if physical relocation is required.

IX. Environmental Protection and Management

This section describes the environmental management plan and mitigation measures related to the implementation of the LRP.

X. Consultation and Participation

This section describes the stakeholder engagement process, including:

- ★ Identification of stakeholders.
- ★ Consultation methods and techniques.
- ★ Summary of consultation outcomes, including how stakeholder feedback was incorporated into the LRP.
- ★ Plan for continued consultation and participation during implementation and monitoring.

XI. Grievance Mechanism

This section describes the mechanism for receiving and addressing grievances.

XII. Monitoring and Evaluation

This section describes the arrangements for monitoring and evaluating the implementation of the LRP, including:

- ★ Indicators and benchmarks for measuring the progress and outcomes of the livelihood restoration program.
- ★ Monitoring and evaluation methods, including participatory monitoring.
- ★ Institutional arrangements for monitoring and evaluation, including roles and responsibilities, and reporting requirements.

XIII. Implementation Schedule

- ★ Schedule. Provides a detailed implementation schedule in tabular form with a narrative explanation to cover all key aspects of the resettlement process. Includes a review of compatibility of a resettlement schedule with an overall project construction and development schedule.
- ★ Change management. Provides for adapting resettlement implementation in response to unanticipated changes in project conditions or unanticipated obstacles to achieving satisfactory resettlement outcomes.

XIV. Budget

Provides a budget in tabular form with narrative explanation of all aspects of LRP Implementation. Discuss.

Appendix A. Detailed results of the census and socioeconomic survey (Note: ensure privacy of project-affected persons in census and survey results.)

Appendix B. Household/business compensation form

Appendix C. Household/business land and asset survey form

Appendix D. Template of a grievance registration and follow-up form

Appendix E. Terms of reference for external evaluation and completion audit

11.19. Annex 17: Disclosure Process

Post Investment Committee Approval, new Category B investments (not follow-ons) will be disclosed, through a Category B Disclosure Package, as defined below, for a period of at least thirty (30) calendar days prior to Novastar's final management approval of the investment (the "**Disclosure Period**").

The Category B Disclosure Package will include ("**Disclosure Package**"):

1. The project disclosure summary, which will include the following items ("**Disclosure Summary**"):
 - a. The purpose, nature, and scale of the activities, and the intended beneficiaries;
 - b. The duration of proposed activities;
 - c. A summary of stakeholder consultations (if relevant) and the planned stakeholder engagement process; and
 - d. The available grievance mechanism(s) to receive complaints and facilitate the resolution of such from affected and potentially affected communities, groups and individuals.
2. The following annexures:
 - a. Completed GCF ESS disclosure report form, ("Disclosure Form") in the format titled "ESS Disclosure Form for Category B Investments' ("**Sub-Project Disclosure Form**");
 - b. The Environmental, Social, and Governance Due Diligence report & Impact Memo (ESG Due Diligence Report) for the relevant investment;
 - c. Where applicable, Environmental, Social, and Governance Action Plan Management Plan (ESAP), if separate from the ESG Due Diligence Report.
 - d. Where applicable, the Land Acquisition and/or Resettlement Action Plan (LARAP) for the relevant investment;
 - e. Where applicable, the Indigenous Peoples Plan (IPP) for the relevant investment; and
 - f. Any other associated information including those relevant to indigenous peoples required to be disclosed in accordance with GCF's Revised Environmental and Social Policy and GCF's Information Disclosure Policy.

The Disclosure Package, comprising both the Disclosure Summary and redacted applicable annexures omitting Confidential Information ("**Public Disclosure Package**"), shall be made available to the public in English and the local language (if not English) on Novastar's website and in locations convenient to affected peoples. This paragraph does not apply to the Sub-Project Disclosure Form.

The Accredited Entity will submit the Sub-Project Disclosure package to GCF for the subsequent distribution to the GCF Board and the Fund's active observers and for publishing on the GCF website.

Disclosure Process

- a. Novastar will submit the Category B Sub-Project Disclosure Package to GCF, per the template titled 'ESS Disclosure Form for Category B Investments', at least five (5) GCF working days prior to the intended start of the relevant Disclosure Period.
- b. Upon receipt of the complete submission under Step 1, GCF will review the Category B Sub-Project Disclosure Package and, at least (5) GCF working days prior to the intended start of the relevant Disclosure Period, confirm to Novastar that the Category B Sub-Project Disclosure Package is in accordance with GCF's requirements and that it agrees with the assigned E&S risk category.
- c. If GCF does not agree with the assigned risk category or the Category B Sub-Project Disclosure Package, it will inform Novastar within the same time period set out in paragraph B above. If GCF and the Novastar agree on any amendments to the Category B Sub-Project Disclosure Package, the process will start again from point A.
- d. At least one (1) GCF working day prior to the intended start of the Disclosure Period, Novastar shall disclose on its website the Category B Public Disclosure Package and submit the Category B Disclosure

Package to GCF, which shall include a link on Novastar's website to the Category B Public Disclosure Package, for subsequent distribution to the GCF Board and the Fund's active observers and for publishing on the GCF website.

- e. Upon receipt of an accepted submission under point D, GCF shall send a Sub-Project Disclosure Form and an accompanying transmittal message to the GCF's board members ("**Board Members**") and the GCF's active observers ("**Active Observers**") and publish the Sub-Project Disclosure Form on the GCF's webpage <https://www.greenclimate.fund/safeguards/environment-social/reports> (or as may be amended from time to time) and will confirm to Novastar by email that this disclosure has been made.

The relevant Disclosure Period begins from the date that the Category B Disclosure Package has been released to the Board Members and the Active Observers and published on the GCF's website. Novastar's final management approval of the investment and signing legal documentation will occur until the expiration of the applicable Disclosure Period.

Post-Disclosure Communication with GCF

In accordance with the GCF's applicable processes, GCF is the formal recipient of all feedback received from the Board Members and Active Observers in relation to the Category B disclosure. Should comments and/or questions be received by Novastar directly, Novastar will log the feedback in accordance with its Environmental, Social and Governance Management System (ESGMS).

- a. Comments and/or questions from Board Members and/or Active Observers and/or Secretariat are to be submitted to the Secretariat's email account subprojectcomments@gcfund.org on or before the deadline specified by the Secretariat in the aforementioned transmittal message to the Board Members and/or Active Observers, with such deadline being eleven (11) calendar days prior to the expiration of the Disclosure Period. GCF will forward such comments and/or questions received from its Board Members and/or Active Observers to the designated Novastar focal points within three (3) GCF working days of receipt.
- b. If applicable and relevant, comments from Board Members and/or Active Observers and/or Secretariat will be incorporated into documents to be considered by the Novastar Investment Committee prior to signing of legals.
- c. If relevant and applicable, Novastar will share the feedback received from Board Members and/or Active Observers and/or Secretariat with the Novastar IC, along with information describing how Novastar has incorporated this feedback, as appropriate and where relevant, by including it in the investment documentation.
- d. No later than five (5) calendar days after final management approval, Novastar shall submit to the GCF Secretariat, a summary of the comment received from the relevant stakeholders including by Board Members and/or Active Observers during the Disclosure Period, with appropriate feedback from Novastar as to how the relevant comments received have been taken into consideration and/or addressed, in accordance with Novastar's policies and procedures and with the investment documentation.

ESS Disclosure Form for Category B Investments

Environmental and social report(s) disclosure

Accredited entity	
Programme	

FP number and programme title	
Sector (public or private)	
Location (target country and, if any, specific areas)	
ESS category	
Board decision and date	Decision B.XX/XX, para. (X), on Date Month Year]
Sub-project	
Subproject title	
ESS category	
Location	
Environmental and Social Impact Assessment (ESIA) (if applicable)	
Date of disclosure on accredited entity's website	
Language(s) understandable to affected peoples	
Link to disclosure	
Other link(s)	
Remarks on compliance with GCF policies	In accordance with the Green Climate Fund's Information Disclosure Policy (the "Policy"), Novastar plans to disclose information relating to a Category B Sub-Project(s) being considered for investment. This disclosure is intended to satisfy the requirement set out in paragraph 17 of the GCF Policy and paragraph 65 of the GCF Revised Environmental and Social Policy to disclose an ESIA and ESMP (if not included as part of the ESIA), at least 30 days in advance of Novastar's final approval of the investment.
Environmental and Social Management Plan (ESMP) (if applicable)	
Date of disclosure on accredited entity's website	
Language(s) understandable to affected peoples	
Link to disclosure	

Other link(s)	
Remarks on compliance with GCF policies	
Environmental and Social Management System (ESMS) (if applicable)	
Date of disclosure on accredited entity's website	
Language(s) understandable to affected peoples	
Link to disclosure	
Other link(s)	
Remarks on compliance with GCF policies	
Any other relevant ESS reports and/or disclosures (if applicable), e.g. Indigenous Peoples Plan (IPP), Indigenous Peoples Planning Framework (IPPF), Resettlement Action Plan (RAP), Resettlement Policy Framework (RPF)	
Description of report/disclosure	
Date of disclosure on accredited entity's website	
Language(s) understandable to affected peoples	
Link to disclosure	
Other link(s)	
Remarks on compliance with GCF policies	
Disclosure in locations convenient to affected peoples (or, if none or not yet identified, to stakeholders)	
Date(s)	
Place(s)	
Provision on disclosure at subproject level	[Insert relevant Clause in the Funded Activity Agreement (FAA)]

Date and place of Final Management Approval	
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