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# Environmental and Social Policy for Projects Funded by the Green Climate Fund

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## Purpose

This Environmental and Social (E&S) Policy applies to all projects and activities funded by the Green Climate Fund (GCF). EDC’s E&S Policy outlines the objectives and principles that guide EDC on E&S safeguarding, demonstrating systems, policies, capacity, and track record for policy implementation purposes. This policy will apply to all project partners as well.

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## Introduction

EDC’s approach to environmental sustainability builds on its long-standing strength in education, workforce development, and systems strengthening. While EDC’s programs are typically low in direct environmental risk, they offer meaningful opportunities to support positive environmental outcomes through capacity building, behavior change, and institutional strengthening. EDC integrates practical, context-specific measures—such as promoting resource efficiency, strengthening climate resilience skills, and supporting sustainable practices within partner institutions—to enhance the environmental value of its activities. Consistent with its mission and operational model, EDC seeks to incorporate feasible context-appropriate measures that contribute to positive environmental outcomes while delivering effective programming.

## Scope and Applicability

EDC implements this policy in a manner consistent with applicable U.S. federal, state, and local laws, including civil rights and nondiscrimination requirements. All climate and environmental actions under this policy are designed and applied using neutral, objective, and risk-based criteria and do not establish preferences, quotas, or differential treatment based on protected characteristics.

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This policy governs programmatic and operational environmental standards only. It does not govern hiring, promotion, compensation, or other employment decisions, which are subject to EDC's separate Human Resources policies, applicable U.S. employment law, and applicable international labor laws for employees hired outside the United States.

Where donor safeguard requirements (e.g., GCF) exceed applicable domestic U.S. regulatory standards, EDC implements those requirements to meet donor contractual obligations and remain within the scope of the funded activity.

Many of EDC's existing policies, procedures, and systems address and mitigate environmental, social, and governance risks. This policy operates within the context of these existing policies and structures, which are incorporated into this policy and the Environmental and Social Management System (ESMS) for projects funded by the GCF. This policy also identifies EDC's institutional roles and responsibilities for implementation purposes and commits to a process of risk categorization according to the International Finance Corporation's (IFC's) Performance Standards on Environmental and Social Sustainability, as outlined below.

### **Organizational Policies to Mitigate Social Risks**

EDC maintains robust organizational policies to mitigate social risks. Several of such policies include but are not limited to the following:

- Anti-Harassment Policy
- Code of Business Conduct
- Conflicts of Interest and Commitment Policy
- Gender Commitment
- Human Protections Policy
- Human Trafficking Policy and Compliance Plan
- Non-Discrimination Policy
- Safeguarding Policy
- Speak Up! Integrity Reporting and Whistleblower Policy

### **Governance Structures in Place to Mitigate Risks**

EDC maintains a robust governance structure to oversee and mitigate E&S risks. Day-to-day leadership and operational oversight are provided by EDC's Senior Leadership Team (SLT), which includes the CEO, the Program Area Senior Vice President, the General Counsel, the Senior Vice President for Growth & Partnerships, the Chief of Staff, and the Chief Technology Officer. This team oversees program implementation, financial stewardship, compliance with legal and donor requirements, and risk management. They set organizational priorities, allocate resources, establish internal policies and systems, and ensure coordination across departments. The SLT is also accountable for maintaining organizational integrity, fostering a strong culture and ethical standards, and monitoring performance to ensure EDC achieves its mission and intended impact.

To further strengthen risk governance, EDC has established the Compliance Review Committee (CRC) that is responsible for identifying, reviewing, and managing potential or actual conflicts of interest related to organizational activities, partnerships, and project implementation. The CRC provides guidance on mitigation measures, ensures transparency and documentation of decisions, and supports compliance with EDC's ethics and integrity standards.

A diverse Board of Trustees is responsible for establishing the overall policy and strategic direction of the organization, ensuring compliance with applicable legal and regulatory requirements, appointing and evaluating the CEO, and overseeing the organization's financial integrity and sustainability.

The Board of Trustees has five standing committees and one council. The Board committees and their general high-level responsibilities are as follows:

- **Trustee and Governance Committee:** This Committee ensures that the Board is governed and conducts its work in keeping with the best practices for a nonprofit organization.
- **Finance and Management Committee:** This Committee assists the Board in fulfilling aspects of its fiduciary duties concerning finance and related matters.
- **Audit Committee:** This Committee acts independently of the Board, management, and EDC's auditors to ensure accountability and transparency with EDC's business affairs.
- **Development Committee:** This Committee provides advice and insight into business development opportunities and efforts that are outside of the typical grant and contract process.
- **Executive Committee:** This Committee comprises the Board Chair, chairs of the standing committees, and an at-large member, and it is responsible for the evaluation and oversight of the CEO.
- **Emeritus Trustee Council:** The Council is not a governance body. Its purpose is to enable the EDC Board of Trustees and CEO to continue receiving support and advice from former trustees who have deep knowledge of the organization and relevant expertise, background, or interest.

The Board of Trustees holds quarterly meetings each calendar year. The Secretary of the Corporation records all actions taken by the Board, as well as any additional information the Board deems appropriate.

Each Committee is governed by a Board-approved charter. EDC's bylaws govern Board composition and stipulates that trustee terms are for three years, with a maximum of three consecutive terms.

Trustees are expected to act in a good faith manner reasonably believed to be in the best interests of EDC. To foster this duty, the Board has fulsome processes related to potential conflicts of interest.

## Organizational Capacity and Oversight for Environmental and Social Safeguarding

### Institutional Level

EDC has designated a GCF Technical Monitor to oversee the implementation of this policy across all GCF-funded activities and who serves as the institutional owner of this policy and related tools.

The Technical Monitor will be responsible for the following:

- Ensuring the overall technical quality of EDC’s GCF programming and the E&S safeguarding compliance with this policy
- Providing institutional-level support, including staff training and review of EDC policies and systems as needed
- Working with Project Directors (PDs) to accomplish the following:
  - Assess new projects and proposals against the IFC Performance Standards and assign risk levels for new activities
  - Develop GCF-funded, project-specific ESMS and E&S Action Plans and review to ensure ongoing compliance
  - Monitor E&S commitments and obligations
  - Assist project teams in implementing E&S policies and in E&S knowledge sharing, including through trainings and presentations for staff
    - Serving as EDC’s main point of contact with the GCF on institutional E&S capacity and implementation

As needed, the GCF Technical Monitor will (1) coordinate with organizational departments responsible for mitigating risk and (2) continually assess how to develop and implement policies and procedures to identify and minimize organizational E&S risks.

### **Project Level**

At the project level, the Project Director will be responsible for the overall donor compliance and project oversight and ensuring that the project follows all protocols for E&S safeguarding (including, but not limited to, those listed below) with support from designated project-based staff.

Project Directors will be responsible for the following:

- Overseeing and implementing this policy, ESMS, and project E&S Action Plans
- Working with the project monitoring and evaluation team members to identify project-specific E&S indicators and standards to enable meaningful data analysis
- Managing partners to ensure compliance with this policy for GCF-funded projects
- Managing E&S consultants and evaluators to ensure completion and quality of deliverables
- Communicating the needs and outcomes to internal and external stakeholders, including project-specific reporting to the GCF

EDC recognizes that projects vary in scale and complexity and that project teams may use available project resources to integrate E&S safeguarding considerations into project design, implementation, and monitoring and evaluation activities, while taking into account context-specific needs and stakeholder perspectives.

### **Environmental and Social Risk Categorization**

EDC follows the GCF’s Risk Categorization for activities, which applies the following risk categories:

**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 potentially 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

**Category C.** Activities with minimal or no adverse environmental and/or social risks and/or impacts

At project design, project start-up, and then annually during project implementation, the Project Director, in consultation with the GCF Technical Monitor, will undertake a risk assessment of GCF-funded projects. The steps in this process are as follows:

1. Assess the activity to ensure the overall risk categorization. EDC's projects, which focus on education, workforce development, and institutional capacity strengthening and will not include infrastructure development or construction, will most likely fall into Category C. The initial assessment will determine whether the activity does not include elements of a higher risk categorization.
2. Assess the activity against the eight IFC Performance Standards, and identify which standards require risk mitigation. The project's E&S Action Plan will then include risk and mitigation activities for the applicable standards.
3. Develop a risk register for the project. The register will include a risk assessment, the likelihood of the risk occurring, impact to the project, mitigation measures, and assigned point person.

**Experience with risk categorization:** EDC has well-established and documented processes for conducting risk assessments at the proposal stage and annually at the implementation stage for projects.

EDC's projects are assessed annually to inform the annual internal audit plan. At the international project level, EDC assesses risks such as the following:

- Currency volatility
- Banking system
- Staffing
- Subgrants and subcontracts
- Corruption and fraud
- Staff training
- Procurement
- Adherence to policies and procedures
- Monitoring and evaluation
- Payroll management
- Annual budget vs actual budget
- Billing and financial reports
- Security risks

- Cyberattacks and privacy breaches

Note: This is not an exhaustive list.

EDC maintains a comprehensive risk register at the corporate level that is reevaluated annually. This register assesses seven categories of risk, many of which include elements of E&S safeguarding. These categories are listed below with examples:

1. Financial: Examples are fraud, waste, abuse, and audits.
2. Governance and Legal: Examples are compliance with local laws and regulations and program participant safety.
3. Information Technology: Examples are cyberattacks and privacy breaches and unauthorized or lost devices.
4. Operations and Infrastructure: Examples are business continuity and disaster recovery, crisis communication, employee safety, travel safety, and procurement.
5. People and Culture: Examples are ethics and accountability.
6. Programs and Services: Examples are crime and corruption, funder compliance, high-risk geographic locations, and subrecipient due diligence and monitoring.
7. Strategic: Examples are strategic planning, execution, evaluation, and refinement.

EDC's risk register identifies the potential risk impact and current and future risk mitigation activities using a scoring template that assigns a likelihood rating (from 1, very unlikely, to 5, very likely) and an Impact Rating (from 1, very low, to 5, very high).

EDC's E&S risk register and project-specific ESMS are adapted from these existing tools.

## Environmental and Social Standards

As noted above, EDC applies the IFC Performance Standards (PS) on Environmental and Social Sustainability in the design, assessment, monitoring, and reporting for GCF-funded projects. Not all standards may apply to a given project, but the first step in EDC's E&S risk assessment process is to review programming against these standards. The standards are described below.

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

EDC identifies, assesses, manages, and monitors E&S risks and impacts associated with its GCF-funded activities in a systematic and proportionate manner.

EDC applies a risk-based approach that is commensurate with the nature, scale, and context of each activity, with the objective of avoiding adverse impacts where possible and improving E&S outcomes over time.

### **IFC PS 2: Labor and Working Conditions**

EDC promotes fair treatment, nondiscrimination, and equal opportunity for all workers engaged in its GCF-funded activities. Safe and healthy working conditions are supported; child labor and forced labor are prohibited; and all forms of sexual exploitation, sexual abuse, and sexual harassment are not

tolerated as shown in the policies listed above in the [Organizational Policies to Mitigate Social Risks](#) section.

### **IFC PS 3: Resource Efficiency and Pollution Prevention**

EDC seeks to protect the environment and promote the sustainable use of natural resources by preventing pollution, minimizing waste, and promoting efficient use of energy, water, and materials.

GCF-funded activities are designed and implemented to reduce environmental degradation, safeguard ecosystem services, and support climate-resilient and environmentally sustainable development.

### **IFC PS 4: Community Health, Safety, and Security**

EDC seeks to prevent and minimize risks to the health, safety, and security of project-affected communities throughout the life cycle of its activities. This includes addressing potential exposure to environmental hazards, infrastructure-related risks, and social impacts related to activities, and ensuring that such activities are implemented in a manner that safeguards community well-being.

### **IFC PS 5: Land Acquisition and Involuntary Resettlement**

EDC's projects do not involve land acquisition or involuntary resettlement. In its risk assessment, EDC nonetheless carefully reviews projects to ensure that they do not lead to displacement or loss of livelihood. EDC supports appropriate consultation, information sharing, and mitigation measures consistent with applicable international obligations and international best practices.

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

EDC is committed to protecting and conserving biodiversity and critical habitats and to promoting the sustainable management of living natural resources.

GCF-funded activities are designed to avoid impacts on biodiversity and ecosystem services wherever possible, and where avoidance is not feasible, measures are taken to minimize, restore, and compensate for impacts in line with internationally recognized best practices.

If a project triggers significant biodiversity risk, EDC develops a specific Biodiversity Action Plan (BAP) as an annex to the ESMS and consistent with PS 6.

### **IFC PS 7: Indigenous Peoples**

EDC respects the rights, dignity, cultures, and livelihoods of indigenous peoples. GCF-funded activities are designed to avoid adverse impacts on indigenous peoples and, where impacts cannot be avoided, to minimize, mitigate, and compensate for such impacts in a culturally appropriate manner. EDC supports the full and effective participation of indigenous peoples, including women and girls, and respects the principle of free, prior, and informed consent where applicable.

If EDC engages in projects involving indigenous persons, we will consider how to apply processes in line with the GCF Indigenous Peoples Policy.

## IFC PS 8: Cultural Heritage

EDC protects cultural, historical, and archaeological resources from harm during its implementation of GCF-funded project activities.

**Additional Principles/Standards:** In addition, all of EDC's GCF-funded projects commit to the following principles:

- **Gender commitments:** EDC is committed to ensuring equal access and opportunity by identifying and addressing differentiated risks and barriers faced by women, girls, and other individuals or groups in vulnerable or marginalized situations. Activities are designed to enhance equal access and opportunity to benefits, prevent discriminatory impacts, and support inclusive participation and outcomes.
- **Sexual exploitation, abuse, and harassment (SEAH):** EDC has zero tolerance for sexual exploitation, sexual abuse, and sexual harassment. We commit to preventing, identifying, and responding to SEAH risks through survivor-centered, gender-responsive approaches, including safe reporting mechanisms, appropriate response measures, and accountability across all **activities**.
- **Human rights:** EDC is committed to respecting, protecting, and promoting internationally recognized human rights. E&S due diligence is undertaken to ensure that activities do not cause, contribute to, or exacerbate adverse human rights impacts, and that appropriate measures are in place to prevent, mitigate, and remedy such impacts where they arise.

## Environmental and Social Management System

EDC's GCF-funded projects will use this policy and a project-specific ESMS to guide implementation.

After engaging in the risk assessment and review of the [IFC PS](#) as described above, the GCF Technical Monitor will develop project-specific ESMSs. Each ESMS will include the following:

- E&S risk and impact identification
- Appropriate project categorization
- Implementation of E&S mitigation measures

Mitigating measures include screening tools, E&S diligence (conducted during the proposal stage and then at regular intervals during project implementation), E&S contractual requirements, and monitoring and reporting.

Costs for activities included in the project-level ESMS will be included in the project budget; in addition, project-level ESMSs must comply with applicable laws and the IFC PS.

## Environmental and Social Contractual Requirements

EDC passes down GCF contractual requirements to all GCF-funded project partners. EDC ensures such contractual flow-downs are limited to the scope of the GCF-funded activity and do not impose extraneous environmental, social, or regulatory standards on partners' broader corporate operations.

If partners do not have their own E&S policies, systems, or risk mitigation procedures, EDC will provide its policy and relevant templates to support them in developing systems.

## Monitoring and Reporting

All of EDC's projects engage in extensive monitoring and reporting to align with donor requirements, including systems to track performance, document compliance, and apply adaptive management where needed.

For GCF-funded projects, these will include E&S safeguards reporting in the format provided by GCF.

## Reporting and Handling of Complaints

EDC is committed to ensuring that program participants have culturally appropriate, safe, confidential, and accessible ways to report E&S safeguarding misconduct claims.

EDC's Speak Up! Integrity Reporting and Whistleblower Policy (Whistleblower Policy) establishes a grievance redress mechanism or process for reporting concerns or allegations of wrongful or improper conduct. It is intended to encourage and enable EDC employees and nonemployees to report reasonably suspected or witnessed wrongful and/or improper conduct. EDC encourages disclosure of unethical behavior to be made through its third-party provider [Integrity Counts](#). EDC's General Counsel acts as the lead for all reported incidents in consultation with the Ethics Investigation Team.

EDC is committed to providing an ethical workplace and environment where employees and nonemployees can safely raise their concerns without fear of retaliation. Complaints may be filed anonymously.

EDC publicizes its Whistleblower Policy and reporting mechanism on its website, through posters in all offices, and through employee orientation.

This Whistleblower Policy is intended for the following types of allegations or incident reports:

- Ethical standards of conduct, such as safeguarding, harassment, discrimination, human trafficking, conflicts of interest, or research misconduct
- Fraud, waste, or abuse of project or EDC resources, property, or funds
- Applicable laws, regulations, and funder requirements
- E&S safeguarding concerns
- Illegal conduct

EDC will ensure that project-level processes for reporting concerns are accessible to affected communities, culturally appropriate, and transparent and timely. Each international or project office must determine if a community reporting mechanism is necessary based on project activities. For example, projects interacting with vulnerable populations that have an actual or perceived higher risk of threat of safeguarding misconduct (i.e., women, girls, children, and at-risk or vulnerable adults or groups) require a community reporting mechanism.

Best practice requires that complaint mechanisms be developed, implemented, monitored, and reviewed for effectiveness, including raising awareness with (1) program participants, (2)

communities where programs are implemented, and (3) employees and related personnel about how to use the complaints mechanism.

Once received by EDC, E&S safeguarding complaints filed by program participants via any mechanism must be routed and handled in the same fashion as complaints filed via the avenues noted earlier in this section.

## Stakeholder Engagement and Information Disclosure

EDC's GCF-funded projects will develop stakeholder engagement plans as part of the proposal process.

Upon project implementation, Project Directors will do the following:

- Provide stakeholders with information at appropriate times and in accessible forms.
- Communicate project activities in a timely manner (including for new activities).
- Ensure stakeholders are involved in decision-making processes where relevant and can effectively communicate any impacts they experience.
- Ensure that stakeholders are aware of how to submit grievances and/or complaints.

EDC will disclose relevant E&S information (including ESMSs, when applicable) to affected stakeholders in advance of project implementation, using accessible formats and appropriate local languages, consistent with donor requirements and applicable law. As feasible and appropriate for the risk categorization of the activity, this may include engaging stakeholders in the impact assessment, mitigation strategies, and monitoring.

At GCF's request, EDC will make available E&S reports related to projects they fund.

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### **POL-International-26 – E&S Policy for Projects Funded by the Green Climate Fund**

Prepared by: Jenny Bordo

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