# GUIDANCE NOTE

## ON ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT SCOPE OF WORK

EQUATOR PRINCIPLES

# GUIDANCE NOTE ON ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT SCOPE OF WORK

# Contents

# PREAMBLE

This document provides guidance and associated templates to support consistent application of the Equator Principles (EPs) [Ref 1] by Equator Principle Finance Institutions (EPFIs). The document provides guidance specifically in relation the SoW for the development of Environmental and Social Impact Assessments (ESIA) by the Borrower as required under EP Principle 2.

The guidance and templates provided in this document are intended to be read in conjunction with other available guidance and resources available on the Equator Principles Association (EPA) website. A list of relevant reference materials is provided in Annex 1 of this note. The guidance has been developed based on the fourth version of the EPs dated July 2020 (EP4).

# 1 Introduction

Environmental and Social Impact Assessment (ESIA) is a key component of the Assessment process required by EPFI to Clients (Principle 2) for the identification and assessment of the environmental and social risks. A well planned and executed ESIA provides a comprehensive assessment of Project environmental and social impacts and describes the proposed measures to minimise, mitigate or offset/ compensate those impacts in a manner relevant and appropriate to the nature and scale of the Project.

As described in IFC Performance Standard (PS) 1 the objectives of an ESIA includes the consideration of Potential Project impacts in the early planning and design phase through implementing the mitigation hierarchy. A good ESIA is undertaken at a stage of the Project where there is the greatest opportunity for avoidance of potential significant impacts through design, siting and selection of operating strategy. Applying the mitigation hierarchy effectively requires an interactive approach between the ESIA team and the Project design team to identify the appropriate mitigation measures for significant impacts and to re-assess those impacts on the basis of amended design.

ESIA is usually undertaken for greenfield developments or large expansions and prepared by the Client to the satisfaction of the EPFI to demonstrate that environmental and social risk identification and evaluation is comprehensive, accurate and objective and that measures to mitigate impacts are relevant and appropriate. EFPI's may rely on the ESIA during due diligence and project categorisation and to engage with Affected Communities and Other Stakeholders regarding environmental and social impacts of Projects and the proposed mitigation measures.

These ESIA Scope of Work (SoW) guidance and templates are designed to assist EFPIs who are engaging with Clients on the implementation of the Principles where an environmental and social assessment is yet to be commenced or where EPFI has identified that additional assessments are required to demonstrate how the Project will achieve compliance with the applicable environmental and social standards. The SoW guidance could also be used to review the scope of the environmental and social assessments proposed or completed by Clients where the assessment process had commenced prior to the EPFI engagement or when Project financing options are still being considered.

An ESIA that comprehensively addresses the full range of environmental and social risks sufficient to meet the Applicable Standards allows for an efficient and timely progress of the Environmental and Social Due Diligence including categorisation. In many instances the Client's assessments have been commenced or completed to meet national permitting requirements without full consideration of the applicable Lender standards, including the Equator Principles. Addressing the deficiencies in the

Client's environmental and social assessments identified through due diligence often requires specialist resources and extended time periods. Supplementary environmental and social assessments undertaken as an outcome of due diligence may require additional baseline studies and stakeholder engagement that requires several months or more to complete. The ESIA SoW guidance and templates aims to provide EPFI's and their Client's with tools that assist in effective scoping and procurement of ESIA at an early stage in Project planning such that extensive delays in the environmental and social consideration of Project Financing can be avoided.

In most jurisdictions the environmental and social assessment process commences early in the Project planning phase as it is generally a requirement for Project planning approvals, such as a national Environmental Impact Statement / Assessment (EIS/EIA). The ESIA SoW guidance should be applied by Clients, as advised by their agents or by the EPFI, to supplement the scope of other assessments undertaken for national approvals and permitting requirements when EPFI finance is being considered.

# 2 Approach to Environmental and Social Assessment

## 2.1 Components of Environmental and Social Assessment

The Environmental and Social Assessment process can be described through a phased approach that includes:

- screening of environmental and social requirements;
- scoping of the required studies for impact identification and characterisation;
- impact assessment; and
- the development of plans to mitigate impacts to the requirements of the applicable standards.

The processes are further described with the commonly applied components for each phase as presented in Figure 3.

The ESIA may encompass all phases of the environmental and social assessment as described above or may be limited to the impact assessment and management planning components with the scoping and screening components undertaken separately. ESIAs for high-risk projects will often be phased whereby the screening and scoping phase is undertaken as a separate assignment that allows the Project proponent, or relevant government authority, to undertake a preliminary identification of environmental and social aspects of the Project and undertake an initial screening of risks against the applicable environmental and social standards, including national requirements. The outcome of screening will often inform the level of Assessment required under national requirements. In some instances, the outcomes of ESIA screening could be used to inform Project categorisation by the EPFI and determine if the Project is considered a high risk or moderate/low risk for the purposes of defining the environmental and social assessment requirements.

Ideally, the screening phase is completed prior to the development of detailed Terms of Reference (ToR) for an ESIA. The project scoping may also be undertaken as a discrete exercise to define the scope of an ESIA and may include the development of a detailed ToR. Whilst Lenders and regulators may not require a scoping phase under their ESIA policies; the scoping phase provides for early identification of the potential environmental and social issues associated with the Project, providing the basis on which the scope of the ESIA can be discussed with stakeholders and provides the ToR for the ESIA study. This phased approach will allow the Client and the EPFI(s) to understand the extent

and complexity of ESIA study requirements, the specific expertise necessary to undertake the studies and the timeframe that would be expected for the completion of an ESIA.

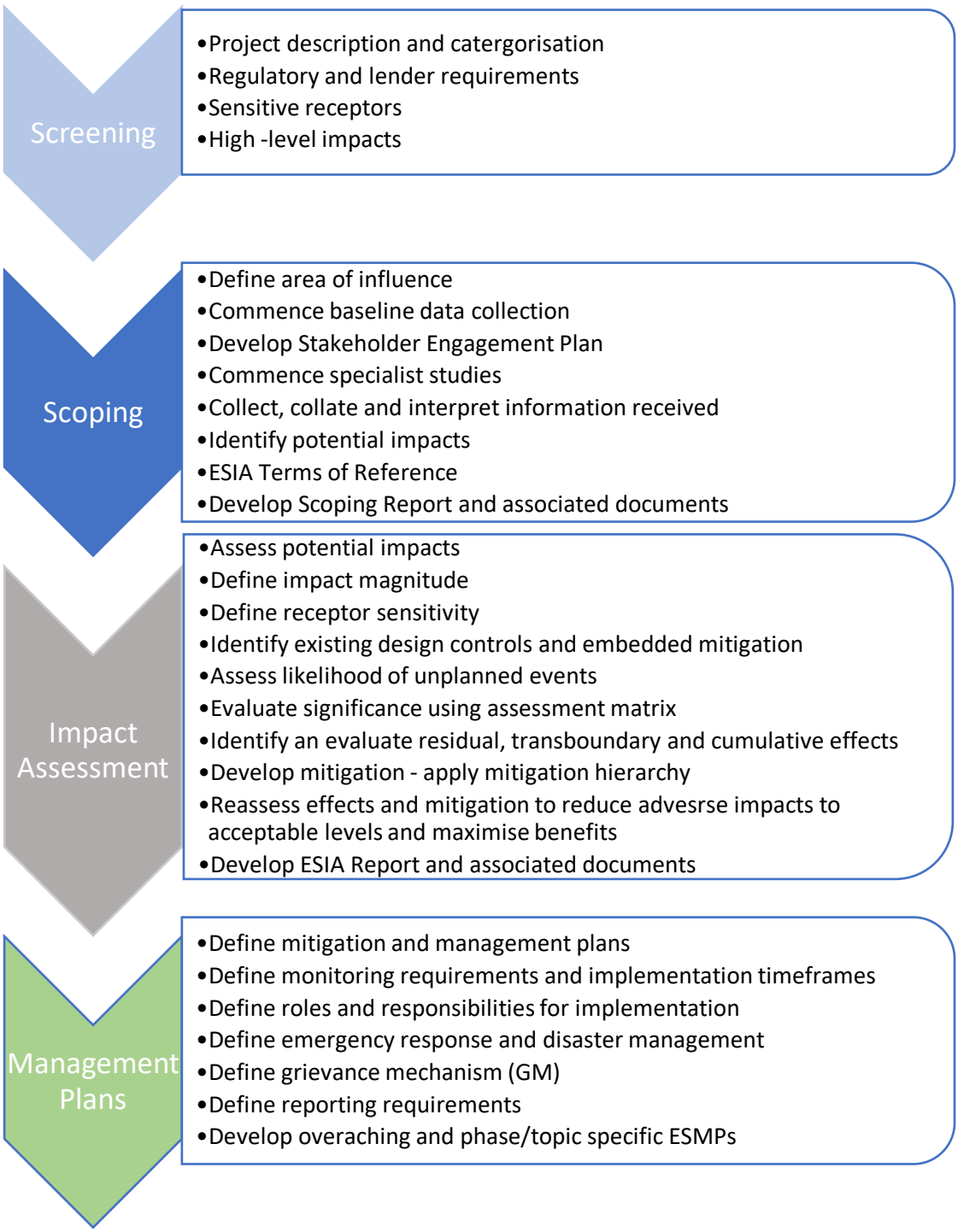


**Figure 3 Example Environmental and Social Assessment Framework**

## 2.2 ESIA Procurement

The procurement of appropriately experienced and capable services for ESIA by the Client is essential to ensure that the ESIA process is developed efficiently and comprehensively to meet the EPFI requirements. A range of procurement considerations are provided below to guide EPFI Clients and their advisors.

**Phased Procurement**

It is recommended that the Client undertakes ESIA screening and scoping, as described below, prior to issuing a Request for Proposal (RfP) for the ESIA consultants or specialist services. For this to be effective the Client should have appropriate level of in-house experience, expertise and capacity to do so, otherwise the Client should seek assistance from an external advisor (Client ESIA Advisor).

The screening and scoping phase allows identification of key environmental and social risks and identifies knowledge gaps and the expertise required to address these gaps. The screening and scoping process allows a consideration by the Client of likely Project categorisation by the EPFI, or, in an ideal circumstance, the EPFI could complete categorisation informed by the screening and scoping completed by the Client or its Consultants/Advisors.

The outcome of the ESIA screening and scoping can then allow the Client, ideally with guidance from the EPFI, to determine if a comprehensive ESIA should be undertaken for high-risk Projects or if a targeted or limited environmental and social assessment would suffice for medium and low risk projects. At the same time this process should be used to inform the project programme, including the EPIF's own due diligence and ultimately the financing schedule for the Project.

The ESIA detailed ToR can be developed as an outcome of the ESIA scoping phase whereby the key requirements for ESIA, as identified in the Applicable Standards, are developed into specific work tasks and environmental and social study scopes are defined. The costs and timeframe for ESIA can be more accurately estimated after the ESIA scoping has been developed than if scoping had not been commenced to assist with Project planning and budgeting.

**Client ESIA Advisor**

The Consultant/Advisor engaged by the Client to undertake the ESIA Screening and Scoping should be experienced with the requirements for ESIA as applied to Project financing, knowledgeable of the environmental and social aspects of the Project sector type and have a good understanding of the requirements of applicable national laws relative to the environmental and social assessments.

The Consultants engaged to undertake the ESIA may be different to the consultants engaged to complete the Scoping and Screening. It may be appropriate for the Client to retain the services of the Consultant who completed the ESIA Screening and Scoping to act as the Client's ESIA advisor, providing oversight of the ESIA consultants and coordinating the assessment process on behalf of the Client.

Client ESIA Advisors should also be experienced with EPFI financing process and bankability from an E&S perspective.

**International ESIA Consultants**

International ESIA consultants are those consultancies with specific expertise and experience in the development of ESIA that supports Projects financed by EPFI's and other international financial institutions. These international consultants are defined by their experience and not by location. International ESIA consultants are often engaged in partnership with other jurisdictional specific environmental permitting and approvals consultants where there is a need for local representation and familiarity/experience with nationally applied environmental and social assessment processes. International ESIA consultant can act as Clients ESIA Advisor and/or the principal contractor/provider of the international ESIA works and documentation.

**Host Country Environmental and Social Consultants**

The procurement of host country (national) consultants is usually required where a national environmental assessment is required under law for Project permitting and approvals. National consultants are often best placed to undertake primary baseline studies and stakeholder engagement activities for ESIA. For Projects in Non-designated Countries, the Client should seek to procure national consultants who are experienced with the applicable national laws and, if possible, familiar with the environmental and social standards applied by EPFIs. However, where the national permitting and approvals consultants do not have experience in the implementation of the Applicable Standards, including the requirements of the EPFI, then International ESIA Consultants can be engaged to support and supplement the work completed by the national consultants. It is recommended that Clients seek inputs from the Client's ESIA Advisor, or other suitably experienced person, in the selection and procurement of national consultants and the development of the ToR for such engagement.

As above, it is recommended that the Client seeks appropriate advice for the development of ToR and procurement of the international ESIA consultants, as appropriate. The procurement of the international ESIA consultants should consider:

- Experience in the Project's host country
- Experience with the Project type/sector.

- Availability of key experts (see 4.2.3).
- Relationship/ collaboration with national consultants.
- Experience with the implementation of the Applicable Standards.

## 2.3 Selection of ESIA Specialist Team

Clients can use in-house staff and/or external consultants or experts to carry out the Assessment work, provided that the Applicable Standards are met. The in-house staff or external personnel conducting the Assessment must be in a position to provide the required expertise to complete the work accurately and objectively, with the requisite qualifications and experience. For projects with issues that may pose significant adverse impacts and risks, high risk Projects, Clients will require external experts to assist in the conduct of all or part of the Assessment. These may include experts required for:

- Land acquisition, resettlement and livelihoods impact.
- Biodiversity specialists where critical habitats may be affected.
- Social engagement specialists with experience in Free Prior and Informed Consent where indigenous peoples may be encountered.
- Climate change risk consultants with experience in climate risk identification (physical and transitional) and adaptation measures.
- Human rights risk assessors.
- Specialists who can undertake monitoring and modelling of air quality, noise, hydrology or hydrogeology for the assessment of specific emissions and discharges.
- Human health/occupational health risks specialists where impacts to community or worker health are identified.
- Waste management and product life cycle assessment specialists.

These experts should have relevant and recognized experience in similar projects and operate independently from those responsible for design and construction. However, it is essential that the ESIA specialists (project leads) have appropriate experience to engage effectively with Client design and construction teams and other relevant advisors and stakeholders.

In addition, external experts are required in certain defined circumstances, on issues concerning biodiversity (as provided in paragraph 4 of Performance Standard 6), Indigenous Peoples (as provided in EP Principle 5[1] and paragraph 11 of Performance Standard 7) and cultural heritage (as provided in paragraph 4 of Performance Standard 8). Recommendations for the engagement of consultant with

[1] Guidance Note: Evaluating Projects with Affected Indigenous Peoples (equator-principles.com)

specific skills and experience required for Climate Change Risk Assessment is provided in the Guidance Note on Climate Change Risk Assessments[2].

When engaging consultants or Client in-house teams to undertake environmental and social assessments required for national approval processes and to meet Lender requirements then it is important to ensure that the selected team has sufficient skills and experience to achieve both objectives.

For medium/low risk Projects the environmental and social assessment team is unlikely to require the depth of knowledge and experience as described above for high risk Projects. The in-house consultants or consultant team selected for medium/low risk Assessments should be able to demonstrate knowledge and experience with the Applicable Standards and a good general understanding of the environmental and social risks and mitigations measures applicable to the Project type and location. Experienced and credentialled national EIA consultants with a working knowledge of the Applicable Standards would be expected to be able to complete ESIA for medium/low risk projects in parallel with the national impact assessment process.

[2] Guidance Note: On Climate Change Risk Assessment (equator-principles.com)

# 3 ESIA Scope of Work Guidance

This guidance supports the use of the Assessment templates in Annex 2 and Annex 3.

## 3.1 ESIA Screening

The initial screening of a Project against Applicable Standards (as per Principle 3), including national laws and regulations, will identify issues that may pose social or environmental risks that require additional Assessment through ESIA. The screening process identifies the extent and complexity of impacts on the Project's Area of Influence which is the total area likely to be affected by both onsite and offsite impacts of project activities. This stage would, ideally, be undertaken prior to the ESIA ToR being developed and would inform the environmental and social considerations for the environmental and social scoping and will assist in determining if the Project is considered a high risk or medium/low risk project for project categorisation.

Environmental and Social screening should be completed at a time when the project is sufficiently defined to allow for a high level identification of potential impacts. This would normally occur when the project's preferred location is known and the design concepts and resource/infrastructure requirements are understood at a feasibility level of definition.

Screening may be completed by the Client or the EPFI, for project categorisation (Principle 1), with input from specialists, in house or consultants, with knowledge and experience of:

- environmental and social issues associated with the Project type/sector;
- issues that may be specific to the Project location;
- national requirements environmental and social requirements; and
- other Applicable Standards.

The Project design and/or engineering teams should be consulted during the screening phase to advise on key Project characteristics including:

- project alternatives (including no-project option), design concept and philosophy;
- project programme and procurement strategy;
- the nature and extent of emissions and discharges;
- size of workforce;
- requirement for support infrastructure and significant temporary works;

– resource requirements (water, energy, other natural resources).

Effective Environmental and Social Screening will consider:

– Project definition – including the project activities and components that are proposed to be financed and any Associated Facilities (AF).
– Determining the Applicable Standards including the requirements of applicable national laws and regulations. This may also include a gap analysis of applicable laws/regulations against the Project's Applicable Standards as defined by the EPFI so as to determine the extent by which any national assessment process achieves the assessment requirements under Principle 2.
– The extent to which the Applicable Standards may apply to Projects in Designated Countries would be informed from the outcomes of the screening process.
– Likely sensitive receptors, both environmental and social.

The outcomes from the environmental and social screening can be used to inform if a comprehensive ESIA is required, for high risk projects[3], or, for moderate/low risk projects, if a limited or focussed environmental and social assessment[4] is required.

## 3.2 Scoping

The Scoping process is informed from the outcomes of the Project Screening and has the purpose of identification of key sensitivities and those activities with the potential to contribute to, or cause, significant effects to the environment and social receptors and resources. The key scoping objectives include:

– Identify significant potential impacts;
– Obtain stakeholder views through consultation; and
– Develop the ToR for ESIA through consultation to ensure that the ESIA process and associated reporting output are focussed on key issues and is fit for purpose.

The scoping process uses available information on the project location and design, known baseline characteristics, results of early stakeholder engagement and the details of the applicable environmental and social standards determined during project screening. The scoping phase requires:

[3] For greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate potential significant environmental or social impacts, the client will conduct a comprehensive Environmental and Social Impact Assessment, including an examination of alternatives, where appropriate.

[4] These projects may include, for example, modernization and upgrade of existing production facilities, not involving major expansions or transformations; real estate projects in urban areas and/or developed areas with the needed infrastructure; development of social infrastructure such as health and education facilities.

- Project design data including alternative sites, design configurations and construction methods;
- Initial baseline description from scoping phase baseline studies (usually desktop and field surveys) including identification of potential environmental and social receptors, known trends in the status of receptors that may be affected by the Project; and
- Stakeholder engagement to understand the views of stakeholders on key issues and obtain information to identify sensitive receptors. The initial stakeholder engagement may inform a Stakeholder Engagement Plan developed to manage and coordinate engagement with project affected people and other stakeholders throughout the ESIA process.

The scoping of the ESIA will include:

- Determine the Project Area of Influence (AoI) and Study Area;
- Identify the type of environmental impacts to be assessed and reported in the ESIA Report, and in doing so "scope out" "insignificant impacts" that do not warrant further consideration at the ESIA stage (a clear justification for assigning impacts as insignificant should be documented in the scoping report);
- Identify and prioritise missing information/ information needs, for example baseline data gaps; and
- Determine assessment techniques e.g. predictive modelling requirements.

The project AoI should be determined in the ESIA scoping phase according to the criteria described in IFC PS1 and includes consideration of areas affected by:

- Direct and indirect impacts. For indirect impacts, the focus is specifically on impacts affecting biodiversity and ecosystem services upon which affected Communities' livelihoods are dependent;
- Impacts from unplanned, but predictable events caused by the Project that may occur later or at different locations e.g. population influx, loss of containment of hazardous materials.
- Associated facilities; and
- Cumulative effects arising from the Project and other existing, planned or reasonably defined developments at the time the scoping and impact assessment process is conducted.

The study area is not necessarily the same as an AoI and is a defined area for specific studies to determine or verify receptor sensitivity and or the potential for and extent/intensity of impacts. Study areas will vary depending on receptor and impact type and are defined in the scoping phase.

The scoping process can be undertaken by the Client's in house personnel, where internal expertise exists, and/or consultants with the relevant expertise and objectivity. The engagement of consultants to undertake the ESIA scoping may be separate from the engagement of ESIA consultants for the impact assessment or it could be combined in a single engagement process. In either case, it is recommended to phase the engagement such that a consultant's proposal for the ESIA is undertaken on the basis of a completed scoping study.

## 3.3 Project Description and Analysis of Alternatives

The ESIA should define the project with a focus on those aspects of the project that have the potential for environmental and social impacts. The Project description should be written in non-technical language and use maps and concept diagrams to present locations, layouts and process flows in a way that can be readily understood by a broad non-technical audience. The use of engineering drawings and design diagrams should be avoided. The description of the Project should include a description of associated facilities, which are facilities that are not funded as part of the Project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable.

For high risk and greenfield developments, the ESIA will include an examination of technically and financially feasible alternatives to the source of such impacts, and documentation of the rationale for selecting the particular course of action proposed. The analysis should consider alternative project locations, designs, operational processes or alternative ways of dealing with environmental and social impacts. The analysis of alternatives should also consider options that may improve resource efficiency such as the use of design alternatives that reduce Greenhouse Gas (GHG) emissions or reduce the requirement for water abstraction. This analysis should be undertaken in consultation with Client design and engineering teams who would consider such alternatives during early Project scoping/feasibility studies.

## 3.4 Stakeholder Identification and Engagement

Stakeholder Identification involves the determination of the various individuals or groups who may have an interest in the project or who may affect or be affected by the Project. The process includes:

- Identify individuals, groups or local communities that be affected by the project, positively or negatively and directly or indirectly, including those who are disadvantaged or vulnerable.
- Identify broader stakeholders who may be able to influence the outcome of the Project because of their knowledge about affected communities or political influence over them.
- Identify legitimate stakeholder representatives.
- Mapping the impact zones by placing the affected groups and communities with a geographic area, which will assist the Client to define or refine the AoI.

Stakeholder mapping will identify the presence of individuals or groups within the project area of influence who are particularly vulnerable or disadvantaged and who could experience adverse impacts from the proposed project more severely than others. Large scale projects with a large project area of influence and multiple affected communities are more likely to expose these individuals and groups to adverse impacts than smaller scale projects with site specific issues.

The ESIA should assess potential impacts, including differentiated impacts, on these individuals and groups and propose specific (and if necessary separate) measures in consultation with them to ensure that potential impacts and risks to them are appropriately avoided, mitigated or compensated.

The ESIA will include a description of stakeholder engagement activities and outcomes from those engagements undertaken at various stages throughout the process. A Stakeholder Engagement Plan (SEP) is usually developed early in the ESIA process and will describe the following engagement activities:

- Engagement aimed at seeking opinions and inputs from identified stakeholders on the proposed Project and its likely environmental and social aspects and impacts, including cumulative impacts and feasible alternatives.
- Engagement to assist in identification of indigenous people[5] and/or disadvantaged or vulnerable groups.
- Engagement with appropriate stakeholders to contribute to the collection of baseline data (see 4.3.5 below) on, for example, land use and livelihoods, biodiversity and ecosystem services and cultural heritage.
- Seeking stakeholder comments and input to the ESIA through a public consultation period and responding to comments and recommendations received.
- Where a Resettlement Action Plan (RAP) is required, then the engagement process shall be integrated to meet the needs for resettlement planning in addition to the broader engagement objectives.

A Non-Technical Summary of the ESIA should be developed as a part of the ESIA public disclosure process, required by the EPFI for Category A and, as appropriate, Category B Projects, or under the relevant national laws. The summary should communicate the key outcomes of the ESIA to Project stakeholders in a way that is readily understood, in the relevant local language/s and concise. The Non-technical Summary will be focussed on describing the key environmental and social impacts and how negative impacts are proposed to be mitigated and how positive impacts will be enhanced.

## 3.5 Baseline Information Gathering

Baseline information gathering should describe the relevant existing conditions, such as physical, biological and socio-economic. Analysis of project and site-specific impacts should be based on current and verifiable primary information. Reference to secondary information on the project's AoI is acceptable, but it may still be necessary to gather primary information from field surveys to establish baselines appropriate to the proposed project's potential impacts and risks.

[5] See - Guidance Note: Evaluating Projects with Affected Indigenous Peoples (equator-principles.com)

Site specific primary data is usually required where the project is likely to have specific impacts to sensitive receptors, social or environmental, where the sensitivity of receptors is unknown. Primary baseline data is commonly gathered for:

- Identifying and characterising potential biodiversity receptors.
- Identify/verifying social livelihoods and land use.
- Characterising receiving environments for direct and indirect emissions/discharges to air, water and soil.
- Identification of use of natural resources for assessment of impacts to ecosystems services.

Relevant data may be available from various host governmental, NGO and academic studies. However, Clients should carefully evaluate data sources and potential data gaps. Accurate and up-to-date baseline information is essential, as rapidly changing situations, such as in-migration of people in anticipation of a project or development, or lack of data on disadvantaged or vulnerable individuals and groups within an affected community, can seriously affect the efficacy of social mitigation measures.

Primary and secondary baseline data should be reviewed by relevant experts to ensure currency and applicability of the data. Limitations on data, such as the extent and quality of available data, assumptions and key data gaps, and uncertainties associated with predictions, should be clearly identified. Where necessary, additional surveys may be required to address identified limitations.

The timeframe required for baseline data gathering for ESIA is often the key determinant for the time required for completion of the Assessment. Characterisation of receiving environments and sensitive receptors may require consideration of seasonal changes that occur including:

- Seasonal changes to biodiversity and uses of habitats.
- Social land use and livelihood changes that occur throughout a year or between years.
- Seasonal changes to meteorological conditions that may affect air quality, water resources and ecosystems services.

The Equator Principles Best-Practice Note on Biodiversity Baseline Surveys[6] provides specific guidance on the timeframes for biodiversity baseline studies and recommends that these studies should be undertaken for at least 1 year for Projects where significant biodiversity risks are identified.

[6] Best-Practice Note Biodiversity Baseline Surveys Mar2022 (equator-principles.com)

Biodiversity data collected for an ESIA should be developed in consideration of Principle 10 of the EPS where EPFI's encourage Clients to share species occurrence data and other useful information in accordance with the Guidance Note on Biodiversity Data Sharing – For EPFI Clients[7].

The ESIA should describe the baseline environmental and social conditions using summarised information and /or maps, graphs and other tools that allow concise presentation of key contextual for identification and analysis of Project impacts. Detailed data sets and baseline surveys reports should be annexed to the ESIA and not included in the main body text of the document.

## 3.6 Impact Assessment

Potential impacts and risks should be assessed and documented for each key stage of the project cycle including design and planning, construction, operations, and decommissioning or closure and for their short-term, long-term, and cumulative contexts, keeping in mind the dynamic and shifting nature of these impacts and risks.

The impact assessment process should include robust and consistently applied methods for:

- Predicting impacts, which includes:
  - Determining impact magnitude - considering impact type (positive or negative), spatial extent, duration, frequency, likelihood and reversibility (whether an impact is reversable or irreversible -resulting in a permanent impact).
  - Receptor sensitivity - based on the degree to which a receptor is resilient to change and the value attributed to the receptor by stakeholders or applicable regulations/policies.
- Impact evaluation – where the impact magnitude and receptor sensitivity results are combined to determine the significance of the effect.

The assessment of impacts should include unplanned events which are reasonably foreseeable but are not planned to occur as part of the project. These may include major accidents such as industrial accidents that result in fatalities and/or major injuries or release of hazardous materials that pose a major public health risk. Impacts arising from unplanned events should be assessed using systematic and consistently applied methods that consider both the incident likelihood and the consequence of the event.

**Cumulative Effects**

Cumulative effects are those that arise due to an impact from the Project interacting with another activity to create additional impact. For example, a residential property positioned between a railway

[7] Guidance Note: On Biodiversity Data Sharing – For EPFI Clients (equator-principles.com)

project and an airport would result in the residential receptors experiencing the combined effect of the two noise sources. Cumulative impacts should consider existing, planned and /or reasonable anticipated future projects. Impacts from Associated Facilities should be considered in the assessment of cumulative effects. An initial cumulative assessment process is outline in Figure 4.

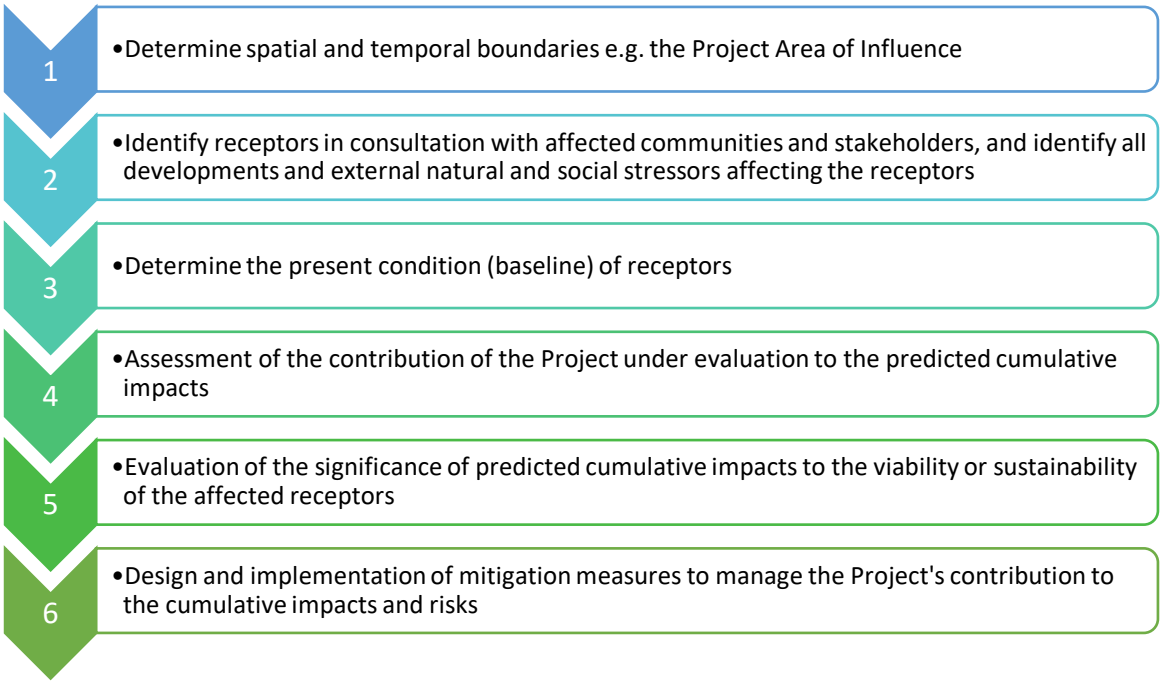


**Figure 4 Rapid Cumulative Impact Assessment Process**

**Transboundary Impacts**

The impact assessment component should identify transboundary impacts that extend to multiple countries, beyond the host country of the project, but are not global in nature. Examples include air pollution extending to multiple countries, use or pollution of international waterways, and transboundary epidemic disease transmission. The ESIA should describe any requirement for notification by the Project to the affected country or counties if it is determined that:

- the project entails activities that may cause adverse effects through air pollution or abstraction of water from or pollution of international waterways;
- the affected countries and the host country have entered into any agreements or arrangements or have established any institutional framework regarding the potentially affected airshed, waterway, subsurface water, or other resources; or
- there are unresolved differences between the affected and host countries regarding the potentially affected resource, and the likelihood of a resolution is not imminent.

**Climate Change**

The impact assessment should include a climate change risk assessment aligned with the Climate Physical Risk and Climate Transition Risk categories of the Taskforce for Climate Related Financial Disclosures (TCFD) as applicable to EP Principle 2. The depth and nature of the Climate Change Risk Assessment will depend on the type of Project as well as the nature of risks, including their materiality and severity. EP Annex A provides an overview of a Climate Change Risk Assessment, including alternatives analysis requirements and the Guidance Note on Climate Change Risk Assessment[8] is also applicable.

**Human Rights**

EPFIs expect clients to properly assess the risks of actual or potential adverse Human Rights impacts related to project development in line with the UNGPs (particularly paragraphs 17-21) and incorporate that risk assessment into the Project's Assessment Documentation (EP, Principle 2). The UNGPs indicate that a company needs to assess Human Rights risks based on the scale and complexity of the Project and the severity and likelihood of potential Human Rights risks. Each Project's risk assessment will therefore be unique and proportional to the Project's risks and the level of detail provided by the client in the Assessment Documentation will be proportional to the level of risks identified. The Guidance Note on Implementation of the Human Rights Assessments Under the Equator Principles[9] provide further guidance.

**Indigenous Peoples**

Where Projects identify the potential for impact to Indigenous Peoples, through stakeholder identification, the ESIA will be required to specifically assess and address these impacts in accordance with the requirement of Principle 5 of the EPs[10] and, as applicable, IFC PS7[11].

## 3.7 Impact Mitigation

As part of the ESIA process, when negative impacts are identified (the effects of which cannot be managed via design controls /incorporated mitigation), additional mitigation measures will be developed (including avoiding, management and monitoring actions). The process of identifying design controls and mitigation measures shall follow the sequence of mitigation hierarchy as specified

[8] Guidance Note: On Climate Change Risk Assessment (equator-principles.com)

[9] Guidance Note: On Implementation of Human Rights Assessments under the Equator Principles (equator-principles.com)

[10] Guidance Note: Evaluating Projects with Affected Indigenous Peoples (equator-principles.com)

[11] Where Projects meet the special circumstances under the IFC PS7 paragraphs 13-17

in EP Principle 2 and in IFC PS1. Efforts should be firstly applied to avoid or prevent, then minimise or reduce adverse effects through the application of the design controls. Where trade-offs between avoidance and mitigation/compensation are considered, these should be documented. The Assessment should consider economic, financial, environmental and social costs and benefits and identify to which parties these accrue.

These efforts are supplemented by additional design controls and mitigation measures during Project construction, operation and decommissioning. For positive impacts, enhancement measures to increase the benefits generated by the project may also be developed.

The mitigation measures in the ESIA should consider the extent to which the Client can mitigate or influence impacts from Associated Facilities or other third party operated facilities that result in significant cumulative impacts. Mitigation actions may include applying influence to third party operated facilities within the Project AoI with the intent of aligning those project's environmental and social plans with the Applicable Standards. For example, the Client project's mitigation actions may include environmental and social provisions aligned with the Applicable Standards in the contract for services for a third party operated water treatment plant that is identified as an Associated Facility.

**Environment and Social Management Plan and System**

The ESIA will document mitigation measures either through a description of design controls (which include specific design criteria required for effective performance) or within a management program or plan that is implemented through the Client's Environmental and Social Management System (ESMS). The level of detail and complexity of this program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts. The program will define desired outcomes as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. Recognizing the dynamic nature of the project development and implementation process, the program will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring.

The level of detail for the Environmental and Social Management Plan (ESMP) developed for the ESIA should be sufficient to describe the implementation of mitigation actions, the desired outcomes, the responsibilities, resources and timeframes for implementing the mitigating actions. The mitigation plans included either within the ESIA, or as an outcome of the ESIA, do not necessarily require the level of procedural detail provided to a contractor or employee to perform the tasks. The plans should, as a minimum, provide a comprehensive framework for implementation with the expectation that further details of tasks and prescriptive methodologies would be undertaken prior to the mitigation plans being implemented by the Client or its Contractor.

# LIST OF ABBREVIATIONS

| | |
|---|---|
| AF | Associated Facility |
| AoI | Area of Influence |
| CCRA | Climate Change Risk assessment |
| EPs | Equator Principles |
| EPFI | Equator Principles Finance Institution |
| E&S | Environmental and Social |
| ESAP | Environmental and Social Action Plan |
| ESIA | Environmental and Social Impact Assessment |
| ESMP | Environmental and Social Management Plan |
| ESMS | Environmental and Social Management System |
| GHG | Greenhouse Gas |
| GM | Grievance Mechanism |
| HRA | Human Rights Assessment |
| IFC PS | International Finance Corporation Performance Standards |
| NGO | Non-Governmental Organisation |
| RAP | Resettlement Action Plan |
| RfP | Request for Proposal |
| SEP | Stakeholder Engagement Plan |
| SoW | Scope of Work |
| ToR | Terms of Reference |
| UNGP | United Nations Guiding Principles on Business and Human Rights |

## ANNEX 1 List of Good Practice References and Sources


1. Equator Principles “EP4”, Equator Principles Association, July 2020
2. The Equator Principles Implementation Note, Equator Principles Association, September 2020
3. Guidance Note on Climate Change Risk Assessment, Equator Principles Association, September 2020
4. Guidance Note on Implementation of Human Rights Assessments under the Equator Principles, Equator Principles Association, September 2020
5. Guidance Note on Biodiversity Data Sharing, Equator Principles Association, September 2020
6. Best Practice Note on Biodiversity Baseline Surveys, Equator Principles Association, March 2022
7. Guidance Note on Evaluating Projects with Affected Indigenous Peoples, equator Principles Association, September 2020

## ANNEX 2 Template Scope of Work for High Risk ESIA

The template below provides guidance for the EPFI or Borrower in the development of a scope of work (SoW) for an ESIA with potential significant environmental and social risks. The scope of work would be used for issuing a Request for Proposal from suitably qualified consultants or to define a work program undertaken by the Borrower's/Sponsor's in house personnel. The template refers to the ESIA developer as the Consultant even though the SoW may be undertaken by in-house personnel.

The requirements for an ESIA are largely Project specific and would be defined through ESIA Scoping and Screening, which are included here as a component of the broader ESIA process. The scope of work may include the ESIA Screening/Scoping with an ESIA or these may be issued as separate scopes depending on the stage of the Project.

The second column provides guidance on which elements of the SoW are recommended for use in all instances (Always/'A') and those that will only be relevant in certain instances (Optional/'O'). Guidance on the applicability of the option scope elements is provided in the third column.

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| **1. ESIA Screening** | **O** | Screening may be included in the ESIA SoW if this has not already been undertaken by the Borrower/ Sponsor or the EPFI.<br>The outcomes from the environmental and social screening will determine if a comprehensive ESIA is required, for high risk projects, or, for moderate/low risk projects, if a limited or focussed environmental and social assessment is required.<br>The Screening tasks are identified as Always Required (A) or Optional(O) below on the basis that Screening is a component of the SoW. |
| 1.1 The ESIA will cover the entire Project and provide a description of its main components, location and activities. The Consultant will confirm, based on the information provided by the Borrower/Sponsor a detailed | A | |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| description of the project and its area of influence, including the relevant activities and facilities that form each of (as defined in the Applicable Standards):<br>- The funded Project<br>- Any Associated Facilities<br>- Primary supply chain components<br>- Any other existing, planned or reasonably defined other existing, planned or reasonably defined developments that may impact cumulatively with the funded project. | | |
| 1.2 The physical, operational and management interactions between the existing and proposed new expansion project will need to be clearly identified by the Consultant | O | Applicable for expansion project. |
| 1.3 The Consultant will, in consultation with the Borrower/Sponsor confirm Project categorisation in accordance with the Applicable Standards and in consideration of Sensitive Receptors and High level Impacts | O | The requirement for initial Project categorisation will depend on the stage of the project. If categorisation has already been confirmed then this will not be required. |
| 1.4 The Applicable Standards to be considered in the ESIA will be confirmed by the Consultant in agreement with the Borrower/Sponsor and representative(s) of the finance parties, but shall include as a minimum: | A | |
| • All relevant host country laws, regulations and permits that pertain to environmental and social issues | A | This is a specific requirement under EP Principle 3. |
| • Any International Conventions and Treaties relating to the environment to which the host country is a party (specific Conventions and Treaties to be confirmed and agreed) | A | |
| • The Equator Principles [latest applicable version/date] | A | |
| • IFC Performance Standards | O | |
| • IFC Environmental, Health and Safety (EHS) Guidelines including the IFC EHS General Guidelines and applicable sector guidelines (to be confirmed and agreed) | O | As necessary under EP Principal 3 |
| • Any addition standards/policies of individual finance parties as relevant | O | |
| 1.5 Sensitive Receptors<br>The Consultant will, in consultation with the Borrower/ Sponsor(s), undertake an initial screening of potential sensitive environmental and social receptors from direct or indirect Project impacts through use of available | A | A high level screening of receptors will use publicly available data sources including GIS resources to identify, for example: nearby residents, existing land |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| secondary data. The sensitive receptor screening will consider the Project location, layout and the high level environmental and social risks as described in 1.6. | | users, protected areas, natural habitats, water resources etc. |
| 1.6 High Level Environmental and Social Issues<br>The Consultant will, in consultation with the Borrower/ Sponsor(s) undertake an initial screening of the high level environmental and social risks of the Project in consideration of the Project location, layout, the design concepts and resource/infrastructure requirement.<br>The screening will identify the extent to which the Applicable Standards apply to the high level environmental and social issues | A | The Project design and/or engineering teams should be consulted during the screening phase to advise on key Project characteristics including:<br>• the nature and extent of emissions and discharges<br>• size of workforce<br>• requirement for support infrastructure<br>• resource requirements (water, energy, other natural resources). |
| 1.7 ESIA Screening Report<br>The Consultant will develop an ESIA Screening Report that provides a summary of the outputs from tasks 1.1 to 1.6 and includes:<br>• Data sources and references<br>• Limitations to the findings as applicable<br>• Recommendations for further assessments or to address screening uncertainty | A | |
| **2. ESIA Scoping** | O | The Borrower/Sponsor may include ESIA Scoping in the SoW or may include this as a separate SoW to be undertaken prior to the ESIA to inform a detailed Terms of Reference (ToR) for an ESIA.<br>The Scoping tasks are identified as Always Required (A) or Optional(O) below on the basis that ESIA Scoping is a component of the SoW. |
| 2.1 The Consultant will, in consideration of the ESIA Screening findings, Project design, Project implementing strategy and the outcomes of an initial site visit, including stakeholder engagement: | A | The scoping phase requires: |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| • Identify the environmental and social impacts of significance that will be assessed and reported in the ESIA, and scope out insignificant impacts that do not warrant further consideration in the ESIA.<br>• Identify key stakeholders and their concerns<br>• Determine the Project Area of Influence (AoI) and Study Area<br>• Identify and prioritise missing information/ information needs, for example baseline data gaps; and<br>• Determine assessment techniques e.g. predictive modelling requirements. | | • Project design data including alternative sites, design configurations and construction methods;<br>• Initial baseline description (usually desktop and field surveys) including identification of potential environmental and social receptors, known trends in the status of receptors that may be affected by the Project; and<br>• Stakeholder engagement to understand the views of stakeholders on key issues and obtain information to identify sensitive receptors. |
| 2.2 ESIA Scoping Report<br>The Consultant will summarise the findings of Task 2.1 in an ESIA Scoping Report that will also include:<br><br>• Maps showing the Project AoI, Study Areas and locations of sensitive receptors<br>• Recommended additional studies for ESIA including ToR, as applicable, for:<br>- Baseline Environmental and Social studies<br>- Land use and livelihoods surveys<br>- Predictive modelling studies<br>- Climate Change Risk Assessments<br>- Human Rights Risk Assessment (HRA)<br>- Critical Habitat Assessment<br>• Preliminary Stakeholder Engagement Plan | O | The Scoping Report may be included within the main ESIA report or developed a separate report and used to define the detailed Terms of Refence for the ESIA.<br><br>The initial stakeholder engagement may inform a Stakeholder Engagement Plan developed to manage and coordinate engagement with project affected people and other stakeholders throughout the ESIA process |
| **3. ESIA Study** | | |
| 3.1 Project Description<br>The Consultant will describe all phases of the Project (design, construction, operation and decommissioning), including associated facilities, with a focus on those Project components or activities that have the potential for environmental and social impacts. | A | The objective of the project description is to communicate the proposed project to a broad audience and provide the context for identification of those Project aspects that have the potential for significant environmental and social impacts. The |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| The Project Description will include the details of those in-built design or operational components that are proposed for mitigation of environmental and social impacts , e.g. air pollution control systems, waste water treatment systems. The description of the design or project siting controls should describe how the Applicable Standards are being achieved through these measures for all phases of the Project.<br><br>The Project description will include, as appropriate, clearly presented maps and diagrams to describe the Project location, layout and process. | | use of technical language, engineering drawings and design diagrams should be avoided.<br><br>The description of the Project should include a description of associated facilities, which are facilities that are not funded as part of the Project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable. |
| 3.2 Analysis of Alternatives<br>The Consultant will, in consultation with the Borrower/Sponsor, identify and evaluate/compare technically and financially feasible alternatives to the source of Project impacts including consideration of alternative locations, designs, operational processes or alternative ways of mitigating environmental and social impacts. | A | This analysis should be undertaken in consultation with Borrower/Sponsor design and engineering teams who would consider such alternatives during early Project scoping/feasibility studies |
| 3.3 Stakeholder Identification<br>The Consultant will undertake studies, including field visits to:<br>• Identify individuals, groups or local communities that be affected by the project, positively or negatively and directly or indirectly, including those who are disadvantaged or vulnerable.<br>• Identify broader stakeholders who may be able to influence the outcome of the Project because of their knowledge about affected communities or political influence over them<br>• Identify legitimate stakeholder representatives<br>• Map the impact zones by placing the affected groups and communities within a geographic area, which will assist to define or refine the AoI.<br><br>The Consultant will identify the potential for impact to Indigenous People, through stakeholder identification, to specifically assess and address these impacts in the ESIA in accordance with the requirement of Principle 5 of the EPS and IFC PS7. | A | Stakeholder mapping will identify the presence of individuals or groups within the project area of influence who are particularly vulnerable or disadvantaged and who could experience adverse impacts from the proposed project more severely than others.<br><br>Required under EP Principal 5<br><br>Guidance Note: Evaluating Projects with Affected Indigenous Peoples (equator-principles.com) |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| 3.4 Stakeholder Engagement<br>The Consultant will develop and implement a Stakeholder Engagement Plan (SEP) which includes the following activities as a minimum:<br>• Engagement aimed at seeking opinions and inputs from identified stakeholders on the proposed Project and its likely environmental and social aspects and impacts, including cumulative impacts and feasible alternatives.<br>• Engagement to assist in identification of indigenous people and/or disadvantaged or vulnerable groups.<br>• Engagement with appropriate stakeholders to contribute to the collection of baseline data on, for example, land use and livelihoods, biodiversity and ecosystem services and cultural heritage.<br>• Seeking stakeholder comments and input to the ESIA through a public consultation period and responding to comments and recommendations received.<br><br>The outcomes of Stakeholder Engagement activities will be summarised in the ESIA, where appropriate, with detailed meeting minutes and interview transcripts provided in the appendix to the ESIA. | A | Guidance Note: Evaluating Projects with Affected Indigenous Peoples (equator-principles.com)<br><br>Required under EP Principal 5<br><br>The stakeholder engagement activities shall be focussed on those key stakeholders as identified in the Stakeholder Identification task. |
| 3.5 Baseline Data Gathering<br><br>Baseline information on the social and environmental conditions of the Project AoI shall be described within the ESIA with sufficient detail to allow an accurate assessment of receptor sensitivity.<br><br>The baseline studies shall focus on those key components of the environmental and social environment that are potentially affected by the significant Project impacts identified through the ESIA scoping study.<br><br>Baseline data shall include relevant, credible and current secondary data supported by recent primary data gathered by field surveys and studies. Primary data will be gathered over a period sufficient to characterise the environmental or social condition.<br><br>All secondary data sources will be fully referenced in the ESIA. | A | Characterisation of receiving environments and sensitive receptors may require consideration of seasonal changes that occur including:<br><br>• Seasonal changes to biodiversity and uses of habitats<br>• Social land use and livelihood changes that occur throughout a year or between years;<br>• Seasonal changes to meteorological conditions that may affect air quality, water resources and ecosystems services. |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| The methodologies for baseline data gathering will be described in the baseline description component of the ESIA.<br><br>Limitations on data, such as the extent and quality of available data, assumptions and key data gaps, and uncertainties associated with predictions, should be clearly identified.<br><br>The Consultant will provide a comprehensive summary description of the baseline condition in the main body text of the ESIA. Supporting baseline survey results, data lists, analytical results shall be provided in the ESIA appendices.<br><br>Biodiversity data collected for an ESIA should be developed in consideration of Principle 10 of the EPs where EPFI's encourage Clients to share species occurrence data and other useful information in accordance with the Guidance Note on Biodiversity Data Sharing – For EPFI Clients | O | Best-Practice Note_Biodiversity Baseline Surveys_Mar2022 (equator-principles.com)<br><br>Guidance Note: On Biodiversity Data Sharing – For EPFI Clients (equator-principles.com) |
| 3.6 Impact Assessment<br><br>The Consultant will document and implement the impact assessment methodology, consistent with the methods described in the ESIA Scoping Study, that allows for a robust and consistently applied impact assessment process. The impact assessment will predict impacts, through consideration of impact magnitude and receptor sensitivity, and evaluate the significance of impacts.<br><br>Impact assessment will consider all phases of the project including design, construction, operations and decommissioning.<br><br>The assessment of impacts will include unplanned events which are reasonably foreseeable but are not planned to occur as part of the project. | A | The impact assessment should focus on those potential impacts of significance as identified through ESIA Scoping whereby insignificant impacts are scoped-out of the impact assessment process as documented in the ESIA Scoping Study.<br><br>The specific impact assessment methodology may be prescribed under national laws or the Consultant may apply various accepted impact assessment methods and best practices that are suitable to the Project and its setting. However, it is essential that the methodology and assessment criteria are fully described and consistently applied throughout the ESIA. |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| The outcomes of impact assessment will be fully described in line with the relevant assessment methodology such that the ESIA explicitly details how the impact significance has been determined. | | |
| 3.6.1 Cumulative Affects<br><br>The Consultant will implement and document an assessment of cumulative impacts that considers the cumulative effects that arise due to a Project impact interacting with another activity to create an additional impact.<br><br>The cumulative impact assessment will consider existing, planned and or reasonably anticipated future projects with the potential to result in impact that are additional to the Projects predicted impacts.<br><br>The methodology and outcomes of the cumulative assessment, including required mitigations, will be documented in the ESIA. | A | See IFC Performance Standard 1 GN37 and GN38 to GN44<br>Guidance Note 1: Assessment and Management of Environmental and Social Risks and Impacts - Published January 1, 2012 (updated June 14, 2021) (ifc.org) |
| 3.6.2 Transboundary Impacts<br>The Consultant will identify and assess Project environmental and social impacts that extend to multiple countries, beyond the host country of the Project, but are not global in nature (such as emission of ozone depleting substances or GHG) | O | The identification of potential transboundary impacts should be undertaken in the ESIA scoping phase and included in the ESIA SoW should such issues be reasonably foreseen. |
| 3.6.3 Climate Change Risk<br>A Climate Change Risk Assessment will be completed for the Project as relevant to the requirements of EP Principal 2. The assessment will be aligned with the Climate Physical Risk and Climate Transition Risk categories of the Taskforce for Climate Related Financial Disclosures (TCFD) as applicable. | A | Requires under EP Principal 2 .<br>• Category A and, as appropriate, Category B Projects will include consideration of relevant physical risks.<br>• For all Projects, in all locations, when combined Scope 1 and Scope 2 Emissions are expected to be more than 100,000 tonnes of $CO_2$ equivalent annually. Consideration must be given to relevant Climate Transition Risks (as defined by the TCFD) and an alternatives analysis completed which evaluates lower |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| | | Greenhouse Gas (GHG) intensive alternatives.<br>Guidance Note: On Climate Change Risk Assessment (equator-principles.com) |
| 3.6.4 Human Rights Risk<br>The Consultant will undertake and document an assessment of risks of actual or potential adverse Human Rights impacts related to all phases of the Project in line with the UNGPs (paragraphs 17-21) and incorporate this assessment into the ESIA.<br><br>The Consultant will assess Human Rights risks based on scale and complexity of the Project and the severity and likelihood of potential Human Rights risks. | A | Each project's risk assessment will therefore be unique and proportional to the project's risks and the level of detail provided by the client in the Assessment Documentation will be proportional to the level of risks identified. The Guidance Note on Implementation of the Human Rights Assessments Under the Equator Principles provide further guidance.<br>Guidance Note: On Implementation of Human Rights Assessments under the Equator Principles (equator-principles.com) |
| 3.7 Impact Mitigation<br><br>The Consultant will document in the ESIA the additional mitigation measures required to address the negative environmental and social impacts which are not addressed through proposed design controls or incorporate mitigations as described in the Project Description.<br>The process of identifying design controls and mitigation measures shall follow the sequence of mitigation hierarchy as specified in EP Principle 2 and in IFC PS1.<br>The ESIA will document mitigation measures which are not already described through design controls (which include specific design criteria required for effective performance) within a management program or plan that is implemented through the Borrower's/Sponsor's Environmental and Social Management System (ESMS). | A<br><br>O | EP Principle 2 and IFC PS1 describe the application of the mitigation hierarchy<br><br>EP Principle 4 describes the requirements for ESMS to include issues identified through the Assessment process.<br><br>The Borrower/Sponsor has responsibility for development and implementation of the ESMS but |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| The ESMS will define desired outcomes as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation | | may seek specialist inputs from the ESIA consultant for incorporating required mitigations. |
| **4. Non-Technical Summary**<br><br>The Consultant will develop a Non-Technical Summary of the ESIA as a part of the ESIA public disclosure process, required by the EPFI or under the relevant national laws, with the objective of communicating the key outcomes of the ESIA to Project stakeholders in a way that is concise, readily understood and in the relevant local language/s. The Non-technical Summary will be focussed on describing the key environmental and social impacts and how negative impacts are proposed to be mitigated and how positive impacts will be enhanced. | A | See EP Principle 5 |

## ANNEX 3 Template Scope of Work for Assessment of Moderate and Low Risk Projects

This template provides guidance for the development of a scope of work (SoW) for an Assessment of a Project with moderate to low environmental and social risks as determined through Project screening. In accordance with EP Principle 2, a limited or focused environmental or social assessment may be appropriate for Category B Projects that are not considered to be high risk, and potentially Category C Projects. The Environmental and Social Assessment for moderate to low risk Projects is expected to apply applicable risk management standards relevant to the risks or impacts identified during the categorisation/screening process.

The IFC Performance Standard 1 Guidance Note (GN) 27 and 28 provide further recommendations for limited or focussed assessments of moderate and low risk Projects, including the need for assessments that are specific to potential environmental and social risks and/or impacts identified as associated with the project. In some instances, confirmation and documentation of the application of environmental siting, pollution standards, design criteria, or construction standards should be appropriate. Examples of focused assessments include air pollutant emissions and air quality impact studies, noise and vibration studies, water resources impact studies, contamination investigations and assessments, traffic studies along transport corridors, social baselines, resettlement evaluations and labour audits.

The scope of work would be used by the Borrower/Sponsor for issuing a Request for Proposal from suitably qualified consultants or to define a work program undertaken by the Borrower's/Sponsor's in house personnel. The template refers to the entity undertaking the impact assessment as the Consultant even though the SoW may be undertaken by in-house personnel.

The requirements for moderate/ low risk Environmental and Social Assessments are largely Project specific and would be defined through ESIA Scoping and Screening, as described in the Annex 6 Scope of Work Template for High Risk ESIA.

The second column of the template table provides guidance on which elements of the SoW are recommended for use in all instances (Always/'A') and those that will only be relevant in certain instances (Optional/'O'). Guidance on the applicability of the option scope elements is provided in the third column.

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| **1 Description of Project**<br>The Consultant will describe the Project and the phases of project lifecycle (design, construction, operation and decommissioning), with a focus on those Project components or activities that are the source of key environmental and social impacts. A broad overview of the Project and its location and setting should be | A | The objective of the project description is to communicate the proposed project to a targeted audience and provide the context for identification of those Project aspects that result in the key |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| provided for context, but the focus of the description should be on those aspects of the Project that are the source of the key environmental and social risks identified from the screening. | | environmental and social impacts which are the focus of the Assessment. The use of technical language, engineering drawings and design diagrams should be avoided. For example, the focussed environmental assessment for the expansion of a manufacturing facility where noise emissions are identified as a key environmental risk should include a focussed description of those aspects of the Project that contribute to noise emissions. |
| **2. Describe the Design Mitigations and Proposed Controls.**<br>The Consultant will provide a description of those in-built design or operational components, including management systems, that are proposed for mitigation of the key environmental and social impacts that are the focus of the Assessment, e.g. air pollution control systems, waste water treatment systems, project siting, waste management plan and layout.<br><br>The Project description will include reference to design or operational criteria relevant to the environmental and social risk which may include relevant emission standards, performance criteria or industry standards. | A | This section should reference the relevant Applicable Standards, including national laws, that may apply to the key environmental and social risks that are the focus of the Assessment. Any gaps between the design criteria and Applicable Standards should be identified. |
| **3. Analysis of Alternatives**<br>The Consultant, in consultation with the Borrower/Sponsor, should identify and evaluate/compare technically and financially feasible alternatives to the design or other in-built mitigations proposed to address the key environmental and social risks that are the focus of the Assessment. The analysis should consider the source of key Project impacts including consideration of alternative locations, designs, operational processes or alternative ways of mitigating the impacts. | O | The analysis of alternatives for a focussed environmental and social assessment should aim to provide the rationale for the selected designs and in-built mitigations that are in place to address the key risks. |
| **4. Baseline Condition** | A | Characterisation of receiving environments and sensitive receptors for the medium /low risk Project Assessment should provide an understanding of |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| The Consultant will undertake a limited assessment of the environmental and social baseline of those environmental and social receptors that are potentially affected by the key risks that are the subject of the Assessment.<br><br>Baseline information on the social and environmental conditions shall be described within the Assessment with sufficient detail to allow an assessment of receptor sensitivity.<br><br>The baseline studies shall focus on those key components of the environmental and social environment that are potentially affected by the significant Project impacts identified through the ESIA scoping study.<br><br>Baseline data shall include relevant, credible and current secondary data supported by recent primary data gathered by field surveys and studies if required. Primary data will be gathered over a period sufficient to characterise the environmental or social condition.<br><br>The methodologies for baseline data gathering will be described in the baseline description component of the Assessment<br><br>Limitations on data, such as the extent and quality of available data, assumptions and key data gaps, and uncertainties associated with predictions, should be clearly identified. | | receptor sensitivity and provide a baseline to determine the effectiveness of impact mitigations measures/controls.<br><br>For example, a Project which has been subject to a focussed Assessment due to traffic related impacts will be expected to include a representative baseline traffic study sufficient to allow an assessment of the risks from Project induced traffic and to measure the effectiveness of implemented traffic control measures. |
| **5. Impact Assessment**<br><br>The Consultant will assess the key environmental and social impacts subject to the targeted Assessment that will predict impacts, through consideration of impact magnitude and receptor sensitivity, and evaluate the significance of impacts.<br><br>The assessment will evaluate impacts relevant to the applicable national laws, applicable Lender standards or relevant industry benchmarks.<br>The assessment will consider the effectiveness of design controls or other in-built mitigations. | A | For example, undertake predictive ambient air quality studies, noise modelling or assessment of social impacts to local communities from predicted worker influx. |

| SoW Component | Always (A) / Optional (O) | Commentary of applicability/usage |
|---|---|---|
| **6. Identification of additional mitigations**<br><br>On the basis of the completed impact assessments, the Consultant will identify the need for additional mitigation actions that should be applied and the appropriate phase of the Project lifecycle that the mitigations actions may apply to. The identification of mitigation actions should apply the mitigation hierarchy as described in EP PS2. | O | Additional controls will be necessary if the limited/targeted assessment identify potential residual impacts that are not effectively managed through the design controls, management systems or other in-built mitigations described in item 2. of this template. |
| **7. Environmental and Social Management Plans/Framework**<br><br>The Consultant will provide a description of the environmental and social management framework that is, or will be, implemented by the Borrower/Sponsor to ensure that the key impact mitigation actions including any additional mitigations are effectively applied, achieve the specified performance criteria and are periodically reviewed.<br><br>The Consultant will document the resource requirements, including financial and human resources, that are required by the Borrower/Sponsor to implement the environmental and social management framework including specific mitigation plans and for monitoring the effectiveness of these plans. Any specialist capability required, or already retained, for the effective implementation of the plans should be described. | A | The description of the management plans and implementing framework should be targeted towards the mitigation of key impacts that are subject to the Assessment. For example, a targeted air quality assessment would be expected to include a summary of the air emission control plans, emissions monitoring plans, maintenance plans specific to air control equipment, and potentially, community grievance plans in place to manage air emission complaints from nearby communities. |