

**Pilot Auction Facility for Methane and Climate Change Mitigation
First Auction Eligibility Criteria
Version July 23, 2015**

For its first auction, the PAF will accept emission reductions that comply with the following eligibility criteria:

- A. Certified Emission Reductions Eligibility
- B. Eligible Methodologies
- C. Eligible Countries
- D. Eligible Generation / Issuance Period
- E. Environmental, Health & Safety and Social Criteria (EHS), and Integrity Criteria

A. Certified Emission Reductions Eligibility

To be eligible to exercise the put option, a qualified emission reduction (ER) must satisfy all of these six criteria at the time of exercise:

- Be a Certified Emission Reduction (CER)
- Not be subject to a purchase agreement contract with a third-party
- Originate from a project or program of activities that uses at least one of the methodologies listed in the eligible methodologies table
- Originate from a project or program of activities in a host country or countries listed in the eligible countries table
- Have a CDM Issued Date and a Monitoring Period that are compliant with the Eligible Generation / Issuance Periods
- Be accompanied by a passing Environmental, Health & Safety and Social (EHS), and Integrity report from the project or program of activities from which it originated

B. Eligible Methodologies

The emission reductions must be Certified Emission Reductions (CERs) from a CDM project or program of activities that uses at least one of the methodologies listed in the table below. Projects using a combination of CDM methodologies are also eligible as long as at least one of them is included in the table below:

| | | | | | | |
|--------|--------|--------|---------|------------|------------|-------------|
| AM0002 | AM0013 | AM0069 | AM0112 | ACM0024 | AMS-III.H | AMS-III.Y. |
| AM0003 | AM0016 | AM0073 | ACM0001 | AMS-III.D. | AMS-III.I. | AMS-III.AF. |
| AM0006 | AM0022 | AM0080 | ACM0010 | AMS-III.E | AMS-III.L | AMS-III.AO |
| AM0010 | AM0025 | AM0083 | ACM0014 | AMS-III.F. | AMS-III.O | AMS III.AU |
| AM0011 | AM0057 | AM0093 | ACM0022 | AMS-III.G | AMS-III.R | AMS III.AX. |

C. Eligible Countries

The emission reduction must originate from a CDM project or program of activities that has all of its host countries listed in the Eligible Countries table below:

| | | | |
|--------------------------|-------------------|----------------------------------|---------------------|
| Afghanistan | Egypt | Malawi | Serbia |
| Albania | El Salvador | Malaysia | Seychelles |
| Algeria | Equatorial Guinea | Maldives | Sierra Leone |
| Angola | Eritrea | Mali | Solomon Islands |
| Antigua and Barbuda | Ethiopia | Marshall Islands | Somalia |
| Argentina | Fiji | Mauritania | South Africa |
| Armenia | Gabon | Mauritius | South Sudan |
| Azerbaijan | Gambia, The | Mexico | Sri Lanka |
| Bangladesh | Georgia | Micronesia | Sudan |
| Belize | Ghana | Moldova | Suriname |
| Benin | Grenada | Mongolia | Swaziland |
| Bhutan | Guatemala | Montenegro | Syria |
| Bolivia | Guinea | Morocco | Tajikistan |
| Bosnia and Herzegovina | Guinea-Bissau | Mozambique | Tanzania |
| Botswana | Guyana | Myanmar | Thailand |
| Brazil | Haiti | Namibia | Timor-Leste |
| Burkina Faso | Honduras | Nepal | Togo |
| Burundi | India | Nicaragua | Tonga |
| Cambodia | Indonesia | Niger | Trinidad and Tobago |
| Cameroon | Iran | Nigeria | Tunisia |
| Cape Verde | Iraq | Pakistan | Turkmenistan |
| Central African Republic | Jamaica | Palau | Tuvalu |
| Chad | Jordan | Panama | Uganda |
| Chile | Kazakhstan | Papua New Guinea | Uruguay |
| Colombia | Kenya | Paraguay | Uzbekistan |
| Comoros | Kiribati | Peru | Vanuatu |
| Congo, Dem Rep of | Kyrgyzstan | Philippines | Venezuela |
| Congo, Rep of | Laos | Rwanda | Vietnam |
| Costa Rica | Lebanon | Saint Kitts and Nevis | Yemen |
| Côte d'Ivoire | Lesotho | Saint Lucia | Zambia |
| Djibouti | Liberia | Saint Vincent and the Grenadines | Zimbabwe |
| Dominica | Libya | Samoa | |
| Dominican Republic | Macedonia | São Tomé and Príncipe | |
| Ecuador | Madagascar | Senegal | |

D. Eligible Generation / Issuance Period

In the first auction, the winners will receive a series of five PAFERs with five consecutive Maturity Dates. To redeem each PAFER, the emission reductions must have been generated and issued within the following timeframes:

| Maturity # | M1 | M2 | M3 | M4 | M5 |
|--|---|--|--|---|---|
| Final Redemption Notice Deadline | Sep. 30, 2016 | Oct. 2, 2017 | Oct. 1, 2018 | Sep. 30, 2019 | Sep. 30, 2020 |
| Maturity Date | Nov. 30, 2016 | Nov. 29, 2017 | Nov. 29, 2018 | Nov. 27, 2019 | Nov. 30, 2020 |
| Eligible Issuance Date | Any date between and including Auction Date and Sep. 30, 2016 | Any date between and including Apr. 1, 2016 and Oct. 2, 2017 | Any date between and including Apr. 1, 2017 and Oct. 1, 2018 | Any date between and including Apr. 1, 2018 and Sep. 30, 2019 | Any date between and including Apr. 1, 2019 and Sep. 30, 2020 |
| Eligible Monitoring Period start date | Any date on or after Sep. 15, 2014 | | Any date on or after the Auction Date | | |

E. Environmental, Health & Safety and Social Criteria (EHS), and Integrity Criteria

The emission reduction must originate from a CDM project or program of activities that has received a passing Environmental, Health & Safety and Social (EHS), and Integrity report from a Designated Operational Entity (DOE) accredited at the time of the report. The report has to be dated no more than 608 days prior to the Maturity Date. The complete Environmental, Health & Safety and Social Criteria (EHS), and Integrity Criteria can be found in the annex below:

Annex: EHS and Integrity Criteria; CDM Project Developer EHS Representation; Stakeholder Meeting Guidance Note; Inspection Report Template

**Pilot Auction Facility for Methane and Climate Change Mitigation
Environmental, Health & Safety and Social Criteria (EHS), and Integrity Criteria**

Process

Just prior to the redemption date for the put option the PAF will require the option owner (only if he intends to redeem) to submit an independent inspection report that confirms that the project from which the emission reductions will be sourced meets the EHS criteria. The inspection report will be carried out by an accredited CDM DOE. Several audit firms registered as CDM DOEs have indicated their ability to complete this inspection report in combination with their standard verification of the emission reductions. The inspection report will incorporate input from the host site and project staff as well as representatives of nearby/affected communities and responsible local government agencies, as appropriate.

The EHS criteria have been worded so as to be readily answered, in order to achieve a pass or fail result. The criteria and corresponding inspection will be identical for all projects in a given sector. To be given a “pass” result, answers to each question posed will generally have to be ‘yes’ or ‘not applicable’, with supporting evidence and/or written justification. Any answer of ‘no’ will automatically cause a “fail” result in the case of those criteria written in italics. For all other criteria, an answer of ‘no’ will likewise disqualify a project from redeeming the put option, unless the auditor determines that it is not material in nature. An issue is “material” in this context if the issue could result in risk to/of: a) the lives, health or safety of workers and affected communities; b) the integrity of the local environment (e.g. ground or surface water quality, habitat quality); c) the reputation of the project and its financial supporters; d) adverse media attention and/or e) legal action/fines. Given the complexity of issues involved, it is understood that auditors will be able to provide a limited level of assurance of compliance with the EHS criteria, based on direct observations, available documentation, stakeholder input and operator representations.

The cost of the EHS inspection is to be borne by the option owner. An EHS audit will be required for each put option redemption (i.e., annually). The inspection will correspond to the period of emission reduction generation. Thus, if a put option owner brings emission reduction credits from the same project site at each redemption, the owner must obtain a fresh inspection report each time.

Scope

The criteria have been selected by a team of EHS specialists within the World Bank Group and tailored for sub-sectors. They are based upon the most relevant risks identified and observed in these sub-sectors on Bank Group projects and related guidelines. In doing so, a balance has been kept between assessing the reputational risks arising from the host site (e.g., a landfill) and that of the CDM project itself (e.g., landfill gas extraction plant), which is likely to take up a very small fraction of the host site and have a very different risk profile.

Integrity Criteria

There is also a requirement to review the integrity of the CDM project owner, separate from the EHS criteria. The audit firm’s inspection report must confirm a positive response on the integrity criteria in order for the project to be eligible to deliver emission reductions to the PAF.

CDM PROJECTS AT EXISTING¹ LANDFILL WASTE PROJECT SITES

EHS Criteria

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

- Landfill site and CDM project possess the required necessary environmental, health & safety and social (EHS) permits and are in compliance with EHS permit conditions, based on monitoring and reporting documentation and landfill/CDM operator representations.
- No social unrest or negative campaign by affected communities² or NGOs involving either the landfill site or the CDM project in relation to the lives or health & safety of workers and affected communities and the integrity of the local environment in the past 12 months, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 2: Labor & Working Conditions

- *No child labor (i.e. hazardous or potentially harmful work involving persons under the age of 15 yrs, or 18 yrs for hazardous work) or forced labor (where work is not undertaken voluntarily, or is undertaken under threat of penalty) involved in landfill or CDM project site-related works.*
- Effective measures in place to protect landfill project and CDM workers from key safety risks³, including provision of adequate personal protective equipment. Safety measures on the CDM project to include proper ventilation of confined spaces used by workers, use of flame arrestors under the gas flare and proper flare placement to prevent fires and (at large sites), gas leak monitoring during start-up.

PS 3: Resource Efficiency and Pollution Prevention

- Hazardous waste segregated and managed at the landfill site in such a way as to prevent harm to employees, neighboring communities, soil, surface and groundwater sources.
- Leachate is being managed in such a way as to minimize or eliminate leachate from entering surface and sub-surface water sources through physical measures, e.g. good waste cover practices, use of liners, leachate collection & or treatment systems, storm water management, and regular monitoring and testing programs.
- Air emissions from the landfill site and CDM project are being controlled through the installation and operation of a landfill gas (LFG) collection and destruction system. This system is being maintained and operated in such a way as to maximize LFG extraction and destruction and minimize fugitive air emissions, in compliance with local regulations.

PS 4: Community Health, Safety and Security

- Measures in place to prevent uncontrolled public/livestock access to the landfill and CDM project sites.
- Where waste scavengers are present at the landfill site, no children or domestic animals permitted/present in potentially hazardous areas; scavengers' access and activities managed such that key risks (as listed in footnote 2) to their health and safety are minimized.
- *Protection against fire/explosion from gas collection, transport and usage in place at the CDM project, as appropriate to project characteristics.*

PS 5: Land Acquisition & Involuntary Resettlement

- *No forcible displacement of scavengers from salvage sites for the purposes of establishing the CDM project.*
- No notable reputational risk associated with legacy (historic) impacts of the landfill or CDM projects on land acquisition or involuntary resettlement of people, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

¹ The host site must have been built and/or operational prior to the auction date.

² Groups of people within affected communities with sustained and active grievances (not individual claims or protests)

³ For example: collisions with mobile equipment, collapse of unstable piles, fires, explosions, exposure to sharps, chemical burns, smoke, bio-aerosols and infectious agents.

PS 6: Biodiversity Conservation & Sustainable Management of Living Natural Resources

- *No ongoing adverse impacts from the landfill or CDM project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species, based on the project EIA, third party EHS audit(s), environmental permitting documentation or similar; outcomes of a meeting with directly affected communities; and operator representations.*
- No notable reputational risk associated with legacy impacts of the landfill or CDM sites on recognized protected (conservation) areas, sensitive habitats or vulnerable / endangered species, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 7: Indigenous Peoples

- *No ongoing adverse impacts from the landfill or CDM project on recognized communities of Indigenous Peoples⁴ (IPs, if any are present) or IP customary lands, based on outcomes of a meeting with directly affected communities and review of project documentation, i.e. EIA, third party audit(s) and/or environmental permitting documentation.*
- No notable reputational risk associated with legacy impacts of the landfill or CDM sites on recognized communities of IPs or IP customary lands, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

PS 8: Cultural Heritage

- *No ongoing adverse impacts from the landfill or CDM project on key cultural heritage features as identified in the project EIA, third party EHS audit(s), environmental permitting documentation, outcomes of a meeting with directly affected communities, and operator representations.*
- No notable reputational risk associated with legacy impacts of the landfill or CDM sites on key cultural heritage features, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

Integrity Criteria

- CDM Project Participant does not appear on either the [Consolidated United Nations Security Council Sanctions List](#) or [The World Bank Listing of Ineligible Firms & Individuals](#) as of the date of the independent inspection report.

⁴ As defined in IFC Performance Standard 7.

CDM PROJECTS AT EXISTING⁵ WASTE WATER TREATMENT FACILITY PROJECT SITES

EHS Criteria

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

- WWTP site and CDM project possess the required environmental, health & safety & social (EHS) permits and are in compliance with EHS permit conditions, based on monitoring and reporting documentation and landfill/CDM operator representations.
- No social unrest or negative campaign by affected communities⁶ or NGOs involving either the WWTP site or CDM project in relation to the lives or health & safety of workers and affected communities and the integrity of the local environment in the past 12 months, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 2: Labor & Working Conditions

- *No child labor (i.e. involving persons under the age of 15 yrs, or 18 yrs for hazardous work) or forced labor (where work is not undertaken voluntarily, or is undertaken under threat of penalty) involved in WWTP or CDM project site-related works.*
- Effective measures in place to protect WWTP and CDM project workers from key safety risks⁷, including provision of appropriate personal protective equipment. Safety measures on the CDM project to include proper ventilation of confined spaces used by workers, use of flame arrestors under the gas flare and proper flare placement to prevent fires and (at large sites), gas leak monitoring during start-up.

PS 3: Resource Efficiency and Pollution Prevention

- Hazardous chemicals used on WWTP site such as chlorine, sodium and calcium hypochlorite, and ammonia, properly stored and clearly labelled (indicating contents, warnings and intended uses); spill prevention and treatment procedures in place in case of a workplace accident.
- No disposal of untreated or partially treated wastewater from WWTP, unless clearly specified in environmental permit conditions (e.g. releases authorized under emergency conditions).
- Treated WWTP effluent from the WWTP and CDM project sites controlled through use of appropriate technology and monitored at least annually to ensure compliance with applicable effluent quality limits.

PS 4: Community Health, Safety and Security

- Measures in place to prevent uncontrolled public/livestock access to the WWTP and CDM project sites.
- Emergency preparedness plan, procedure or similar in place to deal with possible hazardous materials spillages outside of the project boundary (e.g. chlorine spills during transport, untreated wastewater/sewage release) from WWTP activities.

PS 5: Land Acquisition & Involuntary Resettlement

- No notable reputational risk associated with legacy (historic) impacts of the WWTP or CDM projects on land acquisition or involuntary resettlement of people, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 6: Biodiversity Conservation & Sustainable Management of Living Natural Resources

- *No ongoing adverse impacts from the WWTP or CDM project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species, based on the project EIA, third party EHS audit(s), environmental permitting documentation or similar; outcomes of a meeting with directly affected communities; and operator representations.*

⁵ The host site must have been built and/or operational prior to the auction date.

⁶ Groups of people within affected communities with sustained and active grievances (not individual claims or protests)

⁷ E.g.: Drowning, chemical burns, work at height, exposure to asphyxiates, pathogens and hazardous spills, noise.

- No notable reputational risk associated with legacy impacts of the WWTP or CDM sites on recognized protected (conservation) areas, sensitive habitats or vulnerable / endangered species, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.
- *No palm oil related waste material is processed or otherwise utilized at the host or CDM site.*

PS 7: Indigenous Peoples

- *No ongoing adverse impacts from the WWTP or CDM project on recognized communities of Indigenous Peoples⁸ (IPs, if any are present) or IP customary lands, based on outcomes of a meeting with directly affected communities and review of project documentation, i.e. EIA, third party audit(s) and/or environmental permitting documentation.*
- No notable reputational risk associated with legacy impacts of the WWTP or CDM sites on recognized communities of IPs or IP customary lands, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

PS 8: Cultural Heritage

- *No ongoing adverse impacts from the WWTP or CDM project on key cultural heritage features as identified in the project EIA, third party EHS audit(s), environmental permitting documentation or similar, outcomes of a meeting with directly affected communities, and operator representations.*
- No notable reputational risk associated with legacy impacts of the WWTP or CDM sites on key cultural heritage features, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

Integrity Criteria

- CDM Project Participant does not appear on either the [Consolidated United Nations Security Council Sanctions List](#) or [The World Bank Listing of Ineligible Firms & Individuals](#) as of the date of the independent inspection report.

⁸ As defined in IFC Performance Standard 7.

CDM PROJECTS AT EXISTING⁹ COMPOSTING AND AGRICULTURAL WASTE PROJECT SITES

EHS Criteria

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

- Host site and CDM project possess the required necessary environmental, health & safety and social (EHS) permits and are in compliance with EHS permit condition, based on monitoring and reporting documentation and site/CDM project operator representations.
- No social unrest or negative campaign by affected communities¹⁰ or NGOs involving either the host site or the CDM project in relation to the lives or health & safety of workers and affected communities and the integrity of the local environment in the past 12 months, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 2: Labor & Working Conditions

- *No child labor (i.e. involving persons under the age of 15 yrs, or 18 yrs for hazardous work) or forced labor (where work is not undertaken voluntarily, or is undertaken under threat of penalty) involved in the host or CDM project site-related works.*
- Effective measures in place to protect CDM project workers and others exposed to safety risks¹¹, including provision of appropriate personal protective equipment. Safety measures on the CDM project to include proper ventilation of confined spaces used by workers, use of flame arrestors under the gas flare and proper flare placement to prevent fires and (at large sites), gas leak monitoring during start-up.

PS 3: Resource Efficiency and Pollution Prevention

- Waste material at host site properly stored so as to minimize effluents and impact of strong odors on nearby communities.
- Air emissions from the host site and CDM project controlled through use of appropriate technology and monitored at least annually to ensure compliance with applicable air emissions limits.
- Host site and CDM project effluent evaluated and, where necessary, treated prior to disposal in line with applicable effluent quality limits.

PS 4: Community Health, Safety and Security

- Measures in place to prevent uncontrolled public/livestock access to the host and CDM project sites.

PS 5: Land Acquisition & Involuntary Resettlement

- No notable reputational risk associated with legacy (historic) impacts of the host site or CDM projects on land acquisition or involuntary resettlement of people, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

PS 6: Biodiversity Conservation & Sustainable Management of Living Natural Resources

- *No ongoing adverse impacts from the host site or CDM project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species, based on the project EIA, third party EHS audit(s), environmental permitting documentation or similar; outcomes of a meeting with directly affected communities; and operator representations.*
- *No palm oil related waste material is processed or otherwise utilized at the host or CDM site.*
- No notable reputational risk associated with legacy impacts of the host site or CDM sites on recognized protected (conservation) areas, sensitive habitats or vulnerable / endangered species, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

⁹ The host site must have been built and/or operational prior to the auction date.

¹⁰ Groups of people within affected communities with sustained and active grievances (not individual claims or protests)

¹¹ For example: exposure to pathogens, asphyxiation risks, exposure to hazardous materials.

PS 7: Indigenous Peoples

- *No ongoing adverse impacts from the host site or CDM project on recognized communities of Indigenous Peoples¹² (IPs, if any are present) or IP customary lands, based on outcomes of a meeting with directly affected communities and review of project documentation, i.e. EIA, third party audit(s) and/or environmental permitting documentation.*
- No notable reputational risk associated with legacy impacts of the host site or CDM sites on recognized communities of IPs or IP customary lands, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

PS 8: Cultural Heritage

- *No ongoing adverse impacts from the host site or CDM project on key cultural heritage features as identified in the project EIA, third party EHS audit(s), environmental permitting documentation or similar, outcomes of a meeting with directly affected communities, and operator representations.*
- No notable reputational risk associated with legacy impacts of the host site or CDM sites on key cultural heritage features, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

Integrity Criteria

- CDM Project Participant does not appear on either the [Consolidated United Nations Security Council Sanctions List](#) or [The World Bank Listing of Ineligible Firms & Individuals](#) as of the date of the independent inspection report.

¹² As defined in IFC Performance Standard 7.

CDM PROJECT DEVELOPER EHS REPRESENTATION (VERSION FEBRUARY 20, 2015)

I **Name** in my role of position and representing **CDM Company Name** certify that

To the best of my knowledge, in relation to the CDM Project and its host site there is/are no:

- Circumstances or occurrences that have given or would give rise to violations of Environmental, Health & Safety, Social and/or Labor (EHS) laws or related claims;
- Social unrest or negative community or NGO campaigns with respect to the lives, health, safety of workers and affected communities and the integrity of the local environment;
- Material EHS issues of the type listed in the list of EHS criteria provided by the CDM Auditors;
- Existing or threatened complaints, orders, directives, claims, citations or notices from any Authority due to EHS issues

other than those disclosed to the CDM Auditors.

All EHS information provided to the CDM Auditors is accurate in all respects at the time of submission and no such document or material omitted any information which would have made such document or material misleading.

Signature

Date

PILOT AUCTION FACILITY: EHS CRITERIA -- STAKEHOLDER MEETING GUIDANCE NOTE (VERSION FEBRUARY 20, 2015)

Aim: To obtain first hand input on environmental and social reputational risks from directly affected communities.

Organization: Small meeting, to be arranged by the CDM project developer, in consultation with the host site operator.

Logistics: To be requested by the audit team 2-3 weeks prior to the proposed site visit. No per diems or other payments to be offered for attendance. Translator to be provided by project developer where necessary.

Participants: Auditors, leaders/representatives of each directly affected community (e.g. village headman, local councilor) and/or social group (e.g. third party landfill scavengers, where these are present). Local government and host site representation optional.

Suggested timing: 30 – 60 minutes (depending on # of participants)

Focus: Establishing whether there is, in relation to the host and/or CDM site:

- any significant community campaign or active protest against the site(s) on environmental, social or safety grounds
- any ongoing or significant unresolved legacy impact(s) with respect to Indigenous Peoples, resettlement, cultural heritage or the environment

Suggested approach: Introductions by developer (or local authority). Auditors thank participants and provide a brief intro to audit process, emphasizing that this is not an approval meeting, just an info verification exercise.

Auditors pose questions to participants along the lines suggested below:

- Please explain to us who the neighboring/affected communities or groups are for this site? Do you know whether any of them regard themselves as 'Indigenous Peoples', that is, vulnerable minority groups with their own language and customs which are recognized by law as requiring special consideration?
- How would you describe relations between these communities and the project/site? Are there any major disagreements or community complaints currently against the site?
- To your knowledge, was there a need for resettlement of people to create the site? If yes, are there any major outstanding issues or complaints related to this resettlement? (if so, please describe)
- To your knowledge, was there any damage to or relocation of cultural heritage or buildings/structures of importance to the community to create the site, for example grave sites, religious buildings? If yes, are there any major outstanding issues or complaints related to this process?
- To your knowledge, have there been any adverse impacts from the project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species?
- Are there any other major environmental, social or safety concerns that you'd like to make us or the developer aware of?

Outcome: Any significant community campaign or legacy reputational risk identified? **Yes/No** with brief explanation.

| | |
|--|--|
| Pilot Auction Facility for Methane and Climate Change Mitigation Environmental, Health & Safety and Social Criteria, and Integrity Criteria | |
| INSPECTION REPORT | |
| CDM Projects/Programmes of Activities (PoA) at Existing Composting and Agricultural Waste Project Sites | |
| <i>Complete this Inspection Report in accordance with the Instructions on page 2 of this form</i> | |
| CDM Project/PoA Reference Number | |
| CDM Project/PoA Title | |
| Host Party(ies) | |
| Sectoral scope(s) | |
| Methodology(ies) used | |
| Monitoring Period | |
| Date of Inspection | |
| Name of DOE | |
| Date of Report | |
| Name, position and signature of the approver of the Inspection Report | |

| | |
|---|--|
| Inspection Report result (PASS/FAIL) | |
|---|--|

Instructions to fill in the Inspection Report

The following Environmental, Health & Safety and Social Criteria have been worded so as to be readily answered, in order to achieve a pass or fail result. The criteria and corresponding inspection will be identical for all projects in a given sector. To be given a “pass” result, answers to each question posed will generally be to be ‘confirmed’ or ‘not applicable’, with supporting evidence and/or written justification. Any answer of ‘no’ or ‘not confirmed’ will automatically cause a “fail” result in the case of those criteria written in italics. For all other criteria, an answer of ‘no’ or ‘not confirmed’ will likewise disqualify a project from redeeming the put option, unless the auditor determines that it is not material in nature. An issue is “material” in this context if the issue could result in risk to/of: a) the lives, health or safety of workers and affected communities; b) the integrity of the local environment (e.g. ground or surface water quality, habitat quality); c) the reputation of the project and its financial supporters; d) adverse media attention and/or e) legal action/fines. Given the complexity of issues involved, it is understood that auditors will be able to provide a limited level of assurance of compliance with the EHS criteria, based on direct observations, available documentation, stakeholder input and operator representations.

Integrity Criteria

There is also a requirement to review the integrity of the CDM project owner, separate from the EHS criteria. The Inspection Report must confirm a positive response on the integrity criteria in order to achieve a “Pass”.

CDM Projects at Existing¹³ Composting and Agricultural Waste Project Sites: E&S Criteria

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

- Host site and CDM project possess the required necessary environmental, health & safety and social (EHS) permits and are in compliance with EHS permit condition, based on monitoring and reporting documentation and site/CDM project operator representations.

Confirmed

Supporting evidence or material finding leading to confirmation:

- No social unrest or negative campaign by affected communities¹⁴ or NGOs involving either the host site or the CDM project in relation to the lives or health & safety of workers and affected communities and the integrity of the local environment in the past 12 months, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

Confirmed

Supporting evidence or material finding leading to confirmation:

¹³ The host site must have been built and/or operational prior to the auction date.

¹⁴ Groups of people within affected communities with sustained and active grievances (not individual claims or protests)

PS 2: Labor & Working Conditions

- *No child labor (i.e. involving persons under the age of 15 yrs, or 18 yrs for hazardous work) or forced labor (where work is not undertaken voluntarily, or is undertaken under threat of penalty) involved in the host or CDM project site-related works.*

Confirmed

Supporting evidence:

- Effective measures in place to protect CDM project workers and others exposed to safety risks¹⁵, including provision of appropriate personal protective equipment. Safety measures on the CDM project to include proper ventilation of confined spaces used by workers, use of flame arrestors under the gas flare and proper flare placement to prevent fires and (at large sites), gas leak monitoring during start-up.

Confirmed

Supporting evidence or material finding leading to confirmation:

¹⁵ For example: exposure to pathogens, asphyxiation risks, exposure to hazardous materials.

GUIDANCE ONLY – TEMPLATE USE NOT MADATORY BY DOE FOR INSPECTION REPORT

PS 3: Resource Efficiency and Pollution Prevention

- Waste material at host site properly stored so as to minimize effluents and impact of strong odors on nearby communities.

Confirmed

Supporting evidence or material finding leading to confirmation:

- Air emissions from the host site and CDM project controlled through use of appropriate technology and monitored at least annually to ensure compliance with applicable air emissions limits.

Confirmed

Supporting evidence or material finding leading to confirmation:

- Host site and CDM project effluent evaluated and, where necessary, treated prior to disposal in line with applicable effluent quality limits.

Confirmed

Supporting evidence or material finding leading to confirmation:

PS 4: Community Health, Safety and Security

- Measures in place to prevent uncontrolled public/livestock access to the host and CDM project sites.

Confirmed

Supporting evidence or material finding leading to confirmation:

PS 5: Land Acquisition & Involuntary Resettlement

- No notable reputational risk associated with legacy (historic) impacts of the host site or CDM projects on land acquisition or involuntary resettlement of people, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.

Confirmed

Supporting evidence or material finding leading to confirmation:

PS 6: Biodiversity Conservation & Sustainable Management of Living Natural Resources

- *No ongoing adverse impacts from the host site or CDM project on recognized protected (conservation) areas, sensitive habitats or vulnerable or endangered species, based on the project EIA, third party EHS audit(s), environmental permitting documentation or similar; outcomes of a meeting with directly affected communities; and operator representations.*

Confirmed

Supporting evidence:

- *No palm oil related waste material is processed or otherwise utilized at the host or CDM site.*

Confirmed

Supporting evidence:

- *No notable reputational risk associated with legacy impacts of the host site or CDM sites on recognized protected (conservation) areas, sensitive habitats or vulnerable / endangered species, based on an electronic media review, outcomes of a meeting with directly affected communities, and operator representations.*

Confirmed

Supporting evidence or material finding leading to confirmation:

PS 7: Indigenous Peoples

- *No ongoing adverse impacts from the host site or CDM project on recognized communities of Indigenous Peoples¹⁶ (IPs, if any are present) or IP customary lands, based on outcomes of a meeting with directly affected communities and review of project documentation, i.e. EIA, third party audit(s) and/or environmental permitting documentation.*

Confirmed

Supporting evidence:

- No notable reputational risk associated with legacy impacts of the host site or CDM sites on recognized communities of IPs or IP customary lands, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

Confirmed

Supporting evidence or material finding leading to confirmation:

¹⁶ As defined in IFC Performance Standard 7.

PS 8: Cultural Heritage

- *No ongoing adverse impacts from the host site or CDM project on key cultural heritage features as identified in the project EIA, third party EHS audit(s), environmental permitting documentation or similar, outcomes of a meeting with directly affected communities, and operator representations.*

Confirmed

Supporting evidence:

- No notable reputational risk associated with legacy impacts of the host site or CDM sites on key cultural heritage features, based on an electronic media review, outcomes of a meeting with directly affected communities and operator representations.

Confirmed

Supporting evidence or material finding leading to confirmation:

GUIDANCE ONLY – TEMPLATE USE NOT MANDATORY BY DOE FOR INSPECTION REPORT

Integrity Criteria

- *CDM Project Participant does not appear on either the Consolidated United Nations Security Council Sanctions List or The World Bank Listing of Ineligible Firms & Individuals as of the date of the independent inspection report.*

Confirmed

Supporting evidence:

| |
|--|
| |
|--|