

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM POLICY
YAYASAN AREK LINTANG (ALIT) INDONESIA



English Translation

Document version: 2.0 | July 2025

APPROVAL SHEET

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
YAYASAN AREK LINTANG

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DOCUMENT VERSION

Version 1.0 — 07/2024 — First version — Claire Cummins — Management

Version 2.0 — 07/2025 — Revision to meet donor/investor requirements — Claire Cummins — Management

FOREWORD

Yayasan Arek Lintang (ALIT) Indonesia is a non-governmental organization (NGO) based in Surabaya since 1999 and has provided services in various regions throughout Indonesia since 2004. ALIT Indonesia focuses on advancing the situation of children so that they can enjoy equal access to their fundamental rights and can grow and develop properly, in accordance with the Convention on the Rights of the Child and Indonesia's national Child Protection Law.

ALIT Indonesia's vision is equality for all children. Its mission is to advance communities through efforts to protect children and their environment, support better child development, and encourage state institutions to fulfil children's rights. To implement this mission, ALIT Indonesia carries out practical actions at community, village, regency/city and national levels through long- and short-term programs and incidental activities, independently and in cooperation with other parties.

It is therefore important for ALIT Indonesia to establish principles as a foundation for all parties working within ALIT Indonesia so that the organization's mission can be implemented concretely. These principles are set out in the Child Protection Policy, which forms an integral part of cooperation agreements with institutions and contractual arrangements with individuals.

Surabaya, 23 July 2025
ESMS Team

TABLE OF CONTENTS

APPROVAL SHEET

FOREWORD

DOCUMENT VERSION

DEFINITIONS

I. Introduction

I.2 Purpose of the Document

I.3 ESMS Scope

I.4 Applicable Standards

I.5 Document Structure	
I.6 ESMS Review	
I.7 ESMS Disclosure	
II. ESMS Context and Scope	
II.1 Introduction	
II.2 Yayasan ALIT	
II.3 Key Stakeholders	
II.3.1 Donors / Investors	
II.3.2 Project Counterparties	
II.3.3 Companies	
II.3.4 Staff	
II.4 Potential Related Impacts	
III. E&S Governance and Organization	
III.1 Introduction	
III.2 Overall E&S Governance Arrangements	
III.3 Program-Level E&S Organizational Arrangements	
III.4 E&S Resources	
IV. Environmental and Social Principles	
IV.1 Sustainable Development Impacts	
IV.2 Child Protection Rights	
IV.3 Gender Equality and Empowerment of Women and Girls	
IV.4 Local Community Development	
IV.5 Community Support	
IV.6 Transparency	
V. Responsible Investment Framework	
V.1 Introduction	
V.2 Applicable E&S Requirements	
VI. ESG and Investment Process	
VI.1 Introduction	
VI.2 Deal Screening and E&S Risks	
VI.3 Investment Approval	

VI.4 Development Phase

VI.5 CFF Investment Approval

VI.6 Asset Management, Construction, Operation and Maintenance

VI.7 Decommissioning and Exit

VII. Monitoring and Review

VII.1 Introduction

VII.2 Project Monitoring

VII.3 Fund and Project Impacts

VII.4 Monitoring Compliance with ESMS

VIII. Reporting and External Communication

VIII.1 Introduction

VIII.2 Program Performance Reporting Requirements

VIII.3 Program Performance Reporting and Impact Measurement Requirements

VIII.4 Reporting and Incident Mechanism

VIII.5 Information Disclosure

DEFINITIONS

Affected Stakeholders: Stakeholders affected by activities, either positively or negatively, and potentially affected directly or indirectly.

Area of Influence: The area likely to be affected by: (i) the Project, directly or indirectly, including activities and facilities directly owned, operated or managed, including by contractors and subcontractors, that form part of the Project; (ii) impacts from unplanned but foreseeable developments caused by the Project that may occur later or at a different location; or (iii) indirect Project impacts on biodiversity or ecosystem services on which affected communities depend for their livelihoods.

Basic Labor Terms and Conditions: Requirements applicable to wages, working hours, employment contracts, and occupational health and safety matters, derived from ILO Conventions 26 and 131 on remuneration, Convention 1 on working hours, and Convention 155 on occupational health and safety.

Broad Community Support: A collection of expressions by affected communities, through individuals or their recognized representatives, supporting a proposed business activity. Broad community support may exist even if some individuals or groups object to the activity.

Cumulative Impacts: Impacts generally recognized as significant on the basis of scientific and/or affected-community concerns. An example is the repeated reduction of water flow from a spring used for field irrigation.

DEWA DEWI RAMADAYA: Agro-Tourism Village, Child-Friendly and Culturally Based Industrial Tourism Village Program, a Ministry of Villages program intended to develop village youth, adopted by ALIT Indonesia and implemented in eight regencies/cities across Indonesia.

Associated Facilities: Facilities not financed as part of the Project, where financing may be provided separately by the client or a third party, including government, but whose viability and existence depend exclusively on the Project and whose goods or services are essential to the successful operation of the Project.

Consultation: A purposeful process of seeking stakeholder input to shape relationships and program development. It involves businesses, key individuals, organizations and groups affected by or interested in the development and outcomes of the issue or process under discussion. Its purpose is to ensure mutual understanding and enable all parties to manage decisions that may affect them. Effective consultation should be supported by a strong communication program.

Counterparty: Any entity entering into an agreement with an investor, sponsor, Project promoter/developer, related parties or third parties.

Community-Based Organization: A local community or non-profit civil society organization, formal or informal, often operating within one community or a small geographic area covering several communities.

Community Development: Implementation of needs-based programs designed to deliver positive and sustainable impacts for Project communities throughout the life cycle, establish a foundation for sustained community engagement, and strengthen future community and economic resilience.

Destruction of High Conservation Value: (1) Elimination or severe reduction of the integrity of an area caused by major long-term changes in land or water use; or (2) modification of habitat such that the area loses its ability to maintain its role, in natural habitats where these values are considered highly or critically important.

Core Labor Standards: Requirements applicable to Project Companies concerning child and forced labor, discrimination, and freedom of association and collective bargaining, derived from the ILO Declaration on Fundamental Principles and Rights at Work (1998), covering freedom of association and collective bargaining, elimination of forced labor, abolition of child labor, and elimination of workplace discrimination.

Environmental and Social Action Plan (ESAP): An environmental and social action plan agreed between the Fund and a Project Company defining actions, responsibilities, deliverables, compliance indicators and timeframes needed to remedy identified non-compliance with Environmental and Social Requirements.

Environmental and Social Claims: Any claim, proceeding or investigation by a person concerning Environmental Law, Social Law, or an environmental or social agreement between a Counterparty and another person.

Environmental and Social Impact Assessment (ESIA): An assessment of potentially adverse and significant environmental and social risks and impacts. Key elements generally include initial project screening and scoping; alternatives assessment; stakeholder identification and baseline data collection; impact identification, prediction and analysis; mitigation/management actions; and impact significance.

Environmental and Social Management Plan (ESMP): A document describing measures and actions required to address issues raised through impact and risk assessment, comply with applicable national laws and regulations, and meet applicable IFC Performance Standards and other applicable requirements. It is normally developed as part of the ESIA process.

Environmental and Social Management System (ESMS): The part of the Fund's overall management system comprising policies, organizational structures, planning activities, responsibilities, practices, procedures and resources to develop, implement, achieve, review and maintain compliance with E&S Requirements, including identifying and managing environmental and social impacts and risks and supporting Community Development programs.

Environmental and Social Requirements: The most stringent of: Environmental Law; Social Law; E&S permits; Basic Labor Terms and Conditions; Core Labor Standards; other requirements established by the Fund's E&S Management System; and all applicable IFC Performance Standards. These include ESIA/ESMP reports and related plans, Project ESAPs, national regulatory frameworks, applicable permits and licenses, contractual agreements, IFC Performance Standards (2012), Good International Industry Practice, ILO standards, and the UN Guiding Principles on Business and Human Rights.

Environmental Law: Any law, rule or regulation, including international treaty obligations, concerning environmental matters and natural-resource management applicable to a partner wherever located and financed by Yayasan ALIT Indonesia.

ESMS Guidelines: A document describing the company's Environmental and Social Management System, comprising E&S Principles, institutional and organizational arrangements, the control framework, and requirements for monitoring, reporting and disclosure.

Free, Prior and Informed Consent (FPIC): The consultation process with Indigenous Peoples required in specific circumstances described in IFC PS7, including impacts on traditionally owned or used land and natural resources, relocation from such lands or resources, or impacts on cultural heritage.

Gender-Based Violence and Harassment (GBVH): An umbrella term for violence and harassment directed at people because of their sex or gender, or disproportionately affecting people of a particular sex or gender, including sexual harassment.

Good International Industry Practice: In an ESG context, the exercise of professional skill, diligence, prudence and foresight reasonably expected from skilled and experienced professionals engaged in the same or similar type of undertaking globally or regionally, resulting in the application of the most appropriate risk controls, impact-mitigation measures and relevant technologies.

Grievance: A concern, complaint or feedback raised by any stakeholder affected by or interested in company operations, arising from actual or perceived impacts.

Grievance Mechanism: A process for receiving, evaluating and addressing Project-related grievances from affected persons at company or Project level, so that grievances are appropriately received and resolved in accordance with Principle 31 of the UN Guiding Principles on Business and Human Rights. An internal grievance mechanism addresses complaints from employees, members or Project Workers; an external mechanism separately addresses complaints from communities and other external stakeholders.

High Potential Incident: An incident or near miss occurring at a site or asset where, under different but reasonably credible circumstances, the most serious credible outcome could have been a Significant Incident.

Human Rights: Rights inherent to all human beings regardless of nationality, residence, sex, national or ethnic origin, color, religion, language or other status. Individuals are entitled to enjoy human rights without discrimination. Human rights are interrelated, interdependent and indivisible, and may be expressed and guaranteed through treaties, customary international law, general principles and other sources of international law. Businesses can affect all human rights positively or negatively.

Impact: Any change in existing environmental or social conditions, adverse or beneficial, directly or indirectly caused by a Project and resulting in specific consequences for resources/receptors.

Incident: An event or series of events that causes or may cause injury, illness, asset loss, or potential or actual damage to relationships or reputation.

Indigenous Peoples: A distinct social and cultural group characterized, to varying degrees, by self-identification and recognition by others; collective attachment to geographically distinct habitats or ancestral territories and natural resources; customary cultural, economic, social or political institutions distinct from mainstream society; and/or a distinct language or dialect. Source: IFC PS7.

Indigenous Peoples Planning Framework: A document containing, among other things, engagement principles, Project design and implementation processes relating to Indigenous Peoples, and principles for obtaining FPIC where required. Source: IFC PS7.

Indigenous Peoples Plan: A document outlining actions required to minimize and/or compensate for adverse impacts on Indigenous Peoples in a culturally appropriate manner when such impacts cannot be avoided. Depending on Project context, it may be standalone or form part of a broader community development plan. Source: IFC PS7.

Interested Parties: People or groups that, although not affected, have an interest in or influence over the Project, including welfare organizations, NGOs, local businesses and political groups.

International Labour Organization (ILO): A tripartite United Nations agency bringing together governments, employers and workers from member states in joint action to promote decent work worldwide.

Informed Consultation and Participation: A comprehensive consultation process with Affected Communities, normally involving intensive and active consultation, deeper exchange of views and information, joint analysis and decision-making, and a shared sense of ownership of the process and its outcomes.

Investors: Donors and investors of Yayasan ALIT Indonesia.

Management Review: A meeting held periodically by Yayasan ALIT management to evaluate the overall effectiveness of the ESMS.

Monitoring: A general term covering methods used to evaluate performance, including inspections and visual observations, as well as measurement and testing against key performance indicators.

Nature-Based Solutions: Actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively while providing human well-being and biodiversity benefits.

IFC Performance Standards: The IFC Performance Standards on Environmental and Social Sustainability, including technical reference documents known as the IFC Environmental, Health and Safety Guidelines, as reflected on the IFC website.

Project: A Project consisting of project assets and activities that are ongoing or have been undertaken.

Project Companies: Any company, partnership or other entity in which a CFM Managed Vehicle has an Investment. Also referred to as an SPV; the terms may be used interchangeably in this document.

Project Workers: Direct employees of Project Companies; individuals working for contractors and subcontractors; and third-party workers, including those employed or hired through agencies.

Remedial Measures: Actions required or appropriate in relation to an Investment in a Project Company to remedy breaches of Environmental and Social Requirements, including an appropriate timeframe for implementation.

Reportable Incident: Any environmental and/or social Incident that must be reported by Yayasan ALIT, comprising Significant Incidents and High Potential Incidents. This may include Environmental and/or Social Claims, accidents, loss of life, material legal violations, or material impacts on the social or natural environment.

Resettlement Action Plan: A document detailing procedures to be followed by an investee and actions to reduce adverse impacts, compensate losses and provide development benefits to people and communities affected by an investment Project. Source: IFC Handbook for Preparing a Resettlement Action Plan.

Significant E&S Incident: An environmental and/or social incident occurring on-site, off-site or within a portfolio but directly related to development, construction and/or operation of an Asset and resulting in one or more serious outcomes, including severe or life-changing injury; H&S incidents requiring medical treatment/hospital intervention; a health pandemic among workers; actual or potential human-rights violations; severe environmental damage or extended legal non-compliance; significant financial loss and/or regulatory non-compliance or failure to adopt leading international E&S practices; and/or major regional, national or international reputational impact.

Social Law: Any law, rule or regulation, including international treaty obligations, applicable in a jurisdiction concerning labor, social security, industrial relations, occupational and general health and safety, community participation, land/property and intellectual or cultural rights, protection and empowerment of Indigenous Peoples or ethnic groups, cultural heritage, and other laws protecting employees and citizens.

Stakeholders: People or groups directly or indirectly affected by a Project, and those who may have an interest in and/or ability to influence its outcome positively or negatively, including shareholders, investors, employees, communities, government, industry and international third parties.

Stakeholder Engagement: A general term covering activities and interactions between Yayasan ALIT and stakeholders, involving two-way communication throughout the Project and intended to promote transparent, accountable, positive and mutually beneficial working relationships.

UN Guiding Principles on Business and Human Rights: Principles issued in 2011 as the global standard for business responsibility regarding human rights, based on three pillars: the State duty to protect; the corporate responsibility to respect; and the need for greater access to effective remedy. Source: UN Global Compact.

Sustainable Development Goals (SDGs): The UN Sustainable Development Goals, forming a core component of the 2030 Agenda for Sustainable Development adopted by all UN Member States in 2015, addressing social, economic and environmental challenges.

Vulnerable Groups: Individuals or groups within the Project's Area of Influence who may experience more severe adverse impacts because of vulnerable or disadvantaged status. Factors may include race, sex, language, religion, political opinion, national or social origin, wealth, birth or other status, as well as gender, ethnicity, culture, illness, physical or mental disability, poverty/economic disadvantage and dependence on unique natural resources.

I. INTRODUCTION

I.1 Context

Yayasan Arek Lintang (ALIT) Indonesia is an NGO based in Surabaya since 1999 and has provided services in various regions throughout Indonesia since 2004. ALIT Indonesia focuses on advancing children's situation so that they can enjoy equal access to their fundamental rights and develop properly, in accordance with the Convention on the Rights of the Child and Indonesia's Child Protection Law.

I.2 Purpose of the Document

This document describes the management system applied by Yayasan Arek Lintang to manage impacts and risks associated with the Fund it manages (the "ESMS"). It sets out the requirements, processes and arrangements necessary to comply with requirements and uphold the commitments established in the Responsible Investment Policy. It explains how these arrangements are embedded throughout the investment life cycle and identifies E&S management measures to be adopted by Project donors/partners as relevant.

This document should be regarded as the "ESMS Manual", cross-referencing the various elements of the ESMS, including supporting policies, plans, procedures, tools and other management-system documentation, as well as related business systems and procedures. It is an internal management tool intended as a high-level reference and forms part of the overall business risk-management system.

I.3 ESMS Scope

This ESMS Manual sets out requirements for addressing E&S impacts, risks and opportunities during investment and the development, construction, operation and decommissioning of Projects. It also applies to external stakeholders. Corporate-governance matters, including anti-bribery and corruption, are addressed separately under Yayasan Arek Lintang's policy framework, including the Child Protection Code of Conduct and Anti-Corruption and Anti-Money Laundering Policy, and are outside the scope of this ESMS Manual.

I.4 Applicable Standards

This ESMS Manual has been designed in accordance with national legal requirements, international good-practice standards and Yayasan's commitments to sustainable development. The ESMS provides a framework for identifying, managing and mitigating environmental and social risks and impacts arising from Yayasan activities.

I.5 Document Structure

Chapter I provides the introduction. Chapter II describes the context and scope of the ESMS, key stakeholders and their needs and expectations, and the ESMS application scope. Chapter III presents senior accountability for ESMS oversight, resources assigned to implementation, and roles and responsibilities. Chapters IV and V explain the policies, principles, commitments and E&S requirements forming the overall Responsible Investment Framework. Chapter VI explains operationalization throughout the investment cycle through risk management and positive impact. Chapter VII presents systems for monitoring and periodically reviewing ESMS effectiveness through E&S performance and impact indicators, audits and management reviews. Chapter VIII describes arrangements for communication with external stakeholders, including investor reporting, public disclosure and grievance response.

I.6 ESMS Review

The continuing effectiveness of this ESMS and its alignment with investor/donor requirements are subject to ongoing review through external audits. It will be reviewed to reflect changes in applicable legal requirements, changes in international standards and guidelines, and lessons learned from accidents or incidents.

I.7 ESMS Disclosure

This document and all related ESMS documentation are shared with employees/staff, donors/investors and others as required. The document will be publicly available through the Yayasan Arek Lintang website in the national language of the country where funds are invested.

II. ESMS CONTEXT AND SCOPE

II.1 Introduction

Application of the ESMS at Yayasan Arek Lintang is intended to ensure that all potential environmental and social impacts, risks and related opportunities are fully assessed, understood and managed. This section provides an overview of stakeholders and how contextual E&S impacts are considered in the investment process.

II.2 Yayasan ALIT

- Rights-based approach: respect for children's rights, human rights and the rights of affected communities, including Indigenous Peoples.
- Stakeholder engagement: involve affected communities, local government, companies and other relevant parties in decision-making and program implementation.
- Transparency and accountability: ensure processes are open and accountable.
- Precautionary principle: take preventive measures even where full scientific certainty regarding environmental and social impacts is not available.
- Impact mitigation: identify and implement measures to avoid, minimize or compensate for negative impacts while maximizing positive impacts.
- Gender equality and women's empowerment: ensure gender considerations are integrated throughout activities.

II.3 Key Stakeholders

Key stakeholders are parties with an interest in, or who consider important, the activities and impacts associated with programs implemented.

II.3.1 Donors / Investors

Donors/investors are kept informed of E&S performance through semi-annual and annual reports. Donors/investors are also informed of all Reportable Incidents in accordance with this ESMS Manual. Periodic meetings may be arranged with individual investors to provide information relating to particular areas of interest.

II.3.2 Project Counterparties

Project counterparties receive a copy of this ESMS Manual and supporting information at the beginning of the engagement process. E&S requirements are presented at the start of development and communicated to partners throughout the process.

II.3.3 Companies

Yayasan Arek Lintang recognizes the important role of national, regional and local government through investment policies concerning companies. ALIT takes a proactive approach to engaging companies in order to build mutually beneficial support, identify partners that can support community-development Projects, improve coordinated communication and information disclosure, and communicate responsible leadership to external stakeholders including donors/investors, business partners and civil society.

II.3.4 Staff

Yayasan recognizes its own staff and people working on its Projects as key stakeholder groups. Arrangements for Project-level engagement are described in detail in the Program Information Management System.

II.4 Potential Related Impacts

The arrangements and context of each Project vary substantially because of geographic diversity, social structures and stakeholder characteristics. Potential E&S impacts also vary according to Project type and size, location, baseline environment, social context and affected communities. Some impacts will be more relevant to particular Project types than others. For example, impacts on the right to a healthy environment in applying permaculture farming patterns are likely to be particularly important for future food-security Projects across generations.

Impacts from proposed development depend on two main factors: the sensitivity/significance of the surrounding environment and the magnitude of change caused by the Project. At all stages of the Project life cycle, E&S impacts and risks will be considered. Because impacts are context-specific, it is not possible to fully standardize or predict which impacts may be significant or which mitigation actions will be most appropriate.

III. E&S GOVERNANCE AND ORGANIZATION

III.1 Introduction

This section provides an overview of organizational arrangements for governing environmental and social risks, impacts and opportunities associated with activities. It also explains requirements to be adopted at Project level.

III.2 Overall E&S Governance Arrangements

Yayasan Arek Lintang is committed to implementing and upholding its Policy through visible leadership and allocation of resources. Yayasan is directly responsible for managing E&S-related activities associated with its programs. E&S is an integral consideration at all levels of the organization. Budget requirements are determined internally through the annual national work meeting mechanism to support continued implementation of this ESMS, and allocated budgets may be increased during the year if necessary.

III.3 Program-Level E&S Organizational Arrangements

Yayasan Arek Lintang takes the leading role in managing E&S performance during the development phase. Once a Project enters implementation, this responsibility is transferred to the local implementing partner. Local implementing partners must manage E&S risks in accordance with the requirements contained in Project Company legal documentation and this ESMS Manual. Each implementing partner must ensure that it has a Project Company ESMS and adequate staff and resources to manage E&S risks effectively.

Yayasan Arek Lintang will have individuals represented in management structures overseeing program implementation, enabling E&S issues to be directed and led appropriately.

III.4 E&S Resources

Effective implementation of E&S requirements requires competent staff specifically appointed and equipped with adequate knowledge and resources. Local implementing partners are required to:

- Clearly define and communicate Health, Safety, Security and Environment (HSSE) roles and responsibilities.
- Determine HSSE competency and training needs for specific HSSE roles.

- Establish robust recruitment processes for all new Project Workers, including employees, contractors and subcontractors.
- Ensure all new staff are informed of the Project Company HSSE management system as part of induction training.
- Provide periodic refresher training on Project HSSE requirements.
- Inform staff of significant updates concerning HSSE management.
- Provide specific and relevant training on HSSE risks, impacts and management. At minimum, all workers receive general orientation on site health and safety procedures through induction, toolbox talks and weekly refresher sessions, communicated in non-technical language and the workers' language. Additional role-specific training must be identified and arranged. For Construction Equity Fund investments, material training/competency gaps must be identified before construction and addressed as necessary during construction.

IV. ENVIRONMENTAL AND SOCIAL PRINCIPLES

IV.1 Sustainable Development Impacts

The UN SDGs are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The 17 SDGs were adopted by all UN Member States in 2015 as part of the 2030 Agenda for Sustainable Development, establishing a 15-year plan to achieve the goals.

Yayasan Arek Lintang recognizes that it can play an important role in achieving positive sustainable-development outcomes and advancing the UN SDGs. At local level, social and environmental investments supporting the SDGs provide significant opportunities for Yayasan by strengthening reputation, building potential, attracting talent and supporting the goods and services on which programs depend. In line with these principles, Yayasan commits to maximizing opportunities to deliver environmental and social benefits through fund investments, particularly for local communities within the Project's Area of Influence.

IV.2 Child Protection Rights

Information on child-protection rights, case-reporting flows and steps that victims and their families can take together with Yayasan ALIT is communicated through posters periodically issued by ALIT.

Reporting: all staff and people working with ALIT Indonesia must understand the steps to take when suspicion or concern arises regarding alleged violence or exploitation of children, including children with disabilities. ALIT Indonesia assigns program-area implementers to support case management in cooperation with relevant authorities, including police, prosecutors and courts, and relevant service providers such as safe houses and interpreters for children with special needs.

Cooperation between ALIT Indonesia, state institutions and relevant service providers is intended to advance child protection, which is a state obligation under the Child Protection Law.

The designated ALIT Indonesia roles are:

1. Head Office Manager in Surabaya, including where a case must be processed at provincial or national level, for example serious violations such as child trafficking, rape or murder. The Office Manager has relevant qualifications and adequate legal and non-litigation assistance capacity.
2. Regional Manager / Regional Coordinator based at the Level II regional office (regency/city), responsible for supporting case reporting to state institutions, including police and relevant government agencies.
3. Field staff/child support officer (FO1), responsible for accompanying children throughout legal processes, including attending examinations and hearings, and actively reporting changes in the child's situation after reporting, including possible pressure or indications of threats affecting the child or family.
4. Case-development records are monitored by management through a data system routinely updated in real time by field support staff, enabling continuous supervision by the Head Office Manager and monitoring of case-handling progress.

Response: immediate action must be taken to identify and address reports of violence and exploitation against children, including children with disabilities, and to ensure their safety, well-being and health.

Examples of prohibited behavior and practices not tolerated by ALIT Indonesia include:

5. Harming or threatening to harm a child, including a child with disabilities, physically, sexually or emotionally, including hitting or other humiliating forms of physical discipline.
6. Engaging in sexual activity of any kind with anyone under 18, regardless of local age-of-majority rules or customs.
7. Providing money, employment, goods or services in exchange for sexual activity, including conduct that is humiliating, degrading or otherwise exploitative, or abusing assistance intended for beneficiaries and their families.
8. Sending private messages to children, including children with disabilities, encountered through ALIT Indonesia, for example via social media or mobile phone.
9. Employing persons under 18 in exploitative or hazardous work.
10. Staff or volunteers engaging in commercial sexual exploitation of children, including children with disabilities, for example where hotel employees facilitate sexual abuse by hotel guests or indirectly enable it.
11. Causing death or serious injury to a child through reckless or careless driving.
12. Failing to ensure required health and safety at construction sites or locations where services or work are performed on behalf of ALIT Indonesia.
13. Failing to follow required laws, procedures or regulations in a way that results in the death or injury of a child.

IV.3 Gender Equality and Empowerment of Women and Girls

The Gender Policy sets out commitments and arrangements to achieve gender equality and women's empowerment within the organization and in relation to programs. Yayasan Arek Lintang recognizes that successful investments must be gender-responsive. The term "gender" refers to social relations between women and men; therefore, work with both women and men is necessary to ensure that both benefit equally.

Yayasan recognizes that women may benefit substantially from Projects, particularly improved access to energy, water and sanitation, but that their relative social position may mean they do not benefit in the same way as men from such access and resources.

Yayasan regards women as employees, end users and beneficiaries of its investments, directly and indirectly, including through community-development programs. During development, Yayasan commissions a local gender-context analysis for each asset and prepares an action plan addressing challenges and opportunities for women and girls. The action plan must be implemented throughout the asset life cycle, from construction through operation and maintenance to decommissioning, and will form part of investment handover and exit arrangements.

Yayasan also recognizes gender-based violence and harassment (GBVH), which is more frequently experienced by women and girls than men in the workforce and wider community. Consistent with good practice, all Projects must implement measures to protect women in the workforce and communities served. This includes consideration of GBVH risks throughout the investment life cycle, controls to prevent GBVH, and measures to respond to reported or suspected cases. Worker grievance mechanisms must include a survivor-centered approach and provide necessary support to witnesses and reporters; personnel handling cases must receive training consistent with international guidance. Community grievance mechanisms must include specific provisions for GBVH cases reported by local community members, ensuring timely and survivor-centered responses, access to remedy and appropriate protection for witnesses and other stakeholders such as family members. Project Workers responsible for receiving, responding to and handling GBVH cases must receive appropriate training in internationally recognized good practice. Continuous monitoring of risks and related controls is required throughout the Project life cycle.

IV.4 Local Community Development

Yayasan Arek Lintang is committed to responsible investment and seeks to develop, build and operate investments in accordance with high international environmental and social standards. It also seeks to maximize environmental and social benefits, particularly for local communities within the program's Area of Influence. The objective is to ensure that Projects contribute meaningfully to communities while maintaining sustainable support from the wider communities of which the Projects are part and which they serve.

Community development is guided by the following principles:

- Sustainable — programs will contribute to relevant UN SDGs, promote self-reliance and avoid dependency while creating opportunities for government support and partnerships with other development actors, with a clear sustainable exit strategy.
- Community-led — programs will be gender-inclusive and designed, planned, implemented and managed in consultation and participation with community members and beneficiaries, including those identified as vulnerable.
- Inclusive — development and delivery will engage relevant national, regional and local government, businesses and CSOs, development agencies and other local stakeholders active in community development. Programs will seek alignment with existing development activities and may be replicated in other communities as appropriate.
- Transparent — development, implementation and management of all community-development programs will be transparent, auditable and open to internal and external scrutiny.
- Measurable — Key Performance Indicators will measure the value delivered to intended beneficiaries using outcome and impact indicators to measure change.

IV.5 Community Support

Maintaining and retaining sustainable broad community support, also referred to as the social licence to operate, is important to Project success throughout the investment stages. During development, Yayasan relies on local partners to build positive community relationships consistent with local legal requirements. Local partners are expected to appoint community liaison officers to engage directly with host communities and provide updates on Project progress. The extent of engagement and stakeholder groups involved is context-specific but will normally include community representatives. Preparing and using key messages is important to ensure consistent and clear communication and manage expectations. During construction, operations and decommissioning, ongoing monitoring will be conducted through implementation of the Stakeholder Engagement Plan (SEP).

IV.6 Transparency

Yayasan Arek Lintang is fully committed to transparency and disclosure of information relating to the sustainability aspects of ongoing programs. It is also required to comply with relevant laws and has established arrangements to comply with applicable regulations. This ESMS Guide is publicly available together with the Responsible Investment Code, Responsible Investment Policy and other documents. Information is also included in marketing materials, including private placement memoranda prepared for new funds.

Some donors/investors require specific information to be disclosed as part of the investment process. Specific requirements are detailed in supplemental letters to investment agreements. Yayasan therefore commits to: (i) timely disclosure before proposed approval; (ii) disclosure in English and the national language of the country where the Project is located; and (iii) making information available at locations accessible to people who may be affected by or interested in the Project. Yayasan has established a Disclosure Procedure setting out disclosure arrangements and processes.

V. RESPONSIBLE INVESTMENT FRAMEWORK

V.1 Introduction

- No tolerance for violence and exploitation of children; use all available means to prevent and respond to actual, attempted or threatened violence and exploitation involving ALIT Indonesia staff/representatives or the staff/representatives of partner organizations during implementation of agreements.
- Ensure staff and people working with ALIT Indonesia fully understand this policy and encourage them to report suspected or actual incidents of violence against children involving ALIT Indonesia or partner personnel.
- Immediately report any suspicion of violence or exploitation of children occurring at ALIT Indonesia or during implementation of agreements. Failure to report will be treated seriously and may result in termination of agreements with ALIT Indonesia.
- Where staff under an organization's control suspect or become aware of a child-safeguarding concern related to work for ALIT Indonesia, they must act promptly and report it to an appropriate ALIT Indonesia representative, such as a regional leader/coordinator, Program Manager or directly to the Office Manager, where appropriate action will be determined.

- Reports may be sent to admin@alitindonesia.or.id.
- Maintain confidentiality of information between the reporter and the person to whom it is reported.
- Cooperate with ALIT Indonesia in investigations of reported matters and promptly inform ALIT Indonesia of developments, including actions taken in response.

V.2 Applicable E&S Requirements

- Achieve compliance with all relevant laws, regulations and industry-specific codes of practice relating to E&S governance and management.
- Work within defined timeframes toward full compliance with the ILO Core Labour Standards and ILO Basic Terms and Conditions of Employment.
- Respect Child Protection Laws and international conventions protecting children's rights, consistent with the UN Guiding Principles.
- Operate in accordance with the Performance Standards on Environmental and Social Sustainability, World Bank Group Environmental, Health and Safety Guidelines, or other internationally recognized sources.

VI. ESG AND INVESTMENT PROCESS

VI.1 Introduction

This section explains how E&S impacts and risks are identified, evaluated and incorporated at each stage of the investment process for successful Project design, construction, operation and exit. Typically, Yayasan Arek Lintang invests in Projects at an early development stage and before development activities are undertaken. Funding is invested in the Project and Yayasan manages the development process. In some cases, an investment may not require development funding, such as a portfolio containing existing assets requiring only construction-equity funding. E&S risk and impact considerations are fully integrated into and inform every stage of the investment process.

VI.2 Deal Screening and E&S Risks

Potential E&S risks of new investment opportunities are subject to rigorous analysis through a due-diligence screening process culminating in initial E&S risk categorization and defined actions for subsequent stages. Key E&S risk-screening activities are described in the cooperation agreement. A summary of key potential environmental and social risks and the initial E&S risk category is included in the internal deal-screening paper. Initial recommendations for the scope of required due diligence are identified at this stage.

VI.3 Investment Approval

Following approval of program cooperation, due diligence activities are undertaken. The nature of due diligence varies according to risk categorization. Project site visits and interviews with relevant stakeholders are conducted for all Projects, except Category C Projects, for which a desk-based information review may be sufficient.

VI.4 Development Phase

During development, program activities presented through the program logframe and milestones are implemented. The purpose is to evaluate potential E&S impacts and risks. Where necessary, specialist studies are commissioned to achieve compliance with international standards. The activity program is determined by the contextual nature of the Project and aligned with applicable requirements.

VI.5 CFF Investment Approval

Before proceeding to implementation and requesting principle approval for proposed Construction Equity Fund (CFF) investments that have received impact analysis, Yayasan Arek Lintang undertakes the specified due-diligence activities. The objective is to ensure that prospective local partners have satisfactorily completed the work required by development-stage contractual documentation. Where a potential Project is being considered, comprehensive due diligence must be conducted to assess and categorize the Project before proceeding.

VI.6 Asset Management, Construction, Operation and Maintenance

Once contracts are completed, local partners are required to implement HSSE management to manage all E&S impacts and risks in accordance with E&S Requirements. Performance is closely monitored by and on behalf of Yayasan through periodic construction-stage audits, providing assurance that impacts and risks are appropriately managed and identifying non-compliance where it occurs.

VI.7 Decommissioning and Exit

To support decisions concerning investment exit, Yayasan Arek Lintang, working with local partners, prepares a plan to ensure E&S impacts and risks are identified, evaluated and managed. The plan informs the overall decision-making process for exit. Yayasan is committed to a smooth transition of E&S risk and impact management to the new owner and to conducting the exit process transparently and with respect for all stakeholders. Specific considerations will be determined before future exits and formalized in supporting documentation.

VII. MONITORING AND REVIEW

VII.1 Introduction

This section presents performance and impact monitoring and review activities undertaken during the program life cycle.

VII.2 Project Monitoring

Monitoring activities are undertaken in relation to financed assets during each stage of program implementation. Where physical site visits are not possible, alternative methods of site monitoring must be adopted, such as virtual visits through online meetings.

VII.3 Fund and Project Impacts

Impact indicators are used to monitor Fund impacts. A complete set of impact indicators is used to monitor Fund impacts in relation to sustainable-development value. Monitoring and reporting of the effectiveness of Project-specific community-development programs are carried out according to arrangements detailed in individual program documents. Monitoring assesses program impacts and the performance of programs and implementing partners. The purpose of Project impact monitoring is to confirm the extent to which Projects continue to maintain broad community support and provide net benefits to communities within the Project's Area of Influence.

VII.4 Monitoring Compliance with ESMS

Yayasan Arek Lintang conducts periodic internal audits to assess the extent to which the requirements of this ESMS Guide are implemented and complied with across investment activities carried out in program areas.

VIII. REPORTING AND EXTERNAL COMMUNICATION

VIII.1 Introduction

This section provides an overview of reporting requirements to Yayasan Arek Lintang by local implementing partners, and reporting to Fund donors/investors and other stakeholders.

VIII.2 Program Performance Reporting Requirements

Local implementing partners are required to establish systems to collect E&S performance data and information. These systems must be designed so that data and information are complete, accurate and reported in a timely manner.

All local implementing partners must compile and report Project E&S performance monthly. In addition, they must prepare semi-annual reports describing Project E&S performance. Annual and semi-annual reports must be prepared using the format specified by Yayasan Arek Lintang.

VIII.3 Program Performance Reporting and Impact Measurement Requirements

Yayasan Arek Lintang is required to report periodically to Fund donors and investors on a monthly, semi-annual/six-monthly and annual basis.

Monthly Report — Measures the performance achievements of local program implementing partners each month. The report is presented in narrative form and submitted monthly to Yayasan Arek Lintang management.

Semi-Annual Report — Measures program milestones established through the logframe and milestones over a six-month period. The report is presented in narrative form and submitted by the local implementing partner every six months to Yayasan Arek Lintang.

Annual Report — Measures program milestones established through the logframe and milestones over one year. The report is presented in narrative form and submitted by the local implementing partner annually to Yayasan Arek Lintang.

VIII.4 Reporting and Incident Mechanism

Yayasan Arek Lintang provides a grievance mechanism for its workforce, managed by the Human Resources function in accordance with the Gender Policy and Code of Conduct underpinning signed staff employment contracts. For gender-related complaints raised by staff, including GBVH cases, external specialist advice and support will be retained.

VIII.5 Information Disclosure

Disclosure within Project communities is an ongoing process beginning during development and continuing through development, operations and exit. The Responsible Investment Policy contains commitments regarding disclosure, reinforced through pre-contract engagement and contractual obligations established for all Projects. All such engagement is undertaken in accordance with the Performance Standards documented in the Project-specific Stakeholder Engagement Plan.