

Environmental and Social Framework

P1F is a UK Registered company, having been founded in 2015 to support post-conflict redevelopment in Sri Lanka. It has since evolved to support development using trade, trade finance, and development finance, with transactions and projects in the UK, Sri Lanka, China, Australia and US.

Our goal has been to be a trusted partner that can deliver challenging mandates in extreme circumstances, and where our motivation is to build these trusted relationships globally by being safe, secure and effective in our execution.

Our work has led us to support in project financing, trade finance, crisis-response (post-conflict), and international trade crisis-response, notably in supporting the UK Government during the Covid-19 crisis. Whilst we were founded focusing on the use of Real Estate as the vehicle for regional economic development, our strength has been our trusted global relationships, our understanding of international trade and finance, and our integrity in being transparent and open in our dealings, so that our small team can be highly effective in difficult circumstances.

An area we are actively supporting is the One-Belt-One-Road (or "BRI") Initiative, where our interests in supporting sustainable urbanisation in Emerging Markets, all amidst the Climate crisis, requires innovative thinking, multi-disciplinary teams, and strategic development finance to support growth. The BRI offers a framework for support in some of the fastest growing Emerging Markets, which we are incredibly excited in supporting, and which we believe offers great potential for large populations to achieve better standards of living and a better quality of life.

Overview of the Environmental and Social Framework

The Environmental and Social Framework provide an overview of the Firm, the Environmental and Social Framework's structure and objectives and the aspirations of the Firm concerning: (a) environmental and social sustainability; and (b) its role in meeting the challenge of sustainable development in the UK, Europe and Asia.

Objectives of the Environmental and Social Framework

- Reflect institutional aims to address environmental and social risks and impacts in Projects and transactions.
- Provide a robust structure for managing operational and reputational risks of the Firm and its shareholders in relation to environmental and social risks and impacts from our transactions and Projects for which we are involved.
- Ensure the environmental and social soundness and sustainability of Projects.
- Support integration of environmental and social aspects of Projects into the decision making process by all parties.
- Provide a mechanism for addressing environmental and social risks and impacts in Project identification, preparation and implementation.
- Enable Clients to identify and manage environmental and social risks and impacts of Projects, including those of climate change.
- Provide a framework for public consultation and disclosure of environmental and social information in relation to Projects.
- Improve development effectiveness and impact to increase results on the ground, both short- and long-term.

- Support Clients, through the Firm's financing of Projects, to implement their obligations under national environmental and social legislation (including under international agreements adopted by the member) governing these Projects.
- Facilitate cooperation on environmental and social matters with development partners.

Vision

In order to meet the challenges of sustainable development in the UK, Europe and Asia, the Firm seeks to provide:

- **Insight.** Share insight and cutting-edge knowledge on the emerging issues and key trends that drive sustainable infrastructure and interconnectivity in the UK, Europe and Asia.
- **Innovation.** Develop new and sustainable approaches to meet the UK, Europe and Asia's infrastructure challenges, in partnership with government, multilateral development banks, bilateral development organizations, private sector and civil society.
- **Investment.** Provide financial resources to support the development and operation of new and existing infrastructure in a cost-effective, sustainable and timely manner.
- **Integration.** Assure integration of environmental and social sustainability as a core element in the Firm's policies and the Projects it finances.
- **Integrity.** Operate in a transparent manner to promote institutional and individual integrity as key values in development.

Integration of Environmental and Social Sustainability

The Firm supports infrastructure and interconnectivity to promote economic growth and improve the lives of people in the UK, Europe and Asia. Consistent with the Sustainable Development Goals (SDGs), the Firm recognizes the need to address the three dimensions of sustainable development – *economic*, *social* and *environmental* – in a balanced and integrated manner. In addressing the development challenges of the UK, Europe and Asia, the Firm subscribes to the principles of sustainable development in the identification, preparation and implementation of Projects.

Social Development and Inclusion

The Firm believes that social development and inclusion are critical for sound development. For the Firm, inclusion means empowering people to participate in, and benefit from, the development process in a manner consistent with local conditions. Inclusion encompasses policies to promote equity of opportunity and non-discrimination. It also embraces action to remove barriers against vulnerable groups, who are often excluded from the development process, and to ensure that their voices can be heard. In this regard, the Firm seeks, through the Projects it finances, to be supportive of these human rights and to encourage respect for them, in a manner consistent with its Articles of Agreement.

Role in Decision-making

For the principles of environmental and social sustainability to be effectively integrated into policies and Projects, the Firm believes that they should become part of routine decision-making processes and that environmental and social risks and impacts should receive full consideration in the identification, preparation, implementation and evaluation of all Projects.

Leading Role of the Client

The Firm's Clients, whether public or private, are responsible for successful preparation and implementation of their Projects, including management of the environmental and social risks and impacts of these activities. The Firm aims to work in a cooperative manner – by providing expert advice

and oversight from its staff, supplemented by specialized consultants – to support its Clients in integrating consideration of environmental and social risks and impacts into their Projects.

An Emphasis on Implementation

The Firm considers that the management of environmental and social risks and impacts is central to the success of a Project. The collective experience of the investment funds, development banks and bilateral development organizations in assisting their clients to manage environmental and social risks and impacts shows the importance of effective implementation of environmental and social management plans. The Firm supports Clients in the effective implementation of such plans for their Projects, through active field-based supervision, monitoring and verification, implementation support and institutional strengthening.

Strengthening of Country and Corporate Systems

The Firm considers that strong country and corporate systems are crucial to the management of environmental and social risks and impacts and assists in strengthening them through a variety of mechanisms in both the public and the private sectors.

Stakeholder Engagement

The Firm believes that transparency and meaningful consultation is essential for the design and implementation of a Project and works closely with its Clients to achieve this objective.

Importance of Gender Equality

The Firm recognizes the importance of gender equality for successful and sustainable economic development and the need for inclusiveness and gender responsiveness in the Projects it supports. The Firm supports its Clients to identify potential gender-specific opportunities as well as gender-specific adverse risks and impacts under their Projects and to develop mitigation measures to avoid or reduce such impacts and risks.

Treatment of Labour

The Firm recognizes the important role played by workers and their representatives in the development process and their contribution to sustainable economic growth. It believes that the following measures contribute to the quality of the Project: providing workers with living wages, safe and healthy working conditions and putting measures in place to prevent accidents, injuries and disease; avoiding activities involving forced labour and harmful or exploitative forms of child labour; having good human resources management; and having a sound labour management relationship based on equal opportunity, fair treatment, non-discrimination, freedom of association, right to collective bargaining and access to grievance mechanisms, consistent with the national law (including international agreements adopted by the member) governing the Project.

Measures for Climate Change

The Firm supports the three aims of the Paris Agreement of December 2015 to *strengthen the global response to the threat of climate change*, which are related to **mitigation**, **adaptation** and the **redirection** of financial flows. It supports the global adaptation goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change. The Firm plans to prioritize investments promoting greenhouse gas emission neutral and climate resilient infrastructure, including actions for reducing emissions, climate proofing and promotion of renewable energy.

Conserving Biodiversity

The Firm recognizes that protecting and conserving biodiversity, sustainably managing terrestrial and aquatic natural resources and maintaining core ecological functions and services are fundamental to sustainable development. The objective of biodiversity conservation and sustainable management of natural resources should be balanced with a commitment to sustainable use of the multiple economic, social and cultural values of biodiversity and natural resources in an optimized manner.

Support for Green Economic Growth

The Firm recognizes the importance of green economic growth and the long-term benefits that it will provide in the UK, Europe and Asia. Planning, investment and capacity building measures that the Firm supports help to “green” both infrastructure and interconnectivity. The Firm promotes the conservation of energy, water and other resources; supports sustainable land use management; and encourages making best use of green growth and low-carbon technologies, renewable energy, cleaner production, sustainable transport systems and sustainable urban development.

Use of Incentives for Supporting Good Performance

As part of its policy development process, the Firm intends to explore the use of incentives for its Clients to support good environmental and social performance, including ways and means to assess such performance.

Development and Dissemination of Knowledge

The Firm will develop, disseminate and apply knowledge gained from its application of the ESF at the operational level with partner companies, governments, the public and other development partners. This process will benefit from evaluations of Projects, on a collective and individual basis, prepared by the Firm, Clients and other development partners. The Firm aims to use this knowledge to improve the ESF so as to increase the development effectiveness of Projects.

A New Investment and Development Partner

The Firm recognizes that it is a new investment and development partner and plans to work closely with other firms, multilateral development banks, bilateral development organizations, and other project sponsor partners in supporting the strengthening of environmental and social sustainability at the policy and operational level with public- and private-sector Clients. It also intends to work together with other partners through co-financing Projects, undertaking studies and conducting training for staff and Clients.