

SEPTEMBER 2, 2025



# ESG AND SAFEGUARDS POLICY FRAMEWORK

*FOR THE SHARED COMMITMENT TO SUSTAINABLE DEVELOPMENT AND  
SOCIAL EQUITY*

**CREATED BY**

EUSL AB

*Care to Change the World*



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# Environmental, Social, and Governance and Safeguards Policy Framework

Between:

**The Government of the Republic of South Sudan**

And

**The European Social Label (EUSL)**

## Preamble

This ESG and Safeguards Policy Framework (hereinafter referred to as the “Framework”) is adopted in recognition of the Parties’ shared commitment to sustainable development, social equity, and responsible governance in the implementation of digital transformation and related programs under the Strategic Engagement Agreement and Agenda for Social Equity 2074.

The Framework aligns with the African Development Bank’s Integrated Safeguards System (ISS), the International Finance Corporation (IFC) Performance Standards, and relevant regional and national environmental and social regulations. It establishes mandatory principles, instruments, and procedures to ensure that all activities undertaken pursuant to this Agreement are environmentally sound, socially inclusive, and governed with integrity.

The Parties affirm that adherence to ESG principles is a prerequisite for program financing, donor engagement, and long-term sustainability, and that this Framework shall apply to all projects, subprojects, and associated facilities implemented under the SUDESA mandate.

## Section 1 – Purpose and Applicability

### 1.1 Purpose

The purpose of this Framework is to establish a binding set of Environmental, Social, and Governance (ESG) principles, safeguards, and operational requirements applicable to all programs, projects, and subprojects implemented under the Strategic Engagement Agreement between the Government of the Republic of South Sudan and the European Social Label (EUSL).

This Framework ensures that all activities are designed and executed in a manner that:

- (a) Prevents, mitigates, or compensates for adverse environmental and social impacts;
- (b) Promotes gender equality, social inclusion, and human rights;
- (c) Upholds governance standards consistent with transparency, accountability, and anti-corruption norms; and
- (d) Aligns with international best practices, including the African Development Bank Integrated Safeguards System (ISS), IFC Performance Standards, and the Agenda for Social Equity 2074.

### 1.2 Applicability

This Framework applies to:





- (a) All government agencies, ministries, and implementing partners engaged in the execution of SUDESA-related programs;
- (b) All contractors, subcontractors, and service providers operating under agreements financed or co-financed by EUSL or its partners; and
- (c) All associated facilities and ancillary activities that are directly linked to the primary project objectives.

## Section 2 – ESG Principles and Standards

### 2.1 Core ESG Principles

The Parties agree to adopt and operationalize the following principles:

- (a) **Environmental Sustainability:** Projects shall avoid or minimize adverse impacts on biodiversity, ecosystems, and natural resources, and promote climate resilience.
- (b) **Social Inclusion and Equity:** Activities shall respect human rights, prevent discrimination, and ensure equitable access to benefits for vulnerable and marginalized groups, including women, youth, and persons with disabilities.
- (c) **Governance and Integrity:** All operations shall adhere to principles of transparency, accountability, and zero tolerance for corruption, fraud, or misuse of funds.
- (d) **Stakeholder Engagement:** Continuous, inclusive, and culturally appropriate engagement with affected communities and stakeholders shall be maintained throughout the project lifecycle.
- (e) **Do No Harm Principle:** No activity shall exacerbate conflict, social tension, or environmental degradation.

### 2.2 Alignment with International Standards

The ESG framework shall be consistent with:

- AfDB Integrated Safeguards System (ISS) – for environmental and social risk management;
- IFC Performance Standards on Environmental and Social Sustainability – for private sector engagement;
- UN Guiding Principles on Business and Human Rights – for human rights due diligence;
- Agenda for Social Equity 2074 – for long-term social and governance objectives.

### 2.3 Cross-Cutting Themes

The following themes shall be mainstreamed across all ESG processes:

- (a) Gender Equality and Women’s Empowerment;
- (b) Climate Change Adaptation and Mitigation;
- (c) Conflict Sensitivity and Peacebuilding;
- (d) Digital Ethics and Data Privacy in technology-driven interventions.

## Section 3 – Environmental and Social Risk Classification

### 3.1 Purpose of Risk Classification

The classification of environmental and social risks is a mandatory step to ensure that all projects and subprojects under this Framework are screened, categorized, and managed in accordance with their



potential impacts. This process enables proportional application of safeguards and efficient allocation of resources for risk mitigation.

### 3.2 Risk Categories

Projects shall be classified into one of the following categories based on the nature, scale, and significance of potential environmental and social impacts:

- **Category A (High Risk):** Projects likely to have significant, diverse, and irreversible environmental or social impacts that require a full Environmental and Social Impact Assessment (ESIA) and a comprehensive Environmental and Social Management Plan (ESMP). Examples include large-scale infrastructure, energy projects, or activities involving resettlement.
- **Category B (Moderate Risk):** Projects with limited, site-specific impacts that are reversible and can be mitigated through standard measures. These require a simplified ESIA or an Environmental and Social Management Framework (ESMF) and targeted mitigation plans.
- **Category C (Low Risk):** Projects with minimal or negligible adverse impacts that do not require a full ESIA but must comply with applicable environmental and social regulations and adopt good practice measures.
- **Category FI (Financial Intermediary):** Projects implemented through financial intermediaries (e.g., banks, microfinance institutions) that must apply ESG screening and monitoring to subprojects in line with this Framework.

### 3.3 Screening Process

(a) **Initial Screening:** All projects shall undergo preliminary screening using the ESG Screening Template (Annex I) prior to approval.

(b) **Validation:** The classification shall be validated by the ESG Compliance Unit within the Digital Transformation Secretariat in consultation with the Ministry of Environment and Forestry.

(c) **Disclosure:** Risk classification results shall be disclosed to stakeholders as part of the public consultation process outlined in Section 4.

### 3.4 Special Considerations

- Projects in fragile or conflict-affected areas shall automatically be subject to enhanced conflict sensitivity screening.
- Digital projects involving personal data shall undergo a Data Privacy Impact Assessment (DPIA) in addition to environmental and social screening.
- Gender and human rights risks shall be assessed as cross-cutting factors in all categories.

## Section 4 – Mandatory Instruments

### 4.1 Purpose

To operationalize the ESG and Safeguards Policy Framework, the following instruments are mandatory for all projects and subprojects classified under Section 3. These instruments ensure systematic identification, mitigation, and monitoring of environmental and social risks, as well as compliance with gender and grievance management standards.



#### **4.2 Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP)**

- (a) **ESIA Requirement:** All Category A projects and selected Category B projects shall undergo a full ESIA in accordance with national legislation, AfDB Integrated Safeguards System (ISS), and IFC Performance Standards.
- (b) **ESMP Development:** Each ESIA shall be accompanied by an ESMP detailing mitigation measures, monitoring indicators, institutional responsibilities, and budget allocations.
- (c) **Disclosure and Consultation:** Draft ESIA and ESMP documents shall be disclosed to stakeholders and subject to public consultation prior to finalization.

#### **4.3 Gender Action Plan (GAP)**

- (a) **Objective:** To ensure gender equality and women's empowerment are integrated into project design, implementation, and monitoring.
- (b) **Content:** The GAP shall include gender-sensitive indicators, measures to prevent gender-based violence (GBV), and strategies for equitable participation of women in project benefits.
- (c) **Compliance:** No project shall proceed to implementation without an approved GAP where gender risks have been identified.

#### **4.4 Grievance Redress Mechanism (GRM)**

- (a) **Establishment:** Each project shall establish a GRM accessible to all stakeholders, including vulnerable groups, to receive and resolve complaints in a timely, transparent, and culturally appropriate manner.
- (b) **Structure:** The GRM shall include multiple entry points (community-level, online, hotline) and a clear escalation process.
- (c) **Reporting:** Quarterly reports on grievances received, resolved, and pending shall be submitted to the ESG Compliance Unit and disclosed in summary form to the public.

#### **4.5 Integration and Harmonization**

All mandatory instruments shall be integrated into the project cycle and harmonized with donor requirements to avoid duplication and ensure consistency with international standards.

## **Section 5 – Roles and Responsibilities**

### **5.1 Government of the Republic of South Sudan**

- (a) **Policy Oversight:** Ensure that all national policies, regulations, and sectoral strategies are harmonized with the ESG and Safeguards Policy Framework.
- (b) **Institutional Coordination:** Designate a lead ministry (Ministry of Environment and Forestry) to coordinate ESG compliance across all implementing agencies.
- (c) **Regulatory Enforcement:** Monitor adherence to national environmental and social laws and issue necessary permits and approvals for project implementation.
- (d) **Capacity Building:** Provide training and technical support to line ministries and local authorities on ESG compliance and safeguards implementation.



## 5.2 European Social Label (EUSL)

(a) **Technical Assistance:** Provide technical expertise, tools, and capacity-building programs to support ESG integration in project design and execution.

(b) **Compliance Monitoring:** Establish an ESG Compliance Unit within the Digital Transformation Secretariat to oversee screening, risk classification, and safeguard implementation.

(c) **Reporting to Donors:** Prepare consolidated ESG compliance reports for submission to development partners and financing institutions.

## 5.3 Implementing Agencies and Contractors

(a) **Instrument Preparation:** Develop and implement ESIA/ESMP, Gender Action Plans, and Grievance Redress Mechanisms as required under Section 4.

(b) **Operational Compliance:** Ensure day-to-day adherence to ESG requirements, including occupational health and safety, community engagement, and data privacy standards.

(c) **Incident Reporting:** Report any environmental or social incidents, including grievances and non-compliance, within 48 hours to the ESG Compliance Unit.

## 5.4 Community and Stakeholders

(a) **Participation:** Engage in consultations, provide feedback on ESG instruments, and utilize the Grievance Redress Mechanism for complaints or concerns.

(b) **Monitoring Role:** Participate in community monitoring initiatives to enhance transparency and accountability in project implementation.

# Section 6 – Monitoring, Evaluation, and Reporting

## 6.1 Purpose

This section establishes the framework for continuous monitoring, periodic evaluation, and transparent reporting of ESG compliance across all projects and subprojects implemented under this Agreement. The objective is to ensure accountability, early detection of non-compliance, and evidence-based decision-making.

## 6.2 Monitoring Framework

### (a) Institutional Responsibility:

The ESG Compliance Unit within the Digital Transformation Secretariat shall serve as the central monitoring authority, working in coordination with the Ministry of Environment and Forestry and relevant line ministries.

### (b) Frequency:

- **Routine Monitoring:** Monthly site-level monitoring by implementing agencies.
- **Compliance Audits:** Semi-annual audits by the ESG Compliance Unit.
- **Independent Reviews:** Annual third-party verification for high-risk (Category A) projects.

### (c) Tools and Instruments:

- Monitoring shall utilize standardized ESG checklists, digital dashboards, and geo-tagged reporting systems to ensure accuracy and traceability.



### 6.3 Evaluation

(a) **Mid-Term Evaluation:** Conducted at the midpoint of each major project to assess ESG performance, identify systemic gaps, and recommend corrective measures.

(b) **End-Term Evaluation:** Performed upon project completion to evaluate overall compliance, effectiveness of safeguards, and lessons learned for future programming.

(c) **Key Performance Indicators (KPIs):** KPIs shall include environmental compliance scores, gender inclusion metrics, grievance resolution rates, and governance integrity indicators, as detailed in Annex II (MEL Indicators).

### 6.4 Reporting Obligations

(a) **Quarterly Reports:** Implementing agencies shall submit quarterly ESG compliance reports to the ESG Compliance Unit, including data on safeguard implementation, grievances, and corrective actions.

(b) **Annual Consolidated Report:** The ESG Compliance Unit shall prepare an annual report summarizing compliance status, risk trends, and recommendations for policy adjustments.

(c) **Public Disclosure:** Summary reports shall be published on the official government portal and shared with stakeholders to promote transparency and accountability.

### 6.5 Donor and Development Partner Reporting

All reporting formats shall be harmonized with donor requirements, including AfDB ISS and IFC Performance Standards, to ensure consistency and facilitate external audits.

## Section 7 – Corrective Action and Enforcement

### 7.1 Purpose

This section establishes the procedures and enforcement mechanisms to address non-compliance with the ESG and Safeguards Policy Framework. It ensures that corrective measures are implemented promptly to prevent harm, restore compliance, and maintain accountability.

### 7.2 Identification of Non-Compliance

(a) **Sources of Detection:** Non-compliance may be identified through routine monitoring, audits, grievance reports, or independent evaluations.

(b) **Notification:** Upon detection, the ESG Compliance Unit shall issue a written Notice of Non-Compliance to the responsible entity within five (5) working days, specifying the nature of the breach and required corrective actions.

### 7.3 Corrective Action Plan (CAP)

(a) **Submission:** The responsible entity shall submit a CAP within ten (10) working days of receiving the Notice of Non-Compliance.

(b) **Content:** The CAP shall outline remedial measures, timelines, responsible personnel, and resource allocations.

(c) **Approval:** The ESG Compliance Unit shall review and approve the CAP within five (5) working days or request revisions if inadequate.

### 7.4 Escalation Measures

If the responsible entity fails to implement the CAP within the agreed timeline, the following measures may be applied:





- (a) **Suspension of Disbursements:** Temporary suspension of project funds until compliance is restored.
- (b) **Contractual Penalties:** Imposition of penalties as stipulated in the project agreement.
- (c) **Termination:** In cases of persistent or severe non-compliance, termination of the contract or project component, subject to dispute resolution provisions.

#### 7.5 Enforcement Authority

(a) **Government Role:** The Ministry of Environment and Forestry, in coordination with relevant line ministries, shall enforce national legal requirements and apply administrative sanctions where applicable.

(b) **EUSL Role:** EUSL reserves the right to withhold funding, report non-compliance to donors, and initiate dispute resolution under the terms of the Strategic Engagement Agreement.

#### 7.6 Public Disclosure of Enforcement Actions

Summary information on major non-compliance cases and corrective actions shall be disclosed in the annual ESG compliance report to promote transparency and accountability.

#### 7.7 Continuous Improvement

Lessons learned from enforcement actions shall inform periodic updates to this Framework, capacity-building programs, and policy reforms to strengthen ESG governance.

## Signatures and Annexes

IN WITNESS WHEREOF, the undersigned representatives, duly authorized by their respective governments and institutions, have signed this Environmental, Social, and Governance (ESG) and Safeguards Policy Framework in two original copies, each in the English language, both texts being equally authentic.

Signed in Juba, Republic of South Sudan, on [Date].

#### For the Government of the Republic of South Sudan

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

#### For the European Social Label (EUSL)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_



## Annexes

### Annex I – ESG Screening Templates

**Purpose:**

To provide standardized tools for the initial screening and risk classification of projects and subprojects under Section 3.

**Contents:**

- Project Information Sheet (basic data, location, scope).
- Environmental and Social Screening Checklist (impact areas, risk triggers).
- Risk Category Determination Form (A, B, C, FI).
- Conflict Sensitivity and Data Privacy Screening Addendum.

### Annex II – Monitoring, Evaluation, and Learning (MEL) Indicators

**Purpose:**

To define measurable indicators for tracking ESG performance and compliance throughout the project lifecycle.

**Contents:**

- Environmental Indicators (e.g., emissions reduction, biodiversity protection).
- Social Indicators (e.g., gender participation rates, grievance resolution time).
- Governance Indicators (e.g., audit compliance, anti-corruption measures).
- Reporting frequency and responsible entities.

### Annex III – Reporting Formats

**Purpose:**

To standardize reporting across implementing agencies and ensure alignment with donor requirements.

**Contents:**

- Quarterly ESG Compliance Report Template (project-level).
- Annual Consolidated ESG Report Template (portfolio-level).
- Incident Reporting Form (environmental, social, or governance breaches).
- Public Disclosure Summary Format for transparency purposes.