



**GREEN
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Meeting of the Board
26 - 29 October 2026
Songdo, Incheon, Republic of Korea
Provisional agenda item 11

GCF/B.46/03/Add.07

5 October 2026

Consideration of accreditation proposals and activities – Addendum VII

Accreditation assessment of APL188

Summary

This document contains the recommendation by the Accreditation Panel for accreditation of applicant 188 (APL188), the Maldives Finance and Leasing Company Private Limited (MFLC), based in Maldives, in accordance with the revised accreditation framework adopted in paragraph (a) of decision B.42/13, and includes the screening report confirming the applicant meets the screening requirements contained in part 1 of annex II to document GCF/B.42/04/Add.01.

I. Introduction

1. Maldives Finance and Leasing Company Private Limited (MFLC) is a national direct access entity based and operating in Maldives. The applicant is a private sector entity that seeks to expand access to finance for micro, small and medium-sized enterprises (MSMEs) by providing a range of financing solutions, thereby supporting private sector development and broader economic development in the country.
2. The applicant applied and was assessed in accordance with the revised accreditation framework (adopted in decision B.42/13, paragraph (a)). The applicant was assessed against the screening requirements contained in part 1 of annex II to document GCF/B.42/04/Add.01.¹ As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.
3. The applicant has applied to be accredited for the following parameters under the GCF fit-for-purpose approach:²
 - (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Maldives;
 - (b) **Track:** normal track;
 - (c) **Maximum environmental and social risk category:** medium risk (category B/intermediation 2 (B/I-2)).³

II. Contribution to GCF mandate and strategic goals

4. The applicant is found to have the potential to support GCF in implementing its Strategic Plan for 2024–2027 with respect to:
 - (a) Increasing the portfolio of direct access entities to GCF, particularly as the applicant is the first national direct access entity in Maldives to be recommended for accreditation;
 - (b) Expand GCF presence and enhance country ownership in climate-vulnerable small island developing States;
 - (c) The indicative projects/programmes that the applicant intends to submit to GCF;
 - (d) Alignment of said indicative pipeline with country programming priorities;
 - (e) Potential contribution to the adaptation and mitigation balance in the GCF portfolio since the applicant focuses on adaptation and cross-cutting activities and supporting diversity in GCF results areas such as climate-resilient infrastructure, water, sanitation and hygiene, and renewable energy;
 - (f) Enhancing private sector participation by de-risking climate investments, etc., through the use of financial instruments such as loans; and

¹ See <https://www.greenclimate.fund/board-document/gcf-b42-04-add01>

² Refer to section IV below for the recommendations by the AP.

³ As per the revised Environmental and Social Policy adopted in decision B.BM-2021/18, category B is defined as “Activities with potential limited adverse environmental and/or social risks and impacts that, individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures” and intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented”.

- (g) Diversifying the use by direct access entities of appropriate financial instruments such as loans.

5. The applicant was established in 2001 as a joint initiative by the International Finance Corporation (IFC) and the Maldives Monetary Authority (MMA) in an effort to diversify the financial sector and to support the entrepreneurs in the areas of tourism, infrastructure and fisheries. The applicant was subsequently acquired by the private owners with a majority owner. MFLC can leverage its partnerships with the relevant government institutions, sector regulators and national agencies to support the development of climate-aligned investment pipelines. The applicant operates in the Greater Malé Region and outer islands and is well positioned to channel climate finance to underserved sectors and the communities that are highly vulnerable to climate change.
6. The applicant has adopted a formal climate strategy, the MFLC GCF Climate Portfolio Framework, which establishes its approach to financing climate mitigation, adaptation and climate-resilient development in alignment with national priorities. The framework is aligned with Maldives' nationally determined contribution and broader national climate policies, and identifies priority sectors that support low-emission and climate-resilient development pathways, including renewable energy, sustainable transport, water security, waste and circular economy solutions, resilient infrastructure and energy efficiency for small and medium-sized enterprises.
7. MFLC intends to serve as a climate finance intermediary capable of mobilizing and deploying climate finance to address Maldives' mitigation and adaptation priorities. Through dedicated green finance products and blended finance instruments, the applicant seeks to expand access to climate finance, particularly for underserved sectors and communities. This approach has the potential to support low-emission and climate-resilient development, strengthen national climate finance capabilities, enhance private sector participation and deliver measurable climate and sustainable development outcomes.
8. MFLC is working closely with the national designated authority to ensure alignment with nationally determined contribution and national adaptation plans. The applicant also intends to contribute to the development of project pipelines, particularly in areas such as renewable energy, resilient infrastructure development and climate-resilient private sector growth, with a view to supporting Maldives' transition towards low-emission and climate-resilient development. MFLC began exploring potential programming opportunities in energy efficiency and other priority areas, while undertaking information and data collection to inform the development of a robust pipeline of future projects. As part of this effort, MFLC has initiated preliminary data collection within the tourism sector, which constitutes the largest sector of the Maldivian economy.
9. MFLC further assured the national designated authority that it would coordinate closely with the Ministry of Climate Change, Environment and Energy to ensure that future programming remains aligned with the country's identified climate priorities and needs.
10. The applicant has experience in financing and implementing projects in the range of USD 50,000 to 5.2 million, in particular focusing on solar rooftop panels, solar photovoltaic systems, renewable transportation, energy efficiency, health and water security. The applicant's track record in executing sustainable development and climate change-related projects to date includes the following:
- (a) USD 5.2 million (loans) for Electric Taxi Fleet including charging stations (Phase 1);
 - (b) USD 1.29 million (loans) for Sustainable Water Bottling Plant (5G Refillable Transition);
 - (c) USD 259,000 (loans) for Energy-Efficient Air Conditioning Systems; and

- (d) USD 194,000 (loans) for Deployment of solar photovoltaic systems and related renewable energy activities.

III. Screening report

3.1 Screening requirements assessed by the Secretariat

3.1.1 Legal status

11. The applicant, Maldives Finance and Leasing Company Private Limited, is a limited liability company incorporated and registered under the laws of Maldives with registration number C-0245/2001. The applicant is licensed by the Ministry of Economic Development and Trade for foreign investment.
12. The applicant has provided evidence that it has legal personality, the legal capacity and authority to enter into contracts and can bear financial and legal responsibility for performing those obligations. Based on the information provided, the Secretariat finds that the applicant meets the “legal status” screening requirement.

3.2 Screening requirements assessed by the Accreditation Panel

3.2.1 Corporate governance and internal control

13. MFLC is a privately owned limited liability company incorporated in Maldives, originally established under an initiative of the IFC. Governance is exercised through a Board of Directors (BoD) supported by five active, standing BoD committees: the Risk and Compliance Committee (BRCC), the Audit Committee (BAC), the Credit Committee, the Appointment, Nomination and Remuneration Committee and the Corporate Governance Committee. Each committee operates under a BoD-approved charter. The BoD, its committees and individual directors are subject to fit and proper checks (background/integrity checks, qualifications, disclosure of interests, regulatory approval) and periodically evaluated under a framework aligned with the respective BoD and committee charters. In addition to samples of BoD and committee meeting minutes, the applicant shared its 2025 BoD evaluation, which demonstrates active governance oversight.
14. The Corporate Governance Committee oversees implementation of the applicant’s Conflict of Interest Policy, reviews BoD-related conflicts, declarations of interest and risk register informed composition reviews against regulatory and charter requirements and recommends remedies to resolve conflicts.
15. MFLC executive-level governance operates through a structured committee framework comprising the Executive Committee, the Management Credit Committee, the Management Risk and Compliance Committee (MRCC), the Assets and Liability Committee, the Operations Committee and the Tender Evaluation Committee, each of which is governed by a charter defining its mandate, composition and reporting lines, with monthly reporting to the MRCC providing escalation to Board-level oversight. The AP sampled committee charters, 2026 monthly committee reports to the MRCC and meeting minutes to verify the operational track record of these arrangements. Governance documents, including charters and the applicant’s organization chart, are available on the MFLC website.⁴
16. The applicant’s BoD-approved 2026–2030 Strategic Plan is structured under seven pillars with proposed initiatives in renewable energy, energy efficiency, climate-resilient infrastructure and sustainable tourism, and is cascaded to divisional strategies. Financial

⁴ See <https://www.mflc.mv/governance>

projections are presented with annual review/approval cycles. MFLC communicates its high-level plan and financial performance information via its website. Monitoring is carried out through weekly Operations Committee and monthly Executive Committee meetings, the Strategic Plan Milestone Monitor, continuous review of critical assumptions and quarterly BoD reporting with corrective action triggered by material variances. The AP reviewed the applicant's Strategic Plan Policy, the 2026–2030 Strategic Implementation Plan and Budget, and extracts of the June 2026 reports of the Chief Executive Officer (CEO) and the Executive Committee. In addition, the AP noted that in December 2025 the BoD of MFLC adopted an addendum to the MFLC Corporate Strategy 2025 to 2030,⁵ specifically linked to the application for GCF accreditation and future funding, to underpin its ambition in the climate finance space.

17. The MFLC Internal Audit department reports functionally to the BAC and administratively to the CEO and operates under a periodically updated BoD-approved charter and a policy and procedures manual aligned with the standards and guidance of the Institute of Internal Auditors and the International Professional Practices Framework. The internal audit function prepares annual risk-based audit plans that, as per documentary evidence provided to the AP, are approved and monitored by the BAC. In addition, samples of audit reports for 2023–2025 and related management follow-up trackers were reviewed. A 2025 update to the policy and procedures manual introduced quality assurance and improvement activities in line with Global Internal Audit Standards, which are yet to be implemented, and the applicant's newly appointed, experienced Head of Internal Audit and their team of two internal auditors are committed to facilitating an independent external quality assessment for the BAC in 2027.

18. The AP was provided with MFLC's audited financial statements prepared in accordance with International Financial Reporting Standards for recent financial years up to 2025, all carrying unqualified audit opinions issued in accordance with International Standards on Auditing, reviewed by the BAC, and approved by the BoD prior to publication in the MFLC Annual Report and disclosure to the Capital Market Development Authority of Maldives. External audits are conducted by the Maldives office of an international auditing firm appointed by the BoD. Regarding regulatory compliance, MFLC provided information on its compliance reporting with national authorities, confirming its accountability to the MMA⁶ as prudential regulator, the Financial Intelligence Unit⁷ of Maldives under anti-money-laundering and countering the financing of terrorism (AML/CFT) legislation and the Capital Market Development Authority under securities disclosure requirements. According to the applicant it is in full compliance with the MMA Corporate Governance Regulation with substantive remediation of governance matters identified in the MMA 2024/2025 examination, and no supervisory warnings, enforcement actions or penalties issued by any of these authorities since 1 January 2025.

19. The AP also noted that MFLC applied for and received pre-operational approval of a banking licence in 2024; however, the AP was informed by MFLC of its decision not to take up to the licence at this stage and to focus on core sectoral financing activities under its new strategy.

20. The AP finds that the applicant meets the screening requirements for corporate governance and internal control.

3.2.2 Financial management

21. MFLC's accounting framework is guided by International Financial Reporting Standards, applied through QuickBooks Premier 2021 as its primary general ledger and accounting system for financial statement preparation, reconciliation and reporting, supplemented by the Contract

⁵ Titled "MFLC Global Green Climate Fund Accreditation and Phased Implementation Strategy".

⁶ See <https://www.mma.gov.mv/>

⁷ See <https://mma.gov.mv/#/fiu> and <https://fiu.gov.dm/overview>

Accounting and Administration Package (CAAP), a bespoke system dedicated to lease and loan contract administration, repayment and portfolio-level monitoring, with periodic reconciliation between the two supporting the institution's financial and portfolio reporting requirements. QuickBooks Premier covers the core general ledger system, governed by a defined chart of accounts and supporting accrual-based accounting.

22. MFLC informed the AP that considering QuickBooks Premier is near the end of its vendor support lifecycle, a structured, strategy-anchored technology road map has been adopted, evidenced by a request for proposals already developed for an integrated Enterprise Resource Planner that incorporates the core lending platform and the parallel Core Banking System assessment for CAAP.

23. Responsibility for maintaining accounting records sits with the Finance Department under the Chief Financial Officer, comprising three units (Treasury and Capital Operations, Accounts and Finance, and Recovery and Collections) utilizing a delegation of authority framework, which governs financial controls, reconciliations and segregation of duties, with system access rights restricted by user role and maker-checker verification applied to transaction processing to preserve segregation between initiation, authorization and recording functions. MFLC further maintains corporate banking relationships with several national and international bankers that are connected to the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network, evidencing capacity to receive and remit international payments.

24. The AP finds that applicant meets the screening requirements for financial management.

3.2.3 Procurement

25. MFLC has a BoD-approved Purchase and Procurement Policy and a Procurement Administration and Procedures Manual which set out purchasing methods and thresholds, evaluation and award procedures. MFLC's procurement framework integrates environmental, social and governance considerations. Oversight is exercised through the Tender Evaluation Committee, operating under a BoD-approved charter, with segregation of duties maintained between requisition, evaluation, approval and payment functions, and independent assurance provided through internal audit reviews reported to the BAC and the BRCC.

26. The AP reviewed the two competitive internal procurement examples and the Tender Evaluation Committee (TEC) memorandum for an office fit-out and a draft request for proposal for a loan management system together with the MFLC public procurement web page⁸ which retains historical information on tender and request for proposal notices and awards and publicizes the Charter of the TEC⁹. While the examples provided were lower-value, routine administrative procurements, MFLC has the capacity and confirmed its commitment to procure competitively and transparently at scale, in line with GCF standards and overseeing the same for its business clients procuring under GCF-funded financial instruments.

27. The AP finds that the applicant meets the screening requirements for procurement.

3.2.4 Integrity

28. MFLC maintains a comprehensive suite of BoD- and management-approved integrity instruments, including the Employee Handbook and Code of Conduct, the Ethics and Whistleblowing Policy, the Conflict of Interest Policy, the Anti-Bribery and Anti-Corruption Policy, the Fraud Risk Management Policy and the AML/CFT Policy. Policies apply to staff, BoD

⁸ See <https://www.mflc.mv/procurement>

⁹ See <https://www.mflc.mv/governance>

members, consultants, contractors and vendors and are disseminated and socialized through mandatory induction and periodic training with annual conflict of interest and anti-bribery declarations, examples of which were shared with the AP. The definition of corruption included in the applicant's Ethics and Whistleblowing Policy is aligned with the GCF definitions of prohibited practices.

29. Whistleblowing channels include written, verbal and anonymous reporting routes, aligned with the Maldives Whistleblower Protection Act, and are publicly accessible via published summary policy information¹⁰ with key integrity policies posted under the section on governance,¹¹ consistent with the accessibility and confidentiality features expected of a mechanism comparable to the GCF Policy on Prohibited Practices and Policy on the Protection of Whistleblowers and Witnesses. Complaints may also be directed to the MMA via mechanisms publicized on its website.¹²

30. The applicant's designated investigation function is its Ethics Committee, constituted under a BoD-approved charter. The AP reviewed the charter, recent monthly committee reports and meeting minutes and a case register and redacted summaries of several 2025 investigations of ethics and whistleblowing concerns. The AP noted that the Ethics Committee, under its charter, includes specific confidentiality and conflict of interest provisions and is composed exclusively of senior management office holders (Chief Compliance Officer or Chief Risk Officer and designated head of department, chosen from different MFLC departments).

31. Recent amendments to the Ethics Committee Charter¹³ include clarifying the non-voting, independent observer status of the Head of Internal Audit and articulating how investigations involving the CEO, senior management, BoD members or shareholder-related parties are escalated outside the ordinary Ethics Committee to a non-conflicted BoD-level committee such as the MRCC or BRCC or, where necessary, referred for external investigation and external legal counsel. These enhancements build on an already-operational governance and escalation framework, evidenced through the shared case examples reviewed by the Ethics Committee and upward reporting to the BoD under BRCC oversight, and disciplinary follow-through, further strengthening independence safeguards ahead of anticipated GCF-scale activity.

32. The MFLC AML/CFT framework, governed by its AML/CFT Policy and overseen by a designated Compliance Officer reporting to the BRCC with risk-based customer due diligence, sanctions screening and suspicious transaction report filing procedures aligned to national requirements,¹⁴ well evidenced by documentation provided to the AP. Tiered "know your customer" procedures, sanctions screening and two sample due diligence reports were shared with the AP and the Compliance Officer's BRCC reporting line supports functional independence.

33. The AP finds that the applicant meets the screening requirements for integrity.

3.2.5 Project management

34. The MFLC portfolio includes diverse financial products aimed at the national market, including finance leases, micro-leases, housing loans and corporate loans and leases, for which portfolio summary information spanning the past four years was shared with the AP. Project appraisal at MFLC is governed by the Credit Policy and operationalized through the Corporate Finance Manual, the Consumer Finance Manual and the Credit Documentation and Monitoring Procedure Manual, incorporating technical, financial, legal and environmental and social (E&S)

¹⁰ See <https://www.mflc.mv/wsb>

¹¹ See <https://www.mflc.mv/governance>

¹² See <https://www.mma.gov.mv/#/>

¹³ See <https://www.mflc.mv/governance>

¹⁴ See <https://fiu.gov.dm/overview>

screening. Workflow diagrams shared by the applicant visualize established processes for consumer/retail finance, credit documentation/monitoring, corporate finance and recovery/collection. Standardized credit appraisal templates and risk rating matrices, examples of which were shared with the AP, capture debt servicing coverage ratio, liquidity and exposure metrics with findings reviewed by the Management Credit Committee and escalated to the BoD level when defined thresholds are reached. Post-disbursement monitoring includes covenant tracking, annual exposure reviews and site inspections where applicable.

35. The MFLC green loan and green leasing portfolio demonstrates how its project appraisal and financing framework is applied at the individual transaction level. Samples were provided to the AP of corporate and consumer green finance transactions and evidence of the process from credit and risk appraisal through to approval, documentation and execution, including relevant approval/sanction documentation and executed financing agreements.

36. The applicant's recent domestic track record includes a privately placed bond issued on the Maldives Stock Exchange in 2023, subscribed by the Maldives Pension Administration Office, supplemented by general borrowing from domestic commercial banks (Bank of Maldives, Commercial Bank of Maldives), and on-lent within prudential limits. Total proceeds were 112.5 million Maldivian rufiyaa (USD 7.26 million) and as at 30 June 2026 the full amount had been deployed into the MFLC financing portfolio (58 per cent secured, 42 per cent unsecured), with utilization and performance monitored and reported to the Maldives Pension Administration Office quarterly.

37. A USD 3 million proposal submitted to the Maldives Transport and Contracting Company Plc in early 2026 for a first phase electric taxi fleet and charging station programme demonstrated project origination, preliminary appraisal and financing structuring; however, the project proceeded under a government-funded structure that was independent of MFLC.

38. The AP finds that the applicant meets the screening requirements for project management.

3.2.6 On-lending/blending

39. The applicant's on-lending/blending capacity stems from its status as a regulated non-bank financial institution (finance and leasing company) in Maldives, licensed by the MMA under the Regulation on Financing Business (2021/R-132).

40. In addition to the example described in paragraph 36 above, MFLC has a broader practice of sourcing general-purpose borrowing facilities from domestic commercial banks and channelling these funds onward to retail and corporate customers across consumer, housing and business finance segments. This on-lending is governed by BoD-approved concentration and prudential exposure thresholds and utilization, together with portfolio performance, is reported to the relevant lending banks on a periodic basis.

41. The AP finds that the applicant meets the screening requirements for on-lending/blending.

3.2.7 Revised Environmental and Social Policy and ESS standards

A. Revised Environmental and Social Policy

42. The applicant adopted its Environmental, Social and Governance Policy (ESG Policy) in 2025 through approval by its BoD. It outlines its commitment to conducting its financing and leasing operations in a manner that fosters sustainable economic growth, safeguards the environment of Maldives, and promotes inclusive social progress while upholding good governance standards and ensuring ethical conduct. The ESG Policy also requires adequate

capacity-building internally for implementation, and regular review and assessment of the effectiveness of the E&S risk management approach. The policy is publicly disclosed on the MFLC website¹⁵, ensuring transparency of the company's E&S commitments to all stakeholders.

43. The policy outlines MFLC's approach to contributing to the Sustainable Development Goals, and the key standards to be applied, which are contained in the applicant's Environmental and Social Management System Procedure Manual. These include the national laws and regulations, the GCF environmental and social safeguards and the IFC Performance Standards (PSs) 1–8, as well as the international agreements and national climate commitments of Maldives.

44. The applicant has established adequate policies and procedures for preventing and responding to Sexual Exploitation, Abuse and Harassment (SEAH), both for its own operations and for financing provided. MFLC has a dedicated Policy on Prohibition and Prevention of Sexual Harassment, Abuse, Discrimination, Bullying and Harassment (2025, with the initial policy adopted in 2023), approved by its BoD, which establishes a zero-tolerance approach to all forms of SEAH and applies to all employees, management, Board members, consultants, contractors and other individuals engaged in MFLC operations or activities. In addition, the Environmental and Social Management System (ESMS) requires that SEAH aspects, including gender-based violence (GBV) safeguards, are assessed during the credit granting process and adequately managed during portfolio, including through appropriate risk identification and management, stakeholder engagement, compliance with key national and international standards (IFC PS, GCF safeguard requirements), ensuring that community benefits and opportunities are gender inclusive, and providing appropriate access to information. The SEAH approach ensures confidentiality, protection of complainants and witnesses from retaliation, and survivor-centred safeguards. Clearly defined investigation procedures have been established with defined timelines, and an independent committee is responsible for reviewing and investigating complaints with the option for appeal. The applicant shared both the human resource incident tracker as well as the grievance log, which demonstrate effective implementation.

B. Environmental and social management system

45. MFLC has recently established an ESMS Procedure Manual (2025), which has been implemented since early 2026 across the entity. It ensures that the key provisions of its E&S policy are operationalized and provides a structured and institution-wide framework governing the integration of environmental, social, climate and gender aspects into its financing related decision-making through appropriate risk identification, assessment, management and monitoring. The ESMS serves three purposes, namely (i) to integrate E&S risk management into MFLC operations, (ii) to ensure alignment with key national and internal standards, including those of GCF and (iii) to promote and embed climate (adaptation, mitigation), gender and social inclusion and transparency into all of its operations. The ESMS comprehensively covers the ESMS governance structure, including the E&S organizational structure and staffing, the ESMS process workflow, the E&S screening procedure and tools, preparation of the Environmental and Social Action plan (ESAP), E&S-related legal requirements, monitoring and reporting, the Grievance Redress Mechanism (GRM), stakeholder engagement standards, climate risk assessment framework and gender equality assessments, as well as internal audit and continued improvement matters.

46. The environmental, social and governance (ESG) performance of clients is assessed across the three areas against key aspects such as emissions, energy efficiency, water use and waste management for the environmental performance; labour issues, diversity and inclusion, community engagement, and financial inclusion for social aspects and Board diversity and independence, ethics, transparency and reporting and risk management for governance. The

¹⁵ <https://www.mflc.mv/csr>

applicant has developed a comprehensive set of tools to implement its ESMS, including an initial screening form, categorization guidance (A, B, C) aligned with GCF's categorization guidance (definitions, examples of activities, potential mitigation measures), E&S due diligence templates for various risk levels, ESAP template, grievance-related forms and a screening and categorization checklist.

47. The E&S due diligence process steps are clearly outlined in the ESMS and aligned with the financing cycle. They include initial screening against the Exclusion list and completion of an initial screening form, E&S categorization and E&S due diligence using the applicant's dedicated forms (simplified E&S due diligence form, E&S due diligence report, ESAP). For category C projects a basic due diligence is undertaken that ensures compliance with the national laws, and for category B projects a full E&S due diligence, including site visits and stakeholder interviews, is carried out. This covers reviews of Environmental Impact Assessments (EIAs), environmental permits, construction approvals and a gender assessment, and checks against the IFC Environmental, Health and Safety guidelines, etc. Category A projects are not financed on the basis of ESMS provisions. In addition, key documents to be submitted by potential borrowers are outlined in the ESMS. E&S findings are integrated into the credit risk assessment, require approval by the ESMS Committee, and E&S-related clauses are included in the legal agreements to ensure compliance with the applicable national laws and the adopted E&S standards, as well as actions agreed upon within the ESAPs.

48. In addition, the ESMS includes key monitoring and supervision as well as reporting requirements. Reporting by clients/projects is based on the risk level, and can include monthly, quarterly or annual reporting on the status of the agreed upon corrective actions, compliance with key requirements, gender-related data and information as agreed upon as well as any incidents and grievances and how they have been addressed. In the case of non-compliance, the applicant has recourse through specific covenants included in the legal agreements. Key tools to implement the monitoring and supervision approach have also been developed, such as templates for borrower reporting, checklists for monitoring site visits for MFLC staff, an ESAP tracker and a Gender Action Plan monitoring tool.

49. The applicant provided evidence of adequate implementation of its ESMS during appraisal for financing which demonstrates its track record. Prior to the adoption of the ESMS, the applicant already reviewed clients for compliance with the E&S-related laws and regulations of Maldives, checking, for example, relevant permits. Since the adoption of the ESMS the applicant has applied the ESMS to all transactions financed and provided several examples of E&S due diligence prepared and included in the Credit Approval Memorandum for approved category B and C loans and leases, covering activities such as transport services, warehousing and financing of electric vehicles. The E&S screening of all clients and activities included evidence of the review against the Exclusion List, the national requirements and the assessments undertaken to identify the key E&S-related risks and mitigation measures proposed, including those included in the ESAP for each transaction as well as adequate categorization. All E&S-related conditions have also been included in the ESMS monitoring register. Monitoring examples are not yet available as the ESMS was only recently approved.

50. The applicant has effective practices regarding external communication which are guided by its Communication Policy (2025, initially established in 2023) and Business Development and Marketing Policy (2023). Key governance policies and frameworks and operational information is communicated on the MFLC website, and external stakeholders have the opportunity to make general and E&S-related inquiries and also obtain information on green financing options available as well as all the sustainability-related activities undertaken by the applicant.

51. The applicant's current disclosure practices include publication of all key E&S policies and disclosure requirements for clients at the project level. The publication by MFLC of its ESG Policy, SEAH Policy and grievance related policies as well as Committee Charters, provides a

high level of transparency regarding its approaches. While the applicant has not yet disclosed project-specific information on its own website, it is aware of GCF Disclosure Policy requirements and is committed to complying with its provisions for all GCF-financed projects; it provided the AP with a commitment letter in this respect as part of its accreditation application.

52. In addition, clients are required to undertake local disclosure at the project level, appropriate to the level of risk of the activities financed. Information disclosure should follow the principles of timely, accessible and layperson-friendly language for affected communities and be undertaken in the local language(s), providing all key information on the project objectives, potential risks and impacts, mitigation measures and ESAP commitments. Information can be provided through various means, including public meetings, notices, brochures, online postings or on community notice boards. Disclosure aspects are overseen currently by the ESMS Manager.

53. Public consultation and stakeholder engagement are key requirements MFLC has for borrowers financed and the ESMS outlines the key principles, objectives and steps to be followed. Stakeholder engagement is to be undertaken in an inclusive, responsive and transparent manner, while ensuring accountability and cultural sensitivity. Key objectives include identification of all key stakeholders, ensuring access to adequate information and consultation, protecting and promoting the rights of women, youth, vulnerable and marginalized groups and to allow for integration of stakeholder feedback into project design and monitoring. Borrowers are responsible for undertaking adequate stakeholder engagement and consultation (mapping, information disclosure, inclusion of key groups, record keeping), while MFLC maintains oversight, including as needed through site visits.

54. MFLC has a well-defined organizational structure for undertaking E&S risk management, as outlined in its ESMS, including key roles and responsibilities. The applicant's BoD has the oversight function (policy approval, strategic alignment, performance report reviews, ensuring adequate resourcing and risk integration). The CEO is responsible for ensuring the implementation and effectiveness of the ESMS. The ESMS Manager oversees day-to-day operationalization, coordinates ESMS implementation across departments, conducts the E&S due diligence, including categorization and ESAP preparation, facilitates internal capacity-building, oversees maintenance of all E&S-related tools and leads on reporting. The lending and business teams are responsible for undertaking the E&S-related screening and ensuring that clients provide all the required information needed during appraisal and then monitoring compliance during portfolio. A multi-disciplinary ESMS Committee is in place to review E&S assessments, the Chief Compliance Officer monitors adherence to ESMS policies and procedures, and the Chief Risk Officer ensures that E&S risks are incorporated into the institution's enterprise risk management framework and reviewed within the risk governance structures.

55. To date, the Chief Credit Officer has been fulfilling the role of the ESMS Manager, and the AP welcomes the recent steps taken by the applicant to strengthen its in-house capacity through the appointment of a dedicated Head of Sustainability and Governance and a Head of ESGs and Green Taxonomy. The Head of ESFS and Green taxonomy has the required E&S- and gender-related background and experience, is responsible for providing dedicated institutional oversight and support in relation to E&S, sustainability, Green Taxonomy and ESMS implementation, including E&S due diligence, monitoring, reporting and verification. If needed, the applicant plans to also utilize external environmental or social consultants to support E&S due diligence, monitoring and verification processes. Adequate training for staff on the implementation of the ESMS has been provided.

C. Grievance redress mechanism

56. The applicant has established a GRM within its ESMS, based on the principles of accessibility, transparency, responsiveness, accountability and confidentiality. The GRM is

supplemented by the Grievance Handling Policy and the Grievance Committee Charter. The GRM can be utilized by all customers and external stakeholders, including project-affected communities, borrowers, contractors, suppliers and all other third parties. Multiple channels, including email, online forms, telephone, hotlines and written submission through suggestion boxes, are available and grievances can be submitted confidentially when requested. The applicant's GRM is publicly available on its website,¹⁶ clearly stating which types of complaints can be submitted (e.g. E&S or gender related) as well as the key process steps followed when addressing complaints. At the project level, borrowers are also required to have a project-specific GRM in place as well.

57. Grievance intake and review follow a step-by-step process starting with a formal recording of the complaint in the GRM register and acknowledgment within five days of receipt. Borrowers and project managers are encouraged to first aim to resolve grievances through their project-level GRMs, and if unresolved they can be escalated and submitted to MFLC. The ESMS Manager is responsible for receiving the complaints and overseeing the investigation and review. The ESMS Committee is charged with oversight and ensuring independence, and that appropriate investigations and corrective actions have been taken. Sensitive and complex cases are directly escalated to the committee for handling. Regardless of the outcome of the review, complainants can choose to escalate their grievances further to the national authorities, independent mediation bodies or the national courts. The applicant maintains a log of all grievances, which was shared with the AP. No E&S-related complaints have yet been reported, given that the GRM was only recently established (2025).

58. The AP finds that the applicant meets the screening requirements of the revised environmental and social policy, and the screening requirements for Grievance Redress Mechanisms and environmental and social safeguards standards for activities of up to medium E&S risk (category B/I-2), as applied for.

3.2.8 Indigenous Peoples Policy

59. Although there are currently no legally recognized Indigenous Peoples within Maldives, the applicant's ESMS, through its alignment with the IFC PSs, includes screening against PS7 on Indigenous Peoples and identification of risks and impacts related to them. If PS7 is triggered an enhanced due diligence is required, as well as culturally appropriate stakeholder engagement, and application of Free, Prior and informed Consent (FPIC). The GRM is accessible to indigenous peoples and community rights and participation are ensured. To date, no transactions have triggered PS7 and the applicant's E&S staff are qualified to identify potential Indigenous Peoples issues. The applicant also formally expressed its commitment to comply with the requirements of the GCF Indigenous Peoples Policy as applicable.

60. The AP finds that the applicant meets the screening requirements for the Indigenous Peoples Policy.

3.2.9 Updated Gender Policy

61. The applicant's gender approach is outlined in its Gender Equality Policy (2026), Gender Action Plan (2026) and ESMS, complemented by key policies such as the Code of Conduct, SEAH Policy, Employee Grievance Policy and Human Resource Manual. The Gender Equality Policy reflects the applicant's commitment to promote gender equality, non-discrimination and women's empowerment across its own staff and operations, as well as financing activities and stakeholder engagement. It outlines how the applicant operationalizes these within the workplace, as part of its project reviews and monitoring, in the design of products, as well as its client engagement approach; provides the organizational structure for

¹⁶ See <https://www.mflc.mv/esmsgm>

implementation of gender aspects, capacity-building, monitoring and reporting, as well the GRM-related provisions. The key policy objectives are to (i) promote equal access to employment, training and leadership opportunities within the institution, (ii) support women's economic participation through access to financial services and climate-aligned financing, (iii) institutionalize gender mainstreaming through integrating gender considerations into project appraisal, implementation and monitoring, and (iv) ensure non-discriminatory access to benefits generated by financed projects.

62. MFLC's Gender Action Plan reflects the key objectives of the applicant's Gender Equality Policy and sets forth a comprehensive set of actions and initiatives (2026–2028) to be implemented (i) internally (women's participation, gender pay equity reviews, capacity-building, policy integration, governance oversight); (ii) as part of its gender mainstreaming efforts at the project level (gender screening, gender action plan development, financing of women-led MSMEs and women entrepreneurs, gender-responsive products, gender disaggregated data); and (iii) through its client and partner engagement (gender in client standards, safe workplaces, capacity support to clients, gender inclusive stakeholder engagement), with defined roles and responsibilities, timelines and key performance indicators to measure implementation progress.

63. Gender mainstreaming related processes and procedures are integrated into the applicant's ESMS. Key steps related to assessing and monitoring gender aspects are included in the E&S due diligence and overall credit granting process. All financing is screened for gender aspects, with an enhanced risk assessment undertaken if gender risks and impacts are identified during the initial screening. Gender Action Plans are developed for projects with moderate risks, and reviews are undertaken to ascertain if SEAH safeguards, including against GBV, are in place at the project level. Gender aspects are periodically reviewed and monitored during portfolio and reported on. The ESMS also ensures that financing benefits are equitably available and that risks do not disproportionately affect vulnerable groups. Well-designed tools for implementation, including a gender screening tool, a 'Gender Equality and Meaningful Participation' questionnaire as well as the legal covenants to be utilized for lease/loan agreements, have been developed.

64. Organizational roles and responsibilities regarding gender are clearly defined and follow the governance structures established for E&S risk management (oversight by the Board, ESMS Committee, Chief Compliance Officer, Chief Risk Officer) and with the Head of Sustainability and Governance now overseeing mainstreaming across the portfolio. Going forward the Head of ESGs and Green Taxonomy, who has suitable qualifications and background in both gender and E&S risk management, will be leading on day-to-day implementation of all gender aspects across the organization. Training for staff on gender aspects, including SEAH, GBV and the GRM, have been provided.

65. The new Gender Policy and ESMS related aspects for gender mainstreaming have only recently been developed, and hence only limited application at the project level is available for review. The applicant has, however, made good progress with integrating gender aspects internally, as well as for financing provided. Key policies and procedures have been established or enhanced to integrate gender. Gender aspects are included as a key priority in the corporate strategic plan for 2026–2030, and good progress is being made with the implementation of the key initiatives foreseen in the Gender Action Plan, including through a gender pay gap analysis. The AP notes the applicant's progress towards gender equality at the institutional level, reflected in achieving 59 per cent female representation across all its staff, 57.1 per cent of women in executive management and 62 per cent in middle management and an equitable pay distribution in 2025.

66. The AP finds that the applicant meets the screening requirements for the updated gender policy.

3.3 Observations for the applicant

67. The applicant is encouraged to continue prioritizing the implementation of the recently introduced quality and improvement activities as defined in its Internal Audit Policy/Procedures Manual.

68. Noting that the applicant's ESMS and gender mainstreaming related procedures have only recently been rolled out and do not yet have a monitoring track record, the AP encourages the applicant to ensure that adequate monitoring of E&S- and gender-related aspects is undertaken.

IV. Recommendation

69. Based on the assessment, the applicant is found to have met all applicable screening requirements.

70. T Therefore, the AP recommends APL188 for accreditation and that it be accredited for **maximum environmental and social risk category: medium risk (category B/I-2)**.
