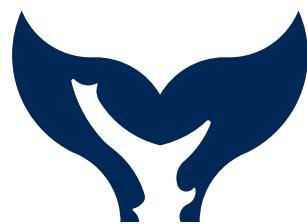
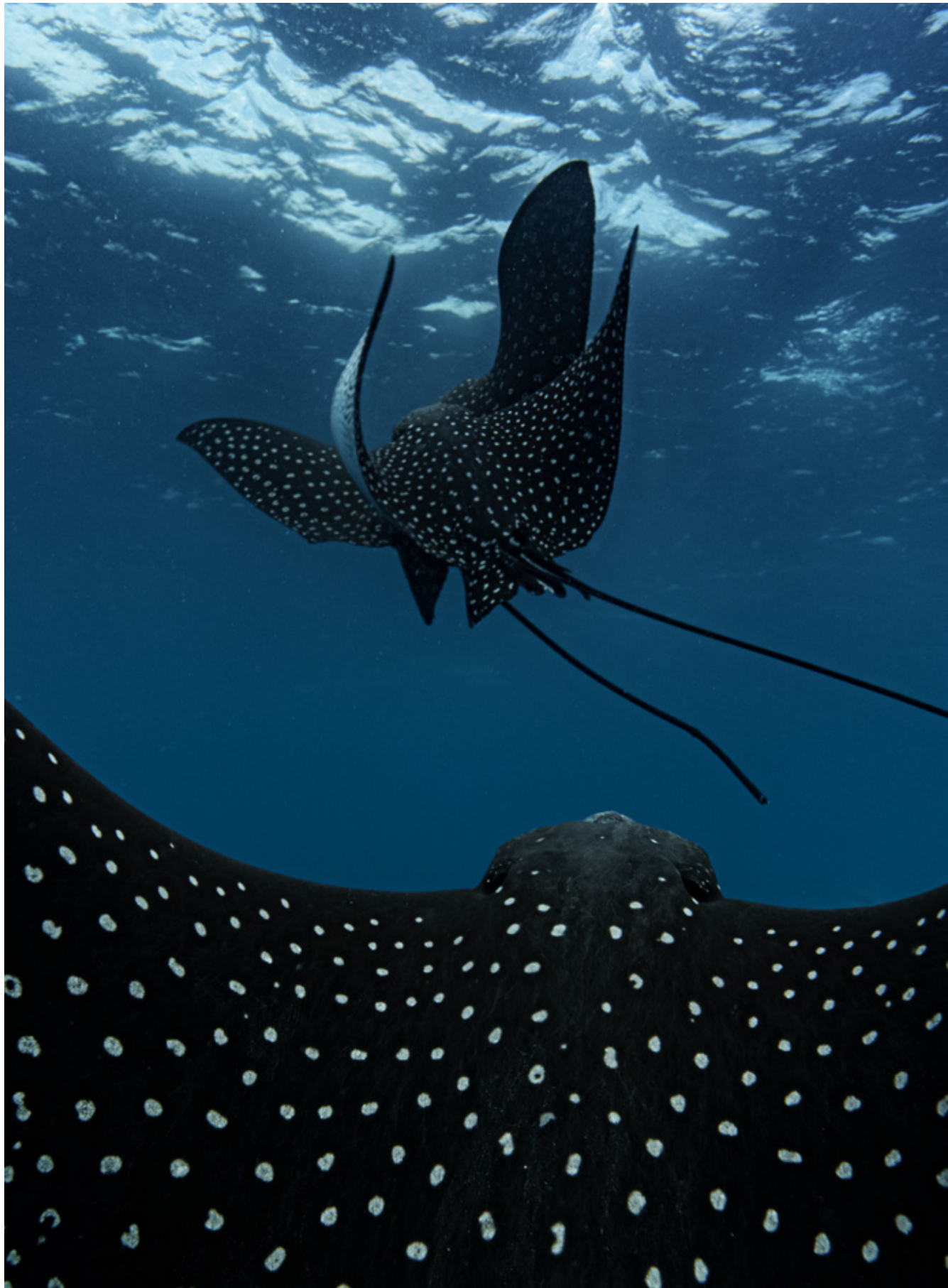


Annual Environmental and Social Monitoring Report

JUNE 2025



Galápagos
life fund



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Abbreviations

DFC	US International Development Finance Corporation
DIRNEA	National Directorate of Aquatic Spaces
E&S	Environmental and Social
EEZ	Exclusive Economic Zone
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMPs	Environmental and Social Management Plans
ESMS	Environmental and Social Management System
GLF	Galápagos Life Fund
GMR	Galápagos Marine Reserve
GNP	Galápagos National Park
GNPD	Galápagos National Park Directorate
HMR	Hermanidad Marine Reserve
HSE	Health, Safety and Environment
ICSEM	Instituto para el Crecimiento Sostenible de la Empresa S.L.
IFC	International Finance Corporation
IIG	Inter-Institutional Group
IUCN	International Union for Conservation of Nature
LRP	Livelihood Restoration Plan
MAATE	<i>Ministerio de Ambiente, Agua y Transición Ecológica</i> (Ministry of Environment, Water and Ecological Transition)
MPA	Marine Protected Area
MPCEIP	<i>Ministerio de Producción, Comercio Exterior, Inversiones y Pesca</i> (Ministry of Production, Foreign Trade, Investments and Fisheries)
NGO	Non-governmental organizations
OFC	Oceans Finance Company B.V.
SEAH	Sexual Exploitation, Abuse, and Harassment
SEP	Stakeholder Engagement Plan
SMP	Security Management Plan
TAP	Transitional Assistance Plan



01

INTRODUCTION

Training for women belonging to fishing families in the province of Manabí.

1.1. PURPOSE

This document is the Annual Environmental and Social Monitoring Report for the Galápagos Life Fund (GLF). It provides information about GLF's operational environmental and social (E&S) performance, as well as activities associated with GLF funded projects' during the second year of the funds operations, from 1 June 2024 to 31 May 2025 (hereafter referred to as the Reporting Period). The public disclosure of this reports forms part of the GLF's commitment to keep the government and citizens of the Galápagos and the Republic of Ecuador (Ecuador), interested non-government organisations and other stakeholders informed of its performance and activities.

1.2. BACKGROUND

In January 2022, Ecuador established a new marine protected area (MPA), the Hermandad Marine Reserve (HMR). The HMR adds 60,000 km² of protected waters adjacent to the existing Galápagos Marine Reserve (GMR), which was created in 1998 and covers 142,000 km². It protects the Galápagos-Cocos Swimway, a marine corridor used by various iconic species of conservation concern to travel between the Galápagos Marine Reserve and Cocos Island National Park in Costa Rica.

The designation of the HMR was supported by a debt conversion financing mechanism designed to provide financial resources for the management and conservation of the marine reserve and its surrounding ecosystem. To oversee the allocation of these funds, the GLF, a conservation trust fund, was established as a non-profit in Delaware, USA.

The GLF sets out to provide financial support and promote the maintenance, growth, and security of the natural capital of the Galápagos Islands and their marine ecosystems by making grants to or funding projects of, organizations, government agencies and other entities for relevant environmental and social development projects as informed by biodiversity, social, economic, sustainability and climate change matters and by pledging assets to secure loans and other obligations in furtherance of the purpose.

1.3. GALÁPAGOS LIFE FUND (GLF)

The GLF was established in 2023 and operates from Santa Cruz Island within the Galápagos archipelago. As a non-profit organization, the GLF adheres to Ecuadorian law and regulations, as well as best international practices and standards, including the International Finance Corporation (IFC) Performance Standards.

The GLF has an 11-member Board of Directors comprising five government and six non-government representatives from the artisanal fishing, local tourism, and academic communities. The Board of Directors is supported by a Technical Advisory Committee and a Finance Committee. The structure of the GLF is set out in Figure 1.

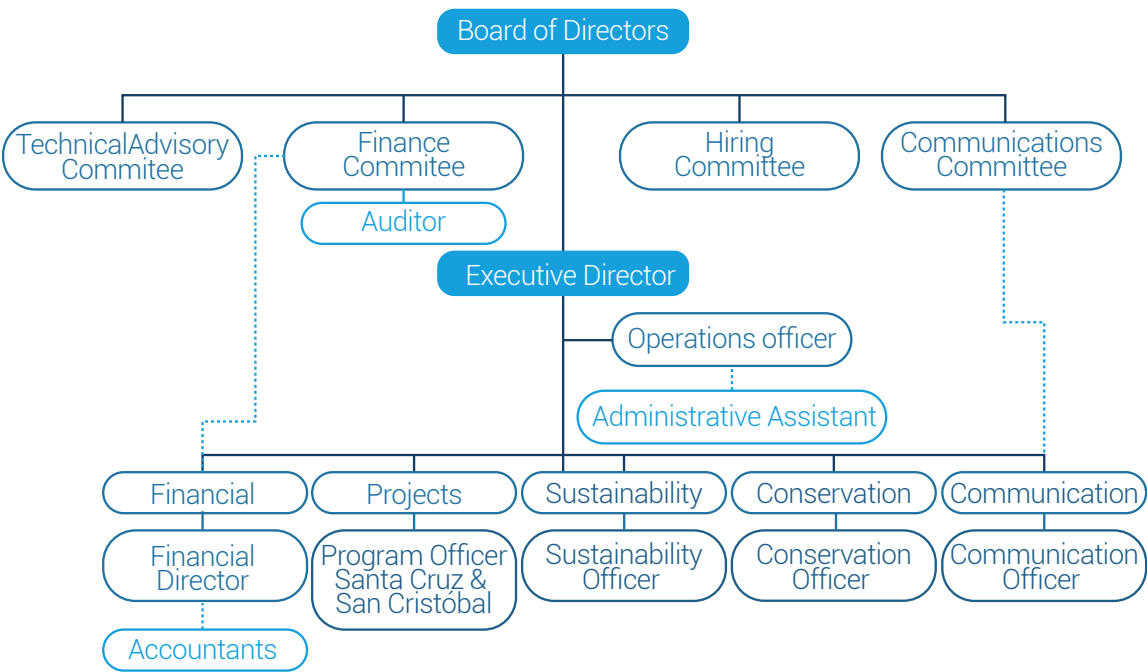


Figure 1: Galápagos Life Fund Organizational Structure

As of May 2025, the GLF organizational structure comprised the following full-time personnel:

- Executive Director
- Operations Officer
- Administrative Assistant
- Financial Director
- Sustainability Officer
- Conservation Officer
- 2 Program Officers
- Communications Officer

The primary objective of the GLF is to provide funding through grants and other forms of support that promote the conservation, maintenance, growth, and security of the natural capital of the Galápagos National Park (GNP), the GMR, and the HMR. The GLF seeks to fill major funding gaps in responding to various environmental, social, sustainable development, and conservation issues. This includes ensuring the effective implementation of the Management Plan for the HMR, which was established by the Ministry of Environment, Water and Ecological Transition (MAATE) in 2023 in accordance with Ecuadorian legislation. Associated activities include supporting the monitoring and surveillance of the new marine reserve.

1.4. GLF PROJECT UPDATES

Throughout its second year, GLF has been establishing and finalizing the necessary operational and administrative systems, resources, and procedures in preparation for its grant-making activities. This included creating its Environmental and Social Management System (ESMS), which was a prerequisite for initiating grant-making and is an intrinsic part of the GLF-funded project lifecycle.

GLF's ESMS system was completed and approved by its Board and reviewed and accepted by the US International Development Finance Corporation (DFC) for implementation in the fourth quarter of 2024. For grant making seven (7) priority areas for funding were established:

- Management of the existing GMR and HMR
- Sustainability Commitments
- Sustainable Fisheries
- Science and Economics Research
- Environmental Education
- Sustainable Tourism and Blue Economy
- Other projects

The first open call for proposals was launched in December 2025. As of 31 May 2025, the GLF had approved the following grants:

- 1 government grant, 3-year duration: “Cooperative Strengthening of the Marine Control and Surveillance System of the Galápagos National Park Directorate, the Ecuadorian Navy, and the Undersecretariat of Fishery Resources to Safeguard the Hermandad Marine Reserve and the Galápagos Marine Reserve.”
- 10 small, 1-year grants to support community outreach and educational projects.

All grants underwent a rigorous technical review and selection process in line with GLF's systems and processes. In addition, all projects had to adhere to GLF's Environmental and Social Requirements for Funded Projects explained hereafter under 2.2 Environmental and Social Management System (ESMS).

GLF has pre-approved the following grants, which are in the final stages of the evaluation process being carried out by the GLF Technical Advisory Committee, and are planned to be awarded in September 2025 should they meet all requirements.

- 3 large, 3-year grants to support sustainable fisheries projects.
- 4 medium, 2-year grants to support sustainable fisheries projects.
- 2 medium, 2-year grants to support community outreach and educational projects.





02.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

GLF’s participation in the Eco Fair organized by the Municipality of Santa Cruz.

2.1. ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP)

As part of the debt conversion transaction agreements, the GLF has committed to undertake environmental and social actions to ensure the GLF operates in accordance with IFC Performance Standards.

All action items relevant to grant making have been accomplished prior to the opening of the first request for grant proposals which took place in December 2024. The remaining action items, most of them relevant for GLF’s ongoing operation, have been consolidated into an updated ESAP that is continuously being reviewed and updated as action items are closed.

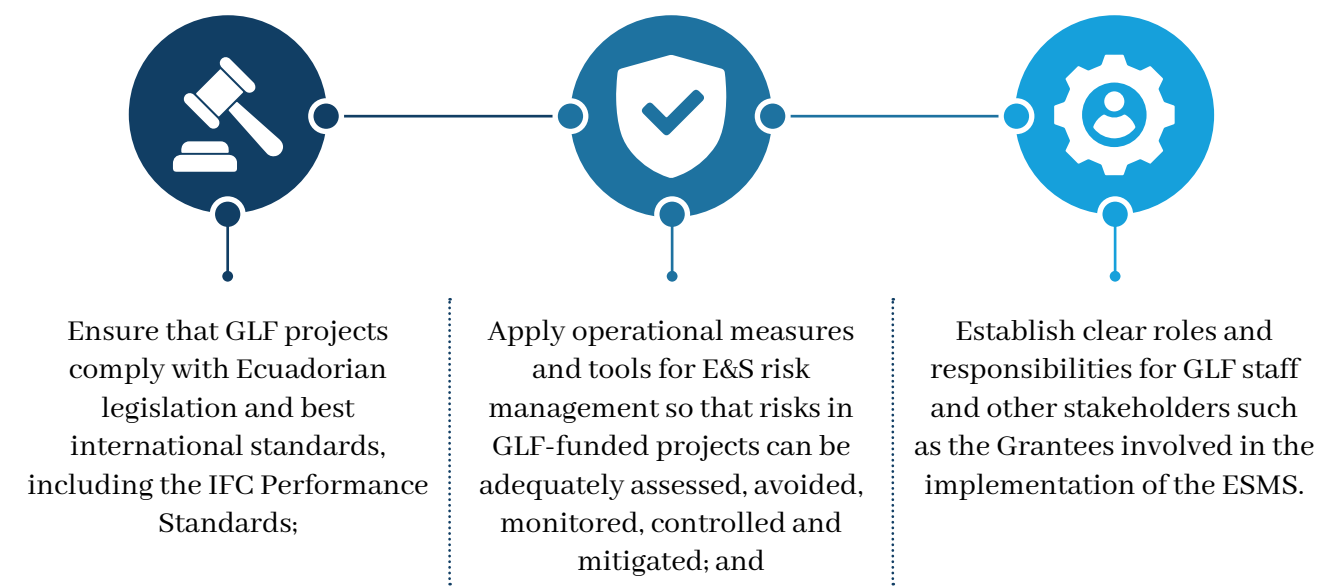
2.2. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

During its second year of operation, GLF focused on putting in place the operational and administrative systems, resources, procedures and mechanisms in preparation for grant making activities. In line with this, GLF developed a comprehensive IFC compliant ESMS for achieving optimal environmental and social performance in its operation and in all its projects and ensure that adverse impacts are avoided or, when unavoidable, minimized and mitigated sufficiently. This is available on the GLF website:

https://galapagoslifefund.org.ec/data_resources/environmental-and-social-risk-management-system-esms/

The ESMS comprises an ESMS Manual which serves as an overarching document that aims to provide Grantees with a comprehensive guide for managing potential E&S risks (e.g. environmental, social, health and safety, human rights and gender mainstreaming risks and impacts) associated with GLF-funded projects. It applies to all stakeholders involved in implementation of the ESMS, such as organizations and institutions involved in GLF-funded projects, including GLF personnel and Grantees, subgrantees and subcontractors.

The ESMS seeks to:



The ESMS establishes clear E&S operational requirements that GLF and all GLF-funded projects must adhere to:

- **Exclusion list screening:** Projects and activities are screened against a list of prohibited activities to ensure no projects that cause significant harm to the environment or community are funded.
- **E&S risk assessment:** All projects undergo an E&S assessment to identify potential E&S risks and benefits before funding is approved. Projects require the development of a Project Environmental and Social Management Plan (ESMP).
- **Compliance with regulations and other requirements:** Projects and GLF activities must comply with relevant national and international environmental, social, health, and safety regulations and standards. GLF works with Grantees to ensure all E&S risks are considered and addressed throughout the project lifecycle.
- **ESMP implementation:** Approved ESMPs and associated safeguards instruments must be implemented throughout the project lifecycle.
- **Stakeholder engagement:** GLF's operation and Projects require ongoing stakeholder engagement activities from early in the Project lifecycle, including developing a Stakeholder Engagement Plan (SEP) and maintaining a Stakeholder Register.
- **Grievance mechanism:** Formal processes must be established to capture and manage project related complaints from communities, workers, and other stakeholders (Grievance Mechanism, GLF Ethics Hotline and Grievance Register).

The ESMS is based on GLF's Code of Ethics and GLF's Environmental and Social Policy as the umbrella policies for GLF's operation and GLF-funded projects which were both finalised in the Reporting Period. These documents are available on the GLF website and further detailed in the section below. A summary of the other relevant GLF policies is also provided.

2.3. GLF POLICIES

2.3.1. CODE OF ETHICS

GLF's Code of Ethics guiding principles serve as the foundation for all other GLF policies and the organization's core values. The ethical values that guide the GLF are outlined in this code, which also serves as the general framework for an ethical culture. All GLF employees and project partners, including GLF's grantees, contractors, suppliers, consultants, and their employees, sub-grantees, and representatives, are required to comply with this code.

2.3.2. ENVIRONMENTAL AND SOCIAL POLICY

The Policy's purpose is to ensure that GLF projects and activities provide significant net benefits for the environment of the HMR, the GMR, and the GNP, as well as for the communities with vested interests in these areas and avoid environmental and social adverse impacts. The Environmental and Social Policy is based on several core principles, including human rights, gender equality and diversity, the mitigation hierarchy, risk management, meaningful consultation, workers' rights, health and safety, and supply chain management.

The Policy applies to GLF and all GLF-funded activities and projects, including sub-projects, grants and indirect financing and provides principles to avoid or minimize adverse environmental and social impacts while enhancing positive impacts to the greatest extent possible. The Policy outlines GLF's commitments to responsible investments.

2.3.3. OTHER RELEVANT GLF POLICIES

GLF has prepared and adopted a suite of additional policies in the Reporting Period which enable GLF to manage environmental and social risks in its operation and GLF-funded projects in accordance with regulatory requirements and best practices:



Gender Equality and Inclusion Policy: This Policy aims to address gender-based inequalities, discrimination, and prejudices in grant funded projects' activities as well as within GLF's operation by clearly defining and communicating our commitment to advancing gender equality through equity, inclusivity, and human rights. It is consistent with GLF's Policy for the Prevention of Sexual Exploitation, Abuse, and Harassment (SEAH).

Sexual Exploitation, Abuse and Harassment (SEAH) Policy: This policy defines the Galápagos Life Fund's guiding principles with respect to Sexual Exploitation, Abuse and Harassment (SEAH) and outlines procedures for preventing and responding to allegations of sexual exploitation, abuse, and harassment. The policy is aimed at providing our employees and project partners with an environment and culture free of harassment and discrimination in which individuals respect one another's integrity, dignity, privacy, and right to equality. The policy outlines acceptable workplace behaviour and processes for supporting employees and project partners who believe they have been harassed, abused, bullied, discriminated against, and



victimized. This policy also applies to the protection of children against any form of abuse and expands on GLF’s Code of Ethics, which outlines ethical standards and acceptable behaviour applicable to GLF operations and project partners. Any allegations of abuse, bullying, discrimination, harassment, and/or violent behaviour will be taken seriously and handled with dignity and confidentiality. No one will be victimized or retaliated against for making such a complaint.

Human Rights Policy: This policy aims to clearly establish GLF’s commitment to promoting and safeguarding human rights in all its endeavours, as well as the alignment of its various policies across the organization. GLF strives to respect and promote human rights in accordance with the United Nations Guiding Principles on Business and Human Rights. GLF’s values are a testament to this dedication and are fundamental to every facet of its operations.

Health and Safety Policy: The purpose of this policy is to provide procedures for the GLF to develop and implement measures that will ensure that the GLF and its stakeholders take health and safety precautions to avoid and minimize work hazards in line with national regulations and international best practices, promote safe and healthy working conditions, and protect the fundamental rights of the workforce.

Supply Chain Policy: This policy outlines GLF’s principles for sustainable supply chain management, aligned with the IFC Performance Standards. The objective of this policy is to provide fundamental guidance to the GLF (as well as its project partners, including GLF’s grantees, contractors, suppliers, consultants, and their employees, sub-grantees, and representatives) for ensuring that its supply chain and sourcing practices are conducted in a responsible and sustainable manner. The policy aims to minimize environmental and social impacts and ensure that the GLF and its project partners actively avoid, and where avoidance is impossible, mitigate adverse impacts of their operations on the environment and people.



2.4. HERMANDAD MARINE RESERVE (HMR) ENVIRONMENTAL AND SOCIAL (E&S) STUDIES AND PLANS

In March 2023, the HMR Management Plan was published by the Ministry of Environment, Water and Ecological Transition (MAATE, *Ministerio de Ambiente, Agua y Transición Ecológica*)¹ as part of the declaration of HMR to outline the management requirements and management programs to protect critical oceanic ecosystems, migratory routes, and feeding grounds of threatened marine species, as well as to maintain a responsible fishing zone where longline fishing is excluded. The HMR Management Plan is a comprehensive document aligned with Ecuadorian legislation.

As part of the debt-for-nature conversion, an Environmental and Social Impact Assessment (ESIA) was commissioned to review the government’s plan against international benchmarks like the IFC Performance Standards and IUCN Global Standard. The ESIA concluded that while the plan was robust, several supplementary programs were necessary, as well as additional actions to be implemented to supplement the programs defined in the HMR Management Plan. The proposed supplementary programs are defined in the ESIA and are referred to as Environmental and Social Management Plans (ESMPs). These address security management, community health and safety, capacity strengthening, compensation to address potential socio-economic impacts on local communities and an environmental and socio-economic monitoring.

Building on the main gaps identified in the ESIA, two key plans were developed in the Reporting Period:



1. Security Management Program

to ensure that security-related activities in connection with the marine reserve are carried out in accordance with international standards.



2. Transitional Assistance Plan (TAP):

to support mainland-based artisanal fishers to continue their livelihood activities outside the HMR restricted areas.

Implementation of these has commenced in early 2025. The sections below provide an update on the status of their implementation.

2.4.1. SECURITY MANAGEMENT PLAN

NLA International completed a Security Management Plan for HMR following the completion of a robust assessment of security risks which included engagement with key stakeholders associated with HMR including government entities such as the Ecuadorian Navy, the Galápagos National Park Directorate, Ministry of Production, Foreign Trade, Investments and Fisheries (MPCEIP, *Ministerio de*

¹ MAATE (2023). Plan de Manejo de la Reserva Marina Hermandad. Ministerio del Ambiente, Agua y Transición Ecológica. Dirección del Parque Nacional Galápagos. Subsecretaría de Patrimonio Natural. Fundación de Conservación Jocotoco. Biogennia Cía. Ltda.



Members of the GLF Board of Directors during the May 2025 meeting.

Producción, Comercio Exterior, Inversiones y Pesca) as well as local fishers and non-governmental organisations (NGOs). This was to better ensure community security-related activities in connection with the management and enforcement of the marine reserve are carried out in accordance with international standards. The arrangements outlined in the Security Management Plan are guided by the principles of proportionality and good international practice in relation to hiring, rules of conduct, training, equipping, and monitoring of security forces.

The implementation of the Security Management Plan (SMP) commenced in early 2025 and is expected to continue for 2-years. The principal initial actions are to support the formation and development of the Inter-Institutional Group (IIG)² to enable effective security management and oversight of HMR as well as working with the Ecuadorian Navy and the GNPD to develop security management procedures.

Key activities in the Reporting Period related to the implementation of the Security Management Plan are set out below:

1. Establishment of the IIG. The principal members of the IIG are MAATE, MPCEIP and the *Ministerio de Defensa Nacional* (Ministry of Defence), represented by the GNPD, Subsecretary of Fisheries and the Ecuadorian Navy respectively. A workshop was held in Galapagos in December 2024 with GLF and IIG members to advise on both the completed Security Management Plan design and the intended implementation of key recommendations. Since then, NLAI has worked with these stakeholders to better-understand the IIG security management and governance requirements and deliverables.
2. HMR management policy documents review, namely the Inter-Institutional Cooperation Agreement for the management and technical, operational, and legal coordination of the HMR.
3. HMR Security Coordinator. One recommendation from the SMP design was the creation of a HMR SC, acting on behalf of the IIG to provide a coordination and managerial function for implementing HMR security management measures. The Ecuadorian Navy has taken on this role.
4. Security operating manual for HMR. The Ecuadorian Navy, as the National Maritime Authority, is responsible for security,

² This Inter-Institutional Group (IIG) is to comprise appointed delegates from each Ministries that will oversee the management of the HMR.

safety and upholding international maritime and Ecuadorian law within the nation’s Exclusive Economic Zone (EEZ), in which includes HMR. A security management operating manual which will provide the interinstitutional planning process and coordination of security activities in the HMR has been developed.

5. Support developing HMR security management risk register. As part of the Ecuadorian Navy’s Security Management Operating Manual, a risk management process will be required. As part of the SMP design, NLAI conducted a security risk assessment which generated a risk register. NLAI is working with the Security Coordinator to expand the risk register so that it is a live document for implementation.



2.4.2. TRANSITIONAL ASSISTANCE PLAN

Following the recommendations in the ESIA, a consultancy ‘Instituto para el Crecimiento Sostenible de la Empresa S.L.’ (ICSEM) commenced additional studies to assess the potential socioeconomic impacts of the designation of the HMR on the artisanal fishing community and to develop necessary social safeguards to protect this community. The studies completed in the Reporting Period are set out in the table below except for the spatial analysis which was completed prior.

Table 1 Social Safeguard Assessment

Phase/ Task	Description	Status
Phase 1		
	Identified the utilization patterns and ecological characteristics of HMR, including key hotspots of fishing activity, and distribution of fishing effort. A preliminary assessment of the potential impact of the HMR designation on fishing operations and marine biodiversity determined direct implications for the socio-economic fabric of coastal communities, particularly those engaged in large-scale fishing operations facilitated by mother ships.	Final (prior reporting period)
Impact Estimate / Economic Valuation	Determined the economic significance of HMR for local fishing communities considering catch volumes, market prices, and revenue generated by fishing enterprises operating within HMR to enable the potential economic impacts of the HMR designation to be evaluated, including changes in fishing opportunities, income levels, and livelihoods of artisanal fishermen.	Final
Transitional Assistance Plan	A plan to provide short-term transitional assistance to artisanal fishers economically displaced by HMR restrictions in alignment with the IFC Performance Standards.	Final
Phase 2		
Socio-economic Baseline	Primary data collection to characterise the communities reliant on fishing activities within HMR. Involved engagement with fishermen, community leaders, and fisher associations, researchers collect information on various socioeconomic indicators, such as livelihoods, income levels, social structures, skills, capacities, access to resources, and other relevant factors. The baseline provides the socioeconomic conditions of the fishing communities, to serve as a reference point for evaluating changes resulting from the establishment of the HMR.	Final
Socio-economic Impact Assessment	Assessment of the impact of the new marine protected area on artisanal fishing communities on Ecuador mainland.	Final

The impact assessment concluded that the establishment of the HMR has the potential to compress fishing grounds and increase operating costs for some of the mainland artisanal fishing sector, with motherships and their associated catcher long-line vessels identified as the primary affected user group.

In response, GLF convened a series of multi-stakeholder workshops with the National Directorate of Aquatic Spaces (DIRNEA), the Subsecretary of Fishery Resources (SRP), and principal fishing cooperatives. This collaborative process translated the assessment’s findings into a set of mitigation measures, to manage the impacts, resulting in a Transitional Assistance Plan (TAP), the official livelihood restoration response. It was determined that a full Livelihood Restoration Plan was not required.

The TAP was completed in the Reporting Period and approved by the Subsecretary of Fishery Resources for implementation. GLF appointed ICSEM in early 2025 to support with the implementation.

The TAP aims to support the artisanal fishing sector in adapting to the new regulations and geographical constraints of the HMR. The plan is structured around three strategic outcomes:

- **Vessel Modernization and Safety:** To equip the artisanal fleet with satellite-based Vessel Monitoring Systems (VMS/DMS). This will enhance navigational safety, improve operational efficiency, and provide verifiable proof of compliance with HMR boundaries.
- **Capacity Building:** To enhance the practical skills of fishing crews and their families through targeted training. Programs focus on engine maintenance, safety-at-sea protocols, hygienic



Completion of the training for women belonging to fishing families in the province of Manabí.



Training for Manabí fishers on the maintenance of boat engines and fishing vessels, held for fishers from the province of Manabí.

handling of catch, and value-addition techniques.

- **Governance and Regulatory Support:** To embed a fair and transparent compliance framework. This is achieved through the formalization of ministerial regulations, the establishment of cooperative-led governance, and the implementation of a gender-balanced grievance mechanism.

The TAP targets the entire registered fleet of 200 motherships and the estimated 2,000 catcher long-line vessels that operate from them, approximately 90% of which are home-ported in Manta. Between January and May 2025, the program transitioned from planning to execution, with significant progress having been made:

- **Vessel Monitoring:** A technical-economic appraisal of certified VMS/DMS units has been finalized and tender documents are prepared. The enabling ministerial decree has passed legal review and awaits signature. In parallel, 300 catcher vessels have been pre-registered for the pilot installation phase.
- **Training and Capacity Building:** The first training cycle has concluded, successfully enrolling 258 fishers (48% of whom are women) across five ports.
- **Governance:** A multi-stakeholder governance committee is now operational, and grievance protocols have been successfully piloted in Manta.

These achievements establish the technical, institutional, and social foundations required to ensure the TAP's full implementation which is expected to be complete by the end of 2025/ early 2026.

2.4.3. OTHER ENVIRONMENTAL AND SOCIAL MANAGEMENT PLANS

As outlined in Section 2.4 above, a number of additional programs, referred to as ESMPs were identified during the ESIA to better ensure that the HMR aligns with international standards, namely the IFC Performance Standards and the IUCN Global Standard for Marine Protected Areas.

The GLF, together with Oceans Finance Company B.V. (OFC) has undertaken an initial assessment to determine the current status of the implementation of these programs, namely the following as required by the Environmental and Social Action Plan (ESAP):

- Organizational Development Program (ESIA Section 8.2.1)
- Community Capacity Strengthening Program (ESIA Section 8.2.4)
- Monitoring and Evaluation Plan (ESIA Section 8.3)
 - Biotic Environment
 - Abiotic Environment
 - Socioeconomic Environment

The GLF will work with the Galápagos National Park Directorate (GNPD) and relevant authorities as indicated in the respective programs to ensure the ESMP requirements are understood. Furthermore, the GLF will develop a HMRE&S Implementation Monitoring Plan to enable GLF to confirm implementation of, and compliance with, various environmental and social obligations set out in ESMPs, as well as with the specific requirements of the HMR Management Plan (see Section 6).



Children from San Crstóbal Island during the activities with Chicas con Agallas, a project funded by the GLF. Photo courtesy from Diana Pazmiño

3.1. STAKEHOLDER ENGAGEMENT PLAN (SEP)

In the first year of the GLF operations, it became apparent that the GLF needed to increase its engagement activities with stakeholders. The GLF developed a Stakeholder Engagement Plan (SEP) as a strategic framework to ensure transparent, inclusive, and sustainable interactions throughout its operations in the Galápagos Islands. The SEP is built on the foundational principles outlined in GLF’s Environmental and Social Policy and was finalized and implementation commenced in the Reporting Period. It is available on the GLF website:

https://galapagoslifefund.org.ec/wp-content/uploads/2024/12/GLF-Stakeholder-Engagement-Plan_Web.pdf

The SEP is designed to be highly sensitive to the unique environmental and socio-economic dynamics of the region, aligning with GLF’s commitment to environmental, social, and governance standards. Drawing on the IFC Performance Standards and best practices, the SEP prioritizes ethical engagement, responsiveness, and accountability.

The SEP details GLF’s approach to identifying, engaging, and fostering participation among diverse stakeholders, including government agencies, civil society groups, local communities, and international organizations. Following a stakeholder mapping exercise, stakeholders were categorized into direct and indirect beneficiaries, allowing for tailored engagement strategies that consider each group’s influence and role within the conservation ecosystem. GLF’s engagement approach is built upon core principles of integrity, transparency, inclusivity, and respect for local cultures. These principles ensure ethical engagement, particularly with marginalized communities, to build strong and lasting partnerships that also promote environmental and social sustainability, aligning GLF-funded projects with broader conservation and development objectives.

Engagement is structured around various types:

- **Informative Engagement:** Promotes transparency about GLF’s debt-for-nature funding and operations through newsletters, webinars, and annual events.
- **Consultative Engagement:** Gathers community input via public consultations, focus groups, and workshops.
- **Participatory Engagement:** Actively involves communities in project planning and monitoring, connecting them directly with conservation outcomes.

- **Partnership Engagement:** Fosters shared responsibilities and benefits through joint ventures, crucial for large-scale projects requiring extensive community involvement.
- **Empowerment Engagement:** Targets vulnerable groups with training and capacity-building.
- **Grievance Mechanism Engagement:** Provides a confidential and non-retaliatory means for stakeholders to voice concerns, reinforcing trust and accountability.

The SEP includes a Monitoring and Reporting Framework to track engagement activities using outcome-oriented indicators like participation rates, stakeholder feedback, and grievance resolution rates. This framework utilizes both quantitative and qualitative data collection tools, such as attendance records, feedback surveys, and grievance logs, to comprehensively assess engagement effectiveness.

3.2. STAKEHOLDER ENGAGEMENT ACTIVITIES

Effective and open engagement with stakeholders has been a key priority of the GLFs. Engagement activities have increased significantly within the Reporting Period, as the GLF has launched its first open call for proposals and this is planned to continue throughout the life of the organization.

This has included providing information about the GLF SEP, Grievance Mechanism and the Ethics Hotline for reporting anonymous complaints or grievances.

To support the implementation of the SEP, the GLF developed a communication strategy aimed at strengthening its institutional visibility, promoting transparency across its processes and fostering informed participation of its stakeholders. This was complimented by a comprehensive communication campaign to:

- Raise awareness about the opening of the first call for proposals.
- Promote the active participation of local organizations, government institutions, communities, researchers, and NGOs.
- Position the GLF as a transparent, reliable, and strategic source of environmental finance.
- Ensure coverage in national and international specialized media.

Various methods were used to reach stakeholders including community activities (informative talks and workshops), through digital marketing, media and public relations and dissemination of GLF informative materials such as brochures and videos.



Medium and large grants awardees during the award ceremony in September 2025.



Second Grants award ceremony- Sep 2025

Small grants awardees during the award ceremony in May 2025.

A summary of the key engagements undertaken in the Reporting Period is outlined in the table below.

Table 2 Summary of Key Stakeholder Engagement Activities

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Workshop	GLF Small Grant Start-Up Workshop - Santa Cruz	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	Safeguards: Environmental and Social Policy, Code of Ethics, Health and Safety, ESMP, SEP, GM, Know Your Customer, Procurement Policy, Supply Chain Policy, Financial Report Format	2	10	0	12	Capturgal, Puerto Ayora, Santa Cruz	06-Jun-25
Workshop	Small Grant Start-Up Workshop - San Cristobal	Grantess: Equality Foundation, Girls with Gills, Education4Nature, USFQ	Safeguards: Environmental and Social Policy, Code of Ethics, Health and Safety, ESMP, SEP, GM, Know Your Customer, Procurement Policy, Supply Chain Policy, Financial Report Format	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	June 11 and 12, 2025
Workshop	Government Grant Project Kick-Off Meeting	Grantees, Beneficiaries: Ecuadorian Navy, Undersecretariat of Fisheries Resources, Galapagos National Park Directorate, Jocotoco Conservation Foundation, WildAid	Policies for the execution of the Grant Contract, Technical and Financial Report Format, Brand Visibility Guidelines, NLA	13	12	0	25	Virtual and GLF Offices	28-Mar-25
Workshop	Kick-off Meeting for the DIRNEA Data Center Infrastructure Upgrade Project	National Directorate of Aquatic Spaces	Policies for the execution of projects with GLF funding, Brand visibility guidelines	7	1	0	8	Virtual	01-May-25
Fair	ECOFEST - World Environment Day	Students from schools, colleges and the community.	Report on collective and individual actions carried out daily and call for action and environmental awareness.	8	21	0	29	San Francisco Park - Puerto Ayora, Santa Cruz.	05-Jun-25
Meeting	MICI Committee Meeting (Inter-American Development Bank (IDB) oversight body Independent Consultation and Investigation Mechanism (MICI).	DIRGIN, USFQ, OFC, MAATE/DPNG, Fisheries Sector	Prepare a report for presentation to the GLF Board of Directors	6	5	0	11	Virtual	30-Apr-25

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Workshop	Information Workshop on the Galapagos Life Fund	Community	Presentation of the Fund and its mission	11	10	0	21	Isabela Island	27-Jun-24
Fair	Science Fair	Community	Presentation of conservation initiatives	22	30	6	58	Santa Cruz Island	22-Nov-24
Workshop	Workshop on Environmental and Social Safeguards	Grantees	Environmental and Social Safeguards	0	2	0	2	San Cristobal Island	24-Apr-25
Workshop	Workshop on Environmental and Social Safeguards	Grantees	Environmental and Social Safeguards	0	4	0	4	San Cristobal Island	25-Apr-25
Workshop	Information Workshop on the Galapagos Life Fund	Community	Presentation of the Fund and its mission	7	9	0	16	Santa Cruz Island	24-Jun-24
Workshop	Information Workshop on the Galapagos Life Fund	Community	Presentation of the Fund and its mission	11	19	0	30	San Cristobal Island	25-Jun-24
Meeting	Planning Meeting for the development of the Government Grant project for years 2 and 3	Beneficiaries: Ecuadorian Navy, Undersecretariat of Fisheries Resources (SRP), Directorate of the Galapagos National Park	Define the timeframe for this Grant, Identify institutional priorities for the project, Joint definition of guidelines for the formulation of the Government project, Approval of the schedule and assignment of responsibilities for the formulation process.	9	6	0	15	Virtual	26-Jun-25
Meeting	Presentation of the Social Safeguards Plan and progress of the TAP	Beneficiaries: Undersecretariat of Fisheries Resources (SRP), USFQ and ICSEM	Provide information to the SRP on the progress of the TAP and requests for information to continue with the project.	3	6	0	9	Manta, Offices of the Undersecretariat of Fisheries Resources	03-Feb-25
Workshop	Informative workshop	Grantees	Application process, necessary documentation and concerns.	29	21	0	50	Santa Cruz Island	19-Dec-24
Workshop	Informative workshop	Grantees	Application process, necessary documentation and concerns.	15	15	0	30	San Cristobal Island	20-Dec-24

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Workshop	Information Workshop on the Galapagos Life Fund	Beneficiaries: Undersecretariat of Fisheries Resources, USFQ and ICSEM	Galapagos Life Fund Newsletter	4	3	0	7	Technical Unit San Cristobal PNG	22-May-25
Meeting	Presentation of the Social Safeguards Plan and progress of the TAP	Beneficiaries: Undersecretariat of Fisheries Resources, DIRNEA, USFQ and ICSEM	Provide information to the SRP on the progress of the TAP and requests for information to continue with the project.	3	5	0	8	Guayaquil, DIRGIN Offices	4-Feb-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMS structure and content, Code of Ethics, SEP, GM, workers rights, gender mainstreaming	2	10	0	12	GLF offices, Santa Cruz	22-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	E&S Risk Screening and Assessment	2	10	0	12	GLF offices, Santa Cruz	23-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMP and Safeguard Tools Preparation	2	10	0	12	GLF offices, Santa Cruz	28-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Scalesia Foundation, Ecogal, ECOS Foundation, Orcatec, CDF	ESMP and Safeguard Tools Revision	2	10	0	12	GLF offices, Santa Cruz	9-May-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers rights, gender mainstreaming	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	24-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	E&S Risk Screening and Assessment	0	6	0	6	USFQ, Puerto Baquerizo, San Cristobal	25-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMP and Safeguard Tools Preparation	0	6	0	6	Online	29-Apr-25
Workshop	Small Grants, Technical Support ESMS Implementation	Grantees: Equality Foundation, Girls with Gills, Education4Nature, USFQ	ESMP and Safeguard Tools Revision	0	6	0	6	Online	10-May-25

Activity	Title/Name of the Event	Stakeholders	Topics discussed and information disclosed	Number of participants (disaggregated by gender)				Place and Date	
				M	F	OTHER	TOTAL	Location	Date
Workshop	Design and Implementation of the ESMS	Grantees: Naveducando, Innovapesca, Conservation International, Jocotoco Foundation, WildAid, Copahisa, Archipelago Films, Fundar, USFQ	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers rights, gender mainstreaming	8	7	0	15	Online	13-May-25
Webinar	Training ESMS GLF Staff	GLF Staff	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers rights, gender mainstreaming	1	5	0	6	Online	4-Dec-24
Webinar	Training ESMS GLF Board	GLF Board	ESMS structure and content, IFC PS, Code of Ethics, SEP, GM, workers rights, gender mainstreaming	6	5	0	11	Online	5-Dec-25
				173	266	6	445		

3.3. GRIEVANCE MANAGEMENT

3.3.1. GLF GRIEVANCES

The GLF has implemented a Grievance Mechanism to ensure transparent, fair, and responsive interactions with all stakeholders, aiming to constructively address concerns and uphold high environmental and social standards. Its primary goals are to provide an accessible platform for expressing grievances and suggestions, facilitate prompt and fair resolution, and enhance operational transparency and accountability.

The mechanism handles grievances at two levels: project-specific issues at the project level, and broader operational or administrative concerns at the GLF level, ensuring comprehensive management and oversight. Any community, organization, or group adversely affected by GLF operations or projects is eligible to submit a grievance, either directly or through representatives, with confidentiality prioritized.

Access to grievance procedures is widely disseminated through GLF offices, online platforms, and engagement activities. The process begins with submission through multiple channels (online forms, email, WhatsApp), with each grievance registered centrally. Acknowledgment is provided within 10 working days, followed

by an eligibility assessment. Simple grievances are addressed promptly by the Grievance Management Committee, typically within 10 working days. Complex grievances, involving significant policy implications, undergo thorough investigation, potentially involving third-party experts, and may be escalated to the GLF Board of Directors. Additionally, an Ethics Hotline has been established that offers a confidential and anonymous alternative for reporting Code of Conduct violations and sensitive grievances, reinforcing GLF’s “do no harm” approach and prioritizing complainant rights.

No formal grievances have been reported to GLF through the GLF Grievance Mechanism in the Reporting Period.

GLF will conduct quarterly reviews and undertake annual audits of the grievance process, compiling performance reports which, in future years, will feed into this annual Environmental and Social Monitoring report to assess fairness and effectiveness.

3.3.2. OTHER GRIEVANCES

In May 2024, members of civil society and local organizations registered a formal grievance/compliant to Inter-American Development Bank (IDB) about the nature and transparency of the debt for nature transaction through IDBs oversight body Independent Consultation and

Investigation Mechanism (MICI). This compliant not directly at the GLF, but the debt for nature transaction directly and thus, the Government of Ecuador, through the Ministry of Finance.

The complaint was deemed eligible by MICI following an eligibility assessment, and the following the consultation period a number of recommendations were agreed upon between the complainant and the Government of Ecuador. Some of the recommendations are actions for the GLF to consider. GLF is working with the relevant ministries to address the recommendations/actions related to the GLF specifically. It should be noted that complaints are not from the communities impacted from the establishment of HMR but the stakeholders within the Galápagos Islands who requested more information and transparency regarding the GLF and its processes including those for making grants.

Further information regarding the MICI complaint and the process, including the recommendations is available here:

<https://mici.iadb.org/en/cases/MICI-BID-EC-2024-0229>

GLF is committed to work with the relevant ministries and engage with MICI as required to action the recommendations.



Children from Isabela Island during the activities of the Traveling Library, a project funded by the GLF. Photo courtesy of the Charles Darwin Foundation.





Children from Isabela Island during the activities of the Traveling Library, a project funded by the GLF. Photo courtesy of the Charles Darwin Foundation.

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PERFORMANCE

4.1. HEALTH AND SAFETY

No health and safety (H&S) incidents or near misses have occurred in the Reporting Period given that GLF’s activities have been limited to operational start up and grant making.

All approved GLF funded projects (1 government grant and 10 small grants) are in their inception phase, i.e. are about to become operational, with activities largely limited to planning, and procurement activities. The H&S indicators GLF tracks and reports against are outlined in the table below.

Table 3 Health and Safety Performance in Reporting Period

Category	GLF	Grantees
Health and Safety Incidents		
Fatalities	0	N/A
Lost time incidents	0	N/A
HPI (High Potential Incident)	0	N/A
Medical Treatment Beyond First Aid	0	N/A
First Aid/ No Treatment	0	N/A
Reportable Spills	0	N/A
Near Miss	0	N/A

4.2. ENVIRONMENTAL INCIDENTS

No environmental incidents or spills have been recorded in the Reporting Period.

05

TRAINING AND AWARENESS

During its second year of operation, the GLF focused on establishing the operational and administrative systems, resources, procedures, and mechanisms in preparation for grant-making activities. The GLF implemented several virtual and in-person training workshops and awareness events that focused partly or completely on E&S Management activities for its personnel and all grantees. This ESMS training and awareness is a key part of the GLF's grant-making procedure.

Once the GLF's ESMS was completed, the GLF Sustainability Team kicked off virtual workshops for its staff as well as the GLF Board of Directors in early December 2024, to present the ESMS and its main tools, such as the Grievance Mechanism, Ethics Hotline, Gender Mainstreaming, and compliance with Human Rights, Worker Rights, and Health and Safety, among others. A high-level ESMS training was presented to the GLF Board of Directors, whereas a much more comprehensive training was undertaken by the GLF personnel who would be responsible for the day-to-day implementation of the ESMS.

From the launch of the first open call for proposals and the grant-making phase in December 2024 until June 2025, a total of 428 participants have been registered at GLF stakeholder events, comprising 166 male, 256 female, and 6 other identified genders.

The GLF organized 21 workshops to inform and train grantees and beneficiaries about the GLF's ESMS, Safeguard Instruments and Tools, and the GLF's E&S-related Policies. A total of 298 participants were registered for these workshops, with 115 male and 183 female participants. Training sessions for grant-funded projects also cover the GLF's due diligence requirements. This includes anti-money laundering (AML) and Know Your Customer (KYC) training, as well as the GLF's Supply Chain Policy and Procurement Policy.

MONITORING AND EVALUATION

06.

6.1. GLF AND GRANTEES

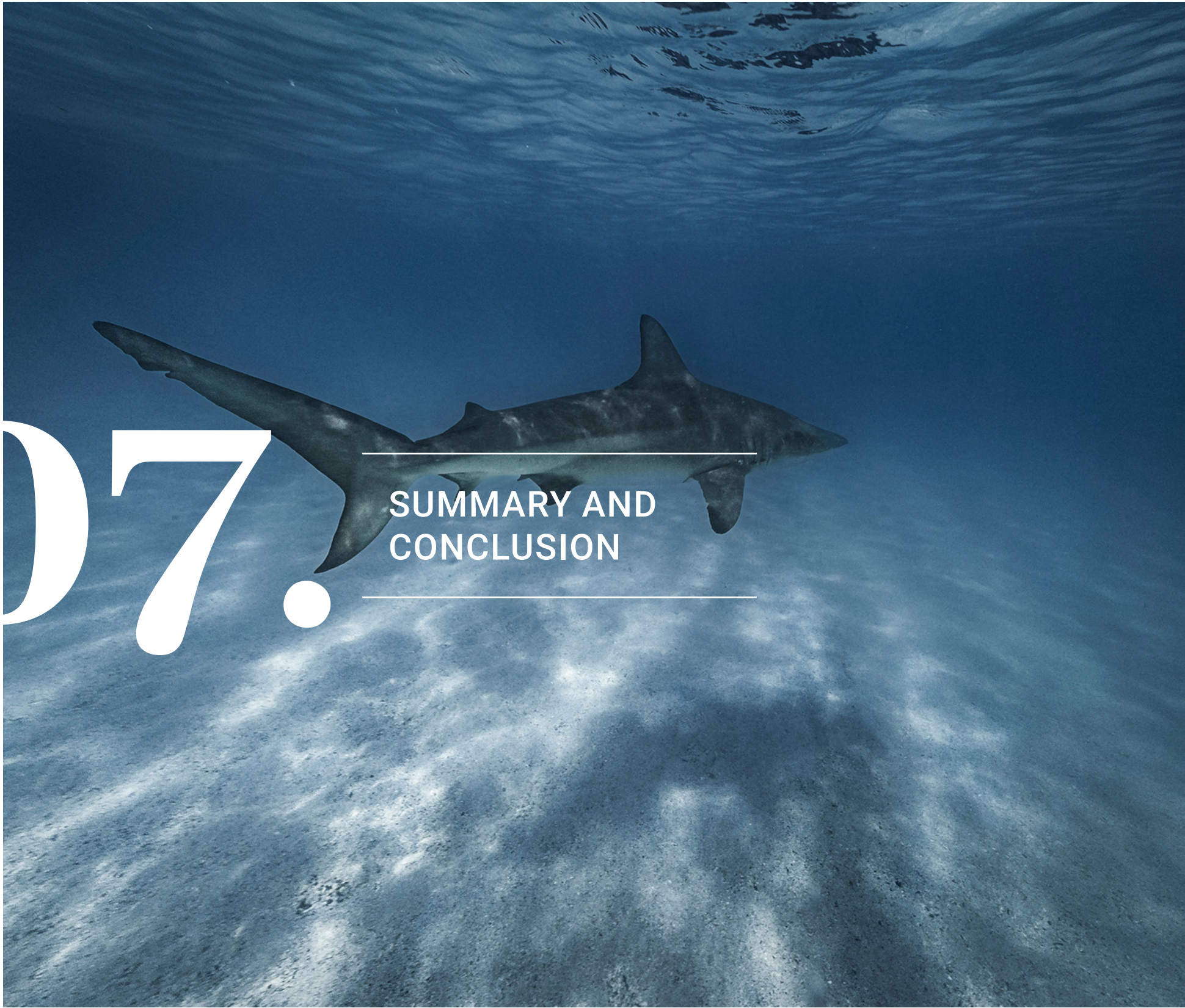
The GLF is setting up a Monitoring, Evaluation and Reporting Program as a key part of its Environmental and Social Management System (ESMS). This program will help the GLF track the E&S performance of its own activities and those of the projects it funds. It will take into consideration the GLF E&S policies and plans (e.g. Stakeholder Engagement Plan) in terms of investors requirements.

To ensure independent oversight, the GLF will hire an independent E&S consultant annually to audit the GLF itself and a selected sample of grant-funded projects each year.

Since most grant agreements from the first open call for proposals have only recently been signed or are due to be signed in the coming weeks or months following completion of the first open call, no E&S monitoring activities were undertaken during this Reporting Period.

6.2. HMR

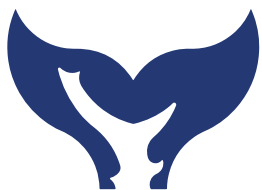
The GLF is establishing a HMR E&S Implementation Monitoring Plan to ensure the successful implementation of and compliance with the HMR Management Plan and the ESMPs associated with the HMR ESIA. This program will also confirm adherence to various associated initiatives outlined in Section 2.4, including the Transitional Assistance Plan (TAP) and Security Management Plan. The development of the HMR E&S Implementation Monitoring Plan is ongoing and thus no monitoring activities by GLF were undertaken during this Reporting Period.



The GLF Annual Environmental and Social Monitoring Report details the organization’s operational E&S performance and grant-funded project activities from June 2024 to May 2025, which marks GLF’s second year of operation. This report aims to keep stakeholders informed of GLF’s performance and activities specifically related to E&S activities.

During this Reporting Period, GLF primarily focused on establishing crucial operational and administrative systems, resources, and procedures necessary for its grant-making activities. A significant achievement was the completion and approval of GLF’s comprehensive, IFC-compliant ESMS in the fourth quarter of 2024. The ESMS, encompassing policies like the E&S Policy, Code of Ethics, and Grievance Mechanism, is integral to managing potential E&S risks and impacts associated with GLF’s operations and GLF-funded projects.

While no formal grievances or health and safety incidents were reported in this period, GLF has implemented a robust Grievance Mechanism and an Ethics Hotline to ensure transparent and fair resolution of concerns. Training programs on the ESMS and due diligence have been rolled out to GLF personnel, the GLF Board of Directors and grantees. Moving forward, GLF plans to increase stakeholder engagement activities and implement rigorous monitoring and evaluation programs to assess the effectiveness of its initiatives and funded projects.



**Galápagos
life fund**

**Annual Environmental and
Social Monitoring Report**
JUNE 2025