This Guidance Note 6 corresponds to Performance Standard 6. Please also refer to the Performance Standards 1-5 and 7-8 as well as the corresponding Guidance Notes for additional information. Bibliographical information on all reference materials appearing in the text of this Guidance Note can be found in the References Section at the end.

Introduction

1. ***Performance Standard 6 recognizes that protecting and conserving biodiversity—the variety of life in all its forms, including genetic, species and ecosystem diversity—and its ability to change and evolve, is fundamental to sustainable development. The components of biodiversity, as defined in the Convention on Biological Diversity, include ecosystems and habitats, species and communities, and genes and genomes, all of which have social, economic, cultural and scientific importance. This Performance Standard reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote use of renewable natural resources in a sustainable manner. This Performance Standard addresses how clients can avoid or mitigate threats to biodiversity arising from their operations as well as sustainably manage renewable natural resources.***

G1. Biological diversity or biodiversity is recognized as an integrating concept that includes the ecosystems within which the people of the world live, as well as the multitude of species that are used by humankind for food, fiber, medicines, clothing and shelter. Protecting this global biodiversity from damage and conserving it for future generations is recognized as being vitally important in the Convention on Biological Diversity.

Objectives

- ***To protect and conserve biodiversity***
- ***To promote the sustainable management and use of natural resources through the adoption of practices that integrate conservation needs and development priorities***

G2. The objectives of Performance Standard 6 are derived from elements of the Convention on Biological Diversity and the recognition of the important role that the private sector can play in protecting and conserving biodiversity for future generations and promoting the sustainable management and use of renewable natural resources. The sustainable management and use of renewable natural resources by the private sector should be achieved by balancing conservation and development priorities, and recognizing that this may require trade-offs on each side.

Scope of Application

2. ***The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.***

3. ***Based on the Assessment of risks and impacts and the vulnerability of the biodiversity and the natural resources present, the requirements of this Performance Standard are applied to projects in all habitats, whether or not those habitats have been previously disturbed and whether or not they are legally protected.***

Requirements

Protection and Conservation of Biodiversity

4. ***In order to avoid or minimize adverse impacts to biodiversity in the project's area of influence (see Performance Standard 1, paragraph 5), the client will assess the significance of project impacts on all levels of biodiversity as an integral part of the Social and Environmental Assessment process. The Assessment will take into account the differing values attached to biodiversity by specific stakeholders, as well as identify impacts on ecosystem services. The Assessment will focus on the major threats to biodiversity, which include habitat destruction and invasive alien species. When requirements of paragraphs 9, 10, or 11 apply, the client will retain qualified and experienced external experts to assist in conducting the Assessment.***

G3. As specified in Performance Standard 1, all projects with social or environmental risks and potential impacts will be subject to the Social and Environmental Assessment process. Issues regarding biodiversity and natural resource management form an integral part of the Assessment. As part of this process, the client should assess the type and importance of biodiversity present, whether at the genetic, species, or ecosystem level, and consider the potential impacts of project-related activities on it. The assessment of genetic diversity looks at the frequency and diversity of different genes and/or genomes. Species diversity means the frequency and diversity of different species, i.e., a population of organisms which are able to interbreed freely under natural conditions. Ecosystems are defined in paragraph G4 below. The client should take into account: (i) the location and scale of project activities, including those of associated facilities, and material impacts on biodiversity arising through supply chains or other third party relationships; (ii) the project's proximity to areas that have important biodiversity; and (iii) the types of technology that will be used. If risks to biodiversity are not identified through this screening, no further action for the direct identification, protection and conservation of biodiversity under Performance Standard 6 will be required.

G4. Projects that are likely to have a significant impact on biodiversity should be subject to more detailed assessment and analysis. Such further assessment and analysis should include consideration of the short-term, long-term and cumulative context of such impacts, along with evaluation of impacts on ecosystem services and natural resources. Ecosystem services are the benefits that people obtain from ecosystems, and include provisioning services (such as food, fiber, fresh water, fuel wood, biochemicals, genetic resources); regulating services (such as climate regulation, disease regulation, water regulation, water purification, degradation of pollutants, carbon sequestration and storage, nutrient cycling); and cultural services (spiritual and religious aspects, recreation and ecotourism, aesthetics, inspiration, educational values, sense of place, cultural heritage). As part of the consideration of these impacts, the client may need to consult with key stakeholders that for the purpose of Performance Standard 6 include potentially affected communities, public authorities and independent experts. General requirements and guidance on community engagement can be found in paragraphs 19 through 23 of Performance Standard 1 and its accompanying Guidance Note.

G5. When specific potential significant biodiversity impacts are identified through assessment and analysis, they should be further analyzed through specific studies. These studies should be undertaken by qualified and experienced professionals using standard sampling programs and tools. In all such cases, the client should consult with relevant national and local authorities, affected communities and biodiversity experts. IFC can provide guidance on the form and scope of such studies and consultation activities, and assist in the identification of experts.

G6. In sectors that rely on natural resources as raw materials (such as furniture manufacturing and food processing), the impacts on biodiversity may also occur at several points in the supply chain. In such situations, the client should identify any impacts caused by their commercial partners or suppliers and address them in a manner commensurate to their degree of control and influence. Additional information regarding supply chain management is provided in paragraph 6 of Performance Standard 1 and its accompanying Guidance Note.

G7. Assessment of biodiversity impacts can inform decisions on project alternatives. Alternatives may include variations in the layout of the project site, alternative engineering processes and construction practices, the selection of different sites or routing of linear facilities, and screening of suppliers to select those with appropriate environmental/social risk management systems. The Assessment should consider economic, financial, environmental and social costs and benefits and describe to which parties these accrue. Depending on the circumstances, the costs and benefits may be expressed in qualitative or quantitative terms, and the professional judgment of the balance between costs and benefits should be explained.

G8. Given the importance of biodiversity in not only environmental but also economic, social, cultural and scientific terms, the various components of biodiversity can have different values to different stakeholders, and these different values should be clarified during consultation and taken into account in the biodiversity Assessment.

G9. In projects with significant biodiversity issues (e.g. sensitive habitats or endangered species), a Biodiversity Action Plan should be prepared to highlight these issues and illustrate how they will be addressed. The Biodiversity Action Plan should be incorporated into the client's Action Plan, including any specific measures and timelines for addressing biodiversity issues, and disclosed and implemented through the client's Social and Environmental Management system consistent with the requirements of Performance Standard 1. Details on the preparation of a Biodiversity Action Plan are presented in Annex A.

Habitat

5. ***Habitat destruction is recognized as the major threat to the maintenance of biodiversity. Habitats can be divided into natural habitats (which are land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions) and modified habitats (where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas). Both types of habitat can support important biodiversity at all levels, including endemic or threatened species.***

G10. Performance Standard 6 recognizes the need to consider impacts on biodiversity in both natural and modified habitats as modified habitats can also have significant biodiversity value, often in managed agricultural landscapes. It is in modified habitats that much private sector development takes place.

G11. In practice, natural and modified habitats exist on a continuum that ranges from completely undisturbed, pristine natural habitats at one end of the scale, through habitats with some degree of human impact, to modified habitats that are intensively managed and have an artificial assemblage of plants and animals. The identification of an area as either a natural or a modified habitat can therefore be complex and often requires professional judgment. A project may involve a mosaic of habitats that will each need to be addressed consistent with the requirements of Performance Standard 6. In recognizing and delineating natural or modified habitats, clients may need to consult suitably qualified professionals for advice. Clients should retain qualified and experienced external experts when dealing with critical habitat and legally protected areas.

G12. Annex B provides a decision framework for project siting and illustrates what should be considered 'no-go' circumstances (i.e., circumstances which would be considered as not meeting the requirements of Performance Standard 6 and therefore unlikely to be eligible for financing by IFC or others) when working in various types of habitat and legally protected areas.

Modified Habitat

6. ***In areas of modified habitat, the client will exercise care to minimize any conversion or degradation of such habitat, and will, depending on the nature and scale of the project, identify opportunities to enhance habitat and protect and conserve biodiversity as part of their operations.***

G13. Modified habitat can provide living space for many species of plants and animals, even where some of the ecological services it could provide have been decreased by the changes from the original natural habitat. Clients should recognize these remaining values and avoid further disturbance where technically and financially feasible, and cost-effective. For example, on many industrial plant sites there may be wildland/wetland areas on the periphery of the sites which could be left undisturbed as a buffer zone, or enhanced through planting of native species and removal of alien invasive species.

Natural Habitat

7. ***In areas of natural habitat, the client will not significantly convert or degrade[1] such habitat, unless the following conditions are met:***

- ***There are no technically and financially feasible alternatives***
- ***The overall benefits of the project outweigh the costs, including those to the environment and biodiversity***
- ***Any conversion or degradation is appropriately mitigated***

8. ***Mitigation measures will be designed to achieve no net loss of biodiversity where feasible, and may include a combination of actions, such as:***

- ***Post-operation restoration of habitats***

- ***Offset of losses through the creation of ecologically comparable area(s) that is managed for biodiversity[2]***
- ***Compensation to direct users of biodiversity***

[1] Significant conversion or degradation is: (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

[2] Clients will respect the ongoing usage of such biodiversity by Indigenous Peoples or traditional communities.

G14. Performance Standard 6 requires that any significant conversion or degradation of natural habitat that could occur should be avoided (e.g., through project relocation or re-routing). Where avoidance is not possible, such conversion or degradation should be restricted to cases where it can be demonstrated that there are no technically and financially feasible alternatives, where the benefits of the project outweigh the costs, and where the conversion or degradation is reduced (e.g., through minimizing land take) or mitigated, in a manner appropriate to the circumstances of the particular project.

G15. Mitigation measures should be developed to address the potential impacts on biodiversity identified in the Social and Environmental Assessment. Mitigation measures should be designed to achieve no net loss of biodiversity and favor impact avoidance and prevention over reduction and compensation. Mitigation measures may include a combination of actions, such as:

- Restoring impacted areas with appropriate native species and consistent with local ecological conditions
- Offsetting biodiversity losses through the creation of ecologically comparable area(s) elsewhere (comparable in size, quality and function) that is managed for biodiversity
- Financial or in-kind compensation to direct users of biodiversity

G16. In all cases, mitigation measures should be defined in the Action Plan and supported by adequate financial resources from the client and, if necessary, supplemented by other financial sources, such as donor funds. The client should identify roles and responsibilities for itself and any third party for mitigation monitoring arrangements.

G17. Of the key stages of a project, the construction phase can be particularly damaging to natural habitat. Therefore, the client should give specific attention to impacts likely to arise at this stage.

Critical Habitat

9. ***Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value[3], including habitat required for the survival of critically endangered or endangered species;[4] areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities.***

10. ***In areas of critical habitat, the client will not implement any project activities unless the following requirements are met:***

- ***There are no measurable adverse impacts on the ability of the critical habitat to support the established population of species described in paragraph 9 or the functions of the critical habitat described in paragraph 9***
- ***There is no reduction in the population of any recognized critically endangered or endangered species[5]***
- ***Any lesser impacts are mitigated in accordance with paragraph 8***

[3] Such as areas that meet the criteria of the World Conservation Union (IUCN) classification.

[4] As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.

[5] As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.

G18. Critical habitat is a subset of both natural and modified habitat and is determined by the presence of high biodiversity value based on one or more of the following criteria:

i) large numbers of endemic or restricted-range species found only in a specific area
ii) the presence of known critically endangered or endangered species
iii) habitat that is required for the survival of particular migratory species or to support globally significant concentrations or numbers of individuals of congregatory species
iv) unique assemblages of species that cannot be found anywhere else
v) areas that have key scientific value due to the evolutionary or ecological attributes present
vi) areas that include biodiversity that has significant social, cultural or economic importance to local communities
vii) areas recognized as particularly important for the protection of ecosystem services (such as aquifer protection).

Since the determination of critical habitat requires professional expertise and judgment, clients should retain suitably qualified external experts to provide assistance.

G19. Project activities should only be conducted in critical habitat if it can be demonstrated that they will not have a measurable adverse impact on the ability of the critical habitat to maintain its high biodiversity value. The probability of measurable adverse impacts on critical habitat would be determined through a detailed biodiversity assessment. The assessment, using objective data, scientific methodology and analysis, would determine whether the project would result in a quantifiable reduction in endangered or critically endangered species either directly or indirectly through habitat destruction. Such quantification would describe a high probability adverse outcome in terms expected reductions in population numbers, habitat carrying capacity or other relevant parameters.

G20. Clients should not reduce the populations of any species recognized as critically endangered or endangered (in accordance with the IUCN Red List, or any national list designated by the host government). Critically endangered or endangered species are species that are under threat of extinction. In addition to the IUCN Red List, The World Conservation Union (IUCN) provides useful information on protected areas, conservation and biodiversity expertise, and other biodiversity and natural resources issues and has developed guidelines on

protected areas including an outline of distinct categories of protected areas. These and other sources of information can be found in the References Section.

Legally protected Areas

11. ***In circumstances where a proposed project is located within a legally protected area,[6] the client, in addition to the applicable requirements of paragraph 10 above, will meet the following requirements:***

- ***Act in a manner consistent with defined protected area management plans***
- ***Consult protected area sponsors and managers, local communities, and other key stakeholders on the proposed project***
- ***Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area***

[6] An area may be designated as legally protected for different purposes. This Performance Standard refers to areas legally designated for the protection or conservation of biodiversity, including areas proposed by governments for such designation.

G21. Performance Standard 6 specifies additional measures for projects located in legally protected areas and areas officially proposed for protection. The client should ensure that project activities are consistent with any national land use, resource use, and management criteria (including Protected Area Management Plans, National Biodiversity Action Plans or similar documents). This will entail securing the necessary approvals from the responsible government agencies, and consulting with protected area sponsors and the local communities, including communities of Indigenous Peoples, and other key stakeholders. Additional requirements and guidance for appropriate consultation are outlined in paragraphs 19 through 23 of Performance Standard 1, Performance Standard 7 with respect to Indigenous Peoples, and Performance Standard 8 with respect to cultural heritage, and the accompanying Guidance Notes.

G22. In the event that a project is proposed inside a protected area, it should bring financial or other tangible benefits to the protected area such that the conservation role of the protected area is enhanced and there are clear conservation advantages gained by the presence of the project. This can be achieved through implementing programs that, for example, provide support for park management, address alternative livelihoods for local residents, or carry out research needed for the conservation aims of the protected area.

Invasive Alien Species

12. ***Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.***

13. ***The client will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction, if such framework is present, or is subject to a risk assessment (as part of the client's Social and Environmental Assessment) to determine the potential for invasive behavior. The client will not deliberately introduce any alien species with a high risk of invasive behavior or any known***

invasive species, and will exercise diligence to prevent accidental or unintended introductions.

G23. An alien plant or animal species is one that is introduced beyond its original range of distribution. Invasive alien species are alien species that may become invasive or spread rapidly by out-competing other native plants and animals when they are introduced into a new habitat that lacks their traditional controlling factors. Invasive alien species are now recognized to be a major threat to biodiversity globally.

G24. The introduction of any new alien species as part of the client's operations should be assessed for compliance with the existing host country regulatory framework for such introductions. If such a regulatory framework does not exist in the host country, the client should assess the potential impacts of the introduction as part of the client's Assessment, as explained, paying specific attention to the potential for invasive behavior, and identify any appropriate mitigation measures to be included as part of the Biodiversity Action Plan.

G25. If not regulated under applicable laws or international agreements, clients engaged in shipping and other transportation sectors should identify and implement specific procedures in the Action Plan and exercise diligence to prevent the accidental transportation and introduction of invasive alien plants and animals.

G26. Genetically-modified organisms, or GMOs (also known as Living Modified Organisms or LMOs), can also be considered to be alien species, with similar potential for invasive behavior as well as potential for gene flow to related species. Any new introduction of such organisms should be assessed in a manner consistent with the approach described in paragraph G24 above, with due regard to the Cartagena Protocol on Biosafety (see the Reference section of this Guidance Note).

Management and Use of Renewable Natural Resources

14. ***The client will manage renewable natural resources in a sustainable manner.[7] Where possible, the client will demonstrate the sustainable management of the resources through an appropriate system of independent certification.[8]***

15. ***In particular, forests and aquatic systems are principal providers of natural resources, and need to be managed as specified below.***

[7] Sustainable resource management is the management of the use, development and protection of resources in a way, or at a rate, which enables people and communities, including Indigenous Peoples, to provide for their present social, economic and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations and safeguarding the life-supporting capacity of air, water and soil ecosystems.

[8] An appropriate certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders, such as local people and communities, indigenous peoples, civil society organizations representing consumer, producer, and conservation interests. Such a system has fair, transparent, independent decision-making procedures that avoid conflicts of interest.

G27. In situations where renewable natural resources are harvested directly by the client, the client should demonstrate that such resources are being managed in a sustainable fashion. For some resources, such as forests, this can be demonstrated by independent certification according to a certification scheme that meets the requirements under Performance Standard 6 and deemed acceptable by IFC, as outlined in Annex C. In the absence of a suitable certification system for other types of resources, sustainable natural resource management can be demonstrated through an independent evaluation of the client's management practices or an independent evaluation of the status of the resource populations in question. Additional detail on certification requirements is presented in Annex C.

G28. A number of international multistakeholder initiatives are underway in large commodity sectors, such as palm oil, soy and sugarcane, with the objective of making these sectors more sustainable throughout their supply chain. These initiatives aim to set performance targets for the sector, identifying and promoting better management practices. Being a member of the roundtables help companies improve their environmental and social performance, reduce production costs, improve supply security, and calculate and manage risk. The initiatives are intended to be voluntary in nature (not required by Performance Standard 6), and supplement any existing government regulations. IFC is a member of, and supports, the commodity roundtables of palm oil (RSPO - Roundtable on Sustainable Palm Oil), soy beans (RTRS - Round Table on Responsible Soy) and sugarcane (BSI - Better Sugarcane Initiative). See the "Reference Materials" section of this document for links to the initiative websites.

> ***Natural and Plantation Forests***
>
> 16. ***Clients involved in natural forest harvesting or plantation development will not cause any conversion or degradation of critical habitat. Where feasible, the client will locate plantation projects on unforested land or land already converted (excluding land that is converted in anticipation of the project). In addition, the client will ensure that all natural forests and plantations over which they have management control are independently certified as meeting performance standards compatible with internationally accepted principles and criteria for sustainable forest management.[9] Where a pre-assessment determines that the operation does not yet meet the requirements of such an independent forest certification system, the client will develop and adhere to a time-bound, phased action plan for achieving such certification.***

[9] See footnote 7.

G29. In order to prevent the conversion or degradation of critical habitat, the client should (i) not harvest timber or non-timber forest products from, or otherwise disturb, any critical habitat (such as through road building or processing facilities); and (ii) obtain independent certification of forestry operations owned or managed over a long-term through a concession or similar arrangement by the client. Criteria on which to base an assessment of a certification system (including the defined standards of responsible forest management) are presented in Annex C.

G30. Clients who purchase timber or non-timber forest products from third parties, such as wholesalers, retailers or independent harvesting companies, should seek to ensure to the extent possible that such timber or non-timber forest products are independently certified as being sourced from sustainably managed forests. Recognizing that in many circumstances the client may have little or no leverage over the management of the forests from which these timber or

non-timber forest products are sourced, the client should, as a minimum, implement policies and procedures to ensure that such timber or non-timber forest products are at least legally produced and traded. Implementation of a policy for the preferential purchasing of certified timber or non-timber forest products will also help meet the requirements of this Performance Standard.

G31. If certified timber or non-timber forest products are available, the client should obtain chain-of-custody certification to demonstrate that the integrity of the certified timber is maintained throughout its processing.

G32. Wherever feasible, the client should site plantation projects on unforested land or land that has been already converted. The client should not establish plantation forests in critical habitat, and should not adversely impact any adjacent or downstream critical habitat. Therefore, prior to establishing a plantation, the client should assess the proposed plantation location in order to identify any critical habitat, and prepare and implement a plan to manage and conserve any such areas under the client's control. The client should only convert non-critical habitat if it is allowed by host country laws and regulations and is consistent with the requirements of Performance Standard 6 and the outcome and recommendations of the Assessment. Certification of sustainable forestry management on timber plantations is required under the same conditions as those described for natural forests.

Freshwater and Marine Systems

17. ***Clients involved in the production and harvesting of fish populations or other aquatic species must demonstrate that their activities are being undertaken in a sustainable manner, through application of an internationally accepted system of independent certification, if available, or through appropriate studies carried out in conjunction with the Social and Environmental Assessment process.***

G33. In order to prevent the over-harvesting of wild fish, shellfish stocks, and other marine or freshwater resources (e.g., algae, other invertebrates, corals) and the conversion of or damage to aquatic habitats, the client should: (i) not harvest aquatic products from, or otherwise disturb, any critical habitat; and (ii) obtain independent certification, if available, that they meet acceptable standards of responsible management and harvesting for that resource. Criteria on which to base an assessment of a certification system are presented in Annex C.

Annex A
Biodiversity Action Plans

In situations where there are recognized to be significant biodiversity issues associated with an investment, the preparation of a Biodiversity Action Plan is a valuable process which focuses the client's attention on the details of identifying and handling biodiversity issues in a comprehensive fashion. The Plan is usually carried out as an integral part of the project's Social and Environmental Assessment, and integrated into the assessment documentation. The Plan will:

- Assess how proposed activities affect biodiversity and renewable natural resources
- Determine how biodiversity and renewable natural resources can be managed as part of the client's activities and how adverse impacts can be mitigated
- Identify responsibilities (internally and externally) and resources for management and mitigation

The scope and the content of the Plan will vary, depending on the size and scale of the business and the physical location in which it is operating. The scale, depth and complexity of the Plan will therefore be defined on a case-by-case basis, but the following components should be present in all Plans.

Baseline Review and Impact Assessment: Baseline review involves the collection of relevant information. This phase should customarily be integrated into the Assessment process, as per Performance Standard 1. The review should consider:

- What biological and other natural resources will be affected by the proposed activity (including short-term, long term and cumulative impacts)
- Who has legitimate interests in and responsibilities for these resources, and who represents those interests
- Whether there are there already biodiversity (or other natural resources) management plans that cover the area of operations
- What the key environmental and social issues are for the area (and whether these will affect biodiversity plans that the client is developing)

In situations where projects are being developed in locations where little is known about the range and importance of biodiversity, but where it is likely to be significant, a rapid assessment program may be appropriate. Rapid appraisals are increasingly used as the first stage of a comprehensive biodiversity assessment. They utilize a combination of international and local expertise to undertake an initial assessment of the biological value of poorly known areas (including assessment of the value of biodiversity to local communities, Indigenous Peoples, and other resource dependent peoples).

Defining Scope of the Plan: When sufficient information on biodiversity and natural resources has been gathered and agreement has been reached on the likely impacts of client operations, as well as an understanding of wider impacts on natural resources that may become apparent, the client must decide the scope and scale of the plan, and its timescale. This will be informed by a range of factors including:

- Regulatory and compliance expectations
- Business drivers - for example the Plan might be influenced by the need to ensure raw material supply or services (including water and soil), address reputational risks or secure and maintain a local license to operate
- The need to engage and consult with other stakeholders (particularly local communities) who use or have interests in the biodiversity and natural resources that will be affected by client operations

Clients will need to demonstrate how they will avoid significant adverse impacts (demonstrating compliance with IFC's performance standards should ensure this). Impacts should be avoided where possible, reduced and mitigated where avoidance is not practical, and offset where impacts are unavoidable (offsetting might include purchase and management of other areas that have similar biodiversity). Opportunities for enhancing biodiversity (through active management of natural habitats) should also be considered, as appropriate to the specific circumstances.

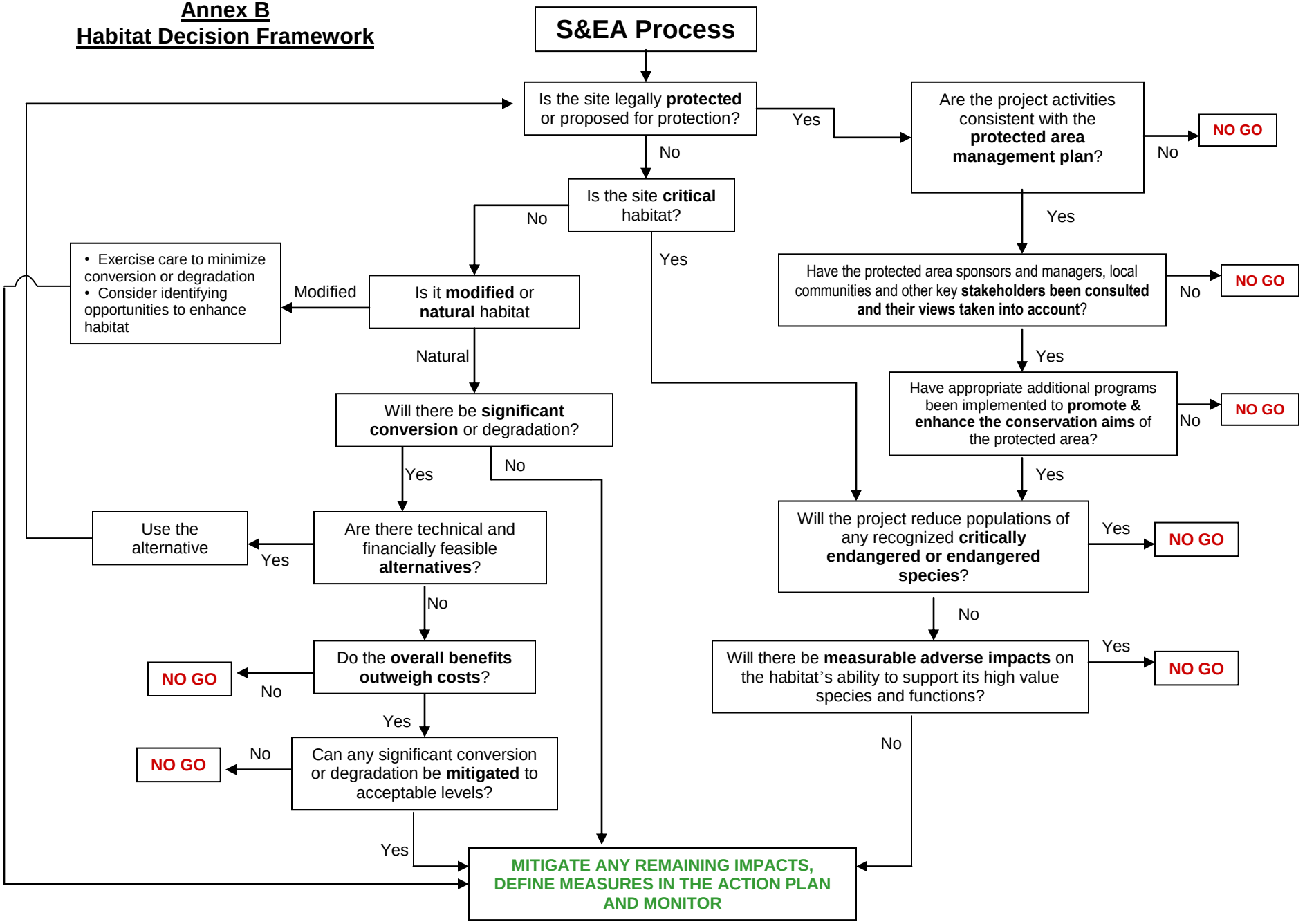
Establishment of Objectives, Targets, and Responsibilities: The Plan should identify detailed objectives and targets which specify the desired outcomes. Targets should be prioritized, discussed with relevant stakeholders, realistic and time-bound. Clients may choose to use indicators to monitor progress towards targets and objectives as well as to measure performance in their achievement. Indicators can be set at site and company levels depending on needs. Site-based indicators are used for measuring impacts in and around project sites and reporting on the impact of biodiversity management efforts at specific locations or as part of specific business activities (e.g., impacts of supply chains). Company-level indicators may reflect a more process-oriented set of targets–such as the delivery of strategic policy commitments (e.g., training programs for staff, number of sites with active biodiversity action plans).

Overall, the indicators should have the following attributes:

- Focus on factors that have the greatest impacts on biodiversity (these may be direct or indirect impacts)
- Reflect the key risk management needs of the site or the company's operations
- Reflect both positive and negative impacts
- Be quantitative where possible and be practical in terms of the collection of data/ monitoring

Biodiversity objectives should, to the extent possible, be aligned with and integrated into wider business objectives and targets. The "mainstreaming" of biodiversity objectives increases the likelihood of their successful implementation and ensures that biodiversity impacts which will affect business prospects and the long term viability of client operations are seen as an integral part of core business decision-making. Responsibilities for specific outcomes and reporting lines need to be defined. Where there is an existing social and environmental management system, there will be opportunities to explore how biodiversity objectives and targets can be integrated into the existing social and environmental management system since this can increase cost efficiencies and effective delivery of biodiversity objectives and targets.

Annex B
Habitat Decision Framework



Annex C
Certification of Natural Resource Management

Independent certification of sustainable resource management is a valuable tool for clients to demonstrate that they are meeting high standards for resource management. A variety of certification systems have been or are now in a state of active development.

General IFC Requirements: When IFC requires that a sponsor demonstrate compliance through certification, generally the certification system should:

- Be independent, cost-effective, and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria for responsible management and use
- Require independent, third-party assessment of management performance
- Have standards which are developed through a process of consultation and dialogue that included representatives from the private, public and civil society sectors
- Have decision-making procedures which are fair, transparent, independent, and designed to avoid conflicts of interest

In the absence of an acceptable certification system operational for the particular resource in the country concerned, the client should:

- Commit to operating in a fashion consistent with accepted international principles or practice, as shown through regular independent audits against a generic set of principles and criteria acceptable to IFC
- Actively engage in the development of a national standard, to the extent appropriate for the client
- Commit to achieving certification when an acceptable certification system is developed for the resource and country concerned

If an acceptable certification system exists, but the client does not meet the requirements for certification, the client will commit to improving its operations to meet the certification requirements, and will provide a time-bound, phased action plan acceptable to IFC so that it meets the requirements for certification within a set period of time.

Forests and Plantations: Certification processes are currently most advanced within the forest products sector. This sector is most likely to rely on certification to demonstrate that its operations meet the IFC requirements. To be acceptable to IFC, forest certification systems must meet the general requirements listed above. In addition, forest certification systems should include the following aspects:

- Compliance with relevant law
- Respect for any customary land tenure and use rights of Indigenous Peoples
- Respect for the rights of workers for the forest enterprise, including sub-contracted workers, and compliance with occupational health and safety measures (consistent with the requirements in Performance Standard 2)

- Incorporation of measures to maintain or enhance sound and effective community engagement, including an appropriate level of engagement with relevant stakeholders
- The conservation of biodiversity, including protection of endangered species and ecological functions
- Inclusion of measures to maintain or enhance environmentally-sound multiple benefits accruing from the forest
- Prevention or minimization of adverse environmental and social impacts of forest use
- Effective forest management planning
- Active monitoring and assessment of relevant forest management areas
- Maintenance of critical habitat affected by the forestry operations

Marine and Freshwater Resource Harvesting: Certification systems for capture fisheries and aquaculture operations are under development or in the early stages of implementation. To be acceptable to IFC, certification systems for such natural resources should meet the general requirements listed above, along with requirements for the specific natural resource comparable to those for Forests and Plantations.

References

Several of the requirements set out in the Performance Standard relate to standards set by the following international agreements:

- *Convention on Biological Diversity* (1992) - provides information on the convention, lists of signatory nations and biodiversity experts and other useful information. http://www.biodiv.org/default.aspx

- *Ramsar Convention* - The Convention on Wetlands, Iran (1971), is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. There are presently 140 Contracting Parties to the Convention, with 1374 wetland sites, totaling 121.4 million hectares, designated for inclusion in the Ramsar List of Wetlands of International Importance. http://www.ramsar.org/

- *CITES* - The Convention on International Trade in Endangered Species of Wild Fauna and Flora is an international agreement aimed at ensuring that international trade in specimens of wild animals and plants does not threaten their survival. Around 25,000 plant species and 5,000 animal species are covered by the provisions of the Convention. The CITES website provides substantial resources on endangered species. http://www.cites.org/index.html

- *World Heritage Convention* - The Convention Concerning the Protection of World Cultural and Natural Heritage (UNESCO, 1972). It aims to identify and conserve the world's cultural and natural heritage. Its World Heritage List contains sites of outstanding cultural and natural value. www.unesco.org/whc

- *Convention on Migratory Species (Bonn Convention)* – The Convention on Migratory Species (CMS) is an intergovernmental treaty which aims to conserve terrestrial, marine and avian migratory species throughout their range. The CMS website includes information on species covered by the Convention and on other supporting international agreements. http://www.cms.int/index.html

- *Cartagena Protocol on Biosafety* – The Cartagena Protocol is an international agreement on biosafety, as a supplement to the Convention on Biological Diversity. http://www.cbd.int/biosafety/default.shtml

In addition, the guidance and recommendations issued by the following organizations provide useful information:

- *A Guide to the Convention on Biological Diversity (IUCN)* – provides analysis on the Convention for those involved in the implementation of the Convention
  Glowka, L, et al., (1994), *A Guide to the Convention on Biological Diversity*, IUCN Gland and Cambridge. xii + 161pp., 2nd printing 1996

- *World Conservation Union (IUCN)* -- provides useful information on endangered species (http://www.redlist.org/), protected areas (http://www.iucn.org/themes/wcpa/),

conservation and biodiversity expertise and other biodiversity and natural resources issues.

- *World Conservation Union (IUCN)* -- The IUCN Guidelines for Protected Area Management Categories (1994) also provides useful information on protected areas and outlines a number of distinct categories of protected areas. http://app.iucn.org/dbtw-wpd/edocs/1994-007-En.pdf

- *World Conservation Monitoring Centre (WCMC)* – provides information on biodiversity, habitats and species, as well as protected areas, conservation legislation and related issues. http://www.unep-wcmc.org/

- *Global Environment Facility (GEF),* established in 1991, helps developing countries fund projects and programs that protect the global environment. GEF grants support projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. IFC works with GEF to assist IFC clients to protect and enhance global biodiversity benefits associated with their operations. http://www.gefweb.org/

- The *Global Invasive Species Programme* (GISP) was established in 1997 to address global threats caused by Invasive Alien Species (IAS), and to provide support to the implementation of Article 8(h) of the Convention on Biological Diversity. GISP maintains a website with links to databases and related information on invasive species. www.gisp.org

- The *World Bank-WWF Alliance for Forest Conservation and Sustainable Use* maintains a website which includes information on the identification and conservation of high conservation value forests and forest certification systems. www.forest-alliance.org

- *Birdlife International* – Birdlife International is a global partnership of conservation organizations that focuses on conservation of birds, bird habitat and global biodiversity. Birdlife International makes available data on endangered bird species and important bird areas through its publications and on-line database. http://www.birdlife.org/

- *FAO – Food and Agriculture Organization of the United Nations* – FAO is the UN agency which specializes in agriculture, forestry and fisheries. Their website provides information on biodiversity aspects in food and agriculture, including aspects related to agro-ecosystems and biotechnology. http://www.fao.org/biodiversity/

- The International Association for Impact Assessment (IAIA) provides a variety of resources on the impact assessment process, including a special publication on Biodiversity in Impact Assessment. http://www.iaia.org/

- *IFC's Biodiversity Guide* - provides further information to guide IFC clients in the development of Biodiversity Action Plans and also provides further information on how businesses can address biodiversity in their business activities. http://www.ifc.org/ifcext/enviro.nsf/Content/BiodiversityGuide

- The *HCV High Conservation Value Resource Network* - developed by WWF, provides useful tools and information in assessing conservation value and critical habitats. http://www.hcvnetwork.org/

- See the following websites for additional information on commodity roundtables:

  Better Sugarcane Initiative (BSI)
  http://www.bettersugarcane.org/

  Round Table on Responsible Soy (RTRS)
  http://www.responsiblesoy.org/

  Roundtable on Sustainable Palm Oil (RSPO)
  http://www.rspo.org/