

IFC PERFORMANCE STANDARDS - 101

Sustainability Policy and Performance Standards Overview



Creating Markets, Creating Opportunities

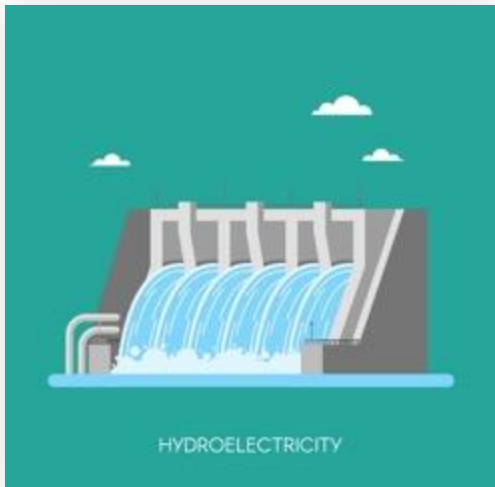
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March 23, 2021

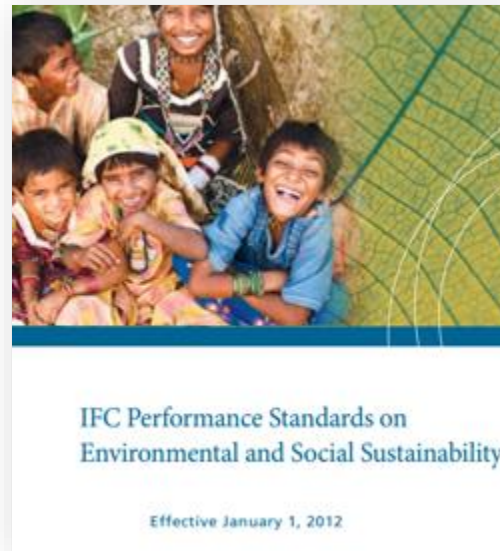
IFC's ESG approach has evolved over the past 25 years

Pioneering World Bank Safeguard Policies



The '90s

Setting the Standard



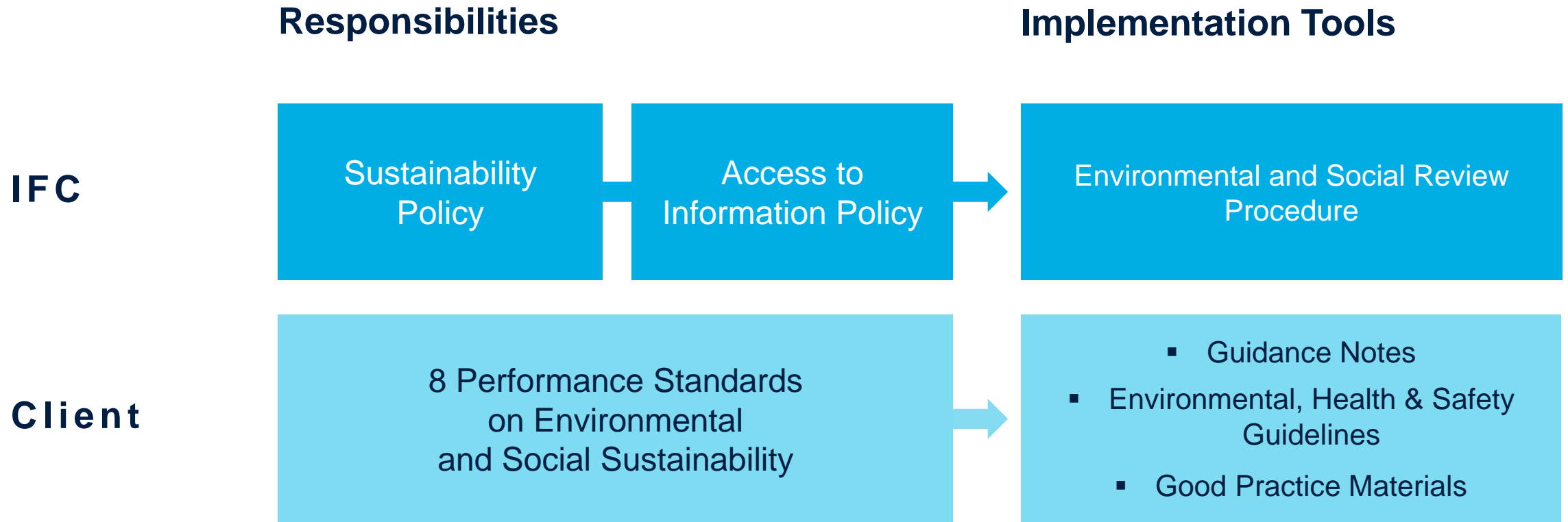
The '00s

Refining & Implementing

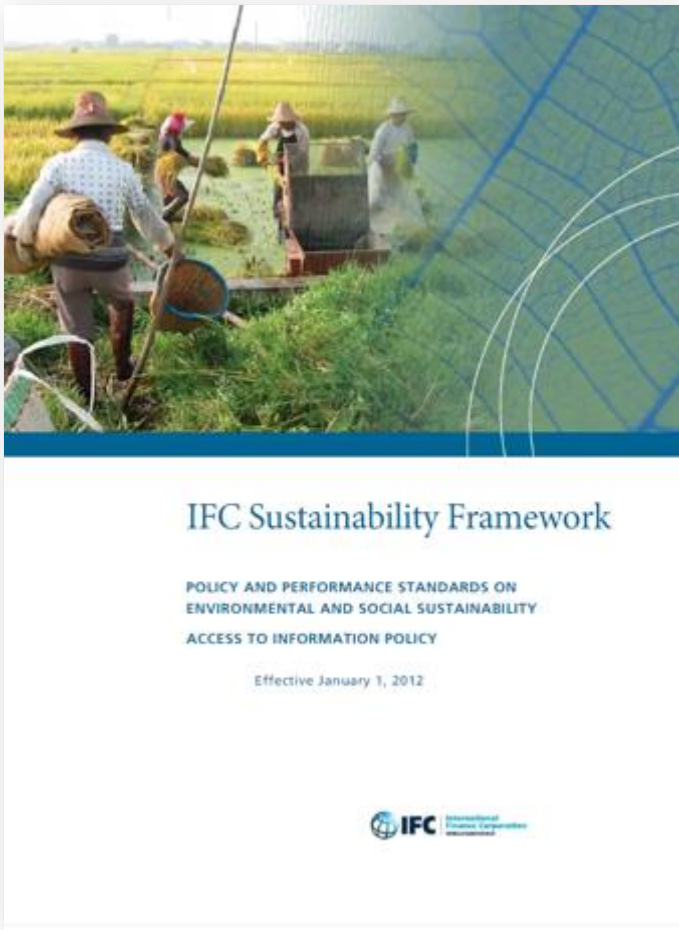


'11-present

IFC Sustainability Framework



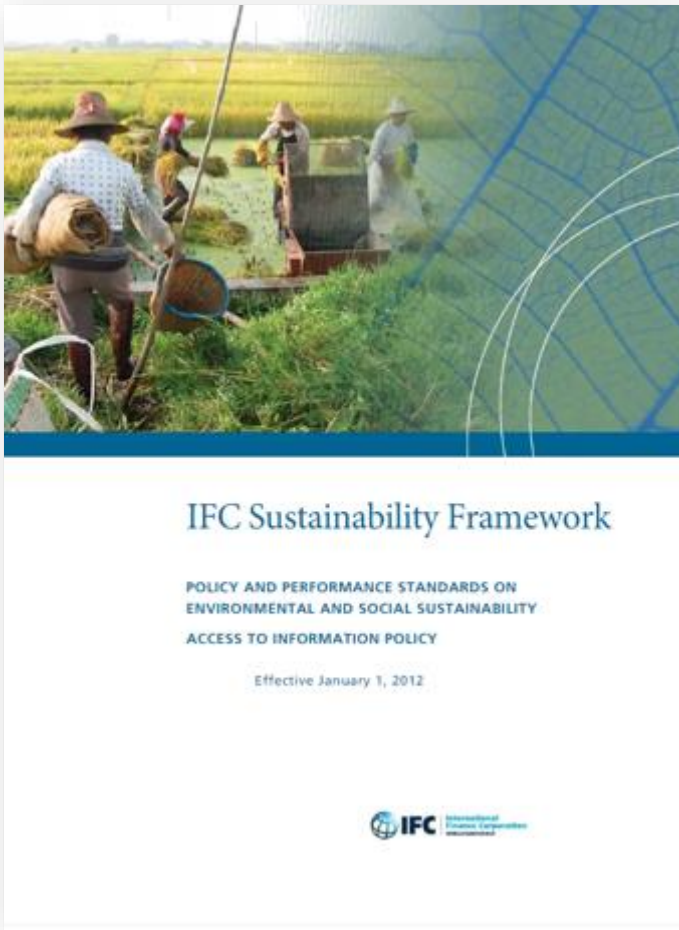
Access to Information Policy



Defines the scope of information that IFC makes available to the public, such as:

- Institutional information
- Project-level information
- E&S
- Development impact information

Sustainability Policy



- Defines IFC's commitments toward sustainability.
- Emphasizes our prioritization of cross-cutting issues such as low carbon growth, human rights, corporate governance, gender, ecosystem services, and others.
- Describes the categorization system to rate the level of environmental and/or social risk of proposed business activities.

Environmental, Health, and Safety (EHS) Guidelines



Environmental, Health, and Safety (EHS) Guidelines
GENERAL EHS GUIDELINES: INTRODUCTION



Environmental, Health, and Safety General Guidelines

Introduction

The Environmental, Health, and Safety (EHS) Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP)¹. When one or more members of the World Bank Group are involved in a project, these EHS Guidelines are applied as required by their respective policies and standards. These **General EHS Guidelines** are designed to be used together with the relevant **Industry Sector EHS Guidelines** which provide guidance to users on EHS issues in specific industry sectors. For complex projects, use of multiple industry-sector guidelines may be necessary. A complete list of industry-sector guidelines can be found at:

www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines

The EHS Guidelines contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable costs. Application of the EHS Guidelines to existing facilities may involve the establishment of site-specific targets, with an appropriate timetable for achieving them. The applicability of the EHS Guidelines should be tailored to the hazards and risks established for each project on the basis of the results of an environmental assessment² in which site-specific variables, such as host country context, assimilative capacity of the environment, and other project factors, are taken into account. The applicability of specific technical recommendations should be

based on the professional opinion of qualified and experienced persons. When host country regulations differ from the levels and measures presented in the EHS Guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures than those provided in these EHS Guidelines are appropriate, in view of specific project circumstances, a full and detailed justification for any proposed alternatives is needed as part of the site-specific environmental assessment. This justification should demonstrate that the choice for any alternate performance levels is protective of human health and the environment.

The **General EHS Guidelines** are organized as follows:

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¹ Defined as the exercise of professional skill, diligence, prudence and foresight that would be reasonably expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally. The circumstances that skilled and experienced professionals may find when evaluating the range of pollution prevention and control techniques available to a project may include, but are not limited to, varying levels of environmental degradation and environmental assimilative capacity as well as varying levels of financial and technical feasibility.

² For IFC, such assessment is carried out consistent with Performance Standard 1, and for the World Bank, with Operational Policy 4.01.

- Technical reference documents.
- Available in 6 languages.
- One General EHS Guidelines and over 60 Industry Sector EHS Guidelines.
- Contain performance levels and measures considered generally acceptable by the WBG.

IFC's Performance Standards



PS1: Assessment and Management of E&S Risks and Impacts



PS2: Labor and Working Conditions



PS3: Resource Efficiency and Pollution Prevention



PS4: Community Health, Safety, and Security



PS5: Land Acquisition and Involuntary Resettlement



PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

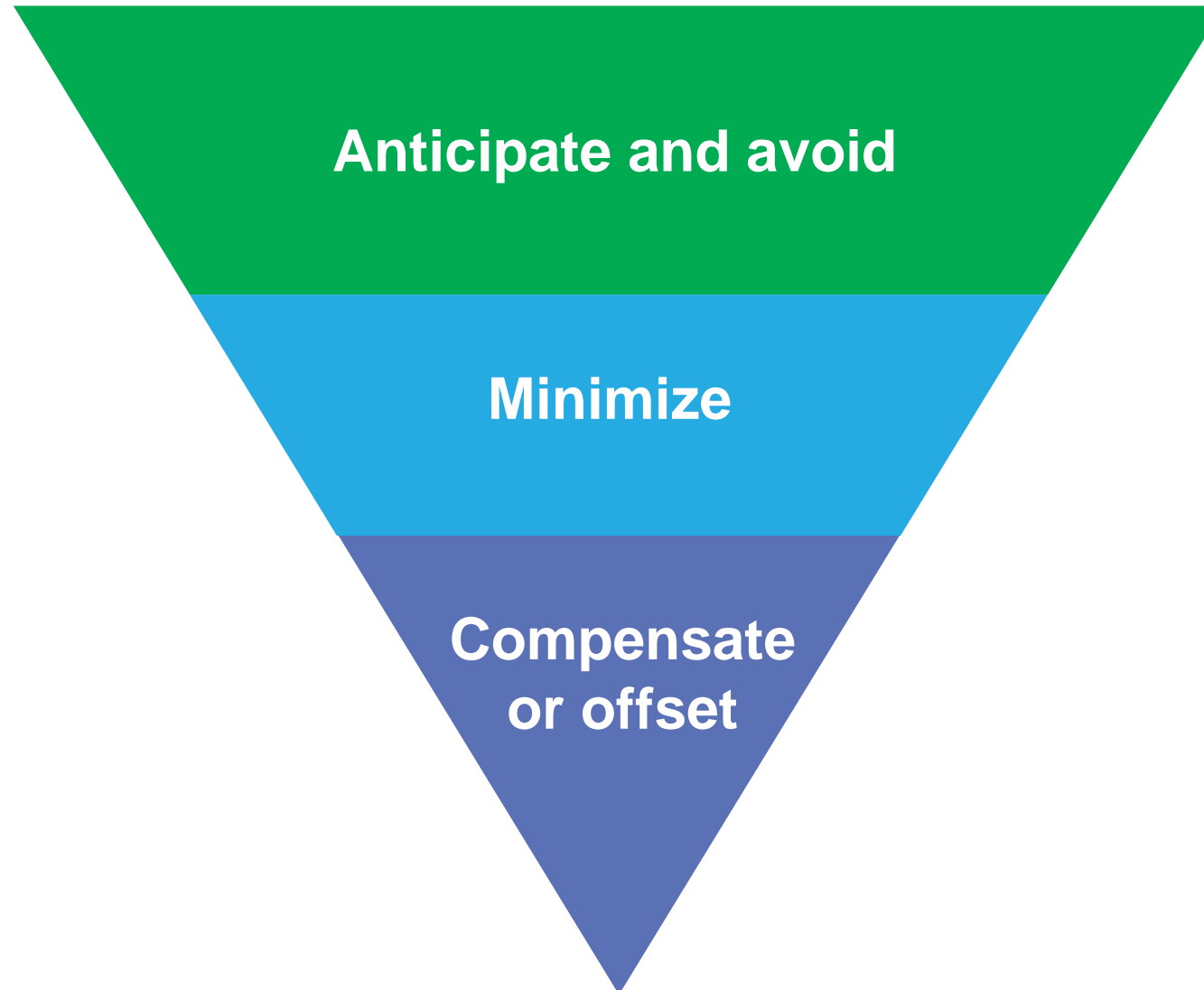


PS7: Indigenous Peoples



PS8: Cultural Heritage

Risk Mitigation Hierarchy



PS1: Assessment and Management of Environmental and Social Risks and Impacts



Importance:

- Integrated assessment to identify the E&S impacts, risks, and opportunities of projects.
- Effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them.
- The client's management of E&S performance throughout the lifetime of a project.

Why do we consider PS1 our “umbrella” PS?



A systematic approach to managing environmental
and social performance...

... an investment that enables clients to identify and manage
E&S risks that can affect the viability of their business

PS1: Assessment and Management of Environmental and Social Risks and Impacts



Objectives:

- Identify project E&S risks and impacts.
- Adopt mitigation hierarchy.
- Improve performance through an Environmental and Social Management System (ESMS).
- Engagement with Affected Communities, other stakeholders:
 - throughout project cycle
 - includes communications, grievance mechanisms

Environmental and Social Assessment and Management System



PS2: Labor and Working Conditions



Importance:

- Workforce as a valuable asset.
- A sound relationship between workers and management is critical.
- A strained worker-management relationship can undermine worker commitment and retention and ultimately jeopardize a project.
- It can also lead to significant reputational risks.

PS2: Labor and Working Conditions



Objectives:

- Promote the fair treatment, non-discrimination, and equal opportunity of workers.
- Protect workers, including:
 - children,
 - migrant workers,
 - workers engaged by third parties, and
 - workers in the client's supply chain.
- Promote safe and healthy working conditions.
- Avoid the use of force labor.

Q&A

PS3: Resource Efficiency and Pollution Prevention



Importance:

- Increased economic activity and urbanization can consume great amounts of natural resources and generate high levels of pollution.
- Performance Standard 3 outlines a project-level approach in line with good international industry practice.
- PS3 has a strong emphasis on the mitigation hierarchy.
- Client adherence to Performance Standard 3 depends on the nature of the client's business activities.

PS3: Resource Efficiency and Pollution Prevention



Objectives:

- Avoid, minimize, and reduce project-related pollution.
- Energy efficiency and more sustainable use of resources, including energy and water.
- Reduced project-related Greenhouse Gas (GHG) emissions.

PS4: Community Health, Safety and Security



Importance:

- Project activities, equipment and infrastructure may expose local communities to increased health, safety, and security risks.
- Performance Standard 4 helps companies adopt responsible practices to avoid or reduce risks including:
 - emergency response,
 - addressing community exposure to disease,
 - management of security arrangements,
 - hazardous materials management, and
 - designing safety measures for the project.

PS4: Community Health, Safety and Security



Objectives:

- To anticipate and avoid adverse impacts on the health and safety of the Affected Community.
- To safeguard personnel and property in accordance with relevant human rights principles.

PS5: Land Acquisition and Involuntary Resettlement



Importance:

- When companies acquire land for their development, it can lead to relocation and loss of shelter or livelihoods for communities or individual households.
- Involuntary resettlement occurs when affected people do not have the right to refuse land acquisition and are displaced.
- Involuntary resettlement may result in long-term impoverishment for affected communities, as well as environmental damage, and social stress in areas to which they have been displaced.

PS5: Land Acquisition and Involuntary Resettlement



Objectives:

- Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use:
 - avoid, minimize displacement
 - alternative project designs
 - avoid forced eviction
- Improve or restore livelihoods and standards of living.
- Improve living conditions among displaced persons:
 - adequate housing
 - security of tenure

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources



Importance:

- Biodiversity is the variety of life in all its forms, including genetic, species, and ecosystem diversity.
- Biodiversity loss can result in critical reductions in the resources provided by the earth's ecosystems, which contribute to economic prosperity and human development.

PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources



Objectives:

- Protection and conservation of biodiversity.
- Maintenance of benefits from ecosystem services.
- Promotion of sustainable management of living natural resources.
- Integration of conservation needs and development priorities.

PS7: Indigenous Peoples



Importance:

- Indigenous Peoples (IPs) are social groups with identities that are distinct from mainstream groups in national societies.
- IPs may be particularly vulnerable to the adverse impacts associated with project development, including risk of impoverishment and loss of identity, culture, and natural resource-based livelihoods.

PS7: Indigenous Peoples



Objectives:

- Ensure full respect for IPs:
 - human rights, dignity, aspirations
 - livelihoods
 - culture, knowledge, practices
- Avoid/minimize adverse impacts.
- Sustainable and culturally-appropriate development benefits and opportunities.
- Free, Prior, and Informed Consent (FPIC) in certain circumstances.

PS8: Cultural Heritage



Importance:

- Cultural heritage encompasses properties and sites of archaeological, historical, cultural, artistic, and religious significance.
- It also refers to unique environmental features and cultural knowledge, as well as intangible forms of culture embodying traditional lifestyles that should be preserved for current and future generations.

PS8: Cultural Heritage



Objectives:

- Protection and preservation of cultural heritage.
- Promotion of equitable sharing of cultural heritage benefits.

Emerging E&S Issues

Gender-Based Violence

Sexual Exploitation, Abuse, and Sexual Harassment



Modern Slavery

Child and Forced Labor/Trafficking



Diversity and Inclusion

Equal Opportunity: Gender and Disability



Increased Risks on Supply Chains



Greenhouse Gases and Climate Change



Q&A

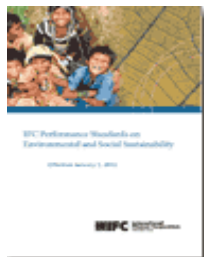
ESG Resources

IFC Sustainability Framework (2012)

www.ifc.org/sustainability



IFC Sustainability Framework - Effective January 1, 2012



IFC Performance Standards on Environmental and Social Sustainability - Effective January 1, 2012



Guidance Notes to IFC's Performance Standards - Effective January 1, 2012



www.ifc.org/disclosure

WBG EHS Guidelines

www.ifc.org/ehsguidelines



World Bank Group (WBG) Environmental, Health, and Safety (EHS) Guidelines
IFC has launched a three-year consultative process to revise the WBG EHS Guidelines. See www.ifc.org/EHSGuidelinesRevision

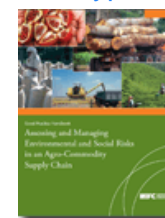
ESG Publications

For a full list, see:

www.ifc.org/sustainabilitypublications



Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain



Good Practice Handbook: Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets



IFC Sustainability Resources Brochure



Private Equity and Emerging Markets Agribusiness: Building Value Through Sustainability



Raising the Bar on Corporate Governance: A Study of Eight Stock Exchange Indices



Emerging Trends in Environmental, Social, and Governance Data and Disclosure: Opportunities and Challenges



Corporate Governance Success Stories - Middle East and North Africa



Corporate Governance Success Stories - Europe and Central Asia

Also see: www.ifc.org/corporategovernance

ESG Resources

Learning/Tools/Methodology See: www.ifc.org/sustainability and www.ifc.org/corporategovernance

- **E-Learning Course on Managing Environmental and Social Performance**



- **Sustainability Training and E-Learning Program (STEP) for Financial Intermediaries** Available in English, French, Russian



- **FIRST for Sustainability**
See: www.firstforsustainability.org
Available in English, French, Chinese, Russian and Spanish



- **Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)**
See: www.ifc.org/gmap



- **Corporate Governance Methodology Tools**
- **Corporate Governance Development Framework Toolkit**
- **IFC Nominee Directors Training**
- **Environmental and Social Management System (ESMS) Toolkit and Handbooks**



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