Advancing UN Sustainable Development Goals through IFC's Environmental, Social, and Governance Standards

A Private Sector Guide

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SDG
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IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2023, IFC committed a record $43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit ***www.ifc.org***.

Acknowledgements

This guide was produced by IFC with the generous financial support provided by Swedish International Development Cooperation Agency, the Hewlett Foundation, the Republic of Korea Ministry of Economy and Finance, and Hyundai Steel through the World Bank Partnership Fund for the Sustainable Development Goals (SDG Partnership Fund). The Fund drives the achievement of SDG17 on the means of implementation to advance all of the Sustainable Development Goals.

The core team was led by Rong Zhang, supported by Vincent Darcy, Jana Mudronova, and Susan Winterberg, under the general direction of Martine Valcin.

The guide benefitted from review and advice from IFC colleagues (listed alphabetically): Diana Baird, Min Batstone, Charles Travis Canfield, Lori Anna Conzo, Andrea Cullinan, Sarah Cuttaree, Ortenca Destani, Charlotte Doyle, Ralitza Germanova, Rohini Karmakar, Talya Lockman-Fine, Paolo Lombardo, Dinah Paramita Madiadipura, Sofie Fleischer Michaelsen, Emilijan Mohora, Erdogan Z. Ozel, Loty Salazar, Blaise Wendwaoga Sandwidi, Neena Singh, Angela Sofia Soriano Quevedo, Alejandra Vallejos, Mikko Venermo, Jorge E. Villegas, Elizabeth White, and Madina Zhanuzakova.

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Abbreviations

CG	Corporate Governance
CGM	(IFC) Corporate Governance Methodology
DFI	Development Finance Institution
DNSH	Do No Significant Harm
E&S	Environmental and Social
ESG	Environmental, Social, and Governance
ESMS	Environmental and Social Management System
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HIV	Human Immunodeficiency Virus
IFC	International Finance Corporation
ILO	International Labour Organization
PS(s)	IFC's Environmental and Social Performance Standard(s)
SDG(s)	Sustainable Development Goal(s)

Executive Summary

The Sustainable Development Goals (SDGs) were adopted by all United Nations member countries in 2015 as a universal, globally accepted set of social and environmental goals to deliver progress toward greater sustainability for the planet and its people. In 2022, it was estimated that the annual financing gap to achieve the SDGs in developing countries had increased to *$4.3 trillion*. Public and private sector alike have been called upon to mobilize their resources and efforts to secure the delivery of the SDGs by 2030.

The increase in financial flows to support the SDGs in emerging markets and developing economies, where the need is the highest, cannot be achieved without systematic and thorough incorporation of sound investment practices, including those addressing environmental, social and governance (ESG) risks and impacts. It is universally accepted that private sector support for the delivery of the SDGs is crucial, such support has most frequently consisted of the provision of products and services and the allocation of excess capital toward impact, through, for example, impact investing.

The extent to which private sector ESG risk management practices contribute to the SDGs has not been sufficiently explored. This report therefore focuses on the interplay between the private sector's ESG risk management standards and its effort to realize the positive outcomes embodied in the SDGs.

IFC is the largest global development institution focused on the private sector in developing countries. Over the years, IFC has played a leading role in encouraging private sector development as an investor and as an ESG standard setter. IFC encourages businesses to improve their ESG performance, including through, for relevant clients and activities, complying with the IFC's Environmental and Social Performance Standards. The Performance Standards (PSs) and Corporate Governance Methodology (CGM) have been widely adopted by financial institutions and companies globally. The PSs were adopted by 138 *Equator Principles Financial Institutions* in 38 countries, as well as other development finance institutions (DFIs) and export credit agencies. IFC CGM has become the foundation of the *Corporate Governance Development Framework* endorsed by 35 DFIs as a common framework to address corporate governance risks and opportunities in investment operations in emerging markets. Moreover, to support greater capital flows toward sustainability, IFC helped shape the Green Bond Principles, which led to unprecedented expansion of the market from over $37 billion in 2014 to an estimated *$444 billion* in 2021. IFC-supported *Operating Principles for Impact Management* have become a market standard for impact investing, addressing concerns about "impact washing"and facilitating greater mobilization of capital for impact.

This private sector guide (referred to below as *the guide*) was developed to support the private sector in clarifying how companies' ESG risk management practices that are aligned with the PSs and CGM (for the purposes of this guide, IFC's "ESG Standards") – can contribute to achieving the SDGs. The guide is accompanied by a dataset – *Mapping of IFC's Environmental, Social, and Governance Standards to the Sustainable Development Goals*. The Dataset offers a detailed mapping of IFC's ESG Standards against the SDG goals, targets, and indicators, in a searchable format.

Key Findings

Each of the 17 SDGs has specific targets (169 in total) and indicators (248 in total), which together provide a framework for establishing measurable objectives and tracking progress. **The guide presents a mapping of the SDG targets and indicators against the requirements specified in the PSs and their associated Guidance Notes, and the CGM**. The guide considers only direct effects, that is, those effects where a direct link can be established between IFC PSs or CGM and SDG targets and indicators (see Methodology on page 15).

The mapping found that IFC's ESG Standards directly address all 17 SDGs, 75 SDG targets (44 percent) and 104 SDG indicators (42 percent).

These findings not only point to strategic alignment between IFC's ESG Standards and the SDGs, but also highlight **opportunities for the private sector to further leverage ESG risk management standards to contribute to the realization of the SDGs**. The guide identified that, when effectively integrated into risk management systems, IFC's ESG Standards can support the twin goals of reducing ESG risks associated with companies' and investors' business activities and helping to advance all 17 SDG goals.

Importantly, this guide helps to cross-reference specific ESG risk management practices to particular SDGs. Almost *three quarters of the world's largest companies* report on their alignment with the SDGs. However, the reporting often lacks transparency, balanced view, and clarity. **ESG practitioners can now draw a direct link between the implementation of measures contained in IFC's ESG Standards, and the consequent contribution to a particular SDG goal, target(s), and indicator(s)**. For example, biodiversity conversation aligned with the IFC Performance Standard 6 can contribute to several SDG 6 targets, namely 6.3: Improve Water Quality, Wastewater Treatment and Safe Reuse, 6.4: Increase Water-Use Efficiency and Ensure Freshwater Supplies, and 6.6: Protect and Restore Water-Related Ecosystems; and can be measured by their relevant indicators.

This level of detail will allow companies and investors to **better integrate their risk and impact management frameworks**, and thus improve their ESG and impact reporting and disclosure practices. By establishing these linkages, the private sector companies can intensify their focus on delivering positive change while recognizing the importance of managing ESG risks, and ultimately **increase financial flows to activities that help deliver the SDGs at scale.**

TABLE 1: SUMMARY OF IFC'S ESG STANDARDS MAPPING TO SDGs

IFC Performance Standards	Sustainable Development Goals
Risk Management — **Performance Standard 1:** Assessment and Management of Environmental and Social Risks and Impacts	1 No Poverty; 2 Zero Hunger; 5 Gender Equality; 6 Clean Water and Sanitation; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 15 Life on Land; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Labor — **Performance Standard 2:** Labor and Working Conditions	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions
Resource Efficiency — **Performance Standard 3:** Resource Efficiency and Pollution Prevention	2 Zero Hunger; 3 Good Health and Well-Being; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 14 Life Below Water
Community — **Performance Standard 4:** Community Health, Safety, and Security	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action; 16 Peace, Justice and Strong Institutions
Land Resettlement — **Performance Standard 5:** Land Acquisition and Involuntary Resettlement	1 No Poverty; 5 Gender Equality; 11 Sustainable Cities and Communities; 16 Peace, Justice and Strong Institutions
Biodiversity — **Performance Standard 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources	2 Zero Hunger; 6 Clean Water and Sanitation; 11 Sustainable Cities and Communities; 14 Life Below Water; 15 Life on Land
Indigenous People — **Performance Standard 7:** Indigenous Peoples	1 No Poverty; 16 Peace, Justice and Strong Institutions
Cultural Heritage — **Performance Standard 8:** Cultural Heritage	8 Decent Work and Economic Growth; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 15 Life on Land; 16 Peace, Justice and Strong Institutions

IFC Corporate Governance Methodology	Sustainable Development Goals
Commitment — **Commitment to ESG**	17 Partnerships for the Goals
Labor — **Structure and Functioning of the Board of Directors**	5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities; 12 Responsible Consumption and Production; 17 Partnerships for the Goals
Resource Efficiency — **Control Environment**	16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Community — **Disclosure and Transparency**	12 Responsible Consumption and Production; 13 Climate Action; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals
Land Resettlement — **Treatment of Minority Shareholders**	10 Reduced Inequalities
Biodiversity — **Governance of Stakeholder Engagement**	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

Introduction: Delivering the SDGs through ESG Risk Management

In September 2019, world leaders called for a "Decade of Action" to deliver the 17 ambitious Sustainable Development Goals (SDGs) by 2030. Since then, the world has grappled with events—the Covid-19 pandemic, supply chain disruptions, and the war in Ukraine—that further underline the urgent need to attain the SDGs and in so doing bolster the resilience of public and private sector alike.

The SDGs were adopted by all United Nations member countries in 2015 as a universal vision of progress to eradicate poverty, protect the environment, and advance social and economic development across the globe. The 17 SDGs focus on five key elements: people, planet, peace, prosperity, and partnership. They are arranged by themes such as good health, zero hunger, and no poverty, with intersecting activities that contribute across multiple goals. To make the SDGs more actionable and to enable evaluation of their implementation, each of the 17 goals are associated with specific targets and indicators. The targets are specific, measurable, and time-bound actions to which countries have committed. There are in total 169 targets (anywhere from eight to 13 of these are assigned to each goal). To measure progress toward achieving the targets, a set of 248 indicators was developed by the Inter-Agency and Expert Group on SDG Indicators and agreed upon by the United

Nations Statistical Commission in 2017.[1] The indicators are designed to capture quantitative and qualitative information about current progress. The targets together with the indicators are part of the Global Indicator Framework that helps the global community to collect and report the relevant data.

To date, the private sector's role in support of SDG delivery has largely been perceived as the way companies and investors can address social and environmental problems via products and services, or investment strategies such as impact investing, green and social investing, or SDG investing. Consequently, limited attention has been given to how private-sector ESG risk management practices can also contribute to positive social and environmental outcomes explicitly aligned with the SDGs.

All SDGs implicitly include a risk component: that is, the SDGs can only be attained if the risks of unsustainable development are managed. This was recently addressed in the *United Nations Global Assessment Report on Disaster Risk Reduction*, which highlighted systemic risk as a challenge to social, economic and environmental dimensions of sustainable development and called for "risk reduction to be recognized as a central dimension of sustainable development." According to the report, interdependencies between the SDGs and the Paris Agreement should be fostered to bring the world closer to achieving these global commitments.

In the private sector, ESG risk management has a key role to play in achieving positive business outcomes. First, it helps companies define, predict, and manage uncertainty to achieve their financial and nonfinancial objectives. Assessing risk and impacts prepares companies for emerging risk, which could undermine financial sustainability and undo positive achievements. Second, managing risk can in itself be a way to achieve sustainable outcomes while remaining mindful of potential harm. The 'do no harm' principle was set out clearly in IFC's 2006 Sustainability Policy (and its 2012 update) as a key requirement for any business activities receiving IFC's financial support. More recently, a requirement to 'do no significant harm' (DNSH) has been embedded in many sustainable finance taxonomies developed around the world.[2] Through the DNSH principles, these taxonomies, which aim to define 'green' or sustainable activities, emphasize that not only must these activities meet certain thresholds—that is, contribute to precise sustainable objectives: for example, contribute to climate change adaptation, mitigation, or pollution prevention—but at the same time they must do no significant harm to the environment or society. The latter can only be achieved by identifying, preventing, and managing ESG risks and impacts.

To support its clients with assessing and managing risks, IFC has developed Performance Standards on Environmental and Social Sustainability (PSs) and Corporate Governance Methodology (CGM), together referred to as IFC's ESG Standards. This well-established and commonly used guidance defines companies' responsibilities for managing their environmental and social risks, while setting out an approach to evaluate and improve their corporate governance. In particular:

The IFC Performance Standards on Environmental and Social Sustainability (PSs) are a comprehensive set of standards that define best practice for environmental and social (E&S) risk management in emerging markets and have become a key component of companies' and investors' risk management systems. The *PSs* help manage risks in an increasingly complex environment by facilitating practical and relevant improvements at the individual firm level. Furthermore, by encouraging companies to adopt

1 The Global Indicator Framework consists of 231 unique indicators. However, 13 of these indicators repeat under several goals. This guide therefore refers to 248 indicators. Some literature refers to 247 indicators, due to the fact that one indicator, 11.c., remains undefined. *https://unstats.un.org/sdgs/indicators/indicators-list/*

2 For example, taxonomy regulations issued by Bangladesh, Brazil, Colombia, the European Union, South Africa, and Sri Lanka

good international industry practice and by improving their understanding of sustainability practices, the PSs contribute to benefits that flow to stakeholders—such as smallholders or local communities affected.

With their adoption in 2006 and their subsequent update in 2012, the PSs have become a globally recognized benchmark for E&S risk management. They have been adopted by 138 Equator Principles Financial Institutions in 38 countries, development finance institutions, export credit agencies, and real sector companies. The PSs have also inspired stronger E&S standards across the financial sector more generally.

The IFC Corporate Governance Methodology (CGM), first formulated in 2008, is an approach to evaluate and improve corporate governance practices of a company—including the governance attributes of environmental and social policies and procedures—to identify, reduce, and manage risk. The main tool of the *CGM* is the Corporate Governance (CG) Progression Matrix, for six different kinds of companies—listed, family-owned or founder-owned, financial institutions, state-owned enterprises, funds, and small and medium enterprises. Of note is the progressive nature of the IFC CGM. The CG Progression Matrix, which is organized by four levels of company maturity and complexity and emphasizes the importance placed on ongoing improvements in a company's governance practices, graduating from basic to intermediate to advanced.

Updated in 2018, the CGM integrates environmental and social issues consistent with IFC's Policy on Environmental and Social Sustainability. It includes an expanded definition of stakeholders to include affected communities, contracted workers, primary-supply-chain workers, suppliers and contractors, local and international nongovernmental organizations, and civil society organizations. In 2023, the CGM was utilized to develop a *Climate Governance Progression Matrix*, which is a tool to assist Boards of Directors in identifying and overseeing climate-related risks and opportunities, and provides practical and progressive climate-related actions.

Importantly, the CGM has become the basis of the Corporate Governance Development Framework adopted by 33 DFIs as a common framework to address corporate governance risks and opportunities in investment operations in emerging markets.

Given IFC's leadership role in setting standards to assess and manage ESG risk and against the backdrop of increased international attention to ESG risk management, this guide bridges the existing gap between private sector ESG risk management standards and positive environmental and social outcomes specified in the SDGs.

The IFC Performance Standards consist of eight standards on E&S topics:

Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project through an effective environmental and social management system (ESMS).
Performance Standard 2: Labor and Working Conditions	Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental rights of workers.
Performance Standard 3: Resource Efficiency and Pollution Prevention	Performance Standard 3 project-level outlines approaches to resource efficiency and pollution prevention and control. It guides companies to integrate practices and technologies that promote energy efficiency, use resources—including energy and water—sustainably, and reduce greenhouse gas emissions.
Performance Standard 4: Community Health, Safety, and Security	Performance Standard 4 addresses companies' responsibility to avoid or minimize the risks and impacts to community health, safety, and security that may arise from project related-activities, with particular attention to vulnerable groups.
Performance Standard 5: Land Acquisition and Involuntary Resettlement	Performance Standard 5 advises companies to avoid involuntary resettlement wherever possible and to minimize its impact on those displaced through mitigation measures such as fair compensation and improvements to and living conditions.
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natur al Resources	Performance Standard 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. It addresses how companies can sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project's lifecycle.
Performance Standard 7: Indigenous Peoples	Performance Standard 7 seeks to ensure that business activities minimize negative impacts, foster respect for the human rights, dignity and culture of indigenous populations, and promote development benefits in culturally appropriate ways.
Performance Standard 8: Cultural Heritage	Performance Standard 8 aims to guide companies in protecting cultural heritage from adverse impacts of project activities and supporting its preservation. It also promotes the equitable sharing of benefits from the use of cultural heritage.

The IFC Corporate Governance Methodology covers six CG Parameters:

	**1. Commitment to Environmental, Social, and Governance (Leadership and Culture)**	The company and its shareholders have demonstrated a commitment to implementing high-quality corporate governance, including the governance of key environmental and social policies and procedures.
	**2. Structure and Functioning of the Board of Directors**	The board of directors is qualified and adequately structured to oversee the strategy, management, and performance of the company.
	**3. Control Environment**	The company's internal control system, internal audit function, risk management system (including an environmental and social management system), and compliance function are sufficient to ensure sound stewardship of the company's assets, effectiveness of operations, accuracy in reporting, and compliance with policies, procedures, laws, and regulations.
	**4. Disclosure and Transparency**	The company's financial and nonfinancial disclosures are a relevant, faithful, and timely representation of material events to shareholders and other stakeholders.
	**5. Treatment of Minority Shareholders**	The company's minority shareholders' rights are adequate and not abused, and other stakeholders are treated equitably.
	**6. Governance of Stakeholder Engagement**	The company's governance of stakeholder engagement is adequate, particularly oversight over stakeholder mapping, stakeholder engagement policy and grievance mechanisms.

Methodology

This report presents a mapping of IFC's ESG Standards that directly advance SDG indicators. This approach excludes:

1. *Target-level mapping that does not correspond to an SDG indicator.* Several SDG targets describe general outcomes that could be advanced by IFC's ESG Standards. However, if the SDG indicators attached to those targets did not map to a specific requirement under IFC's ESG Standards, they were not included in this mapping.

   For example, SDG 5 Gender Equality target 5.5 is: "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life." The indicator attached to this target is: "5.5.2 Proportion of women in managerial positions." Accordingly, the many additional actions included in IFC's ESG Standards that broadly contribute to target 5.5, such as inclusion of women in decision-making in their capacity as employees or community stakeholders, were not included in the mapping.

2. *Indirect effects, or second-order consequences of adopting IFC's ESG Standards.* Many activities undertaken for environmental and social risk management have indirect effects. For example, a company that reduces greenhouse gas (GHG) emissions may reasonably claim that by doing so it contributes to many second-order effects such as protecting biodiversity and reducing health care burdens of infectious diseases. However, because demonstrating the indirect linkages in such instances is dependent on discrete contexts such as geography, industry, or specific activities undertaken, these indirect effects were not included in the mapping.

3. *Activities that are not specified in IFC's ESG Standards.* Some SDG indicators could be advanced by other actions that companies undertake in their ESG practices—but that fall outside the remit of IFC's ESG Standards—or by actions that are specified under other ESG reporting frameworks such as Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), Sustainable Accounting Standards Boards (SASB), or Task Force on Climate-related Financial Disclosures (TCFD). However, this mapping only examines IFC's ESG Standards and should not be interpreted as a comprehensive mapping of all potential ESG activities linked to the SDGs.

Structure of this Report

This report is a technical reference guide for the private sector outlining how implementing IFC's ESG Standards can advance progress toward SDG indicators.

Each chapter contains the following sections:

- **The Challenge:** A brief overview of the challenge of the SDG goal as it intersects with SDG targets and indicators addressed by ESG Standards.
- **Linkages between IFC's ESG Standards and SDGs:** A summary table presenting IFC's ESG Standards that address specific SDG targets. The detailed parameters of relevant IFC's ESG Standards mapped against the particular SDG targets and indicators can be found in the Dataset- *Mapping of IFC's Environmental, Social, and Governance Standards to the Sustainable Development Goals*.
- **Resources:** A list of IFC resources available to assist the private sector toward the implementation of the relevant IFC's ESG Standards.

SDG 1.
No Poverty

End poverty in all its forms everywhere

1 NO POVERTY

THE CHALLENGE

More than 10 percent of the world's population- *700 million people*- live in extreme poverty, defined as less than $1.90 per day, and 17.2 percent live below their national poverty line. Families living in poverty often are not able to provide for their basic needs such as food, adequate housing, and fees for schools and health care. Having employment is not always a guarantee to escape poverty- 8 percent of employed persons worldwide currently live in extreme poverty. Equal rights to land ownership and secure tenure are foundations for poverty alleviation. In most emerging economies, *less than 50 percent* of individuals engaged in agriculture have secure tenure rights over their lands. Natural disasters are also a leading contributor to poverty worldwide. In 2020, natural disasters caused *30.7 million new displacements*, 30 million of which were due to weather related events. Globally, women are *14 times* more likely to die during a disaster than men.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 1: No Poverty	1.4 Equal Rights to Ownership, Basic Services, Technology and Economic Resources 1.5 Build Resilience to Environmental, Economic and Social Disasters	1 Risk Management 2 Labor 4 Community 5 Land Resettlement 7 Indigenous People

IFC Performance Standards 1, 2, 4, 5, and 7 help advance key aspects of SDG 1.

ADDITIONAL IFC RESOURCES

» *Handbook for Preparing a Resettlement Action Plan*

» *Measure & Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions*

» *Workers' Accommodation: Processes and Standards*

SDG 2.
Zero Hunger

2 ZERO HUNGER

End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

THE CHALLENGE

In 2019, an estimated 2 billion people worldwide did not have regular access to safe, nutritious, and sufficient food. Environmental degradation and climate change have played significant roles in the supply chain disruptions and productivity losses that have led to food insecurity. That same year, direct economic losses due to disasters reported across 53 countries reached $70.4 billion. 60 percent- $42.5 billion- of the reported losses were in the agricultural sector.

The agricultural sector is also a significant contributor to environmental degradation and habitat loss across the globe. The *environmental impacts* of agriculture include groundwater pollution from fertilizers, pesticides and manures, soil erosion, water use and scarcity, and biodiversity loss from conversion of natural habitats to farmlands. Land degradation has reduced agricultural productivity in 23 percent of terrestrial areas globally. An estimated $235 to $577 billion in annual global crop output is currently at risk due to pollinator loss. The agriculture sector is also a significant contributor to GHG emissions, accounting for between 19 and 29 percent of total GHG emissions.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 2: Zero Hunger	2.4 Sustainable Food Production and Resilient Agriculture Practices	1 Risk Management; 3 Resource Efficiency; 6 Biodiversity

IFC Performance Standards 1, 3, and 6 help advance key aspects of SDG 2.

ADDITIONAL IFC RESOURCES

- » *Environmental, Health, and Safety Guidelines for Pesticide Manufacturing, Formulation, and Packaging*
- » *Environmental, Health, and Safety Guidelines: Agribusiness/ Food Production*
- » *ESMS Implementation Handbook for Animal Production*
- » *ESMS Implementation Handbook for Crop Production*
- » *ESMS Implementation Handbook for Food and Beverage*
- » *Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)*
- » *Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain*
- » *Good Practice Note: Improving Animal Welfare in Livestock Operations*

SDG 3.
Good Health and Well Being

Ensure healthy lives and promote well-being for all at all age

3 GOOD HEALTH AND WELL-BEING

THE CHALLENGE

In addition to COVID-19 pandemic, the world continues to face several global health crises. In 2020, there were *1.5 million* new HIV diagnoses – three times the global target for 2020. In the same year, there were also *241 million* cases and 627,000 deaths from malaria. An estimated 10 million people had tuberculosis, which remains the leading cause of death worldwide from an infectious disease and the leading cause of death among women aged 18-29. Beyond infectious diseases, noncommunicable diseases and accidents contribute significantly to mortality and disability worldwide. Approximately *1.3 million people* worldwide die in road accidents each year. Road accidents are the leading cause of death of children and young adults aged 5-29 years old. Approximately *93 percent* of the world's fatalities on roads are in low-and middle-income countries.

Climate change is expected to contribute to compounding health care crises in the coming decades- causing approximately *250,000 additional deaths* per year from malnutrition, malaria, diarrhea, and heat stress between the years 2030 and 2050 and adding direct damage costs between US $2–4 billion per year by 2030.

These global health challenges are compounded by a lack of access to affordable and high-quality health care services, particularly in emerging economies. In 2017, only around *one-third to one-half* of the global population was covered by essential health services. In 2019, about *12.7 percent* of the global population made out-of-pocket health care expenses that exceeded 10 percent of their incomes. It is estimated that out-of-pocket health care expenses pushed 90 million people below the extreme poverty line globally in that year.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 3: Good Health and Well-being	3.3 Fight Communicable Diseases 3.4 Reduce Mortality from Non-Communicable Diseases and Promote Mental Health 3.6 Reduce Road Injuries and Deaths 3.8 Achieve Universal Health Coverage 3.9 Reduce Illnesses and Death from Hazardous Chemicals and Pollution	2 Labor 3 Resource Efficiency 4 Community

IFC Performance Standards 2, 3, and 4 help advance key aspects of SDG 3.

ADDITIONAL IFC RESOURCES

» *Environmental, Health, and Safety Guidelines (All Sectors)*
» *Environmental, Health, and Safety Guidelines for Health Care Facilities*
» *Environmental, Health, and Safety Guidelines for Pesticide Manufacturing, Formulation, and Packaging*
» *Good Practice Note: HIV/AIDS in the Workplace*
» *Introduction to Health Impact Assessment*

SDG 4.
Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

THE CHALLENGE

Quality education plays a crucial role in achieving the SDGs and promoting a strong and competitive private sector. Illiteracy, estimated at more than *771 million young people and adults* worldwide, limits people's access to employment opportunities that, in turn, provide a sustainable livelihood. Access to vocational education and continuing education are important to improve livelihoods and attaining higher quality jobs and reducing inequalities. *From 2017 to 2019*, average participation rates in formal and non-formal education among adults was only 25 percent worldwide. This number was below 10 percent in more than half of all countries. There is also a strong gender gap in participation rates in lifelong learning. As of 2019, gender parity in participation rates in continuing education had been achieved in less than *20 percent* of countries.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 4: Quality Education	4.3 Equal Access to Affordable Technical, Vocational and Higher Education 4.5 Eliminate All Discrimination in Education 4.a Build and Upgrade Inclusive and Safe Schools	2 Labor 4 Community

IFC Performance Standards 2 and 4 help advance key aspects of SDG 4.

ADDITIONAL IFC RESOURCES

» *Good Practice Note: Non-Discrimination and Equal Opportunity*

SDG 5.
Gender Equality

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

THE CHALLENGE

Gender equality and non-discrimination are fundamental human rights and essential for economic and social development. Despite advancements in recent decades, women still lag behind in key economic empowerment indicators. The COVID-19 pandemic exacerbated existing gender inequalities, exposing cracks in economic and social systems, and posing a serious threat to the gains made on gender equality. Working women have been disproportionately affected by the COVID-19 pandemic compared to working men. They accounted for *39.4 percent* of total employment before the pandemic in 2019 but made up nearly 45 percent of global employment losses in 2020. Approximately *50 percent* of the world's working women are in vulnerable employment, often unprotected by labor legislation. Women also have reduced access to landholdings and land ownership in many parts of the world. While a third of women globally are employed in agriculture, forestry, and fishing, women constitute only *12.8 percent* of agricultural landholders worldwide.

Despite growing evidence that having more women in leadership and decision-making positions is positively correlated with better ESG performance, women are still underrepresented at the highest levels of private sector leadership. Globally women hold only *19.7 percent* of board seats, 6.7 percent of board chairs, 5 percent of chief executive officer (CEO), and 15.7 percent of chief financial officer (CFO) positions.

Violence and harassment in the workplace have remained a global challenge falling disproportionately on women – the cost of which has been estimated at *$12 trillion annually*. Gender-based violence and harassment (GBVH) is a significant barrier to women's employment and sustainable development, preventing victims and survivors from exercising their economic and social rights. This becomes a lost opportunity for businesses.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 5: Gender Equality	5.1 End Discrimination Against Women and Girls 5.2 End All Violence Against and Exploitation of Women and Girls 5.5 Ensure Full Participation in Leadership and Decision-Making 5.a Equal Rights to Economic Resources, Property Ownership, and Financial Services	

IFC Performance Standards 1, 2, 4 and Corporate Governance Methodology Parameter 2 help advance key aspects of SDG 5.

ADDITIONAL IFC RESOURCES

» *Develop a Community-Based Grievance Mechanism for Sexual Exploitation and Abuse*

» *Establish and Manage a Worker Grievance Mechanism for Sexual Harassment*

» *Good Practice Note Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector*

» *Good Practice Note: Non-Discrimination and Equal Opportunity*

» *How Exchanges Can Advance Gender Equality -- Updated Guidance and Best Practice (English and Spanish)*

» *How to Support Your Company to Write and Implement a Workplace Policy for Prevention of Sexual Harassment*

» *Supporting Companies to Develop and Manage Community-Based Grievance and Feedback Mechanisms Regarding Sexual Exploitation, Abuse and Harassment*

» *Sustainability Case Studies: Lessons Learned on Leading Through Crisis and Recovering Stronger*

» *Tip Sheet: Guidance for Boards of Directors on Overseeing Gender-Based Violence and Harassment Risk*

» *Write and Implement a Workplace Policy for Prevention of Sexual Harassment*

» *Write and Implement an Employee Code of Conduct for Prevention of Sexual Exploitation and Abuse*

SDG 6. Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all

6 CLEAN WATER AND SANITATION

THE CHALLENGE

Access to clean water and sanitation is one of the greatest global development challenges. One in three people worldwide still lack access to clean drinking water. Two billion people live without safely managed drinking water services, including *1.2 billion people* lacking even a basic level of service, in 2020. Women and girls continue to carry the burden of inadequate access to clean water, as they are responsible for water collection in *80 percent of households* without regular access to water. Water pollution has been an ongoing challenge leading to aquatic ecosystem destruction, and infectious diseases. More than 80 percent of water from human activities is discharged into rivers, lakes, and oceans without any treatment. More than *1,000 children* under five die each day from water and sanitation related diseases from contaminated water. Water conservation and management also remains a challenge. Over 40 percent of the global population currently lives under conditions of water scarcity and 1.7 billion people live near river basins where withdrawals exceed replenishment by rainfall. Around *70 percent* of water withdrawals extracted globally from lakes, rivers, and aquifers are for agriculture irrigation. *Climate change* is expected to increase water scarcity and water pollution in regions around the world through shrinking ice fields, droughts, wildfires, worsening floods, and sea level rise.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 6: Clean Water and Sanitation	6.1 Safe and Affordable Drinking Water 6.3 Improve Water Quality, Wastewater Treatment, and Safe Reuse 6.4 Increase Water-Use Efficiency and Ensure Freshwater Supplies 6.5 Implement Integrated Water Resources Management 6.6 Protect and Restore Water-Related Ecosystems 6.b Support Local Engagement in Water and Sanitation Management	1 Risk Management 3 Resource Efficiency 6 Biodiversity

IFC Performance Standards 1, 3, and 6 advance key aspects of SDG 6.

ADDITIONAL IFC RESOURCES

- » *Doing Better Business Through Effective Public Consultation: A Good Practice Manual*
- » *Environmental, Health, and Safety Guidelines (All Sectors)*
- » *Environmental, Health, and Safety Guidelines for Water and Sanitation*
- » *Good Practices for Biodiversity Inclusive Impact Assessment and Management Planning*
- » *Investing in People: Sustaining Communities Through Improved Business Practice*
- » *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*

SDG 7.
Affordable and Clean Energy

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all

THE CHALLENGE

The energy sector is the dominant contributor to climate change, accounting for 60 percent of total GHG emissions worldwide. Improved energy efficiency and increased use of renewable sources, including hydropower, wind, geothermal, and solar will be critical for reversing the effects of climate change and for achieving economic growth that is environmentally sustainable.

Progress has been made toward increasing the share of electricity capacity generated by renewables – which accounted for 80 percent of all new electricity capacity added in 2020. Continued policy support and improvements in cost efficiency could lead to renewables accounting for over 60 percent of energy generation by 2030. However, additional policy support and private sector commitments will be necessary to achieve greater adoption of renewables in the transport and utilities sectors.

At the same time, to achieve the SDG 7 energy intensity targets by 2030, efficiency improvement rates will need to increase to a rate of 3.2 percent per year, above the previous rates of 2.6 percent. To achieve this will require an intensified effort to retrofit buildings and accelerate building and appliance codes to meet greater standards of energy efficiency.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 7: Affordable and Clean Energy	7.2 Increase Global Percentage of Renewable Energy 7.3 Double the Improvement in Energy Efficiency	3 Resource Efficiency

IFC Performance Standard 3 helps advance key aspects of SDG 7.

ADDITIONAL IFC RESOURCES

» *Environmental, Health, and Safety Guidelines (All Sectors)*

» *Environmental, Health, and Safety Guidelines for Electric Power Transmission and Distribution*

» *Environmental, Health, and Safety Guidelines for Geothermal Power Generation*

» *Environmental, Health, and Safety Guidelines for Thermal Power Plants*

» *Environmental, Health, and Safety Guidelines for Wind Energy*

» *Good Practice Note on Environmental, Health, and Safety Approaches for Hydropower Projects*

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SDG 8.
Decent Work and Inclusive Growth

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

THE CHALLENGE

Decent work is a fundamental human right and a key aspect of economic and social development. Private sector plays a critical role in delivering SDG 8 through its ability to improve wages and working conditions, expand social protection coverage, and ensure labor rights are protected for the most vulnerable workers, such as migrants, women, children, and those in the informal economy. In 2019, *60 percent* of the global workforce –2 billion people – worked in the informal sector. Informal sector workers *lack basic social protections* and have less access to formal mechanisms to protect rights. Many informal sector workers include those in the most vulnerable situations such as children and trafficked persons. In 2020, nearly *160 million* children engaged in child labor worldwide, nearly half of whom were involved in hazardous work.

Unemployment remains a global challenge following economic downturns, and over the long term disproportionally impacts the young and women. *In 2021*, 31 percent of young women and 14 percent of young men were neither in education, employment, or training. Worldwide, only *18 percent* of workers are covered by unemployment social protection. This amount varies from a high of *53 percent* in Europe and Central Asia to a low of 5 percent in Africa.

Safe working conditions also add to the global challenge. More than *2.78 million* workers around the world die per year as a result of occupational accidents or diseases. In addition, another *374 million* non-fatal work-related injuries take place yearly, the economic burden of which has been estimated at almost 4 percent of global GDP each year.

In many countries, workers have limited access to collective bargaining and social dialogue. Across 98 countries, approximately one-third of employees have their pay and working conditions regulated by one or more collective agreements. This number is well over *75 percent* for many European countries yet falls to under 25 percent for over half of countries, including many in emerging economies.

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LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 8: Decent Work and Inclusive Growth	8.3 Promote Policies to Support Job Creation and Growing Enterprises 8.4 Improve Resource Efficiency in Consumption and Production 8.5 Full Employment and Decent Work with Equal Pay 8.7 End Modern Slavery, Trafficking, and Child Labour 8.8 Protect Labour Rights and Promote Safe Working Conditions 8.9 Promote Beneficial and Sustainable Tourism	2 Labor 3 Resource Efficiency 8 Cultural Heritage CGM 2 Board Structure and Function 6 Governance of Stakeholder Engagement

IFC Performance Standards 2, 3, 8, and Corporate Governance Methodology Parameters 2 and 6 help advance key aspects of SDG 8.

ADDITIONAL IFC RESOURCES

» *Environmental, Health, and Safety Guidelines (All Sectors)*
» *Environmental, Health, and Safety Guidelines for Tourism and Hospitality Development*
» *Good Practice Note: Addressing Child Labor in the Workplace and Supply Chain*
» *Good Practice Note: Addressing the Social Dimensions of Private Sector Projects*
» *Good Practice Note: Managing Retrenchment*
» *Good Practice Note: Non-Discrimination and Equal Opportunity*
» *Measure & Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions*

SDG 9.
Industry, Innovation, and Infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

THE CHALLENGE

Industrialization and infrastructure development are key to advancing economic growth and social development. To meet the *SDG 9 targets* for increased manufacturing, infrastructure development, and transportation networks in emerging economies, innovation, technological progress, and investment in industries will be needed. These investments historically have come with high costs to the natural environment resulting in increased resource consumption, pollution, and GHG emissions. Investments in infrastructure and manufacturing going forward will need to include better practices on resource efficiency to ensure industrialization is sustainable for the long-term and can contribute to mitigating changes in climate.Linkages between IFC's ESG Standards and SDGs

SDG	SDG Targets	IFC's ESG Standards
SDG 9: Industry, Innovation, and Infrastructure	9.4 Upgrade all Industries and Infrastructures for Sustainability	3 Resource Efficiency

IFC Performance Standard 3 helps advance key aspects of SDG 9.

ADDITIONAL IFC RESOURCES

» *Environmental, Health, and Safety Guidelines (All Sectors)*

SDG 10. Reduced Inequalities

Reduce inequality within and among countries

THE CHALLENGE

Reducing inequalities and protecting rights of the most vulnerable are central to achieving economic and social development. Actions by the private sector play a critical role in driving outcomes in economic and social inequalities due to differences in pay and social protection it provides to different categories of workers.

Women continue to earn less than men worldwide both because women have higher representation in low wage and part time roles, and they tend to be underpaid in roles in which they perform similar work to men. These differences are exacerbated in many developing countries.

Migrants also face unique challenges in the context of employment. The process of migration is high risk and costly. There have been over *45,000 deaths* and disappearances of migrants since 2014. Recruitment costs can be as high as 20 months of wages in the destination country. Once in the destination country, migrant workers are less likely to have access to health care and have children enrolled in education, more likely to live in substandard and overcrowded housing and face malnutrition compared with non-migrants.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 10: Reduced Inequalities	10.3 Ensure Equal Opportunities and End Discrimination 10.5 Improved Regulation of Global Financial Markets and Institutions 10.7 Responsible and Well-Managed Migration Policies	

IFC Performance Standard 2 and Corporate Governance Methodology Parameters 2 and 5 help advance key aspects of SDG 10.

ADDITIONAL IFC RESOURCES

- » *Beyond the Balance Sheet - IFC Toolkit for Disclosure and Transparency*
- » *Climate Governance: Equipping Corporate Boards to Mitigate Climate Risks and Seize Climate Opportunities*
- » *Focus 15: Sustainability Committees: Structure and Practices*
- » *Good Practice Note: Addressing Child Labor in the Workplace and Supply Chain*
- » *Good Practice Note: Addressing the Social Dimensions of Private Sector Projects*
- » *Good Practice Note: Non-Discrimination and Equal Opportunity*
- » *How Exchanges Can Advance Gender Equality -- Updated Guidance and Best Practice (English and Spanish)*
- » *How to Support Your Company to Write and Implement a Workplace Policy for Prevention of Sexual Harassment*
- » *FC Climate Governance Progression Matrix*
- » *IFC Internal Control Handbook*
- » *Measure & Improve Your Labor Standards Performance: Performance Standard 2 Handbook for Labor and Working Conditions*
- » *Supporting Companies to Develop and Manage Community-Based Grievance and Feedback Mechanisms Regarding Sexual Exploitation, Abuse and Harassment*

SDG 11.
Sustainable Cities and Communities

Make cities and human settlements inclusive,
safe, resilient, and sustainable

11 SUSTAINABLE CITIES AND COMMUNITIES

THE CHALLENGE

More than half the world's population currently resides in cities – a number that is projected to exceed *60 percent* by 2030 and 70 percent by 2050. Ninety-five percent of this urbanization is expected to take place in emerging economies. Rapid urbanization has led to gains in productivity and economic growth, but also presents challenges to provision of basic housing, transportation, water and sanitation, and a clean environment. More than *828 million people* worldwide live in urban slums with inadequate housing and sanitation. The share of urban areas allocated to streets and open public spaces averages 16 percent, below the SDG target of 30 percent.

Cities account for *75 percent* of carbon emissions globally, even though they encompass just 3 percent the planet's land. Natural disasters impacting cities pose an ongoing challenge to gains made in infrastructure improvement in recent years. In 2019, there were *24,000 deaths* due to disasters in 67 countries, resulting in $70.3 Billion in direct economic losses. The urban poor and vulnerable have *high exposure* and bear high costs of climate change and extreme weather events as they often live on the margins of society in informal settlements with unstable housing structures with inadequate cooling systems, and on lands with higher exposure to flooding and landslides. Additionally , urban poor and vulnerable have less access to resources to build resilient to disasters such as property insurance. Recovering from climate shocks was estimated to force *130 million people* into poverty between 2021 and 2030.

National urban policies and inclusive and participatory processes are essential for a sustainable urban future. As of 2021, *156 countries* had developed national urban policies with the half of these countries being already in the implementation stage.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 11: Sustainable Cities and Communities	11.1 Safe and Affordable Housing 11.3 Inclusive and Sustainable Urbanization 11.4 Protect the World's Cultural and Natural Heritage 11.5 Reduce the Adverse Effects of Natural Disasters 11.6 Reduce the Environmental Impact of Cities 11.7 Provide Access to Safe and Inclusive Green and Public Spaces 11.a Strong National and Regional Development Planning 11.b Implement Policies for Inclusion, Resource Efficiency, and Disaster Risk Reduction 11.c Support Least Developed Countries in Sustainable and Resilient Building	1 Risk Management 2 Labor 3 Resource Efficiency 4 Community 5 Land Resettlement 6 Biodiversity 8 Cultural Heritage

IFC Performance Standards 1, 2, 3, 4, 5, 6, and 8 help advance key aspects of SDG 11.

ADDITIONAL IFC RESOURCES

- *Doing Better Business Through Effective Public Consultation: A Good Practice Manual*
- *Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector*
- *Environmental, Health, and Safety Guidelines (All Sectors)*
- *Environmental, Health, and Safety Guidelines for Tourism and Hospitality Development*
- *Environmental, Health, and Safety Guidelines for Waste Management Facilities*
- *ESMS Implementation Handbook for Construction*
- *Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets*
- *Good Practice Note: Addressing the Social Dimensions of Private Sector Projects*
- *Green Buildings: A Financial and Policy Blueprint for Emerging Markets*
- *Handbook for Preparing a Resettlement Action Plan*
- *Investing in People: Sustaining Communities Through Improved Business Practice*
- *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*
- *Supporting Companies to Develop and Manage Community-Based Grievance and Feedback Mechanisms Regarding Sexual Exploitation, Abuse and Harassment*
- *Workers' Accommodation: Processes and Standards*

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SDG 12. Responsible Production and Consumption

Ensure sustainable consumption and production patterns

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

THE CHALLENGE

Responsible production and consumption are prerequisites to *achieving many SDG targets*, including lowering GHG emissions, reducing pollution, and protecting terrestrial and marine ecosystems. Nevertheless, domestic material consumption per capita rose by more than *40 percent* from 2000 to 2017, from 8.7 to 12.2 metric tons. Among this, each person disposed of *7.3 kg of electronics waste*, only 1.7 kg of which were recycled or disposed in an environmentally responsible manner. Plastic consumption continues to contribute to consumption and pollution. Worldwide *1 million* plastic drinking bottles are purchased every minute and 5 trillion single use plastic bags are disposed annually. Policies to promote sustainable production and consumption have made considerable progress in recent years. As of 2020, 83 countries reported *700 policies* and activities under the 10-Year Framework of Programmes on Sustainable Consumption and Production. However, emerging economies have been underrepresented among these policies.

Corporate sustainability reporting has become more mainstream in recent years. *Among the largest 100 companies* by revenue in the world, 97 percent of companies in North America report ESG information compared to 72 percent in Eastern Europe and 56 percent in Africa and Middle East.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 12: Responsible Production and Consumption	12.2 Sustainable Management and Use of Natural Resources 12.4 Responsible Management of Chemicals and Waste 12.5 Substantially Reduce Waste Generation 12.6 Encourage Companies to Adopt Sustainable Practices and Sustainability Reporting 12.b Develop and Implement Tools to Monitor Sustainable Tourism	

IFC Performance Standard 1, 3, 4, 8 and Corporate Governance Methodology Parameters 2 and 4 help advance key aspects of SDG 12.

ADDITIONAL IFC RESOURCES

» *Beyond the Balance Sheet - IFC Toolkit for Disclosure and Transparency*
» *Climate Governance: Equipping Corporate Boards to Mitigate Climate Risks and Seize Climate Opportunities*
» *Environmental, Health, and Safety Guidelines (All Sectors)*
» *Environmental, Health, and Safety Guidelines for Tourism and Hospitality Development*
» *IFC Climate Governance Progression Matrix*

SDG 13. Climate Action

Take urgent action to combat climate change and its impacts

THE CHALLENGE

The pace of climate change is accelerating, impacting economies and livelihoods across the world. In 2021, global carbon dioxide (CO_2) emissions from energy combustion and industrial processes reached their highest ever annual level at *36.3 gigatons*, a 6 percent increase from 2020. Climate change has resulted in changing weather patterns, more extreme weather events, glacier retreat across mountain areas, and sea level rising. Between *1970 and 2019*, 79 percent of disasters worldwide involved weather and climate-related hazards, accounting for 56 percent of deaths and 75 percent of economic losses from disasters during that period. While not all weather-related disasters can be attributed to climate change, *recent studies* suggest that some events such as the prevalence of heatwaves and flooding can be directly attributed to human-caused sources from GHG emissions.

To reduce climate change impacts, the world needs to aggressively reduce GHG emissions across direct operations and in the value chain to achieve the 2050 target of limiting global warming to 1.5 degrees Celsius above pre-industrial levels and reach net-zero carbon dioxide emissions. Addressing climate change *requires* collaboration, innovation, and active participation from the private sector. Companies can not only develop and implement measures to reduce GHG emissions but also to increase the resilience of businesses by integrating climate risk preparedness and management to reduce the potential impacts of more extreme weather events on supply chains, physical structures, and critical assets.

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LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 13: Climate Action	13.1 Strengthen Resilience and Adaptive Capacity to Climate Related Disasters 13.2 Integrate Climate Change Measures into Policies and Planning	1 Risk Management 3 Resource Efficiency 4 Community CGM 4 Disclosure and Transparency

IFC Performance Standards 1, 3, 4 and Corporate Governance Methodology Parameter 4 help advance key aspects of SDG 13.

ADDITIONAL IFC RESOURCES

» *Climate Governance: Equipping Corporate Boards to Mitigate Climate Risks and Seize Climate Opportunities*

» *Environmental, Health, and Safety Guidelines (All Sectors)*

» *Green Buildings: A Financial and Policy Blueprint for Emerging Markets*

» *IFC Climate Governance Progression Matrix*

SDG 14.
Life Below Water

14 LIFE BELOW WATER

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development

THE CHALLENGE

Oceans are essential to the overall environmental health of the plant and to the global economy. Oceans play a critical role in regulating the climate of the earth, absorbing *30 percent* of the carbon emissions caused by humans and 90 percent of the excess heat. Environmental degradation of oceans comes from three sources: overfishing, marine pollution, and ocean acidification from rising sea temperatures due to climate change. Unregulated, illegal, and overfishing practices are destabilizing coastal and marine ecosystems across the world. *Around 80 percent* of marine pollution originates from land-based sources such as plastics, agricultural runoff including pesticides, and untreated sewage outflows. Oceans and marine ecosystems are also essential to the global economy. *More than 3 billion people* rely on oceans for their livelihoods, including 200 million people employed in the fishing industry. Marine industries contribute around *$3 trillion* per year to global GDP. Achieving a sustainable management of the oceans requires that companies adopt practices that reduce plastics and runoffs that produce marine pollution, adopt standards that prevent overfishing, and reduce GHG emissions to prevent ocean acidification.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 14: Life Below Water	14.1 Reduce Marine Pollution 14.2 Protect and Restore Ecosystems 14.3 Reduce Ocean Acidification 14.4 Sustainable Fishing 14.5 Conserve Coastal and Marine Areas 14.c Implement and Enforce International Sea Law	3 Resource Efficiency 6 Biodiversity

IFC Performance Standards 3 and 6 help advance key aspects of SDG 14.

ADDITIONAL IFC RESOURCES

» *Environmental, Health, and Safety Guidelines for Aquaculture*
» *Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)*
» *Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain*
» *Good Practices for Biodiversity Inclusive Impact Assessment and Management Planning*

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SDG 15.
Life on Land

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation, and halt biodiversity loss

15 LIFE ON LAND

THE CHALLENGE

Land-based ecosystems are critical to human survival including regulating oxygen levels in the atmosphere and providing foods and essential raw materials such as wood, cotton, and rubber. *Close to 1.6 billion people* rely on forests for their livelihoods, including 60 million indigenous peoples. Human activity has altered almost 75 percent of the earth's terrestrial surface. *From 2000 to 2020*, the world lost nearly 100 million hectares of forests. Another *12 million hectares* of arable land were lost to drought and desertification every year. Land degradation *disproportionately impacts* the most vulnerable, those living in poverty in developing countries.

Ecosystem management also remains a challenge. *More than half* of terrestrial and freshwater key biodiversity areas remains outside of protected areas. These protected areas are primarily for the most important protected species, and most are not adequately managed. Their geographical distribution *remains uneven*, threatening species in biodiversity rich areas, such as Central and Southern Asia, and Oceania. There are almost 1 million plant and animal species currently threatened with extinction. Poaching continues to impact wildlife conservation efforts, with *more than 7,000 species* involved in illegal trading across 120 countries.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 15: Life on Land	15.1 Conserve and Restore Terrestrial and Freshwater Ecosystems 15.2 End Deforestation and Restore Degraded Forests 15.3 End Desertification and Restore Degraded Land 15.4 Ensure Conservation of Mountain Ecosystems 15.5 Protect Biodiversity and Natural Habitats 15.6 Promote Access to Genetic Resources and Fair Sharing of the Benefits 15.7 Eliminate Poaching and Trafficking of Protected Species 15.8 Prevent Invasive Alien Species on Land and in Water Ecosystems 15.9 Integrate Ecosystem and Biodiversity in Governmental Planning	1 Risk Management 6 Biodiversity 8 Cultural Heritage

IFC Performance Standards 1, 6, and 8 help advance key aspects of SDG 15.

ADDITIONAL IFC RESOURCES

- *Environmental, Health, and Safety Guidelines for Forest Harvesting Operations*
- *Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)*
- *Good Practice Handbook: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain*
- *Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets*
- *Good Practices for Biodiversity Inclusive Impact Assessment and Management Planning*

SDG 16.
Peace, Justice, and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

THE CHALLENGE

Strong institutions, peace, and functioning justice systems are critical to achieve the SDGs and to providing stable operating environments for the private sector. In 2022, *more than 100 million people* were fleeing war, persecution, and conflict worldwide, the highest level recorded in almost 70 years. In 2021 alone, the United Nations identified *320 killings* of human rights defenders, journalists, and trade unionists in 35 countries. Furthermore, *in 2021*, nearly 1 in 10 (160 million) children engaged in child labor worldwide, nearly half of which were involved in hazardous work.

Developing countries are estimated to lose *$1.26 trillion* per year to corruption, bribery, theft, and tax evasion. The incidence of bribery varies across regions, *from 30 percent* in Eastern and South-Eastern Asia to 8 percent in Europe and Nothern America. Governments, civil society, and communities must work together to implement solutions to reduce violence, deliver justice, combat corruption, and ensure inclusive citizen participation and freedom to express views. Private companies play a pivotal role in delivering peace and justice through respecting human rights of workers and community stakeholders and through good corporate governance practices that combat bribery and corruption and provide transparency.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 16: Peace, Justice, and Strong Institutions	16.1 Reduce Violence Everywhere 16.2 Protect Children from Abuse, Exploitation, Trafficking and Violence 16.3 Promote the Rule of Law and Ensure Equal Access to Justice 16.4 Combat Organized Crime and Illicit Financial and Arms Flows 16.5 Substantially Reduce Corruption, and Bribery 16.7 Ensure Responsive, Inclusive, and Representative Decision-Making 16.10 Ensure Public Access to Information and Protect Fundamental Freedoms 16.b Promote and Enforce Non-Discriminatory Laws and Policies	

IFC Performance Standards 1, 2, 4, 5, 7, 8 and Corporate Governance Methodology Parameters 3, 4, and 6 help advance key aspects of SDG 16.

ADDITIONAL IFC RESOURCES

- » *Addressing Grievances From Project-Affected Communities*
- » *Beyond the Balance Sheet - IFC Toolkit for Disclosure and Transparency*
- » *Doing Better Business Through Effective Public Consultation: A Good Practice Manual*
- » *Focus 15: Sustainability Committees: Structure and Practices*
- » *Good Practice Handbook: Use of Security Forces: Assessing and Managing Risks and Impacts*
- » *Good Practice Note for the Private Sector: Addressing the Risks of Retaliation Against Project Stakeholders*
- » *Good Practice Note on Managing Risks Associated with Modern Slavery*
- » *Good Practice Note: Addressing Child Labor in the Workplace and Supply Chain*
- » *Handbook for Preparing a Resettlement Action Plan*
- » *IFC Internal Control Handbook*
- » *Investing in People: Sustaining Communities Through Improved Business Practice*
- » *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*
- » *Supporting Companies to Develop and Manage Community-Based Grievance and Feedback Mechanisms Regarding Sexual Exploitation, Abuse and Harassment*

SDG 17.
Partnership for the Goals

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development Finance

THE CHALLENGE

Achieving the SDGs requires strong partnerships among the private sector with governments and civil society. The private sector can support government statistical agencies by engaging in timely disclosure of material ESG data and other non-financial information. The SDGs resonate strongly with the business, with *more than 71 percent* of the world's largest 100 companies by revenue reporting on their alignment with the goals. The majority of the reporting, though, is *focused only on positive impacts* on SDGs. Expanding the reporting on both positive and negative impacts of business on the SDGs can *increase transparency* and provide more balanced picture of the areas requiring progress.

LINKAGES BETWEEN IFC'S ESG STANDARDS AND SDGS

SDG	SDG Targets	IFC's ESG Standards
SDG 17: Partnerships for the Goals	17.9 Enhance SDG Capacity in Developing Countries 17.18 Enhance Availability of Reliable Data	

IFC Performance Standard 1 and Corporate Governance Methodology Parameters 1, 2, 3, 4, and 6 help advance key aspects of SDG 17.

ADDITIONAL IFC RESOURCES

» *Beyond the Balance Sheet - IFC Toolkit for Disclosure and Transparency*
» *Focus 15: Sustainability Committees: Structure and Practices*

Conclusion

Three years into the Decade of Action, the need to accelerate progress toward the SDGs cannot be greater. Faced with the increasing cost of delivering the SDGs in the context of a growing funding gap, the global community is looking for new ways to collaborate and leverage existing actions to achieve the 2030 agenda. The public and private sectors are galvanizing their efforts to mobilize resources, find innovative solutions and participate in reducing risks and identifying new opportunities to address global challenges.

The analysis presented in this guide found that IFC's ESG Standards, comprising the IFC Performance Standards and Corporate Governance Methodology, can play an important part in facilitating progress toward the SDG commitments. This is underlined by the fact that IFC's ESG Standards address all 17 SDGs, as well as 75 SDG targets (44 percent) and 104 SDG indicators (42 percent).

This guide and the accompanying *dataset* present an opportunity for private sector companies to leverage their ESG risk management practices to contribute to delivering the SDGs.

A company or financial institution that adopts IFC's ESG Standards can use this guide to draw direct linkages between its ESG risk management practices and SDG goals, targets, and indicators. By deepening the level of the analysis to spotlight relevant SDG targets, this research emphasizes those aspects of SDGs that the private sector can and should advance. Importantly, SDG indicators can help the private sector to measure its progress in achieving SDG targets and goals and communicate their contributions to the SDGs.

Linkages highlighted in this guide can help the private sector galvanize actions to deliver the SDGs at scale. They can help with prioritization, assessment and implementation of systems and practices which both reduce ESG risks and create benefits for the planet and the society at large. Furthermore, this guide contributes to enhancing reporting and disclosure practices of companies by bridging ESG risk management and SDG reporting.

This guide and the dataset are a first step in mapping a well-established and widely used ESG risk management framework, in the form of IFC's ESG Standards, and the SDGs. Now more than ever, companies and financial institutions are facing increased demands and scrutiny of their actions and claims about how they do both mitigate ESG impacts and generate positive outcomes. To succeed, they must start considering the alignment between the two and this guide is a useful resource to accompany the private sector in this inevitable journey.

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