

ANNEX A. SUMMARY OF KEY CHANGES IN THE SUSTAINABILITY POLICY AND PERFORMANCE STANDARDS

Sustainability Policy

- Strengthens IFC's commitments to climate change, business and human rights, corporate governance, and gender
- Revises and strengthens categorization system:
 - Greater emphasis on inherent risks and project context
 - Financial Institutions (FIs): Category 1, 2, or 3
- Strengthens due diligence for FIs
- Clarifies due diligence for Advisory Services
- Strengthens requirements for extractive industry projects disclosure

Performance Standard 1

- Changes name to “Assessment and Management of Environmental and Social Risks and Impacts”
- Refers to private sector responsibility to respect human rights
- Introduces better applicability to investments other than project finance (non-defined assets concept)
- Requires stakeholder engagement beyond Affected Communities
- Clarifies levels of stakeholder engagement under different circumstances
- Requires development of a formal environmental and social policy reflecting principles of the Performance Standards
- Introduces participatory monitoring (when appropriate) as an option during implementation
- Requires periodic performance reviews by senior management

Performance Standard 2

- Establishes requirement for comparable terms and conditions for migrant workers compared to non-migrant workers
- Introduces quality requirements for workers' accommodation
- Requires ongoing monitoring of working conditions for workers under the age of 18
- Requires establishing policies and procedures to manage and monitor compliance of third parties with Performance Standard 2
- Requires alternatives analysis in case of retrenchment
- Requires ongoing monitoring of primary supply chain
- Introduces “safety” trigger in primary supply chain

Performance Standard 3

- Changes name to “Resource Efficiency and Pollution Prevention”
- Introduces a resource efficiency concept for energy, water, and core material inputs
- Strengthens focus on energy efficiency and greenhouse gas measurement
- Reduces greenhouse gas emissions thresholds for reporting to IFC from 100,000 tons CO₂ to 25,000 tons of CO₂ per year
- Requires determination of accountability with regards to historical pollution
- Introduces concept of “duty of care” for hazardous waste disposal

Performance Standard 4

- Considers risks to communities associated with use, and/or alteration of natural resources and climate change through an ecosystems approach

Performance Standard 5

- Extends scope of application to restrictions on land use
- Strengthens requirements regarding consultations
- Introduces a requirement for a completion audit under certain circumstances

Performance Standard 6

- Changes name to “Biodiversity Conservation and Sustainable Management of Living Natural Resources”
- Clarifies definitions of and requirements for various types of habitats
- Introduces stronger requirements for biodiversity offsets
- Introduces specific requirements for plantations and natural forests
- Introduces specific requirements for management of renewable natural resources
- Strengthens supply chain scope

Performance Standard 7

- Expands consideration of Indigenous Peoples’ specific circumstances in developing mitigation measures and compensation
- Introduces requirement for land acquisition due diligence with regards to lands subject to traditional ownership or under customary use
- Introduces the concept of Free, Prior, and Informed Consent under certain circumstances

Performance Standard 8

- Requires clients to allow access to cultural sites