

# A GLOBAL PERSPECTIVE: IFC E&S SUSTAINABILITY FRAMEWORK

Application in Emerging Markets and  
links to the EU Taxonomy



# IFC Performance Standards

## IFC PERFORMANCE STANDARDS on Environmental and Social Sustainability

### Performance Standards (PSs)



### Supporting Guidance Notes for each PS

- Establishes client requirements
- Assessment and management of impacts and risks
- Do business sustainably
- Outcome-oriented
- Risk-based
- Relied upon by 150+ IFIs

# WBG Environmental, Health and Safety (EHS) Guidelines



- Technical reference documents of **Good International Industry Practice (GIIP)**.
- General and Industry-Specific (60+).
- Performance levels and measures acceptable to WBG and considered to be achievable in new facilities at reasonable cost by existing technology.
- May involve site-specific targets and a timeline for achievement.
- Public knowledge good (IFIs, companies, consultants, academics, regulators).
- Continuously updated

# Overview



## Promoting Interoperability Across Environmental and Social Risk Management Frameworks

How the IFC Environmental and Social Performance Standards  
And World Bank Group Environmental, Health and Safety Guidelines  
Align with the EU Taxonomy's "Do No Significant Harm" and  
Minimum Safeguards Criteria



<https://www.ifc.org/ifceutaxonomy>

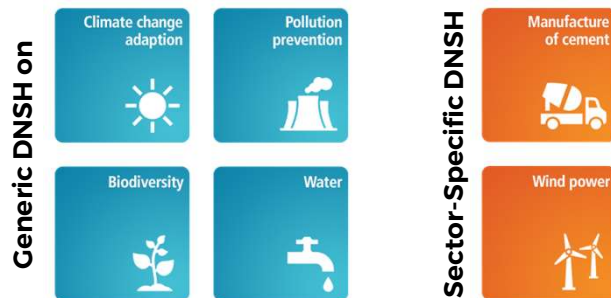
The purpose of Report is to **explore and assess the alignment and interoperability** between the EU Taxonomy's 'Do No Significant Harm' (DNSH) and minimum safeguards (MS) criteria, and the IFC Performance Standards (PSs) and World Bank Environmental, Health and Social (EHS) Guidelines.

The Report also aims at further **supporting efforts globally for the implementation of sustainable finance frameworks** across markets and providing operating principles for companies and financial institutions subject to sustainable taxonomies.

# Scope of the research

## EUROPEAN COMMISSION EU TAXONOMY

### Do Not Significant Harm (DNSH) criteria



### Minimum Safeguards (MS)



... which include:

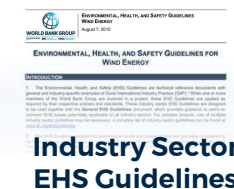
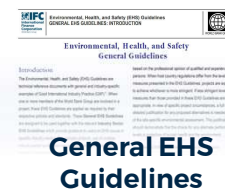
- (i) ILO Declaration on Fundamental Principles and Rights at Work
- (ii) International Bill of Human Rights

## IFC PERFORMANCE STANDARDS and EHS GUIDELINES

### Performance Standards (PSs) and their Guidance Notes

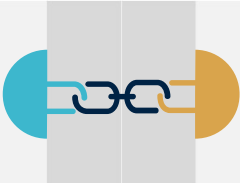


### Environmental, Health and Safety (EHS) Guidelines





# Different objectives but a key common feature...

	EUROPEAN COMMISSION EU TAXONOMY	IFC PERFORMANCE STANDARDS and EHS GUIDELINES
<b>Nature</b>	<b>Regulation</b>	<b>Standard</b>
<b>Overall Definition</b>	<b>Science-based classification system</b> for environmentally sustainable economic activities	<b>E&amp;S Risks and Impacts Assessment and Management</b> benchmark, guidance and technical references
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Sharing a common <b>definition</b> of sustainability</li> <li>• Providing protection against <b>greenwashing</b></li> <li>• Facilitating the achievement of the <b>European Green Deal</b></li> </ul>	<ul style="list-style-type: none"> <li>• Avoiding, mitigating and <b>managing E&amp;S risks and impacts</b></li> <li>• <b>Defining companies' responsibilities</b> for managing their E&amp;S risks</li> <li>• <b>Providing guidance</b> on EHS performance and benchmark criteria</li> </ul>
<b>What Does this involve</b>	Imply <b>E&amp;S risks and impacts assessment and mitigation measures</b> – through DNSH and MS criteria 	Requires the <b>assessment and management of negative E&amp;S risks and impacts</b>

## ... and a large level of alignment in terms of:

### E&S topics

- EU Taxonomy E&S topics **largely covered by PSs and EHS Guidelines.**
- Climate change adaptation is the **only DNSH not explicitly addressed** by the IFC PSs and EHS Guidelines.

### Impacts

- IFC Performance Standards have a **more holistic approach** addressing:
  - E&S risks and impacts on specific stakeholders groups
  - Specific impact areas

### Sectors

- PS and General EHS Guidelines cover **most economic sectors** (≠ EU Taxonomy).
- EU Taxonomy: 13 macro-business sectors vs General EHSC: 8 macro-sectors.

## Key Findings: A strong case for interoperability

- The **PSs and EHS Guidelines approach to E&S risk management is entirely compatible with the EU Taxonomy's** DNSH and MS requirements and can be used to assess the alignment of a business activity.
- The PSs offer a **credible internationally recognized framework to help address this fundamental gap** and meet the requirements of the EU Taxonomy for activities in non-EU countries
- The conclusions of the report can **support further efforts globally to promote alignment and interoperability** of sustainable finance frameworks across markets.



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