

# Performance Standards on Social and Environmental Sustainability

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## Introduction

1. International Finance Corporation (IFC) applies the Performance Standards to manage social and environmental risks and impacts and to enhance development opportunities in its private sector financing in its member countries eligible for financing.<sup>1</sup> The Performance Standards may also be applied by other financial institutions electing to apply them to projects in emerging markets. Together, the eight Performance Standards establish standards that the client<sup>2</sup> is to meet throughout the life of an investment by IFC or other relevant financial institution:

[Performance Standard 1: Social and Environmental Assessment and Management System](#)

[Performance Standard 2: Labor and Working Conditions](#)

[Performance Standard 3: Pollution Prevention and Abatement](#)

[Performance Standard 4: Community Health, Safety and Security](#)

[Performance Standard 5: Land Acquisition and Involuntary Resettlement](#)

[Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management](#)

[Performance Standard 7: Indigenous Peoples](#)

[Performance Standard 8: Cultural Heritage](#)

2. Performance Standard 1 establishes the importance of: (i) integrated assessment to identify the social and environmental impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (iii) the client's management of social and environmental performance throughout the life of the project. Performance Standards 2 through 8 establish requirements to avoid, reduce, mitigate or compensate for impacts on people and the environment, and to improve conditions where appropriate. While all relevant social and environmental risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential social and environmental impacts that require particular attention in emerging markets. Where social or environmental impacts are anticipated, the client is required to manage them through its Social and Environmental Management System consistent with Performance Standard 1.

3. In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national laws, including those laws implementing host country obligations under international law.

4. A set of Guidance Notes, corresponding to the Performance Standards, offers helpful guidance on the requirements contained in the Performance Standards, including reference materials, and on good sustainability practices to help clients improve project performance.

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<sup>1</sup> IFC will apply the Performance Standards to projects it finances, consistent with the provisions in the accompanying IFC's Policy on Social and Environmental Sustainability. IFC's institutional disclosure of information will be pursuant to IFC's Policy on Disclosure of Information.

<sup>2</sup> The term "client" is used throughout the Performance Standards broadly to refer to the party responsible for implementing and operating the project that is being financed, or the recipient of the financing, depending on the project structure and type of financing. The term "project" is defined in Performance Standard 1.