

# PS1 OVERVIEW WEBINAR



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# PS1 Overview Webinar - Outline

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Introduction – how the Performance Standards fit into the Sustainability Framework

PS1 – Scope of Application (what's in and why that is important)

PS1 – Objectives (What is it trying to have you achieve?)

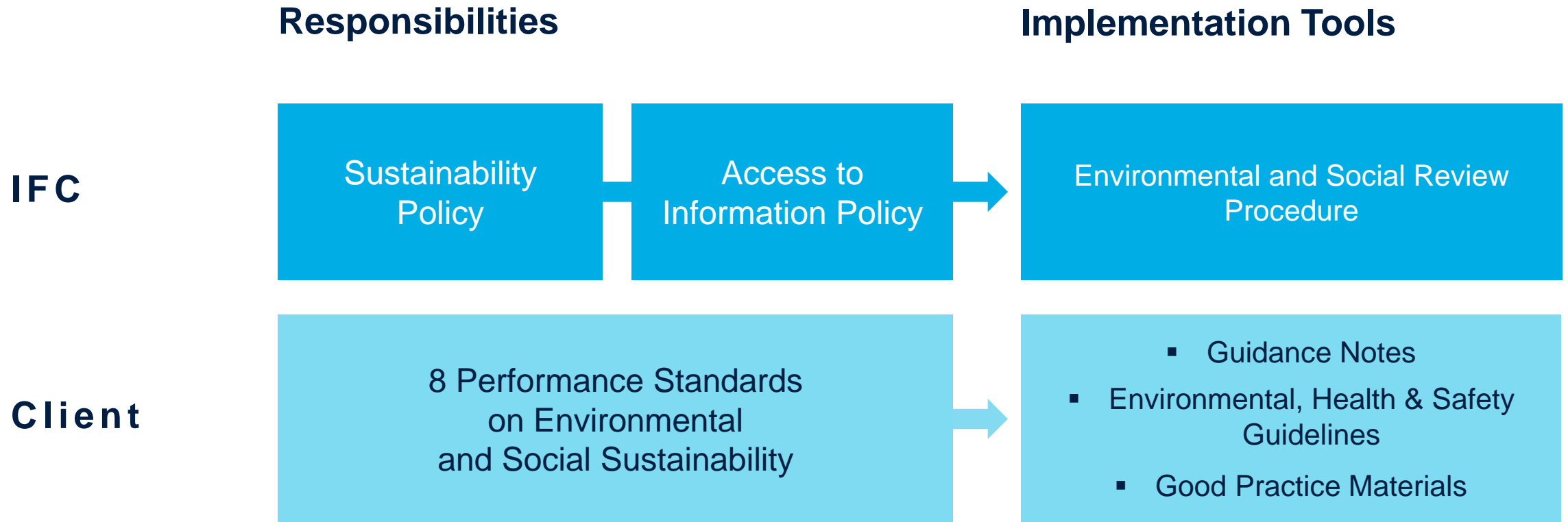
The nature of Management Systems

Review of the key elements of PS 1 (What's required)

Discussion on Stakeholder Engagement/Grievance Mechanisms

Additional Tools and Resources

# IFC Sustainability Framework



# 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

# Overview of PS1 – Scope of Application



The Umbrella PS



Applies to all projects with environmental and social risks and impacts.



A systematic approach to identify and avoid, mitigate and/or then manage environmental and social risks and impacts through application of ESMS.

# PS1 Objectives



- Identify and evaluate (i.e., determine significance or materiality) environmental and social risks and impacts of the project.
- Adopt a mitigation hierarchy regarding risks and impacts
- Promote E&S performance through the effective use of management systems.
- Ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately.
- Promote and provide means for adequate engagement with Affected Communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.

# PS1 Objectives – the Nature of Management Systems

Identifying and analyzing the risks and objectives

What is important for you as an organization and what are you going to do about it?

Implementing the improved solution

What will you change if results are not what you expected?



Developing and implementing a potential solution

What actions will you take? Who, what, where, when and how?

Measuring how effective the solution was, and analyzing whether it could be improved

Did you see the change you expected after implementing the actions?

# Elements of a PS 1 Environmental and Social Assessment and Management System





# Policy

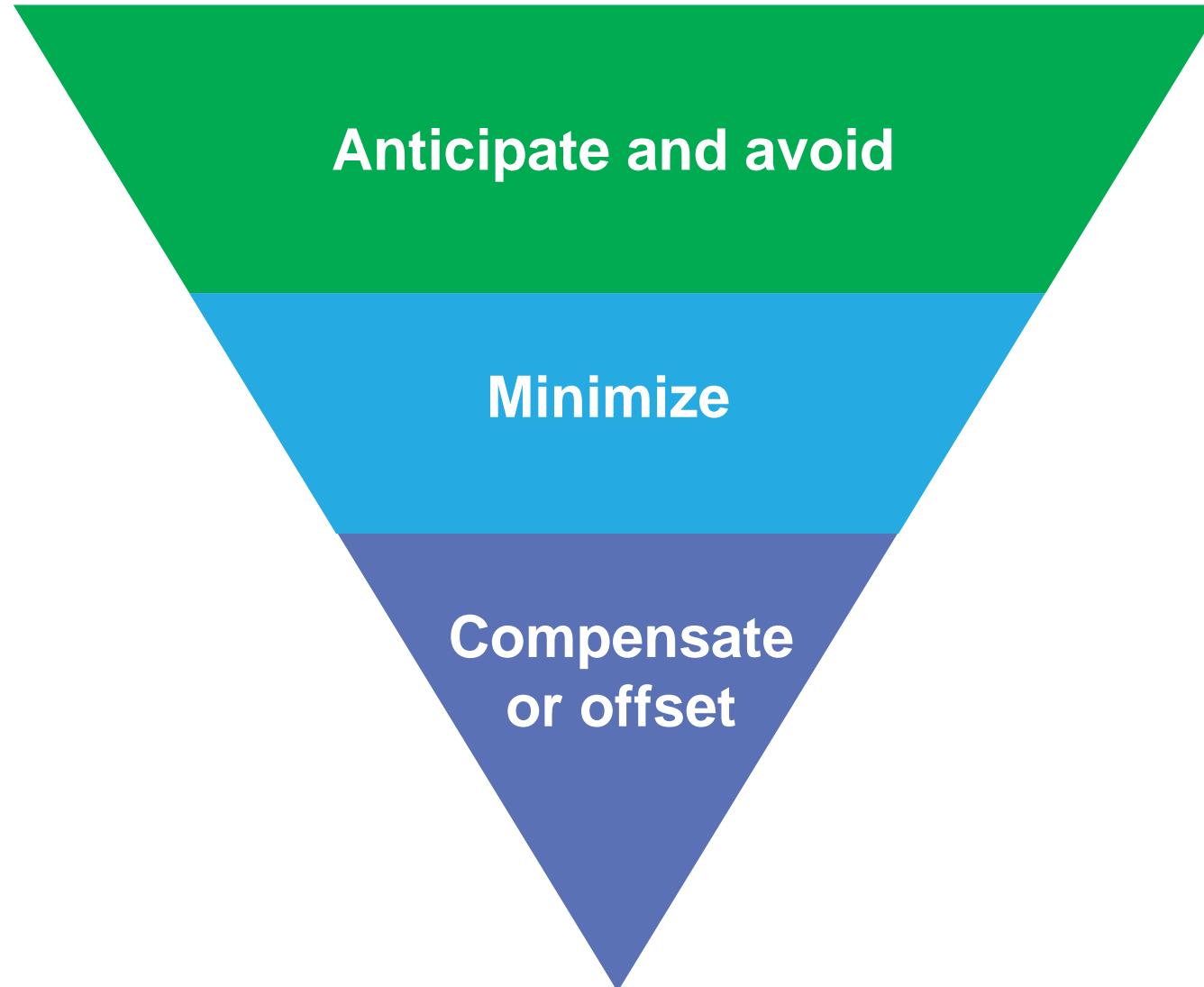
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- Defines the important E&S objectives and principles
- Must specify that the project will comply with the applicable legal framework
- May include other internationally recognized standards, certifications, or codes of practice
- Indicates persons/roles & responsibilities for execution of the policy
- Communicate the policy across all levels of the organization

## Identification of Risks and Impacts – What it is and what it does

- Establish and maintain a process for identifying the E&S risks and impact of the project – and determining materiality, significance, etc.
- The scope and level of the assessment should be commensurate with the type, scale, and location of the project and may comprise:
  - Full-scale E&S Impact Assessment (ESIA)
  - Limited/Focused Assessment
  - Application of siting, pollution or construction standards, design criteria
  - Audits or risk/hazard assessment
- Assessment is a key element – it drives all the others in the Management System

# Identification of Risks and Impacts - Risk Mitigation Hierarchy



## Identification of Risks and Impacts – Scope, Inputs, etc.

- Impacts related to third party's actions—address impacts considering:
  - Control and influence over the third parties
  - Due regard to conflict of interest
- Where there is reasonable ability to exercise control, consider risks and impacts on the primary supply chain, refer to:
  - PS2 – Child/Forced Labor; significant safety issues
  - PS6 – Significant conversion of natural/critical habitat
- Consider plans, studies and assessments prepared by government authorities.
- Consider the outcome of the engagement with affected communities.
- Identify groups that might be directly and differentially or disproportionately affected.

# Identification of Risks and Impacts - Area of Influence

Area of Influence	Details
<p>Project, activities, and facilities that are components of the project:</p> <ul style="list-style-type: none"> <li>• Areas affected by impacts that may occur later or on a different location</li> <li>• Areas affected by indirect impacts on biodiversity or ecosystem services impacting communities' livelihood</li> </ul>	<ul style="list-style-type: none"> <li>• Planned and predictable impacts</li> <li>• Unplanned but predictable impacts</li> <li>• Indirect project impacts when affected communities' livelihood depends on those resources</li> </ul>
<p>Associated Facilities</p>	<ul style="list-style-type: none"> <li>• Not funded as part of the project and would not be constructed if the project did not exist and without which the project would not be viable</li> </ul>
<p>Cumulative Impacts</p>	<ul style="list-style-type: none"> <li>• Application of siting, pollution or construction standards, design criteria</li> </ul>

# Identification of Risks and Impacts - Area of Influence



Make sure...

- Associated facilities are properly identified
- The scope considers predictable impacts
- That cumulative impacts are considered and not left to others to address
- The project defines and identifies Affected Parties (more on that later...)

## Identification of Risks and Impacts – Issues/Tips



- Social, labor, or OHS risks and impacts not included.
- This is not a one-time exercise – the management system (itself built on the foundation of a good risk and impact identification) is a continual process.
- Involve the right people – those that do the work themselves as well as those responsible for making sure it is done. For example, re OHS, a robust system would require you to involve the workers themselves and then risk-assess the proposed measures.



# Management Programs

- Establish management programs to describe mitigation and performance improvement measures and actions that address the identified E&S risks and impacts of the project.
- Systematic management of risks/impacts through a documented combination of operational procedures, practices, plans, and related supporting documents.
  - Organization-wide vs. site-specific application of programs
  - Application of mitigation hierarchy: avoid, minimize, compensate/offset
- Where risks and impacts cannot be avoided, the client will apply mitigation and performance measures to ensure compliance with applicable legal and PSs requirements (recall the risk mitigation hierarchy?)
- Establish E&S Action Plans that will define desired outcomes and actions to address issues raised in the risks and impacts identification process.



# Organizational Capacity and Competency

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- Clarity on roles, responsibilities, and authority to implement the ESMS.
- Sufficient management sponsorship and human and financial resources to achieve effective and continuous E&S performance.
- Competent professionals within the client's organization with direct responsibility for the project's E&S performance by external expert(s), if necessary.
- Avoid responsibility without authority

# Emergency Preparedness and Response

- Where the project involves physical elements and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system in collaboration with relevant third parties.
  - Periodically reviewed and revised to reflect changing conditions.
- Where applicable, consult with and inform the potentially affected communities (PS4) and the local government agencies.
  - If local government has little or no capacity to respond effectively, the client will play an active role in filling the gap.

# Monitoring and Review

- Monitor and measure the effectiveness of the management program (ESMS)
  - Where appropriate consider involving representatives from affected communities
  - External experts' verification for projects with significant impacts
- Establish relevant operational controls to track performance (use of KPIs)
- Use data and information to drive actions (e.g., LTIFR for OHS) - including that obtained from audits to identify corrective and preventive actions
- Define measures related to corrective and preventive actions in the amended management programs and plans
- Senior management must be involved to ensure the intent of the policy is met and that the ESMS is implemented and effective – the Act of Plan-Do-Check-Act

## E&S Management systems – Issues/Tips



- Avoid over reliance on other certifications – they are relevant but can have limit (Scope? Credible process? Fully objective?)
- Review recent audit and regulatory-required reports – do the findings make sense to you, in what you see, read, hear (when on site)?
- Have follow up actions to address non-compliance (or non-conformities) been undertaken? Did they achieve the desired results/outcomes?
- Who was involved and what was management's role



Questions ?

# Stakeholder Engagement – Overview

Ongoing process for building strong and constructive relationships.

Essential for the successful management of E&S risks and impacts.



Involves the following elements:

- Stakeholder analysis and engagement planning;
- Disclosure (and dissemination) of information;
- Informed consultation and participation;
- Grievance mechanism;
- Ongoing reporting to Affected Communities over life of the project.

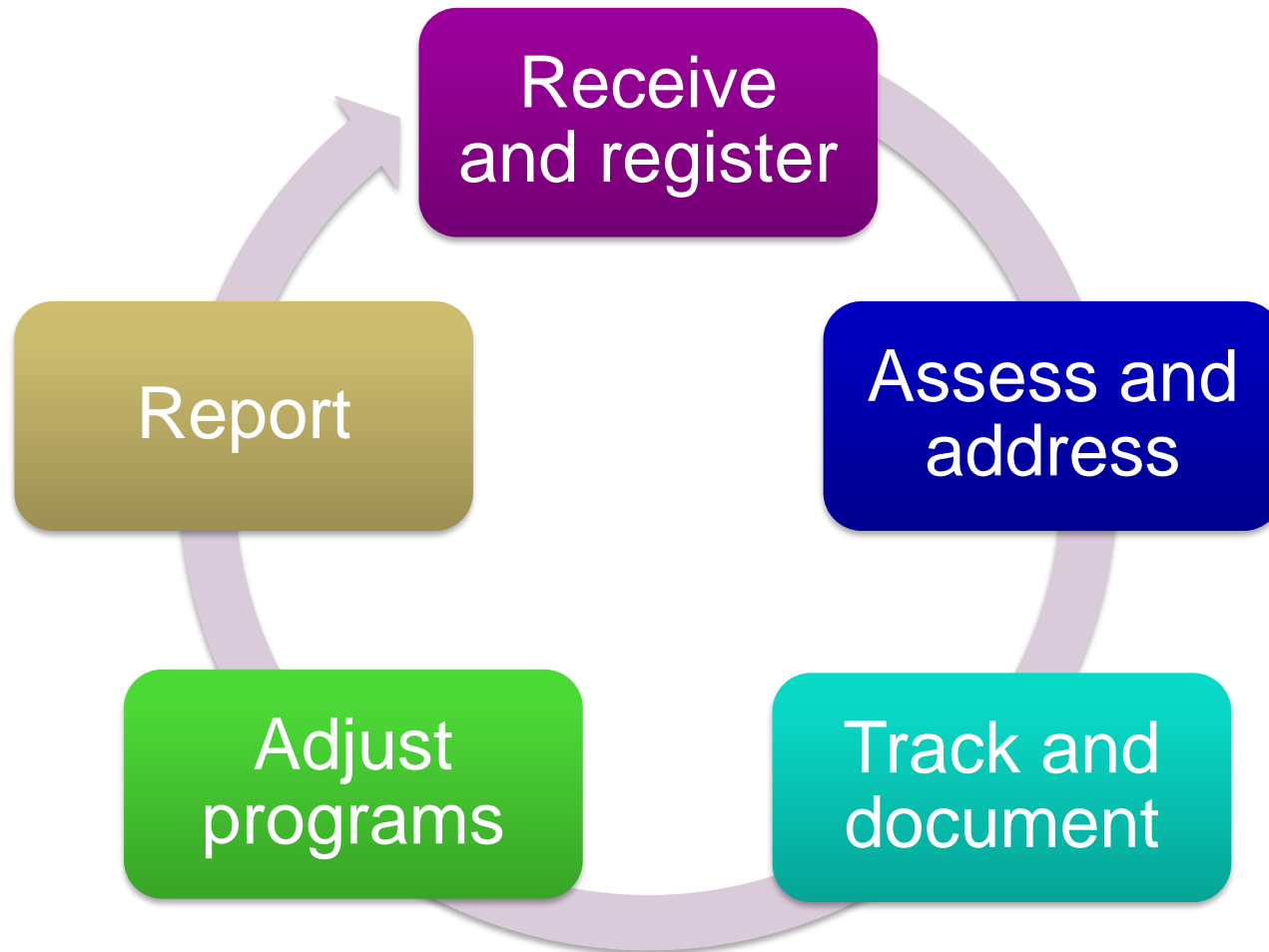
# Stakeholder Engagement (Cont'd)

The frequency and level of stakeholder engagement effort will be commensurate with the scale of the project and significance of the risks and impacts.

## Risk Level



# External Communications and Grievance Mechanism



- Implement and maintain a procedure for external communications:
  - Receive and register communications from the public;
  - Assess issues raised and determine how to respond;
  - Provide, track, and document responses.
- Establish a grievance mechanism to receive and facilitate resolution of Affected Communities' concerns and grievances related to the client's E&S performance.



# Principles of a Grievance Mechanism

**1. Proportionality**

**2. Cultural  
Appropriateness**

**3. Accessibility**

**4. Transparency and  
Accountability**

**5. Appropriate  
Protection/Access to other  
Remedies**



# Ongoing Reporting to Affected Communities

- Periodic reports to the Affected Communities on
  - Progress with implementation of action plans;
  - Progress on issues that the consultation process or grievance mechanism have identified as concerns.
- Communicate material changes and updated mitigation measures.
- Frequency of the reports to communities is proportional to the concerns, but at least annually.

# Stakeholder Engagement – Issues/Tips



- Mapping of Stakeholders;
- Identification of Affected Communities;
- Timeline;
- Grievance Mechanisms;
- Continuity on the engagement;
- Stakeholder Engagement vs CSR.



Questions ?

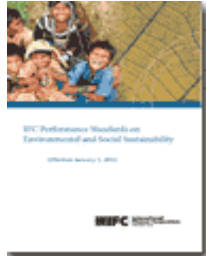
# ESG Resources

## IFC Sustainability Framework (2012)

[www.ifc.org/sustainability](http://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](http://www.ifc.org/disclosure)

## WBG EHS Guidelines

[www.ifc.org/ehsguidelines](http://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](http://www.ifc.org/EHSGuidelinesRevision)

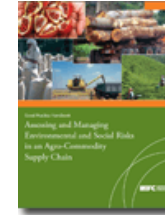
## ESG Publications

For a full list, see:

[www.ifc.org/sustainabilitypublications](http://www.ifc.org/sustainabilitypublications)



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



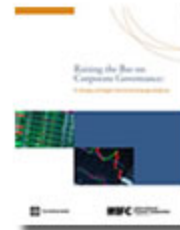
Good Practice Handbook: Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets



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](http://www.ifc.org/corporategovernance)

# ESG Resources

## Learning/Tools/Methodology See: [www.ifc.org/sustainability](http://www.ifc.org/sustainability) and [www.ifc.org/corporategovernance](http://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](http://www.firstforsustainability.org) Available in English, French, Chinese, Russian and Spanish



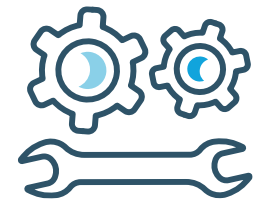
- **Global Map of Environmental and Social Risks in Agro-Commodity Production (GMAP)** See: [www.ifc.org/gmap](http://www.ifc.org/gmap)



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



# PS1 Related Resources



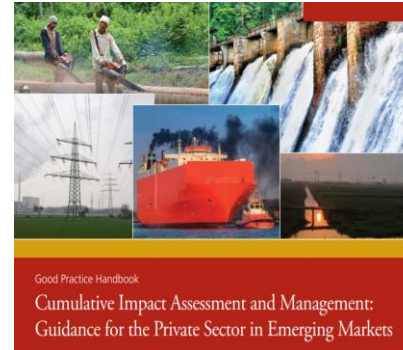
Environmental and Social Management System Implementation Handbook

GENERAL

[Environmental and Social Management System \(ESMS\) Implementation Handbook \(General\), Self-Assessment and Toolkit \(2015\)](#)

Also See ESMS Implementations Handbooks for

[Animal Production](#) | [Construction](#) | [Crop Production](#) | [Food & Beverage](#) | [Health Care Facilities](#) | [Metal Products Manufacturing](#) | [Textiles & Apparel](#)

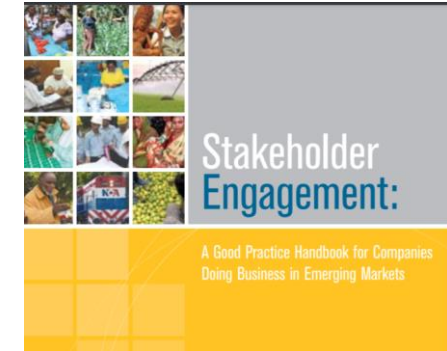


Good Practice Handbook  
Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets

[Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets \(2013\)](#)



[Understanding IFC's Environmental and Social Review Process \(2011\)](#)



[Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets \(2007\)](#)



[Addressing Increased Reprisals Risk in the Context of COVID 19](#)