

Environmental and Social Sustainability Framework

Standard 4 – Biodiversity and Ecosystems

Draft – 3 June 2021

This document is for information purposes only.

In case of discrepancies between the different linguistic versions,
the English version of the document prevails.

Glossary

Terms used in these Standards have the following meanings:

“gender”	refers to the social, behavioural and cultural attributes, expectations, norms and opportunities associated with being male or female, or with an individual’s sexual orientation or sexual identity
“mitigation hierarchy”	measures to avoid, prevent and reduce any significant adverse effects and, if required, remedy/compensate any residual effects on affected people, communities and workers, as well as on the environment A human rights mitigation hierarchy is premised on the principle of remedy rather than compensation
“project”	a set of defined works, goods, services and/or business activities for which EIB financing is sought either directly or through an intermediated financing structure for a specific sub-project/underlying investment, as approved by the EIB’s Governing Bodies
“promoter”	EIB’s counterparty implementing a project, as defined in the finance contract
“rights-holders”	from a human rights perspective, all individuals and population groups that can make valid claims to fundamental rights. In the context of EIB projects, persons who are, actually or potentially, adversely affected by the project, including project-affected persons, local community members, workers, etc.
“sexual abuse”	the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. All sexual activity with children (defined by the UN Convention on the Rights of the Child as any person under the age of 18) is sexual abuse, regardless of the local age of maturity or consent. Mistaken understanding of the age of a child is not a defence
“sexual exploitation”	any actual or attempted abuse of a position of vulnerability, differential power or trust for sexual purposes, including profiting monetarily, socially or politically from the sexual exploitation of another
“sexual harassment”	any form of unwanted verbal, non-verbal or physical conduct of a sexual nature with the purpose or effect of violating the dignity of a person, in particular when creating an intimidating, hostile, degrading, humiliating or offensive environment
“social issues”	issues which pertain to workers and persons or groups affected by the project, in relation to: a) Standards 6 to 10; and b) cross-cutting issues such as human rights, stakeholder engagement, gender equality, building resilience in particular in conflict-affected and fragile situations, and social inclusion
“stakeholder engagement”	an inclusive and iterative process that involves, in varying degrees, identification and analysis of stakeholders, engagement planning, information disclosure, meaningful consultation, and a mechanism ensuring access to grievance and remedy
“stakeholders”	persons and/or communities who: i) are directly and indirectly affected by the project, including their legitimate representatives; or ii) have an interest in the project and/or the ability to influence its outcome, either positively or negatively; and iii) the project workforce

<p>“vulnerable groups”</p>	<p>groups or persons who may be more adversely affected by project impacts than others on the basis of their socioeconomic characteristics, such as, but not limited to, sex, sexual orientation, gender, gender identity, caste, racial, ethnic, indigenous or social origin, genetic features, age, birth, disability, religion or belief, political or any other opinion, activism, membership of a national minority, affiliation to a union or any other form of workers’ organisation, property, nationality, language, marital or family status, medical condition, or migrant or economic status</p>
<p>“vulnerability”</p>	<p>a context-specific characteristic determined the interplay of three factors: i) exposure to risk and adverse impacts; ii) sensitivity to those risks and impacts; and iii) adaptive capacity</p>

DRAFT

STANDARD 4: BIODIVERSITY AND ECOSYSTEMS

INTRODUCTION

- 1 This Standard recognises that protecting and conserving biodiversity¹ and ecosystems² and maintaining the ecological functions and processes of such ecosystems are fundamental to environmental and social sustainability. The EIB supports projects that are compatible with maintaining the integrity of areas important for biodiversity as well as the core natural functions, processes, and resilience of ecosystems to achieve No Net Loss³ of biodiversity and ecosystems and a Net Positive Impact⁴ on biodiversity where required.
- 2 This Standard also recognises that the degradation of ecosystems may have a disproportionate impact on poor rural households and vulnerable and indigenous communities who depend on ecosystem services for their livelihoods and well-being. It therefore promotes a holistic and human rights-responsive approach to the conservation and protection of biodiversity and ecosystems as well as to the sustainable use of natural resources.

OBJECTIVE

- 3 This Standard outlines the promoters' responsibilities with regard to the identification, assessment, management and monitoring of the impacts and risks affecting ecosystems that result from the projects that the EIB finances, specifically in connection with:
 - a. the application of a precautionary approach throughout the project life cycle to avoid or prevent irreversible impacts on biodiversity and ecosystems in cases where the consequences of damage or loss are potentially significant and the knowledge needed to manage the risks and impacts is lacking;
 - b. the application of the mitigation hierarchy to avoid, or where unavoidable, minimise further losses, restore and, as a last resort, compensate for any residual impacts on biodiversity and ecosystems. This applies to all biodiversity and all ecosystems, regardless of their formal conservation status;
 - c. the use of an ecosystem-based approach to assess biodiversity-related impacts and risks, ensuring that the interdependencies between people, biodiversity and ecosystems are recognised; and
 - d. the seeking of opportunities to enhance biodiversity and ecosystems whenever possible in line with broader area-based conservation efforts where the project is located and ensuring that mitigation and restoration strategies align with relevant conservation goals and do not solely address site-level impacts.

SCOPE

- 4 This Standard applies to a specific project when its relevance is determined during the environmental impact assessment/environmental and social impact assessment (EIA/ESIA) process (as outlined in Standard 1), and specifically to EUB financed project which
- 5 may entail a significant impact and risk affecting: (i) biodiversity and ecosystems; (ii) ecosystem services⁵, including the communities whose access to or use of ecosystem services may be

¹ For the purpose of this Standard, biodiversity is defined in accordance with the Convention on Biological Diversity (UN 1992) as the "variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems."

² Ecosystems are defined in the Convention on Biological Diversity (UN 1992) as "a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit."

³ No Net Loss is "the point where biodiversity gains from targeted conservation activities match the losses of biodiversity due to the impacts of a specific development project, so that there is no net reduction overall in the type, amount and condition (or quality) of biodiversity over space and time." EIB Guidance Note on Standard 3 and EC No Net Loss Initiative.

⁴ Net Positive Impact on biodiversity is an approach to development that leaves biodiversity in a better state than before. Net Positive Impact on biodiversity relies on the application of the mitigation hierarchy to avoid, mitigate or compensate for biodiversity losses. It is additional to these approaches, not instead of them. Net Positive Impact on Biodiversity must be defined relative to an appropriate reference scenario. EC Guidance "Managing Natura 2000 Sites – The provisions of Article 6 of the "Habitats" Directive 92/43/EEC."

⁵ The Millennium Ecosystem Assessment defines ecosystem services as the "benefits people obtain from ecosystems. These include provisioning services such as food and water; regulating services such as regulation of floods, drought, land degradation,

affected by project activities; (iii) protected areas or recognised areas of high biodiversity value; and (iv) critical habitats. The Standard also applies to projects that involve primary production and/or the procurement of living natural resources.

GENERAL REQUIREMENTS

- 6 For all projects, the promoter shall identify, assess and manage the impacts and risks that could potentially affect biodiversity and ecosystems, either positively or negatively, directly or indirectly, and on which the project may depend on for its success.
- 7 All projects located in EU, EFTA, Candidate and potential Candidate countries shall comply with applicable national and EU environmental legislation.⁶ In the case where national requirements for the conservation and protection of biodiversity and ecosystems are more stringent than those contained in EU environmental legislation, national requirements shall apply.
- 8 For projects located in Candidate and potential Candidate countries, the promoter shall consider any timeframe for achieving compliance with specific EU environmental legislation as arranged with the European Union through bilateral agreements and/or action programmes.
- 9 All projects located in the rest of the world shall comply with national legislation and align with the relevant principles and standards set out in the relevant EU legislation and Policies, as well as international good practices⁷ to the extent that they relate to the protection and conservation of biodiversity, ecosystems and ecosystem services to achieve No Net Loss of biodiversity and a Net Positive Impact on biodiversity, where required.

SPECIFIC REQUIREMENTS⁸

Assessment of significant impacts and risks affecting biodiversity and ecosystems

- 10 As part of the EIA/ESIA as set out in Standard 1, the promoter shall consider the direct, indirect, cumulative and in-combination impacts of the project and ancillary/associated works/facilities, where relevant, when assessing the significance of the impacts and risks on habitats, species and ecosystems. This assessment shall also include, as a minimum, the threats to biodiversity and ecosystems such as the loss, degradation and fragmentation of habitats, the loss of species diversity, the loss of genetic diversity, the degradation of ecosystem services, pollution and incidental take, as well as project-related climate change impacts.
- 11 To guarantee the completeness and sufficient quality of the assessment of the impacts and risks affecting biodiversity and ecosystems, the promoter shall conduct and document the following, as relevant:
 - a. An adequate characterisation of the baseline conditions, including field surveys over multiple seasons as required, indicating the ecological state of the project site and its assessment areas as they are now and as they would develop in the absence of the planned project. Any field surveys and assessments should be up-to-date and the data should be acquired for the project's area of concern, including ancillary/associated works/facilities;
 - b. The baseline analysis that considers, but is not limited to, the following threats: (i) habitat loss, degradation and fragmentation (including risk of collision) of marine, freshwater and terrestrial environments and the creation of an edge effect; (ii) deforestation and illegal logging; (iii) overexploitation of natural areas and resources; (iv) migration barriers; (v) the capturing of wild animals and wildlife poaching; (vi) nutrient loading; (vii) pollution and noise, including hydrological changes; (viii) pre-existing threats and the extent to which the project might exacerbate them; and (ix) a spill-over effect, sometimes referred to as induced development;
 - c. The assessment process, including: i) consideration of potential land/seascape-level impacts, seasonal sensitivities, as well as impacts on the ecological integrity of the ecosystems,

and disease; supporting services such as soil formation and nutrient cycling; and cultural services such as recreational, spiritual, religious and other non-material benefits.”

⁶ The relevant EU legislation spells out the assessments required where the project has significant impacts and risks affecting biodiversity, ecosystems, ecosystem services, protected areas, critical habitats and the production of living natural resources.

⁷ These international good practices have been set out in the following international conventions related to the protection and conservation of biodiversity and ecosystems: The Convention on Biological Diversity including the Nagoya Protocol; the Convention on Wetlands of International Importance; the Berne Convention on the Conservation of European Wildlife and Natural Habitats; the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the Convention on the Conservation of Migratory Species of Wild Animals.

⁸ Specific requirements are applicable for all projects regardless of their location, unless specified otherwise.

regardless of their protection status and regardless of the degree of their degradation; and ii) any climate change impacts and risks affecting biodiversity and ecosystems, as well as the appropriate measures required to adapt to a changing climate;

- d. An assessment of the impacts of the construction, operation and decommissioning phases of the various alternatives against the benchmark of the “without-project-scenario” (as established in paragraph a.), indicating if these would result in improved outcomes for biodiversity, ecosystems and their services;
 - e. The application of the mitigation hierarchy as defined in Standard 1 and in view of the requirements to achieve the objectives of this Standard (No Net Loss and Net Positive Impact, where required) by avoiding adverse impacts on biodiversity and ecosystems. When avoidance of these adverse impacts is not possible, the promoter shall implement measures to minimise impacts and restore biodiversity in the light of best scientific knowledge. These may encompass, but are not limited to, avoidance, conservation, mitigation/minimisation, restoration and compensation/offsetting. In the absence of scientific information, the precautionary principle shall apply.
- 12 Stakeholder engagement⁹ forms a key part of the assessment of impacts and risks affecting biodiversity and ecosystems, whether to obtain relevant data, understand the uses, values and benefits associated with biodiversity or develop acceptable mitigation strategies. The engagement with the different stakeholders shall be carried out as defined in Standards 2 and 7.
- 13 Based on the outcomes of the assessment (see paragraph 11) of potential opportunities for, adverse impacts on and risks to biodiversity and ecosystems, the promoter shall develop a biodiversity management plan, or equivalent. This plan shall detail the appropriate mitigation and management measures to avoid irreversible losses of biodiversity while seeking alternative solutions that minimise biodiversity losses and provide opportunities for enhancement.
- 14 Given the complexity in predicting project impacts on biodiversity and ecosystems over the long term, the promoter should adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions (e.g. project design, unforeseen natural events) and the results of monitoring throughout the project lifecycle. The biodiversity management plan shall therefore allow for a level of flexibility so that the measures can be adjusted in the light of new findings and monitoring results.
- 15 The implementation and monitoring of the biodiversity management plan may be managed through the promoter’s Environmental and Social Management System, the elements of which are outlined in Standard 1.

Protection and conservation of high-value biodiversity

- 16 Where the assessment under paragraphs 6 and 10 identifies that the project could have significant, adverse and irreversible impacts on high-value biodiversity, the promoter shall not implement any project-related activities unless:
- a. it is demonstrated that no other viable alternatives exist for the development of the project in areas of lesser biodiversity value;
 - b. the project is permitted to go ahead under applicable environmental legislation, recognising the biodiversity features that are of conservation importance;
 - c. appropriate consultation with relevant experts and stakeholders has been carried out; and
 - d. appropriate mitigation measures are put in place through the application of the mitigation hierarchy to ensure No Net Loss and, where feasible, a Net Positive Impact on biodiversity features and the habitats that support them so as to achieve positive measurable conservation outcomes.

⁹ Stakeholder engagement is especially important for communities that depend on ecosystem services for their livelihoods, as they are keepers of knowledge on the local characteristics and sustainable use of the ecosystem services. It is also important where impacts on biodiversity or ecosystem services could affect the resource rights, well-being or culture of Indigenous Peoples. Efforts should be made to identify marginalised, excluded or minority groups who may have a different relationship with the ecosystems due to traditional/cultural customs and social norms.

Protection and conservation of critical habitat

- 17 Critical habitat is the most sensitive of the high-value biodiversity features and is defined as comprising one of the following:
- a. A highly threatened or unique ecosystem;
 - b. A population of critically endangered, endangered or vulnerable species, as defined by the IUCN Red List of threatened species¹⁰ and in relevant national legislation;
 - c. A population, range or distribution of endemic or restricted-range species, or highly distinctive assemblages of species;
 - d. A habitat required for the survival of migratory species and/or congregatory species;
 - e. Biodiversity and/or an ecosystem of significant social, economic or cultural importance to local communities and indigenous groups;
 - f. A habitat of key scientific value and/or associated with key evolutionary processes.
- 18 In areas of critical habitat, the promoter shall not implement any project activities unless all of the following conditions are met:
- a. No other viable alternatives for the project exists either in terms of location and design, and there is rigorous justification of overriding public interest based on human health, public safety considerations and/or beneficial consequences of primary importance for the environment;
 - b. The project does not lead to measurable adverse impacts that will result in any detrimental effect on the ecological and conservation status of the critical habitat, and impacts are avoided and minimised to the extent possible through changes in footprint or design;
 - c. The project does not lead to a net reduction¹¹ in the population of any vulnerable, endangered or critically endangered species over a reasonable period of time;¹²
 - d. Stakeholders are consulted in accordance with Standards 2 and 7;
 - e. Positive conservation outcomes (Net Positive Impact) are achievable through appropriate compensation or offset measures for residual impacts that would otherwise occur despite impact avoidance and minimisation measures; and
 - f. A robust, appropriately designed and long-term biodiversity monitoring and evaluation programme aimed at assessing the status of the critical habitat is integrated into the promoter's adaptive management programme.
- 19 In addition, in EU, EFTA, Candidate and potential Candidate countries, where the assessment covers animal and plant species of Community interest that benefit from the strict protection regime¹³ under the Habitats Directive (incorporated into the critical habitat definition), the promoter shall provide the EIB with evidence of any derogation¹⁴ from this regime, issued by the relevant competent authority.

Compensation and offsets

- 20 As a last resort and in response to residual impacts, compensation measures may be implemented to reach a minimum of No Net Loss of biodiversity overall. If the project is taking place in an area of critical habitat, a Net Positive Impact on biodiversity and ecosystem services must be achieved. Offsets shall not be used as a mechanism to achieve No Net Loss or a Net Positive Impact until other forms of mitigation have been implemented to the fullest extent possible.

¹⁰ IUCN Red List of Threatened Species: <https://www.iucnredlist.org/>.

¹¹ Net reduction is a singular or cumulative loss in individuals that impacts on the species' ability to persist at the global, and/or national/regional scales for many generations or over a long period of time. The scale (i.e. global and/or national/regional) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on the national/regional lists. For species listed on both the (global) IUCN Red List and the national/regional lists, the net reduction is based on the national/regional population.

¹² The timeframe for which promoters must demonstrate "no net reduction" of vulnerable, endangered and critically endangered species is determined on a case-by-case basis in consultation with qualified experts in the field.

¹³ As defined in art. 12 to 16 of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora as amended (Habitats Directive).

¹⁴ As required by art. 16 of the Habitats Directive.

- 21 Where a project is expected to have impacts that would compromise the viability of a critical habitat or its associated features regardless of any proposed compensation or offset, the promoter shall undertake to redesign the project to avoid the need for such compensation/offset. Uncertainty and time-delays could also make compensation/offsets unacceptable.
- 22 An offset/compensation implementation and management plan shall be developed, providing the rationale and associated evidence base for the offsets in accordance with the “equivalence or better” principle.¹⁵ It shall set out the actions to be taken to implement compensation measures and monitor their outcomes. The plan should not only address the potential negative impact of biodiversity loss/ecosystem degradation on people’s livelihoods but also the potential adverse impact of the compensation measures and offsets, where relevant, on local communities and their livelihoods. The plan should also make provision for any necessary financial and institutional arrangements needed to achieve effective offsets in line with the objectives and to support them for the duration of the impacts they are designed to compensate.
- 23 For offsets/compensation intended to address residual impacts on high-value biodiversity or critical habitat, an external review of the management plan from a qualified, recognised and independent organisation or expert in the field with knowledge of biodiversity offset design and implementation may be required.

Legally protected areas or internationally recognised areas of biodiversity value

Projects located in EU, EFTA, Candidate and potential Candidate countries

- 24 All projects likely to have significant effects on a Natura 2000 site¹⁶ shall be subject to an assessment according to the EU Habitats Directive¹⁷ (i.e. an Appropriate Assessment which will evaluate the project’s implications for the site in view of the site’s conservation objectives, either individually or in combination with other projects, and identify relevant measures to avoid, prevent and reduce any significant impact). In addition, for projects located in Candidate and potential Candidate countries, any timeframes arranged with the European Union through bilateral agreements and/or action plans to achieve compliance with the mentioned Directives shall be considered.
- 25 For all projects located in the European Union that are subject to an Appropriate Assessment focusing on the species and/or habitats for which the Natura 2000 sites have been designated, the promoter shall, upon request, provide the EIB with evidence of:
 - a. the outcome of the pre-assessment stage (“screening”) which justifies why the project is not likely to have a significant effect on the site concerned and, therefore, an Appropriate Assessment was not deemed necessary; or
 - b. the Appropriate Assessment; and
 - c. the compensatory measures¹⁸ to offset the residual negative effects of the project, the timeline for their implementation and the information sent to the European Commission, where applicable.
- 26 Where the Appropriate Assessment is undertaken as part of or alongside the EIA process, the promoter shall ensure that the information relevant to the Appropriate Assessment and its conclusions are clearly distinguishable and identifiable in the EIA report.

¹⁵ The principle of “equivalence or better” means that in most cases, the biodiversity offset should be designed to conserve the same biodiversity and ecosystem values that are affected by the project.

¹⁶ Natura 2000 sites represent sites designated for habitat types and species of Community interest listed in Annexes I and II of the Habitats Directive and the sites classified under Directive 2009/147/EC on the conservation of wild birds (Birds Directive). In the case of Candidate and potential Candidate countries, the appropriate assessment applies to candidate Natura 2000 sites including any designated sites under the Berne Convention (Emerald Sites).

¹⁷ The assessment should cover also the areas designated under Birds Directive: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0147&from=EN>.

¹⁸ Art. 6 (4) of the Habitats Directive, for projects having a negative impact on the integrity of a Natura 2000 site or when such an impact cannot be excluded and projects should proceed for imperative reasons of overriding public interest in the absence of alternative solutions.

- 27 The Appropriate Assessment defined in paragraph 24 may be coordinated or rounded out with the assessments under the EU Water Framework Directive¹⁹ or the Marine Strategy Framework Directive.²⁰

Projects located in the rest of the world

- 28 The EIB shall only finance a project within a protected area, or within a nationally or internationally designated or recognised area for biodiversity conservation,²¹ if the promoter is able to demonstrate that the proposed development in the area is legally permitted and that the design of the project is consistent with a recognised management plan for the protected or designated conservation area. In the absence of a recognised plan, the project should be compatible with the achievement of the relevant conservation objectives used to designate the area in question.
- 29 The promoter shall consult, as appropriate, the relevant managing authorities for the protected area, local communities and other relevant stakeholders on the proposed project in accordance with Standard 2.
- 30 The promoter shall seek to implement additional programmes, as appropriate, to promote and enhance the conservation objectives and effective management of the protected area.

Invasive alien species²²

- 31 The promoter shall take into consideration the risks associated with the accidental or deliberate introduction of invasive alien species throughout the project's life cycle and take account of those risks when assessing the impacts on biodiversity and ecosystems and in the biodiversity management plan.
- 32 The risk of the accidental transfer and release of alien species should be assessed along with the potential impacts on local biodiversity, ecosystems and the associated services.
- 33 The intentional introduction of alien species into areas where they are not normally found can only be carried out in accordance with the international, EU and/or national regulatory framework. Species known to be invasive cannot be introduced under any circumstances.
- 34 The promoter shall identify mitigation measures that control, or attempt to control, the spread of invasive species into areas where they currently are not established. In areas over which the promoter has management control, measures should be implemented to limit the spread of invasive species, or, if possible, to eliminate them.

Ecosystem services assessment

- 35 The identification of the project's impacts and risks that affect ecosystem services, as part of the EIA/ESIA process described in Standard 1, should be carried out in collaboration with relevant stakeholders and local communities that depend on these services. A gender-sensitive approach should be taken, where feasible, acknowledging that men and women may place different values on ecosystems, and derive different benefits from them. Where practical and feasible, a screening of the levels of dependence on these services should be included as part of the assessment process. Ecosystem services critical to the viability of a proposed project should also be identified.
- 36 The EIA/ESIA report shall consider the extent to which a proposed project affects the supply of ecosystem services. It shall also examine any impacts on the ability of female and male beneficiaries and of minority, excluded or marginalised groups to utilise such services equitably in order to access the values and benefits they depend on. Where ecosystem services of significant importance have been detected, the following should be assessed, for each service:

¹⁹ Directive 2000/60/EC establishing a framework for Community action in the field of water policy (Water Framework Directive).

²⁰ Directive 2008/56/EC of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive).

²¹The EIB applies the protected area definition provided by the International Union for the Conservation of Nature (IUCN): "a clearly defined geographical space, recognised, dedicated and managed through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, sites of the Emerald Network, Ramsar sites, UNESCO Natural World Heritage sites, UNESCO Man-and-Biosphere Reserves, Important Bird and Biodiversity Areas (IBAs), sites from the Alliance for Zero Extinction (AZE), and others as relevant.

²² Invasive Alien Species (IAS) are animals and plants that are introduced accidentally or deliberately into a natural environment where they are not normally found, with serious negative consequences for their new environment.

- a. The degree of the project's impact on the service;
 - b. The degree of the project's dependence on the service;
 - c. The relevance of the service for the affected community; and
 - d. The degree of the promoter's management control on the ecological processes supporting the service.
- 37 Where practical and feasible and in order to balance, in an effective manner, the protection and conservation of biodiversity with the potential for utilising its various economic, social and cultural values and benefits, a socioeconomic assessment of the biodiversity and the ecosystem services provided by a site and the larger region in which it is integrated should be carried out. Where feasible, the quantification of the benefits derived from ecosystem services as well as a monetary valuation of these benefits should be included.

Supply chains

- 38 The promoter shall identify and assess the impacts and risks affecting biodiversity and ecosystems that are caused by its primary suppliers as part of the supply chain, in accordance with the principles provided in paragraphs 39-41 below. Any mitigation measures identified through the assessment should ensure sustainable outcomes.
- 39 Where the promoter is procuring living natural resource commodities, such as food, timber and fibre, that are known to be produced in regions where there is a risk of significant conversion or degradation of high-value biodiversity and/or critical habitat, the promoter shall contract with companies/suppliers in the sector that abide by recognised standards or certification schemes for sustainable management, where relevant.
- 40 In the absence of a credible and recognised standard, the promoter shall commit to apply good international industry operating principles, management practices and technologies, as agreed with the EIB. Only living natural resources of a legal and sustainable origin can be purchased, with their sourcing monitored and documented to ensure this sourcing does not adversely impact core ecological functions of the high-value and/or critical habitats.
- 41 For commodities other than living natural resources, promoters involved in the purchasing, processing or trading of such commodities should seek to identify their supply chain risks in relation to adverse impacts on high-value biodiversity and/or critical habitats and assess their operational and reputational exposure to such risks. In situations where such concerns are identified, promoters shall find solutions in order to address them in a manner commensurate with their degree of control and influence.

Sustainable management and use of living natural resources

- 42 Renewable natural resources shall be managed in a sustainable manner. Sustainable resource management is the management of the use, development, and protection of resources in a way, or at a rate, that enables people and communities, including Indigenous Peoples, to provide for their current social, economic and cultural well-being while also sustaining the potential of these resources to meet reasonable foreseeable needs of future generations.
- 43 The promoter shall manage living natural resources in a sustainable manner, through the application of good management and industry practices and available techniques. The promoter and the EIB shall agree on the standards to be applied where such primary production is codified in standards, certification and/or accreditation schemes, which are globally, nationally or regionally recognised. The promoter shall implement sustainable management practices to the agreed standard as demonstrated by independent verification or certification.
- 44 Where relevant and credible standards exist but the promoter has not yet obtained independent verification or certification of such standard(s), the promoter shall conduct a pre-assessment of their compliance with the applicable standard and take action to achieve such verification or certification over an agreed reasonable period of time. Where such standards are absent for a particular natural resource, the promoter shall apply international good practice.