



# Comparing Sustainable Infrastructure Standards

Comparative study between the IFC Performance Standards, the Equator Principles and the Green, Resilient, Inclusive, and Sustainable Indicators (GRIS) of the ADB, and the SuRe<sup>®</sup> Standard



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## Abbreviations

ADB	Asian Development Bank
AFD	Agence Française de Développement
AIMM	Anticipated Impact Measurement and Monitoring
BMZ	German Federal Ministry for Economic Cooperation and Development
BREEAM	Building Research Establishment Environmental Assessment Method
CBD	Convention on Biological Biodiversity
CDKN	Climate & Development Knowledge Network
CDP	Customer Data Platform
CPI	Climate Policy Initiative
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
DRR	Disaster Risk Reduction
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EE	Energy Efficiency
EHS	World Bank Group Environmental, Health and Safety Guidelines
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EMS	Environmental Management System
EPAP	Equator Principles Action Plan
ESG	Environment-Social-Government
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
EU	European Union
FAST-Infra	Finance to Accelerate the Sustainable Transition-Infrastructure
FINNFUND	Finnish Fund for Industrial Cooperation Ltd
FMO	Dutch Development Bank
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gases
GIB	ecos AG/Global Infrastructure Basel Foundation
GIIP	Good International Industry Practice
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GRI	Global Reporting Initiative
GRIS	ADB Green, Resilient, Inclusive, and Sustainable Indicators

HSBC	Hong Kong and Shang Hai Banking Corporation
IDB	Inter-American Development Bank
IEA	International Energy Agency
IFC	International Finance Corporation
IFC PS	International Finance Corporation Performance Standards
IFIs	International Finance Institutes
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
IPCC	International Panel on Climate Change
IRENA	International Renewable Energy Agency
LEED	Leadership in Energy & Environmental Design
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MRV	Measurement, Reporting and Verification
NDC	National Determined Contribution
NDCs	Nationally Determined contributions
NEFCO	Nordic Environment Finance Corporation
NGOs	Non-Governmental Organizations
NIB	Nordic Investment Bank
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
RE	Renewable Energy
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SIA	Social Impact Assessment
SIA	Sustainable Infrastructure Alliance
SMS	Social Management System
STA	Strategic Alliance
SuRe®	Standard for Sustainable and Resilience Infrastructure
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
UNRISD	United Nations Research Institute for Social Development
WB	World Bank
WWF	World Wildlife Fund

# 1. Executive summary

Sustainable infrastructure is essential to achieving the Sustainable Development Goals (SDGs) of the United Nations and enabling infrastructure to support the goals of the Paris Climate Agreement. Standards can play a role in making infrastructure more sustainable, by encouraging best practices and helping investors or policy makers evaluate whether new or existing projects are sustainable. Yet the complexity and variety of existing sustainability standards for infrastructure make it difficult for stakeholders to determine which standards to apply or compare standards when evaluating different projects against one another. Key infrastructure stakeholders—namely infrastructure financiers, infrastructure project developers, public officials involved in planning or funding infrastructure, and other funding organizations—have expressed the need for a report that could further investigate the sustainability standards landscape, compare existing standards utilizing the same fundamental approach, and highlight conclusions on their applicability in various stages of project development.

This report presents the results of such an investigation. The report's findings are as follows. Further details can be found in section 8.

All evaluated standard components that are relevant for complex physical infrastructure projects are included in the Sustainable and Resilient Infrastructure (SuRe®) Standard.

All SuRe® Standard elements are at the same or higher level of details and differentiation than in the corresponding the international standards components. This level of detail allows for the differentiation between the SuRe® Standard bronze, silver, and gold levels.

Some Sustainable-Development—Goals-specific requirements related to climate resilience are more detailed or rigorously described in the SuRe® Standard than in the pre-SDG period defined International Finance Corporation Performance Standards (IFC PS), and similarly elaborated as climate risk/resilience than in the newer, updated Equator Principles and Asian Development Bank Green-Resilient-Inclusive-Sustainable (GRIS) framework.

Some SDG or sustainable finance-related standards offer practical insight on how particular SuRe® Standard criteria can attract particular target or ambition levels with quantifiable and measurable metrics and values that could be fulfilled over time, during the operations of an infrastructure project or investment portfolio.

The Sustainable Infrastructure Alliance (SIA) is a Strategic Alliance (STA) between the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and ecos AG/Global Infrastructure Basel Foundation (GIB) together with SGS-CSTC Standards Technical Services Co., Ltd. (SGS), true&fair.expert, and TÜV NORD Indonesia. This partnership aims to create a market for sustainable infrastructure standards based on environmental, social, and governance (ESG) criteria in China, India and Indonesia. The STA has been approved by the German Federal Ministry for Economic Cooperation and Development (BMZ) in the context of the develoPPP.de program.

## 2. Introduction

Sustainable and resilient infrastructure is essential to achieving the Sustainable Development Goals (SDGs) and the climate objectives of the Paris Agreement, since current infrastructure systems account for more than 60% of global GHG emissions. While infrastructure is only mentioned in SDG 9 explicitly, it indirectly impacts all the other SDGs. Supporting countries to mainstream social, environmental, and governance quality in the phases of planning and design, procurement and construction, and operation and decommissioning will bring multiple co-benefits to health and air quality through clean transport systems (SDG 3), access to energy (SDG 7), sustainable industrialisation (SDG 9) and responsible production and consumption (SDG 12). Sustainable infrastructure could also contribute to protecting and promoting sustainable use of ecosystems (SDG 15), and better planned transport infrastructure, while improved connectivity could reduce inequalities within countries (SDG 10).

Since infrastructure assets are typically designed to last for decades, its impacts are long lasting and have the potential to lock countries into unsustainable development tracks, for example due to increased rates of greenhouse gas (GHG) emissions and insufficient resilience to climatic changes or catastrophic events. Sponsors and investors must avoid investments that lock in carbon-intensive and resource-inefficient infrastructure and technology, and instead focus on investments in green infrastructure. They must also ensure that these investments generate positive social outcomes, that will benefit the poor, leave no one behind, and respect human rights. Considering risks related to environmental-social-government (ESG) topics, as well as financial and institutional sustainability during all life-cycle phases of infrastructure assets will benefit their impact on and acceptance by all stakeholders.

The process of balancing ESG aspects of infrastructure assets has proven challenging for sponsors, financiers, and authorities. Several analytical tools (Cost-Benefits Analysis; Environmental and Social Impact Assessments) have been implemented and used at project levels, although not systematically and globally. The coordinated investment in sustainable infrastructure is additionally hindered by a lack of transparency in infrastructure project pipelines, fragmented roadmaps for investment, contradictory strategies on emission targets in the long and short-term, and a lack of commonly shared definitions of sustainability standards. It is therefore critical to mainstream climate and development aspects in investment decisions and strategies, which requires action on multiple levels and from multiple stakeholders, and during all infrastructure project phases.

A harmonized approach on the definition of sustainable and resilient infrastructure could improve the quality of data collected, support project preparation activities, while the development of globally accepted benchmarks and quantifiable metrics of impacts could leverage additional flows of private sector investment capital into sustainable infrastructure assets. The following study intends to build a bridge between existing standards for sustainable infrastructure, analyses their inherent structure, and compares their applicability in real life.

## 3. The context and emerging role of infrastructure financing safeguards and ranking tools

### 3.1. Highlight of intercomparison findings

This study is an intercomparison of the three most widely used ESG safeguards for infrastructure financing in Asia, namely 1) the IFC Performance Standards, 2) the Equator Principles and 3) the Green, Resilient, Inclusive, and Sustainable Indicators (GRIS) of the ADB with 4) the SuRe<sup>®</sup> Standard, the Standard for Sustainable and Resilient Infrastructure. SuRe<sup>®</sup> is a global voluntary standard which integrates key criteria of sustainability and resilience into infrastructure development and upgrade, through 14 themes covering 61 criteria across governance, social and environmental factors. The SuRe<sup>®</sup> Standard is a member of the ISEAL Alliance, a global membership organisation of sustainability standards. The SuRe<sup>®</sup> Standard incorporates and is in line with several international agreements and frameworks as captured in the figure 2 below, that is yet to reflect some recent developments as detailed below.

The key conclusion of the intercomparison is a re-confirmation that the SuRe<sup>®</sup> Standard complies with all criteria and corresponding requirements of the IFC Performance Standards, the Equator Principles and the Green, Resilient, Inclusive, and Sustainable Indicators (GRIS) of the ADB. SuRe<sup>®</sup>'s narrower sectoral focus in infrastructure, its red criterion (that is, mandatory compliance element) approach and its three-level rating allows for a more nuanced evaluation than the three standards/safeguards allow for. In practice this implies that—due to the same conceptual approach and the mutual application of minimum requirements—projects passing Bronze SuRe<sup>®</sup> certifications are compliant with the three standards/safeguards. This may however not be true in the other way around: satisfying the three standards/safeguards may not automatically lead to SuRe<sup>®</sup> certification as the specific requirements—such as on supply chains—within some of SuRe<sup>®</sup>'s 21 red mandatory criteria go beyond the minimum requirements of the three standards/safeguards.

Intriguingly, none of the investigated standards and safeguards define sustainability as such. It is however clear that the way how they refer to it relates to the generally used, incremental and inherently non-contextual use of the concept allowing for differentiating between less and more sustainable, but not allowing for differentiating between the necessary (effectively moving from less to more sustainable) and the sufficient (allowing mankind staying within the planet's biophysical boundaries). This is in line with the findings of the recent IDB meta-study on infrastructure sustainability, that refers to both the IFC Performance Standards and the SuRe<sup>®</sup> Standard when building its own definition of sustainable infrastructure based on existing frameworks, principles, and standards. IDB's subsequent definition of Sustainable Infrastructure applies to all four scrutinised approaches as it refers to infrastructure projects that are planned, designed, constructed, operated, and decommissioned in a manner to ensure economic and financial, social, environmental (including climate resilience), and institutional sustainability over the entire life cycle of the project. Figure 1 below captures the guiding principles for each of the dimensions of sustainability and Table 1 lists the underlying frameworks, principles, and standards.

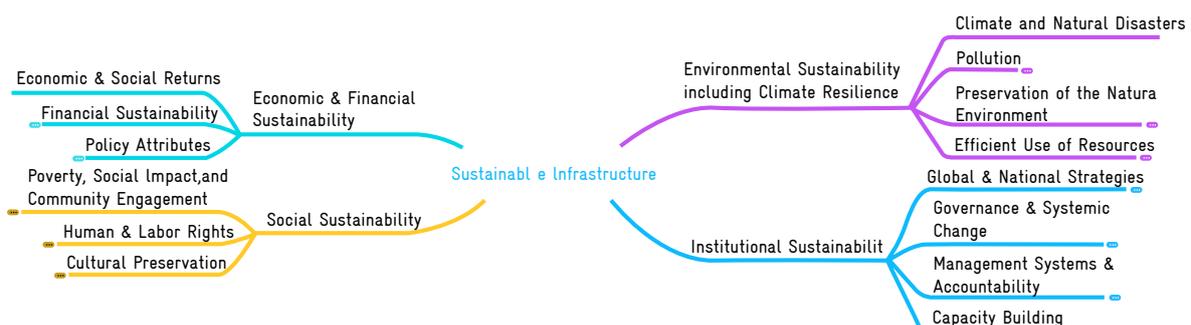


Figure 1: The Four Dimensions of Infrastructure Sustainability as defined by IDB [2018]<sup>1</sup>

Moreover, the SuRe<sup>®</sup> Standard’s latest version is fully in line with the G20 Osaka Summit endorsed Principles for Quality Infrastructure Investment. G20 members renewed their emphasis on quality infrastructure investment by endorsing their voluntary, non-binding Principles for Quality Infrastructure Investment in Osaka in 2019, occurring after the IDB review.<sup>2</sup> For the SuRe<sup>®</sup> Standard No. 1-5 principles are fully applicable as No. 6 on governance is applicable to sovereign states / subnational governments only (Principles: 1) maximizing the positive impact of infrastructure to achieve sustainable growth and development; 2) raising economic efficiency in view of life-cycle cost; 3) integrating environmental considerations in infrastructure investments; 4) building resilience against natural disasters and other risks; 5) integrating social considerations in infrastructure investment; and 6) strengthening infrastructure governance).

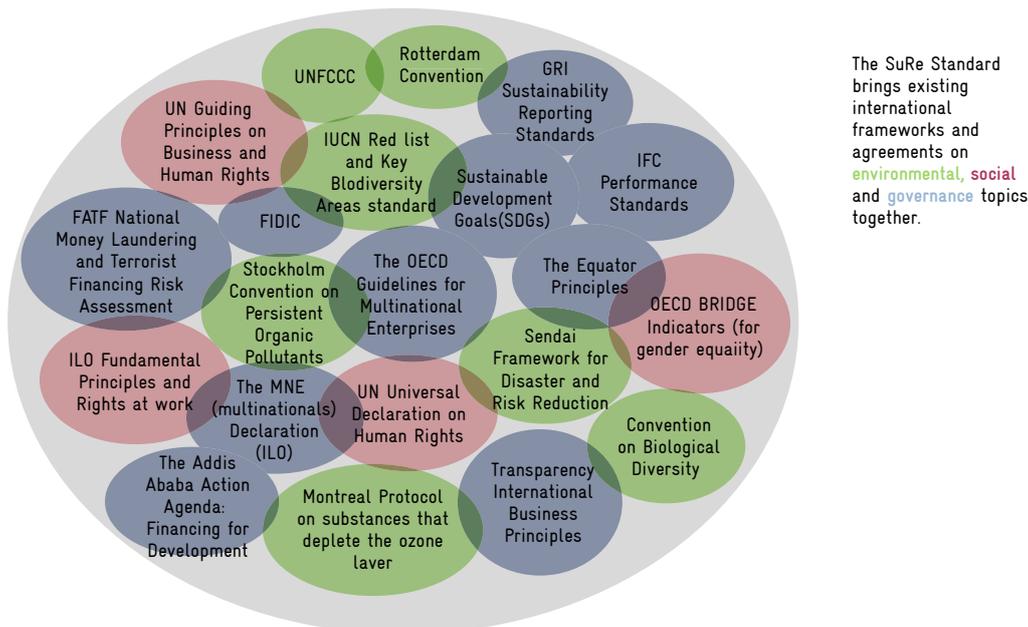


Figure 2: SuRe<sup>®</sup> Standard alignment with international agreements and frameworks

Finally, the SuRe<sup>®</sup> Standard is currently undergoing an evaluation, part of a meta-study by the Finance to Accelerate the Sustainable Transition-Infrastructure (FAST-Infra) initiative.<sup>3</sup> FAST-Infra was conceived by Climate Policy Initiative (CPI), HSBC, the International Finance Corporation (IFC), OECD and the Global Infrastructure Facility under the auspices of French President Emmanuel Macron’s One Planet Lab. Its working group will publish its draft Sustainable Infra Labels recommendations aiming at incentivising the use of environmental, social, and resiliency standards—possibly including the SuRe<sup>®</sup> Standard—for the pre-construction phase of infrastructure.

### 3.2. Technical methodology of standards

The November 2020 renewed United Nations PRI Reporting Framework, created by the largest sustainability framework in the world (see Figure 3 below), has modules, including its Infrastructure Module, that use reporting scopes that appears to be inclusive of the 61 criteria addressed by the SuRe<sup>®</sup> Standard though these are split between the PRI’s mandatory and voluntary sustainability outcome elements.<sup>4</sup> PRI’s sustainability approach is built around SDG goals and targets, the Paris Agreement, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors—approaches that the SuRe<sup>®</sup> Standard has built upon and incorporated.

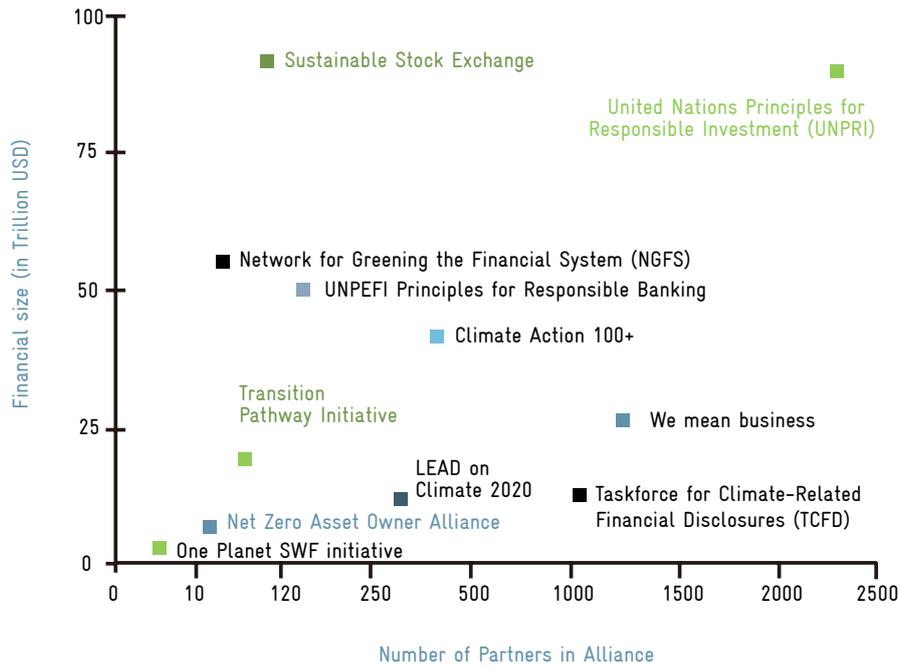


Figure 3: Investor / Financial initiatives on sustainability by Number of Participating Entities and Assets under Management (AUM) / financial size<sup>5</sup>

### SuRe<sup>®</sup> as a Multi-stakeholder Initiative

The Global Infrastructure Basel Foundation (GIB) has been actively promoting the design and financing of sustainable and resilient infrastructure worldwide since 2008. Together with the French investment bank Natixis, GIB is currently leading a multi—stakeholder process to develop SuRe<sup>®</sup>—The Standard for Sustainable and Resilient Infrastructure, an initiative bringing together financiers (Natixis), major project developers (Pöyry, Bouygues Construction, Mott MacDonald), NGOs/associations (WWF, International Federation of Consulting Engineers, China Association of Plant Engineering Consultants), public sector representatives (Swiss Federal Office of the Environment, GIZ, ICLEI—Local Governments for Sustainability), multilateral organizations (European Investment Bank, UN Habitat), philanthropic organisations (Rockefeller Foundation) and experts from around the world.

The brief history of the SuRe<sup>®</sup> Standard is captured in the text box below. The intercomparison has been conducted in parallel with the first pilot audits of the SuRe<sup>®</sup> Standard in Asia, allowing some reflections on its practical implementation experiences and not only of its review as a documented standard.

The different purposes and corresponding use of the ranking tools, such as the SuRe<sup>®</sup> Standard and safeguards, such as IFC Performance Standards, the Equator Principles and the safeguards of the ADB, should be emphasised upfront: safeguards aim at ensuring that a project is good enough against a set of predefined eligibility criteria for a typically finance engagement decision of a particular institution. In contrast, ranking tools are aiming at assessing a project—physical infrastructure in the case of SuRe<sup>®</sup> Standard—against a particular value/ priority-system without aiming at a clear organisational decision being supported by such ranking. Using an education system parallel: safeguards are entry/exit exams and ranking tools are subject competitions. Therefore, safeguards are associated with opening doors for finance and ranking-tools with medals and prizes, though occasionally not without consequences for financing flows.

Therefore, as the intercomparison exercise yielded, even if the criteria are similar or significantly overlapping, the evaluation

lens remains different. Frameworks that are used as part of financial decision-making on non-financial aspects are unlikely to deliver the same result that a framework that is inclusive of financial and non-financial considerations will deliver. One can assume that an integrated evaluation framework, such as the SuRe<sup>®</sup> Standard, would allow for moving towards applying more of a systems-lens to the various criteria applied, whilst the MDB/IFI safeguards are inherently based on a shareholder & shared value standpoint in which the safeguards address the externalities in a disconnected manner from the core business functions (as shown in Figure 4 below from Future-Fit Foundation's Methodology Guide).<sup>6</sup> Subsequently, safeguards are supporting financial decisions and can only be interpreted with the underlying financial information; in contrast, system integrating ranking-tools could be theoretically capable of capturing both financial and non-financial performance and resulting in a standalone, multicriteria evaluation as in the case of the SuRe<sup>®</sup> Standard.

A market for sustainable infrastructure standards and rating tools based on environmental, social, and governance (ESG) criteria have been developing in parallel with the emergence of MDGs/SDGs and there is a general acceptance that intangible assets—ESG being a close proxy for them—are the predominant value creator in the current century: 84% of the S&P 500's value is intangible whilst in 1985 just 28% was intangible, according to an analysis by AON.<sup>7</sup> Infrastructure is always built to last and 75% of the infrastructure needed by 2050 has not built yet. By 2030, the world will need to add an estimated US\$ 60 trillion in new infrastructure assets, more than the current value of the world's entire existing stock of infrastructure. Recent estimates also show that emerging markets will invest an average of US\$ 2.2 trillion, or 3.9% of GDP, annually in infrastructure to 2040. However, the world facing a US\$ 15 trillion gap between projected investment and the amount needed to provide adequate global infrastructure for a growing population by 2040.

Therefore, it is crucial to ensure that whatever is built now will not lock-in unsustainable future development pathways. The text box below recalls the key results of a recent study exploring the crucial roles of standards for the infrastructure—ESG nexus, conducted under the auspices of the Sustainable Infrastructure Alliance, in which GIB, SuRe<sup>®</sup> Standard's parent organisation is a founding member.<sup>8</sup> The need to assess progress regarding SDG-compliant development and the corresponding transformative changes that are required to stay within planetary ecological boundaries have triggered the proliferation of measurements and rating approaches, in line with Peter Drucker's famous maxim that what gets measured, gets managed.<sup>9</sup>

These standards and tools range from the simple/simplistic to the complex and holistic depending mostly on the institutional goals and purposes of their creators. Therefore, they follow different approaches regarding materiality depending on what impacts or features they find relevant and important and subsequently creating various environment-social-governance factor priority universes. They not only differ in their priorities, breadth and depth, but also on their temporal focus: spanning from the design/construction moment toward the all-encompassing lifetime/life-cycle approaches. It must be noted that physical infrastructure is characterised with rigidity; once built changes are costly and cumbersome to make. However, this does not imply that only design features count; operational parameters and their actual performance is key in delivering their purpose. Industry-led initiatives within the built environment/property sectors also highlight an observable dichotomy between the minimum obligatory (compulsory building codes) and the voluntary approaches going above and beyond the often-undemanding official requirements (BREEAM and LEED voluntary standards for green buildings). As non-financial aspects have gained importance over time, corresponding, voluntary frameworks for measuring and capturing these impacts have evolved.

Not surprisingly, the largest and most influential global financial institutions have managed to convert their own, self-imposed voluntary guidelines or requirements into de-facto compulsory standards whilst private sector ESG reporting initiatives from SASB to GRI, CDP, SBTi, Global Compact, and IIRC have built momentum and gained wide-spread support from investors and the business community. Recently, a significant number of voluntary schemes in parallel with regulatory approaches on non-financial reporting are coming together to align and harmonise their activities. This may be a precursor for increased mandatory scrutiny and standardisation of non-financial

### Investors Increasingly Value ESG

A recent, joint study with the Sustainable Infrastructure Alliance has concluded that investors are likely to see increasing value in accounting for ESG factors in infrastructure investments.

First, infrastructure investment decisions must account for ESG factors because of the long—lasting nature of the investments, meaning that analysis of present regulations or standard industry practices is insufficient to determine the likely returns given trends towards increasingly tight regulation and policy attention to environmental and social factors.

Second, investors worldwide, and particularly in large international financial institutions and multilateral development banks, are increasingly including ESG factors in investment decisions and analysis, which affects asset valuation globally.

Third, there is evidence that including ESG factors in investment decisions leads to better operational and financial performance over time, due to reduced risk and greater potential for enhanced revenue.

reporting, but could also represent an effort by the incumbent voluntary initiatives to protect their markets and head off the introduction of obligatory regulations. The historic behaviour of the incumbent standards is best described as territorial: they serve and protect their existing stakeholder base.

The recent past has seen an unprecedented proliferation of standards and relatively unrestricted entry for new initiatives, and this situation may evolve towards a future in which strong incumbent voluntary standards will face the inevitable emergence of mandatory non-financial reporting standards. In such a scenario, financiers will be increasingly forced to adopt and accept mandatory national standards, and these in turn will be increasingly aligned with each other. In this context the use of global voluntary standards and of MDB/IFI safeguards will inevitably change as their dominance likely to be undermined by the emerging mandatory standards. However, it is highly likely that mandatory standards will be built upon the decades long experience and best practices of existing voluntary frameworks and proprietary safeguards. It is also likely that the introduction of mandatory reporting may also have the effect of undermining the credibility of those entities that have taken a leadership position through voluntarily reporting on their social and environmental commitments.

Such dynamic and complex context within which mandatory reporting will take years to develop allows for the further use of innovative voluntary standards especially if they find compelling use cases such as the FAST-Infra defined environmental, social, and resiliency focus at the pre-construction phase for infrastructure. From this perspective it

is important to note that MDB/IFIs are likely to continue to use their own frameworks and metrics until credible and enforced alternatives emerge, but other key financiers, investors and asset owners will seek adequate tools to address the increasing pressure to account for all impacts, including SDG alignment, of their operations.

Given that the existing proprietary, non-regulated ESG evaluation frameworks are delivering widely differing results—a so called disagreement between ESG ratings captures this feature—innovative players offering transparent methodologies should be able to enter this domain in parallel of the emergence of the mandatory non-financial reporting regimes.<sup>10</sup> The need to effectively address environmental externalities, social issues and governance—from pollution, climate change to child labour and human rights—has also entered the mainstream development financing institutions as it had become clearer and clearer that even single-purpose mandates, such as elimination of poverty, can only be executed in a complex web, including both synergies and trade-offs.

This in turn first led to the introduction of a procedures-and-processes-focused approach, based on safeguards and principles designed to ensure that the intricate web of risks is captured and addressed ex-ante for decision-making for development finance. The World Bank Group, including IFC, was among the first to develop such standards, the so called IFC Performance Standards (in 2006, updated in 2012) based on earlier World Bank safeguards and the related Good International Industry Practices (GIIP). The corporate banking sector in parallel has developed its

own voluntary Equator Principles (in 2003) and later linked its requirements to the more detailed IFC Performance Standards (IFC PS). These tools remain the most widely used and internationally accepted frameworks managing environmental, social and governance risk in project finance/lending. IFC PS has almost become the gold standard among the MDBs/IFIs as they developed their own internal tools and standards. These initiatives were mostly based on the notion that following sound and well-defined processes and procedures—such as the implementation of an environmental and social management systems (ESMS) or occupational health and safety (OHS) standards and—and benchmarking to international best practices (GIIP) are an effective and efficient way of risk management.

The then already existing MDGs and the later (2015) adopted SDGs provided further granularity and broader details, but as the IFC PS and Equator Principles were already broad and holistic, with a dynamic approach looking at both initial design and operation features, they remained by and large unchanged. The SDGs have defined a large number of factors that were already captured by the IFC PS and EPs without introducing sustainability thresholds/ecological ceilings and these existing project financing focused tools deemed to be capable of capturing the new SDG requirements. This approach is valid to the extent that all key SDG issues could be cross-referenced to and captured by the criteria of the existing standards, perhaps with the exception of the newly emerging subject of climate resilience. However, neither the absolute level/status, nor the progress towards the (yet to be defined) sufficiency level of these SDG sustainability criteria can be established through the IFC PS and EP. Good international industry practices (GIIP), benchmarks, and the growing and more granular understanding of country specific averages/best practices do not, and cannot, lead to the establishment of objective, science-driven criteria that compares not with the average/existing/necessary, but with the sufficient pathways for achieving the SDGs within Planetary Boundaries defining the safe operating space for humanity with respect to the Earth system and associated with the planet's biophysical subsystems or processes.

This imminent vacuum has been addressed by various initiatives that have tried further deepening the measurement and assessment details or attempted to establish metrics to assess both status and progress. Subsequently, the SDGs have in fact led to a further proliferation of standards and tools. However, most of these tools are falling short on assessing the performance of organisations/projects in the context of the limits and demands placed on economic, environmental, or social resources at a macro—level despite that GRI had introduced the Sustainability Context Principle in its second Sustainability Reporting Guidelines on applying sustainable development thresholds to organizations back in 2002.

In addition, it must be acknowledged that SDGs are inherently difficult to apply in a corporate and or standalone infrastructure level. Schroders estimated in 2018 that only 15-20% of the 169 metrics could reasonably be measured at a company or infrastructure project level and only 6-8% can be assessed using data currently available, as illustrated on Figure 4 below for the SDGs and their measurability in the corporate/project level context.<sup>11</sup> This implies that the enthusiasm with which SDGs are applied on corporate/project level should be treated with caution.

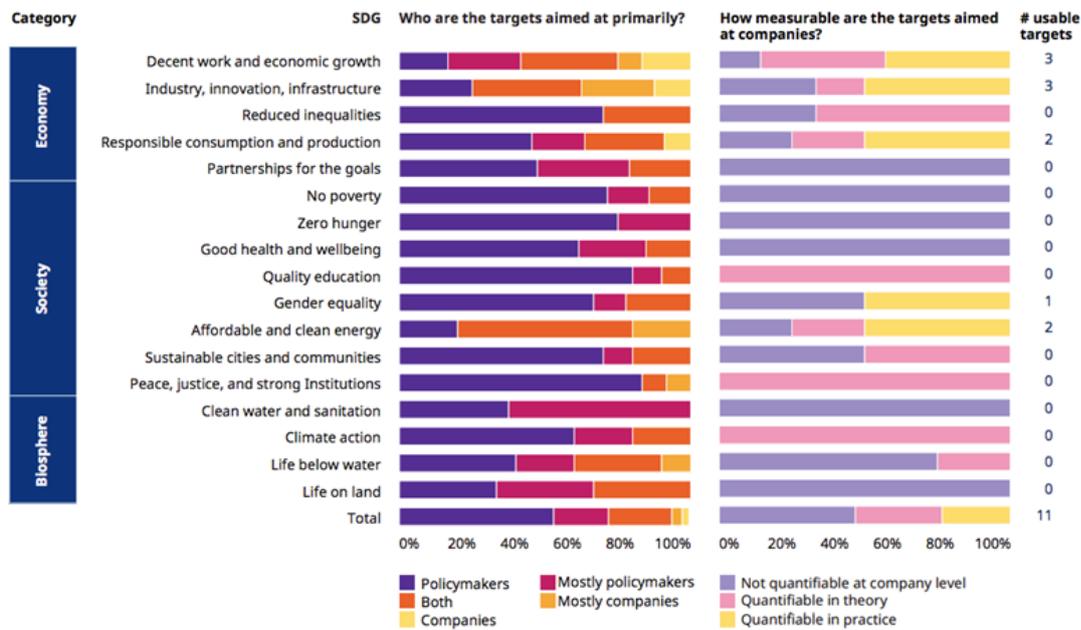


Figure 4: SDG metrics and target alignment with traditional performance indicators

With respect to the SDGs it is therefore crucial to mention that the genes of SDG indicators and corresponding metrics are closely related to national governments and country levels, justifying the project/private sector implementation challenges. It also explains how private sector use of SDGs is often superficial, with a focus on some hand-picked, arbitrary intended positive outcomes.

It is also noteworthy how strategies related to transforming the current economic system towards sustainability affect the various target setting and corresponding accounting systems and reporting initiatives. Figure 5 captures how corporate strategy increasingly considers environmental and social issues, but it typically still falls short of assessing the sustainability of impacts on the ecological and social systems within which a company-project operates. The assessment tools and frameworks compared in this study to the SuRe® Standard, fall into the CSR-ESG-Shared Value-Circular economy occupied terrain. They are primarily aimed at (1) as safeguarding (no violation of minimum performance principles/compliance requirements) and (2) as capturing the improvements over business as usual. The SuRe® Standard theoretically goes beyond these by its systemic reference to aspirations that are either contextualising the targets (for example biodiversity) and/or setting science-based absolute targets (for example net-zero GHG emissions).

IFC's own initiatives are notable from this perspective with the emergence of the Anticipated Impact Measurement and Monitoring (AIMM Guidance Note) system in 2017 aimed at estimating the expected development impact of its investments.<sup>12</sup> As elaborated in its guidance note, AIMM assesses the direct effect of those actions on stakeholders or the environment. In some cases, a project outcome may include other factors influenced by the project (for example social cohesion; food security), which build on project-level effects to deliver even more impact. IFC's Environmental and Social Performance Standards define IFC clients' responsibilities for managing their environmental and social risks. While for most IFC investments, meeting Performance Standards reflects improved environmental and social performance initiative on Sustainable Development Performance Indicators" and its corresponding Thresholds of Transformation" pilot testing for corporations planning to engage with contextual sustainability and the respective indicators.

In fact, SuRe®'s explicit reference to the SDGs (above Silver Level certification; see Figure below), the Paris Agreement and the Nationally Determined Contributions (NDC) would automatically require adopting such threshold-based approaches as soon the host country of the auditee infrastructure project introduces such absolute thresholds.

SuRe® Certification Levels	
Bronze certified projects	<ul style="list-style-type: none"> <li>■ Go beyond local Industry Norms.</li> <li>■ Have thoroughly identified and mitigated key Environmental, Social and Governance risks.</li> <li>■ Do not lead to a lock-in to unsustainable development pathways.</li> </ul>
Silver certified projects	<p>In addition, Silver certified projects:</p> <ul style="list-style-type: none"> <li>■ Implement best in class local and international practices.</li> <li>■ Can demonstrate significant contribution to international Sustainability and Resilience frameworks and conventions such as the United Nations Framework Convention on Climate Change (UNFCCC), the Sendai Framework for Disaster Risk Reduction, the International Labour Organisation’s (ILO) Core Conventions, the Convention on Biological Biodiversity (CBD), Sustainable Development Goals (SDGs) and the five capitals of Sustainable Development (Natural Capital, Social Capital, Human Capital, Financial Capital, Manufactured Capital).</li> </ul>
Gold certified projects	<p>In addition, Gold certified projects:</p> <ul style="list-style-type: none"> <li>■ Demonstrate that benefits to society are also accessible to the poor.</li> </ul> <p>AND EITHER OF:</p> <ul style="list-style-type: none"> <li>■ Demonstrate significant (above and beyond best in class) innovative practices.</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>■ Demonstrate significant benefits to society and environment.</li> </ul>

Figure 5: SuRe® Levels of certification, SuRe® Standard

The figure below is an attempt to capture some of the various features of the evolving infrastructure standards and rating tools ecosystem also highlighting the dynamics of the evolution of these systems as an introduction to the next section, that explores the different components of ESG criterion as applied by the entities in the focus of this intercomparison study.

In order to provide a balanced and unambiguous view the four selected approaches of this study they will be not only be assessed against each other, but also against the following criteria:

1. An all-encompassing, traditional SDG focused United Nations Conference on Trade and Development (UNCTAD) established criteria.<sup>13</sup>
2. A threshold-based pyramid of SDG-performance driven UN Research Institute for Social Development (UNRISD) established criteria<sup>14</sup>
3. A selection of environmental criteria used by European Union based development finance institutions (The European Bank for Reconstruction and Development (EBRD), The European Investment Bank (EIB), The Nordic Investment Bank, Nordic Environment Finance Corporation (NEFCO), Finnish Fund for Industrial Cooperation Ltd (FINNFUND), Dutch Development Bank (FMO), Agence Française de Développement (AFD) as best/relevant practice all over the world.

This approach will allow for establishing an unbiased review and will highlight the potential shortcomings of each and every assessed standard and tool, especially for the newly emerging pressing criteria such as climate and pandemic resilience, biodiversity-loss and structural racism. In addition, it also allows for focusing on the core criteria in a comparable manner from the sustainable infrastructure perspective:

- Relevance to core sustainable infrastructure Sustainable Development Goal monitoring indicators (see Figure 5 below)
- Based on existing key initiatives or reporting frameworks found in corporate reports;
- Universality (applicable to all reporting entities);
- Comparability across industries/sectors;
- Ability to address issues over which an entity has control and for which it gathers data (incremental approach);
- Ability to facilitate convergence of financial and non-financial reporting principles and data;
- Capability of consistent measurement;
- Suitability for consolidated reporting and legal entity reporting.



Figure 6: Core sustainable infrastructure Sustainable Development Goal monitoring indicators according to the SuRe® Standard's

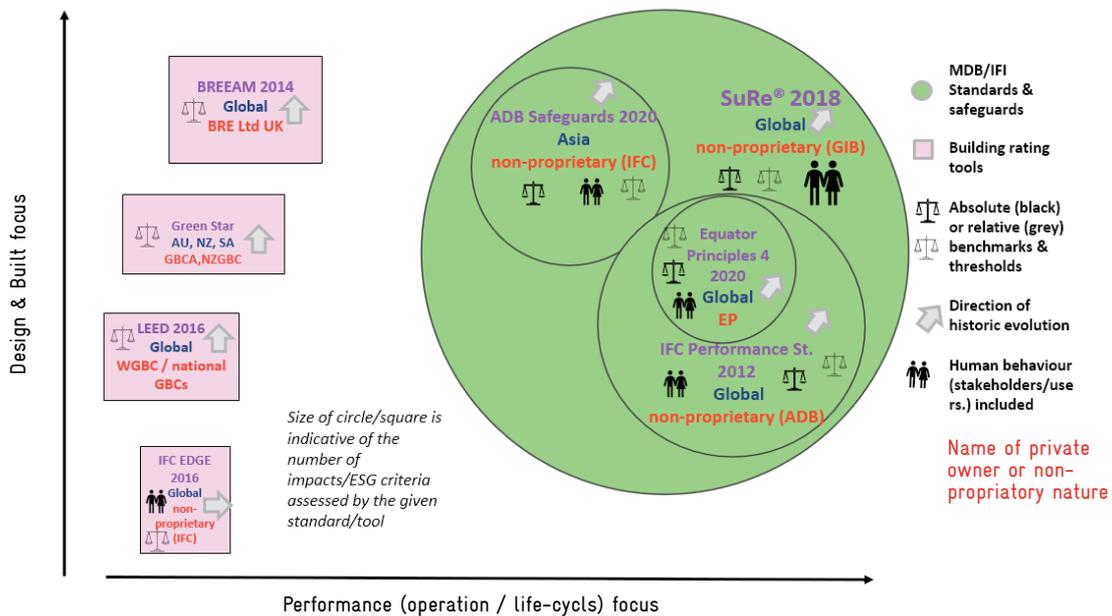


Figure 7: SuRe® intercomparison with MDB/IFI performance standards/safeguards & green built environment rating tools regarding their focus, approach and development perspectives

## 4. Intercomparison approach and elements

Before comparing and evaluating of the IFC Performance Standards, the Equator Principles and the safeguards of the ADB and SuRe® Standard a brief introduction is needed about the traditional UNCTAD SDGs indicators, UNRISD Sustainable Development Performance Indicators and its three-tiered pyramid of indicators and the best practices/benchmarks of the selected European Union financial institutions that are used as guidance for the comparison.

UNCTAD SDGs core indicators are grouped into four, relatively easy to delineate, traditionally MDB/IFI and ESG community accepted, Economic-Environmental-Social-Institutional, main categories as shown in the table below. Note that this is an approach developed with corporates/companies as the main focus, hence some institutional criteria may not be one-on-one applicable to a no matter how complex, but still single-site infrastructure project.

Economic	Environmental	Social	Institutional
Revenue	Water recycling and reuse	Proportion of women in managerial positions	Number of board meetings and attendance rate
Value Added	Water use efficiency	Average hours of training per year per employee	Number and percentage of women board members
Net Value Added = value added from which depreciation has been subtracted	Water stress	Expenditure on employee training per year per employee	Board members by age range
Taxes and other payments to the government	Reduction of waste generation	Employee wages and benefits as a proportion of revenue, by employment type and gender	Number of meetings of audit committee and attendance rate
Green Investment	Waste reused, re-manufactured and recycled	Expenditures on employee health and safety as a proportion of revenue	Total compensation per board member (both executive and non-executive directors)
Community investment	Hazardous waste	Frequency/incident rates of occupational injuries	Amount of fines paid or payable due to settlements
Total expenditure on research and development	Greenhouse gas emissions (scope 1)	Percentage of employees covered by collective agreements	Average number of training hours on anti-corruption issues per year per employee
Percentage of local procurement	Greenhouse gas emissions (scope 2)		
	Ozone-depleting substances and chemicals		
	Renewable energy		
	Energy efficiency		

Figure 8: A similar scope differentiation and categorisation logic is followed by the EBRD as well in its transition qualities approach that also explicitly links to 12 out of the 17 SDGs as shown in figure 9 below.

<b>COMPETITIVE</b>	Increased competition through entry/consolidation and levelling playing field	<b>WELL-GOVERNED</b>	Stakeholders and institutions governed more effectively on national level	
	Strengthened role of SMEs in economy		Strengthened policies and institutions to fight and prevent corruption	
	Enhanced value chains and linkages		Improved procurement policy and practice	
	Diversified and deepened financial system products		Strengthened corporate governance practices	
	Improved product and process innovation and levels of technology penetration (including ICT)	<b>INCLUSIVE</b>	Increased access to employment opportunities for all population groups (gender, age, regions)	
	Improved business skills, standards and business sophistication		Increased access to skills development opportunities contributing to reduction of skill mismatch (gender, age, regions)	
	Increased private sector ownership and participation		Increased access to infrastructures unlocking economic opportunities (gender, region)	
	Commercialisation and restructuring of SOEs		Increased access to finance (gender, age, regions)	
	Conducive environment for market efficiency and commercially sound decision making		Increased access to water and wastewater (gender, region)	
<b>INTEGRATED</b>	Enhanced trade through process upgrades/adopted technology/improved global value chains		Improved business standards of conduct and decision-making for equal opportunities	
	Improved institutional arrangements between countries for trade and investments		Improved regulation and quality of institutions related to excluded groups (such as for employment and education)	
	Increased FDI and associated production enhancements		<b>RESILIENT</b>	Strengthened resilience including capitalisation and sustainable funding structure of banking sector
	Increased capital markets integration			Increased variety and sophistication of non-banking financial products and services
	Improved quality and connectivity of infrastructure for effective/efficient economy interactions	Developed local capital market and local currency financing solutions		
	Enhanced legal, regulatory and institutional frameworks for improved use of infrastructure and reduced transaction costs	Liberalised energy sector with effectively improved market liquidity		
<b>GREEN</b>	Increased energy efficiency (EE)	Reinforced networks for domestic and inter-country connectivity		
	Increased renewable energy (RE) in the fuel mix	Improved regulatory standards to promote energy resilience		
	Reduced GHG emission			
	Improved land management and agriculture value chain			
	Increased water efficiency			
	Reduced vulnerability to climate change			
	Pollution prevented and controlled			
	Improved water quality			
Increased resource efficiency including waste management/reduction & recycling				
Improved waste and wastewater treatment				

Figure 9: EBRD's Transition Qualities<sup>15</sup>

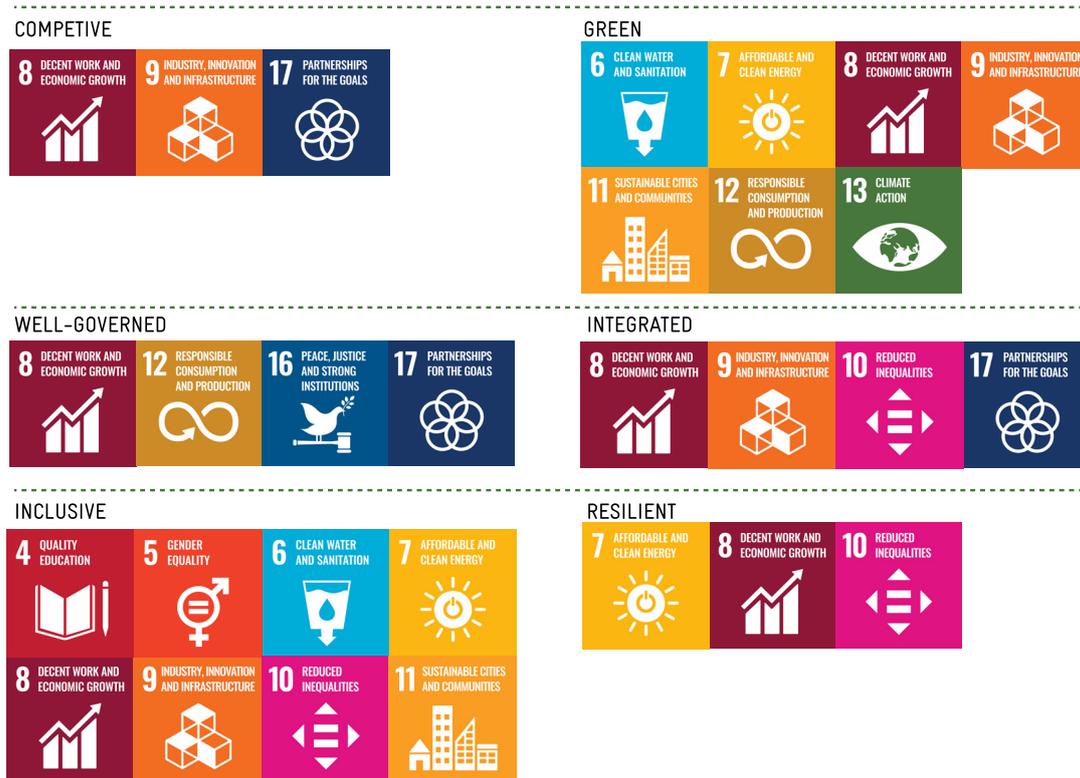


Figure 10: EBRD's Transition Qualities linked to specific SDGs<sup>16</sup>

However, the three-tiered UNRISD pyramid of Sustainable Development Performance Indicators go further (additional criteria) and deeper (quantification/differentiation) with the introduction of thresholds and a check on whether and to what extent a reported factor contributes to transformative change. They are structured as follows, as defined by UNRISD, 2019<sup>17</sup>:

**Tier One: Incrementalism Numeration**

Numeration indicators focus on actual impacts, which include absolute indicators as well as intensity indicators that describe performance relative to a non-normative counterpart (such as unit of production) and are therefore incrementalist by definition. The UNCTAD SDG criteria falls under this category.

**Tier Two: Contextualized Denomination**

Denomination indicators contextualize actual impacts against normative impacts. Also known as Context-Based indicators, denominator indicators take into account sustainability thresholds in ecological, social, and economic systems, as well as allocations of those thresholds to organizations and other sub-system entities such as sectors, portfolios, or bioregional habitats. Some of the UNCTAD social & institutional SDG criteria can have specific indicators allowing for tier two.

**Tier Three: Activating Transformation**

Transformation indicators add transcontextual elements of implementation practices and policies (as well as more ephemeral emergence) to normative indicators in order to instantiate sufficient change within complex adaptive systems. Some of the UNCTAD social & institutional SDG criteria can have specific indicators allowing for tier three.

The table below indicates some examples for Social indicators falling under the three tier categories as they potentially move upwards on the pyramid:

Tier I (absolute/intensity criteria)	Tier II (in case the criteria includes a target)	Tier III (in case the criteria includes high ambition and regular progress checking)
Proportion of women in managerial positions	Hiring and/or promotion at the entry level of management	Gender Diversity: Entry-Level Hiring and Promotion Dependent Care: Caregiving Support Programs Harassment and Discrimination at Workplace Access to Remedy Discrimination in hiring Percentage of disadvantaged population in permanent employment (women, ethnic minorities, migrants, persons with disabilities, long-term unemployed, etc.) Percentage of disadvantaged population hired for job skill training purpose for future employment Percentage of workers having received job skill training and subsequently find employment or pursue education Average years of employment/ the age of the enterprise; Public sharing of information and knowledge
Frequency/incident rates of occupational injuries	Frequency/incident rates of occupational injuries	
Percentage of employees covered by collective agreements	Union Density and Collective Bargaining Coverage: Disclosure	

Figure 11: Examples for Social indicators falling under the three tier categories

The EU development finance institutions environmental criteria covering air quality, climate change and biodiversity is summarised Annex I allowing a full intercomparison between the Environmental evaluation criteria explored in this study and the ones used by various EU development finance institutions globally. It is noteworthy, that institutions that do regularly co-finance projects have markedly different approaches and level of details when it comes to project/intervention specific environment criteria. Another key development is the fact how monetisation—attempting to add a financial value to natural capital elements—is increasingly seen as an impact tracking metrics, at least among the public funding distributing EU players and some in the asset management world.

These three distinctive sets of approaches and corresponding criteria allows for a comprehensive comparison approach within this study. Therefore, not only a binary, standard-with-another-standard comparison is possible, but the evaluated initiatives can also be placed into the context of the ever-evolving development indicators in general and checked against the way how various IFIs/MDBs/development finance institutions are tracking/measuring these criteria. With such approach both unique positive and room for improvement features have been identified as described in the next section.

## 5. IFC Performance Standards

Overall, the SuRe<sup>®</sup> Standard complies with all criteria and corresponding requirements of the IFC Performance Standard. SuRe<sup>®</sup>'s narrower sectoral focus, its red criterion (mandatory compliance element) approach and its three-level rating allows for a more nuanced evaluation that IFC PS allows for. Moreover, due to the same conceptual approach and the mutual application of minimum requirements guarantee that projects passing Bronze SuRe<sup>®</sup> certifications are compliant with IFC PS. This may however not be true in the other way round: satisfying IFC PS may not automatically lead to SuRe<sup>®</sup> certification as SuRe<sup>®</sup>'s 21 red criterion (mandatory) go beyond the requirements of IFC PS.

Another issue of relevance and where the two approaches are different is the assessment of materiality: IFC PS, as an additional safeguard to financial due diligence, is not addressing materiality in its approach created to ensure that its minimum—though on many occasions still demanding—standards are met. SuRe<sup>®</sup>'s narrower sectoral focus and its inclusion of financial sustainability requires that materiality is addressed and incorporated into the evaluation. SuRe<sup>®</sup>'s definition of materiality allows for the threshold at which social, environmental, economic and governance opportunities and risks can impact—in the present or the future—the Infrastructure itself, stakeholders and society and should therefore be adequately assessed, managed and monitored. Materiality then in turn carefully assessed by the third-party certifier ensuring that impacts are considered according to their real impacts across the full value-chain of the assessed entity.

### a) PS1—Assessment and Management of Environmental and Social Risks and Impacts

The PS1, a predominantly social and environmental risks management framework matches the SuRe<sup>®</sup> Standard's Governance elements on Management (G1). In its environmental risk features it corresponds to SuRe<sup>®</sup>'s Oversight and Sustainability (G2) and in terms of the required broad and active stakeholder involvement it matches Stakeholder Engagement (G3). Anti-fraud, corruption and transparency is a cross-cutting issue in PS, explicitly mentioned under labour practices (in PS2). SuRe<sup>®</sup>'s Governance (G) contains these Anti-corruption and Transparency elements (G4) that are logically linked to the Social and Environmental Risks covered by PS1. As Environmental management systems affect how pollutants, GHGs, biodiversity, and other environmental factors are handled, PS1 is inherently linked to the Environment (E) component.

Therefore, it could be stated that PS1 has an equivalence with the G chapter of SuRe<sup>®</sup> with the exception of labour related issues that are covered by PS2.

### b) PS2—Labour and Working Conditions

The two standards follow a similar approach in terms of labour and working conditions, however SuRe<sup>®</sup> goes further in one respect: supply chain considerations are explicit both for the building/construction stage and the operation of the infrastructure. This has major implications for potential outsourcing: activities that are logically connected to the SuRe<sup>®</sup> certified entity cannot be outsourced and lost from the lens of the certified unit. SuRe<sup>®</sup> treats all value chain elements connected to the certified entity with the same rigour irrespective of the contractual relationships (no matter who employs/contract the workers the certified unit has ultimate responsibility for compliance). Moreover, the regularity of SuRe<sup>®</sup> surveillance checks could provide additional proof that the pledges—made at an early stage of the development—are actually implemented.

### c) PS3—Resource Efficiency and Pollution Prevention

IFC's broader activity scope is better served with good international industry practice (GIIP) approach—also a key feature in SuRe<sup>®</sup>—resulting in a situation where the explicit resource efficiency requirements of SuRe<sup>®</sup> could be stricter, unless a jurisdiction is already requiring for example local sustainable sourcing practices. The SuRe<sup>®</sup> different performance level requirements provide a detailed standard driven scaling of resource efficiency indicators some areas

(local sourcing; water efficiency) whilst some other key areas it depends on external standard such as for building energy efficiency and forestry sourced materials.

Waste and pollution-wise a similar difference is observed regarding the use of GHIP, though both standards strictly enforces national legislation and standards especially re. hazardous waste.

It is notable that both IFC and SuRe<sup>®</sup> implicitly acknowledges the key drivers and fundamentals of a circular economy approach, but neither of them makes this explicit under its resource efficiency and waste requirements.

#### **d) PS4—Community Health, Safety, and Security**

Both standards are driven by a stringent health, safety and security approach applying and enforcing national and international standards. The supply-chain extension of SuRe<sup>®</sup> guarantees the inclusion of broader stakeholder group in the assessment resulting in similar differences described above for PS2, covering labour and working conditions.

#### **e) PS5—Land Acquisition and Involuntary Resettlement**

A critical criterion from an infrastructure perspective that is handled conceptually in a similar manner SuRe<sup>®</sup> incorporating and building on IFC PS 5. Given its interconnectedness with other issues—from legal compliance, human rights to gender issues or heritage—there are multiple SuRe<sup>®</sup> criteria beyond the Resettlement red criterion where PS5 requirements are addressed. In principle, both standards are built around the principle of avoidance of involuntary resettlement and in case of unavoidable settlement the implementation of a Resettlement Action Plan (for physical Displacement) or Livelihood Restoration Framework/Plan (for Economic Displacement).

#### **f) PS6—Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Despite the fact that SuRe<sup>®</sup> has a narrower scope focusing on infrastructure that is both usually smaller in its physical size/geographic coverage and unrelated to the primary production of living natural resources, (forestry, agriculture, animal husbandry, aquaculture and fisheries etc) the two standards follow the same approach and level of stringency re. biodiversity and natural capital. The elevation of Biodiversity and Ecosystem Management & Conservation to red criteria allows for all underlying natural capital aspects to be treated as critical.

#### **g) PS7—Indigenous Peoples**

With respect to indigenous rights Free, Prior and Informed Consent (FPIC) is the basis of both approaches. However, the way how affected communities—from a broader than ownership or settlement perspective—are identified require further clarifications for both standards (for example ancestral lands, cultural or ceremonial purposes also linked to PS8, see below) as these aspects are yet to be defined on the level of details an unambiguity as of the mainstream environmental or social impact assessment.

#### **h) PS8—Cultural Heritage**

As with indigenous right the approach is conceptually similar and results in the same stringency for both standards; similarly, to PS7.

## 6. Equator Principles

The biggest difference between the Equator Principles and the SuRe<sup>®</sup> Standard is their timeframe. The EP focuses on the lifetime of the loan whilst SuRe<sup>®</sup>'s focus is on the lifetime of the infrastructure project (usually going well beyond the repayment period of an initial loan).

The Equator Principles also stipulates that after Financial Close and over the life of the loan, the EPFI will require independent monitoring and reporting. Monitoring and reporting should be provided by an Independent Environmental and Social Consultant. This is to some extent similar to the concept of the renewal of certification and regular surveillance audits to be carried out according to the SuRe<sup>®</sup> Standard.

### **a) Principle 1: Review and Categorisation**

The key conceptual difference is that Equator Principles are applicable to a wide range of projects, including those with a significant adverse environmental and social risks and/or impacts. Such projects by definitions are unlikely to succeed in SuRe<sup>®</sup> certification, hence projects falling into the so-called category A are unlikely to apply. In case they apply, meeting the 21 red (mandatory) SuRe<sup>®</sup> criteria is unlikely.

### **b) Principle 2: Environmental and Social Assessment**

Though the terms are different the EP required Environmental and Social Impact Assessment (ESIA) as detailed in Exhibit II & III corresponds to the entirety of Environment & Social assessment approach of SuRe<sup>®</sup> built around Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA). With respect to the applied standards, the next entry, on Principle 3 describes the details.

### **c) Principle 3: Applicable Environmental and Social Standards**

For non-high-income countries (equivalent of the OECD), by and large all developing countries the IFC Performance Standards on Environmental and Social Sustainability is applicable in conjunction with the World Bank Group Environmental, Health and Safety Guidelines (EHS). This is fully consistent with the SuRe<sup>®</sup> approach, though SuRe<sup>®</sup> is stronger in enforcing host country applicable regulations. However, in case of weaker than prevailing international domestic standards SuRe<sup>®</sup> has either the safeguards of the Good International Industry Practice (GIIP) or specified absolute level requirements for each performance level.

### **d) Principle 4: Environmental and Social Management System and Equator Principles Action Plan**

Environmental and Social Management System (ESMS) as in EP—and Environmental Management System (EMS) and a Social Management System (SMS) as in in SuRe<sup>®</sup> (G2.1 Environmental and Social Management Systems) are identical conceptually. The way how EP deals with non-compliance/under performance regarding the principles is by means of establishing an Equator Principles Action Plan (EPAP). This EPAP is intended to outline gaps and commitments to meet EP requirements in line with the applicable standards. Conceptually this is similar to SuRe<sup>®</sup>'s minor non-compliance follow-ups and surveillance cycle requirements in which specified improvements are signalled and then (re)checked.

### **e) Principle 5: Stakeholder Engagement**

Effective Stakeholder Engagement is required by both, though the terms used are different; however, the Informed Consultation and Participation process (EP) is identical to the requirements of G3 (Stakeholder Engagement) of SuRe<sup>®</sup>.

### **f) Principle 6: Grievance Mechanism**

Grievance Mechanism (EP) has the same scope and requirements as SuRe<sup>®</sup>'s G3.3 Public Grievance and Customer Feedback Management and S2.6 Employee Grievance Mechanism.

#### **g) Principle 7: Independent Review**

The Independent Review of the Assessment process including the ESMPs, the ESMS, (EP) is conceptually equivalent to the 3rd party audit approach of SuRe®. In practice, however SuRe® would always require for example the completed and approved third party EIA and SIA to be available for assessing the entirety of the environmental and social aspect, provided the project has reached such a phase that these documentations & decisions are already available. See also Principle 9 on independent monitoring and reporting.

#### **h) Principle 8: Covenants**

The ex-ante and sustained compliance with all relevant host country environmental and social laws, regulations and permits in all material respects (EP) and the similar SuRe® requirements are of equivalence. However, EP 8 requires a covenant in the financing documentation to comply whilst for SuRe® no ex-ante compliance declarations are required (SuRe® would judge the qualities of actual plans / work-in-progress and then keep returning to the same issues during a surveillance audit to check the actual built and operational qualities / processes). In other words, those elements that are too early to check & validate will always be scrutinised at a later stage when they are built and operational to sustain certification.

The EP Environmental and Social Management Plan (ESMP) requirement of the 8th EP and the Environmental and Social Management System (ESMS) of the 4th EP and Environmental Management System (EMS) and a Social Management System (SMS) in SuRe® (G2.1 Environmental and Social Management Systems) are identical conceptually.

#### **i) Principle 9: Independent Monitoring and Reporting**

Project compliance with the Equator Principles after Financial Close and over the life of the loan (EP) is equivalent to the SuRe® required surveillance audits in order to sustain the certification. A distinction is that EP focuses on the lifetime of the loan whilst SuRe®'s focus is on the lifetime of the infrastructure project (usually going well beyond the repayment period of an initial loan).

#### **j) Principle 10: Reporting and Transparency**

EP 10 requires that the ESIA is accessible and available online and that it includes a summary of Human Rights and climate change risks and impacts when relevant (EP) for Transparency. This goes beyond SuRe® as it does not require the public disclosure/publication of the entirety of the corresponding EIA & SIA only their summaries (G1.7 Public Disclosure). However, in practice, as national applicable EIA/SIA regulations require (right to) public access to such documentation the two approaches are likely to lead to the same level of disclosure and transparency.

## 7. ADB Green, Resilient, Inclusive, and Sustainable Indicators (GRIS)

The biggest difference between the ADB GRIS and the SuRe<sup>®</sup> Standard is the treatment of financial sustainability: ADB GRIS does not deal with these elements as the financial aspects are part of the ADB due diligence process and corresponding safeguards whilst SuRe<sup>®</sup>'s holistic approach includes all project related elements.

GRIS having one mandatory element for each of its four categories is similar to SuRe<sup>®</sup> spreading its 21 mandatory (red) criteria ensuring that minimum/mandatory elements cover a broad scope of sustainability issues.

Finally, it is worthwhile to mention that both of the requirements allow for, but nor require to apply a Life Cycle (Sustainability Assessment Framework) approach (according to ISO 14044:2006/Amd 2:2020).

Important to note that ADB GRIS can only be interpreted and used together with the corresponding due diligence of the ADB applicable to all of its engagements including ADB's Corporate Results Framework, 2019-2024 and its Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific.

### **k) Principle 1: GREEN**

ADB GRIS puts climate change mitigation to the top of its otherwise broad natural capital / pollution / resource efficiency green list selecting it as the mandatory green criteria. However, as the other environmental criteria is treated with the same conceptual approach the evaluation results could be similar to SuRe<sup>®</sup>. However, SuRe<sup>®</sup>'s insistence of having all, key green (environmental) criteria as mandatory could result in higher level of compliance. Moreover, as for the accounting for and protection of natural capital & promotion of nature-based solutions SuRe<sup>®</sup> is also specific under Governance (G1.5 and G2.1) and not only under the environmental entries (E2.1-2, E5.1).

### **l) Principle 2: RESILIENT**

ADB's approach is more of a TCFD (Task Force on Climate-related Financial Disclosures) risk-focused approach whilst SuRe<sup>®</sup>'s key focus is physical resilience, however as vulnerability is part of them be seen as conceptually aligned. Resilience and adaptability under the Resilient criteria correspond to E1.2 and G2.3-4 of SuRe<sup>®</sup> (being non-mandatory under ADB and mandatory for SuRe<sup>®</sup>).

### **m) Principle 3: INCLUSIVE**

For inclusiveness Gender is singled out as the lead, mandatory criteria by ADB. In case of SuRe<sup>®</sup> non-discrimination (S2.3) is mandatory and gender (S5.3) is a normal criterion therefore the two can be considered as conceptually similar approaches.

### **n) Principle 4: SUSTAINABLE**

Neither ADB GRIS nor SuRe<sup>®</sup> has precisely defined sustainability definition. However, on finance, governance, procurement practices, and anticorruption measures the various SuRe<sup>®</sup> S and G criteria addresses these issues in a similar manner and some of them are stringent, red criteria such as Legal compliance and oversight (G1.3) and Anti-Corruption and Transparency (G4.1-2).

## 8. Conclusion

The key conclusion of the intercomparison is a re-confirmation that the SuRe<sup>®</sup> Standard complies with all criteria and corresponding requirements of the IFC Performance Standards, the Equator Principles and the Green, Resilient, Inclusive, and Sustainable Indicators (GRIS) of the ADB. SuRe<sup>®</sup>'s narrower sectoral focus in infrastructure, its red criterion (mandatory compliance element) approach and its three-level rating allows for a more nuanced evaluation than the three standards/safeguards allow for. In practice this implies that—due to the same conceptual approach and the mutual application of minimum requirements—projects passing Bronze SuRe<sup>®</sup> certifications are compliant with the three standards/safeguards. This may however not be true in the other way round: satisfying the three standards/safeguards may not automatically lead to SuRe<sup>®</sup> certification as the specific requirements—such as on supply chains—within some of SuRe<sup>®</sup>'s 21 red mandatory criteria go beyond the minimum requirements of the three standards/safeguards.

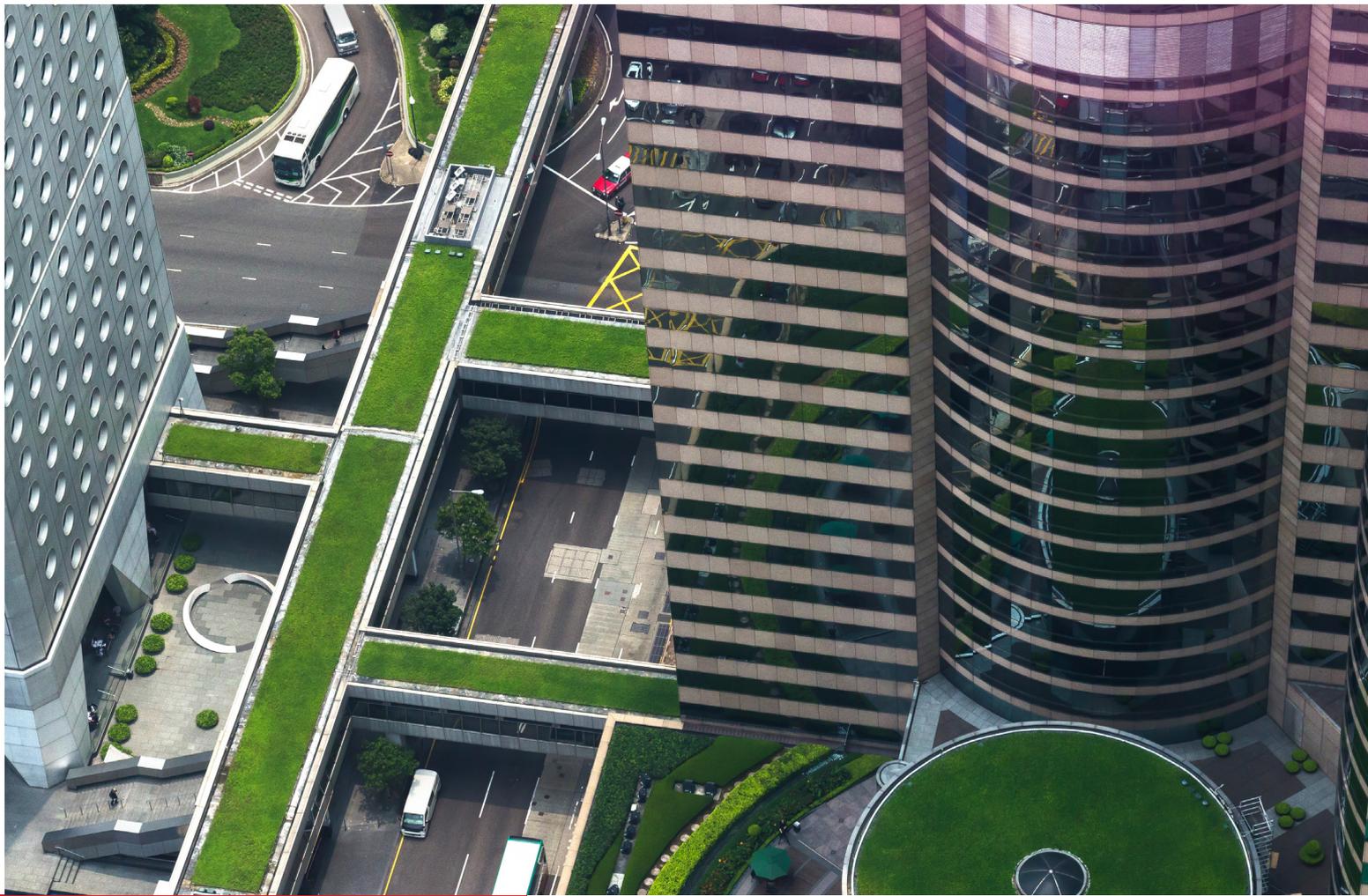
1. All IFC Performance Standards, Equator Principles and ADB GRIS components that are relevant for complex physical infrastructure projects are included in the SuRe<sup>®</sup> Standard
2. All SuRe<sup>®</sup> Standard elements are at the same or higher level of details and differentiation than in the corresponding the IFC Performance Standards, Equator Principles and ADB GRIS components (this level of details feature allows for the differentiation between the SuRe<sup>®</sup> Standard bronze-silver and gold level)
3. Some recent, SDG specific requirements related to climate resilience are more detailed / rigorously described in SuRe<sup>®</sup> Standard than in the pre-SDG period defined IFC PS, and similarly elaborated as climate risk/resilience than in the newer, updated Equator Principles and ADB GRIS framework.
4. All standards and safeguards provide significant level of details on all SDG criteria that are adequate on project level, however neither of them is capable of assessing the sufficiency of project features against sustainability thresholds, the contextual prerequisites to meet the SDGs within Planetary Boundaries.
5. As the assessed standards and safeguards were primarily developed by/for financial institutions for supporting financial decision—making operational features of the targeted infrastructure received less attention.
6. However, the SuRe<sup>®</sup> Standard is able to capture temporal changes over the period of the lifetime of the assessed infrastructure project. SuRe<sup>®</sup> Standard bronze—silver and gold levels are therefore not only provide a snapshot at a given time but are applied over time becoming a vehicle for continued improvement.
7. Some emerging SDG and/or sustainable/green finance related standards offers practical insight on how particular SuRe<sup>®</sup> Standard criteria can attract particular target/ambition levels with quantifiable and measurable metrics and values that could be fulfilled over time, during the operations of an infrastructure project/investment.

Materiality—partly financial, partly impact-driven—is part of the SuRe<sup>®</sup> Standard, but not addressed explicitly in the other standards. This has double consequences: (a) a materiality approach always allows for prioritisation and weighting among the different criteria and (b) it may also result in mis-categorisation and hence the overlooking of factually crucial/critical aspects. This is addressed within the SuRe<sup>®</sup> Standard by a third-party audit approach whilst the others require all criteria to be met. Materiality is therefore could be seen as a key differentiator: for a safeguard focused approach all criteria is equally important and for a ranking approach weights are applied through a materiality lens. Given the fact that IFC PS-EP/ADB GRIS compliance—both for design/construction and operations—can be attributable to SuRe<sup>®</sup> Standard certification developers using the SuRe<sup>®</sup> Standard can be certain that their plans would fulfil or even go beyond the requirements of the other standards/safeguards.

## Endnotes

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