



**International
Finance Corporation**
World Bank Group

Sustainable Forest Management: A Development Priority

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Developing Certified Forests, Forest Products and Markets

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IFC's Vision

That poor people have the opportunity to escape poverty and to improve their lives

- IFC is a social enterprise, a development finance institution that fosters economic growth in developing countries through investments and advisory services
- IFC demonstrates the profitability of investments in emerging markets, encouraging further investment by private sector financiers
- IFC accepts substantial business risks, going where other investors are unwilling to

IFC's Sustainability Policy Framework

	REQUIREMENTS	IMPLEMENTATION
IFC - INSTITUTIONAL	<p>Disclosure Policy</p> <hr/> <p>Sustainability Policy</p>	<p>Environmental and Social Review Procedure</p>
CLIENT - PROJECT LEVEL	<p>8 Performance Standards</p>	<ul style="list-style-type: none"> • 8 Guidance Notes • Environmental, Health & Safety Guidelines • Good Practice Materials

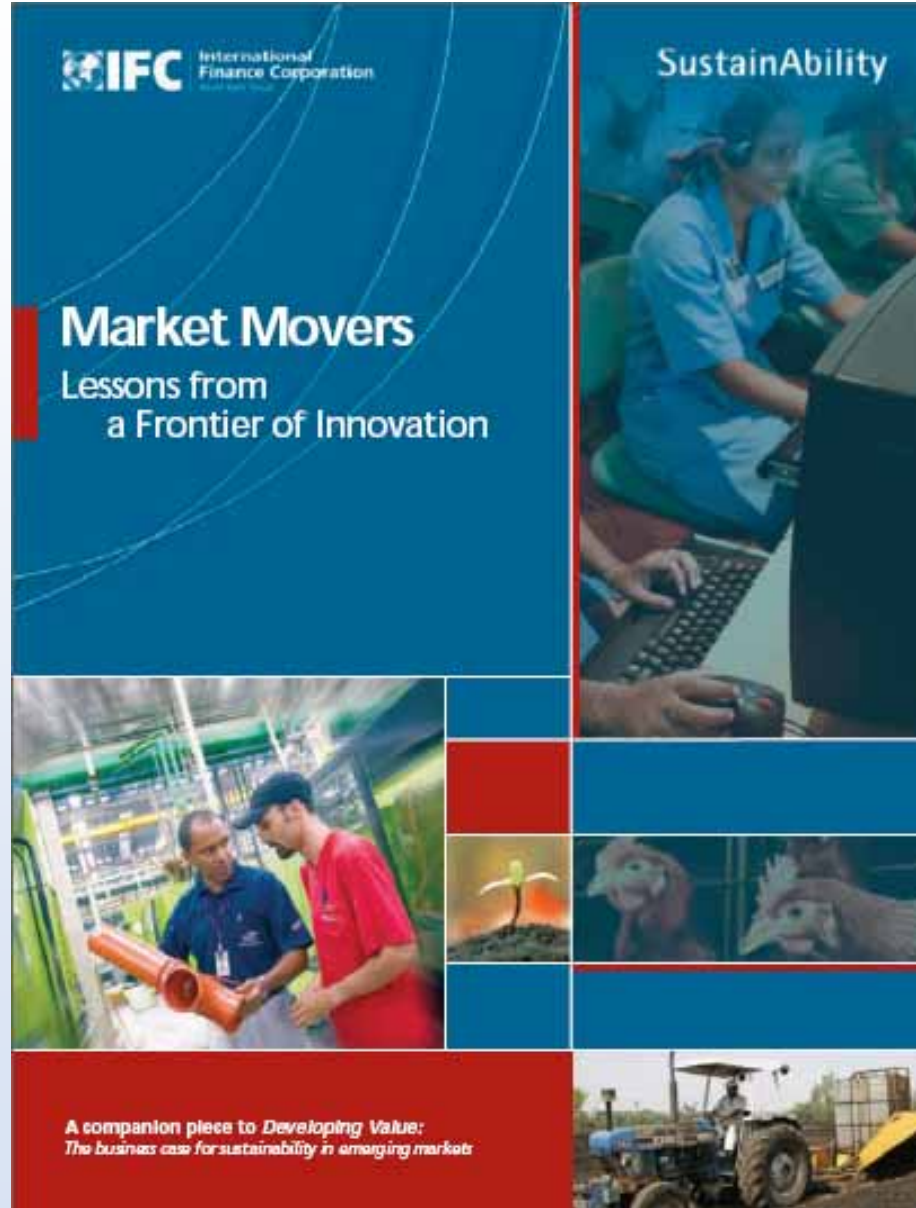
Overview Performance Standards

- PS 1: Social & Environmental Assessment and Management System
- PS 2: Labor and Working Conditions
- PS 3: Pollution Prevention and Abatement
- PS 4: Community Health, Safety & Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity Conservation and Sustainable Natural Resource Management
- PS 7: Indigenous Peoples
- PS 8: Cultural Heritage

Performance Standards 6 and 1

- **PS6: Biodiversity Conservation and Sustainable Natural Resource Management**
- 'the client will ensure that all natural forests and plantations over which they have management control are independently certified as meeting performance standards compatible with internationally accepted principles and criteria for sustainable forest management
- **PS1: Social and Environmental Assessment and Management Systems**
- 'The impacts associated with supply chains will be considered where the resource utilized by the project is ecologically sensitive'

Market Movers – IFC and SustainAbility



Market Movers - Business Case Matrix

FIGURE 2: SUMMARY MATRIX OF BUSINESS CASES

DQY = Daqingyuan JOL = Jubilant Organosys

	Environmental Performance	Social Performance	Governance Performance
Sales & Market Access	DQY	Amanco MAS	
Operational Efficiency	Amanco JOL		
Access to Capital			DQY JOL
Risk Mgmt & Licence to Operate		JOL MAS	
Talent & Human Capital		MAS	
Brand Value & Reputation	DQY		Amanco

Market Movers – Ingredients of Success

- Leadership
 - Integration
 - Innovation
 - Differentiation
 - Quality of relationships
- *'These ingredients could constitute a perfectly good list for general business success.... After all, sustainability, simply put, is sound business planning which anticipates and strategically manages changes in a company's operating environment'*

Stakeholders: Upside

Employee



Retention,
Productivity

Government



Renewal,
Expansion

Community



Operating
License

Shareholders



Long-term
Investors

Financiers



Reduced
Cost

Media



Reputational
Benefits

Clients



Stable Markets,
Premium Pricing

NGOs



Cooperation

Insurers



Reduced
Premiums

Export Market Regulators



Open Markets

Stakeholders: Downside

Employee



Strike,
Sabotage

Government



Shutdown,
Delay

Community



Loss of license
to operate

Shareholders



Disinvestments

Financiers



Increased
Cost

Media



Negative
Publicity

Clients



Contract loss,
Boycott

NGOs



Campaigns

Insurers



Loss of
Cover

Export Market Regulators



Market
Loss

Certification: Upside and Downside

- Upside - a common currency for several stakeholder groups, securing their trust and support
- Downside - confused stakeholders: no trust in the value of the certification currency
- Reality - certification is a component of a management strategy, not a strategy in itself

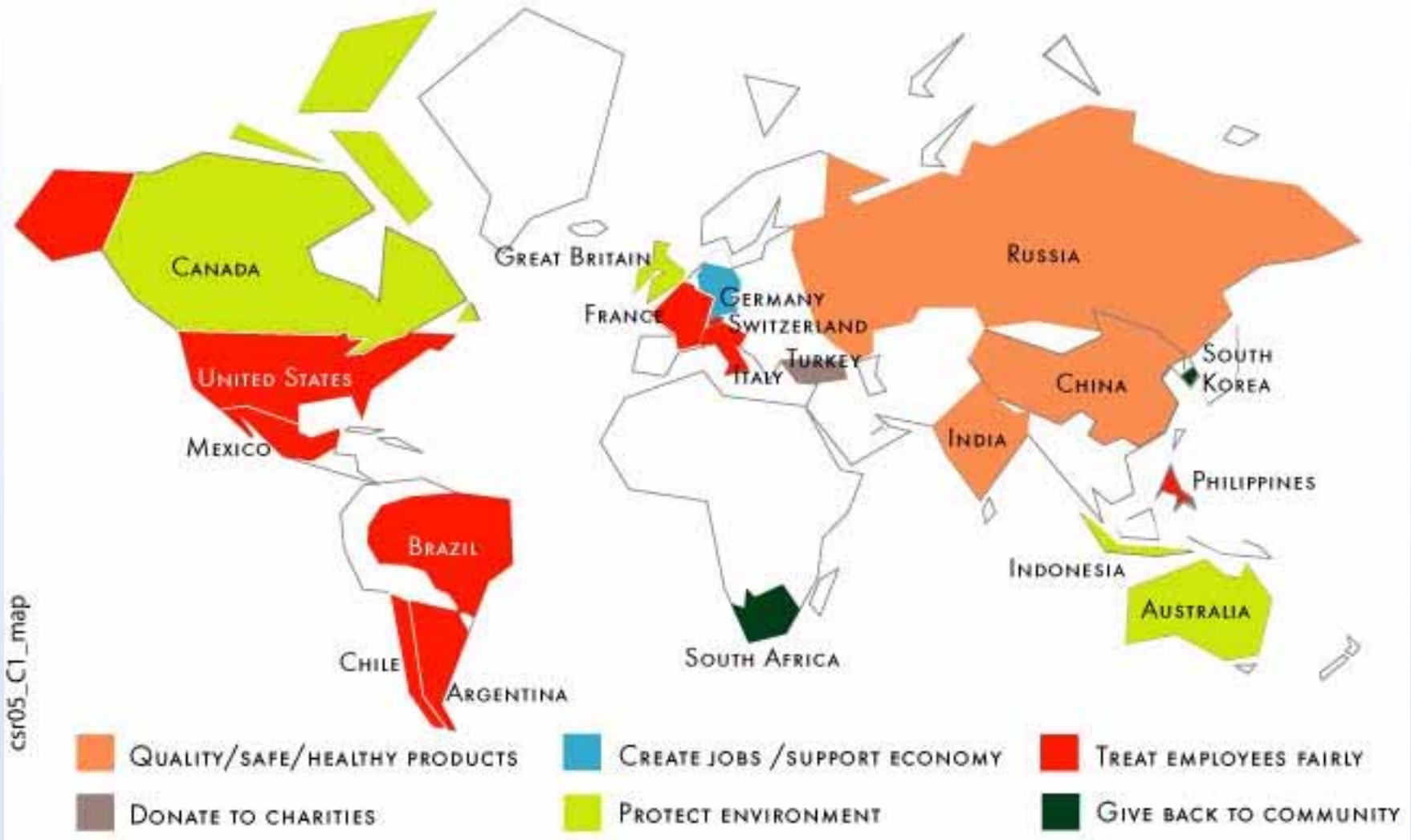
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Nature Flooring

- China Forest Trade Network (CFTN) sourcing targets - including for 'Certification' and 'In progress'
- SGS Chain of Custody certification
- FSC or equivalent certification for proposed plantations or concessions
- Commitment from Chairman
- Part of brand strategy: quality, health
- Commitment to process before IFC engaged
- Tough decisions made (dropping suppliers)
- Good working relationships

Most Important Thing a Company Can Do to Be Seen as Socially Responsible



East Asia

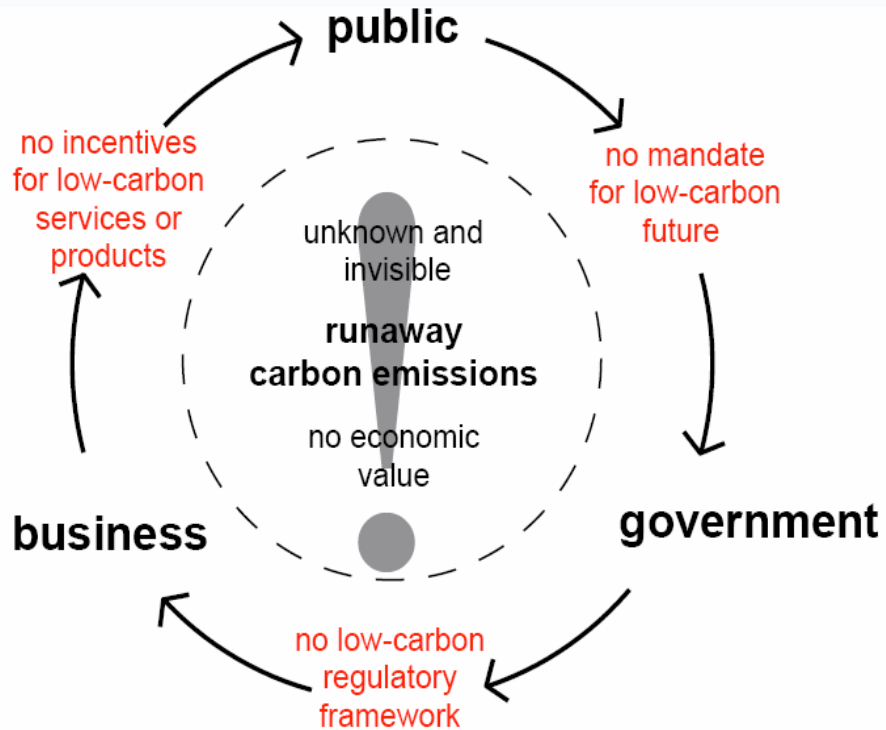
ENVIRONMENT

MONITOR 2007

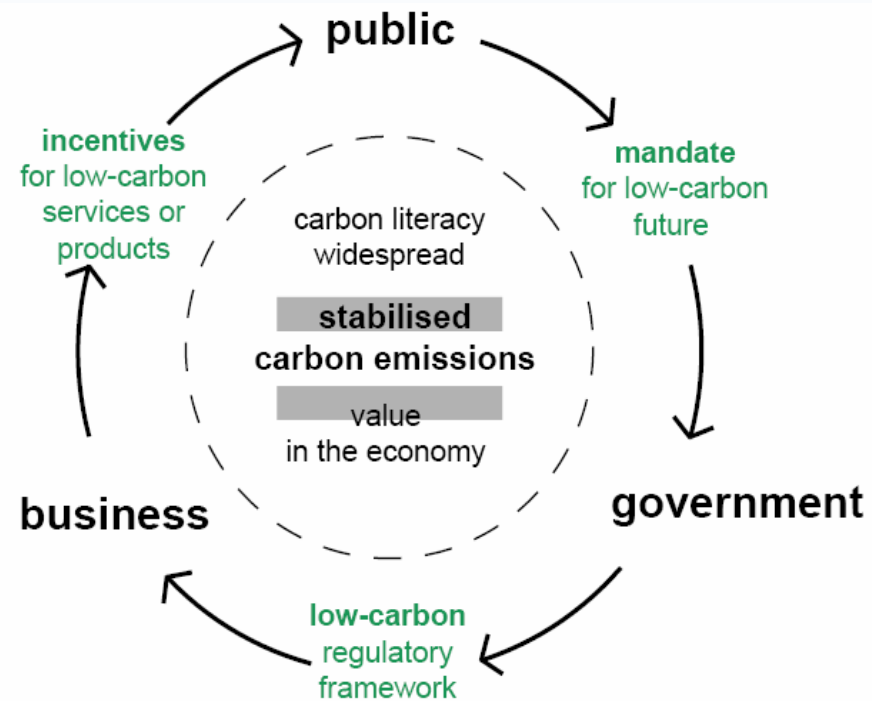


ADAPTING TO
Climate Change

Carbon illiterate to literate



carbon illiterate society



carbon literate society

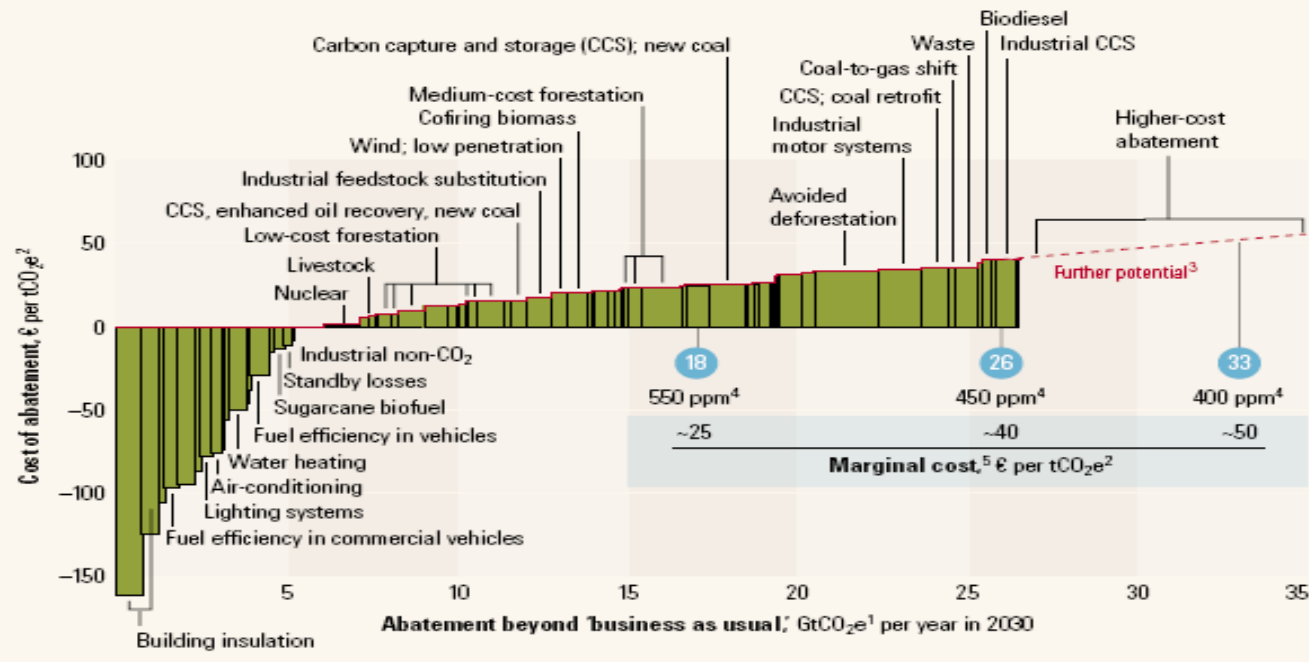
Climate Change: Cost of Abatement Curve

EXHIBIT I

What might it cost?

Global cost curve for greenhouse gas abatement measures beyond 'business as usual'; greenhouse gases measured in GtCO₂e¹

- Approximate abatement required beyond 'business as usual,' 2030



¹ GtCO₂e = gigaton of carbon dioxide equivalent; "business as usual" based on emissions growth driven mainly by increasing demand for energy and transport around the world and by tropical deforestation.

² tCO₂e = ton of carbon dioxide equivalent.

³ Measures costing more than €40 a ton were not the focus of this study.

⁴ Atmospheric concentration of all greenhouse gases recalculated into CO₂ equivalents; ppm = parts per million.

⁵ Marginal cost of avoiding emissions of 1 ton of CO₂ equivalents in each abatement demand scenario.