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# Corporate Voluntary Standards in Land-Based Investments

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# Corporate Voluntary Standards in Land Based Investments

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- Landscape of Corporate Voluntary Standards
- IFC Performance Standard 6: Living Natural Resources
- Stepwise approach to compliance
- Managing risks after financial close
- Different financial products / different leverage



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# IFC Performance Standard 6: Living Natural Resources

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**Seek to avoid natural habitat. Finance production on land that has been previously converted.**

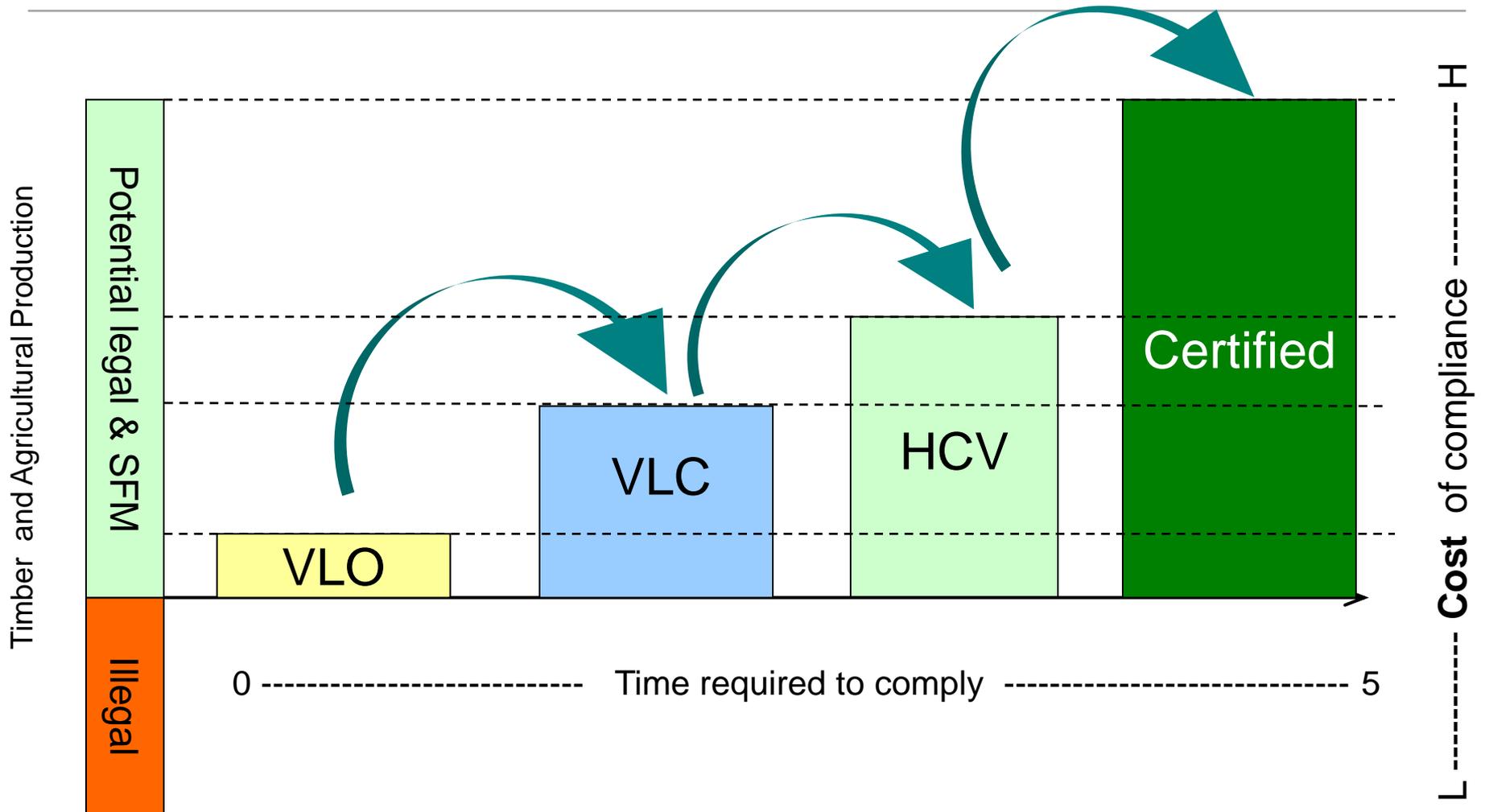


**Clients must demonstrate appropriate commitments to sustainability and better management practices.**



**Credible voluntary standards.**

# Stepwise Approach to Compliance



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# Managing Risk after Financial Close

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## The Environmental and Social Action Plan

	<b>Actions/ Deliverables</b>	<b>Deadline</b>
1	Receipt of valid permit, license, or similar license	Prior to financial close
2	Completion of High Conservation Value Assessments	Prior to disbursement
3	Submit monitoring reports relating to compliance with applicable standards and monitoring requirements	Annually

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# Different financial products

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## Project Finance

- used to finance hydropower and other infrastructure; some extractives
- Rarely used in forestry and agribusiness operations

## Greatest Leverage

- Highest risk due to lack of guarantee
- Subject to the Equator Principles
- Terms and conditions in the legally-binding loan agreement

## Corporate Finance

- Mostly used for working capital
- Often used in forestry and agribusiness

## Some Leverage

- Only subject to the Equator Principles under certain conditions (Project-Related Corporate Loans)

## Capital Markets (Stocks and Bonds)

- Often used in large-scale forestry and agribusiness

## Little Leverage

- No credit risk = little leverage
- No legally-binding loan agreement