# Guiding Principles and Recommendations for Responsible Business Operations in and around Key Biodiversity Areas (KBAs)

**A collaborative project of the KBA Partnership coordinated by IUCN**

## Draft 2 for public consultation

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The views expressed in this publication do not necessarily reflect those of IUCN or the KBA Partners.

**Acknowledgments**
This report has been prepared by IUCN based on the input provided by the members of the project's Scientific Advisory Committee, the KBA Partners and the participants to the End Users Consultation workshop (held in Gland, Switzerland, 4-5 July 2016) and the participants of the Knowledge Café in the World Conservation Congress in Hawaii, September 2016.

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**About IUCN**

IUCN is a membership Union uniquely composed of both government and civil society organisations. It provides public, private and non-governmental organisations with the knowledge and tools that enable human progress, economic development and nature conservation to take place together.

Created in 1948, IUCN is now the world's largest and most diverse environmental network, harnessing the knowledge, resources and reach of 1,300 Member organisations and some 15,000 experts. It is a leading provider of conservation data, assessments and analysis. Its broad membership enables IUCN to fill the role of incubator and trusted repository of best practices, tools and international standards.

IUCN provides a neutral space in which diverse stakeholders including governments, NGOs, scientists, businesses, local communities, indigenous peoples organisations and others can work together to forge and implement solutions to environmental challenges and achieve sustainable development.

Working with many partners and supporters, IUCN implements a large and diverse portfolio of conservation projects worldwide. Combining the latest science with the traditional knowledge of local communities, these projects work to reverse habitat loss, restore ecosystems and improve people's well-being.

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## About the KBA Partnership

In September 2016, eleven of the world's leading nature conservation organisations launched an ambitious new partnership to map, monitor and conserve the most important places for life on earth.

The Key Biodiversity Area Partnership will mobilise the expertise, experience and resources of the partner organisations to:

- identify, map and document thousands of Key Biodiversity Areas worldwide;
- promote targeted conservation action in Key Biodiversity Areas; and
- inform and influence public policy and private sector decision-making.

The KBA Partnership will enhance global conservation efforts by systematically mapping internationally important sites and ensuring that scarce resources are directed to the most important places for nature. The impact of this vital conservation work will be enhanced by promoting targeted investment in conservation action at priority sites.

The KBA Partners are: the Amphibian Survival Alliance, BirdLife International, Conservation International, Critical Ecosystem Partnership Fund, Global Environment Facility, Global Wildlife Conservation, IUCN, NatureServe, Royal Society for the Protection of Birds, Wildlife Conservation Society, and the World Wildlife Fund.

www.keybiodiversityareas.org

# Guiding Principles and Recommendations for Responsible Business Operations in and around Key Biodiversity Areas (KBAs)

Key Biodiversity Areas are sites that contribute significantly to the global persistence of biodiversity

# Executive Summary

To support the need for a common approach to the identification of sites of biodiversity significance, IUCN convened a four-year global consultative process involving hundreds of experts. The agreed scientific criteria and overarching methodology build on four decades of experience from the BirdLife International Partnership in identifying Important Bird and Biodiversity Areas, as well as other approaches for identifying sites of biodiversity significance such as Alliance for Zero Extinction sites. They enable countries to identify sites that contribute significantly to the global persistence of biodiversity, called "Key Biodiversity Areas (KBAs)". In April 2016, IUCN's Council approved the "*A Global Standard for the Identification of Key Biodiversity Areas*".

To support the implementation of the Global Standard, and specifically to provide guidance to businesses operating in and around Key Biodiversity Areas, the KBA Partners, under the coordination of IUCN, embarked on a project, funded by Tiffany & Co. Foundation, to develop a set of universal Guiding Principles and Recommendations that outline how businesses should operate in and around KBAs, whether they are within protected areas or not. Target end-users for the business guidance are individual business operators, industry associations, sectoral initiatives, certification organisations, and development and commercial banks.

Draft 2 of the *Principles and Recommendations for Responsible Business Operations in and around Key Biodiversity Areas* has been developed by the KBA Partners with input from 25 representatives of industry, financial institutions and certification systems (IUCN, Gland, Switzerland, 4-5 July 2016) and delegates at the World Conservation Congress (Hawai'i, September 2016).

The Principles and Recommendations apply to all businesses (all sizes and sectors) and all Global KBAs meeting the criteria and thresholds described in the *Global Standard for the Identification of Key Biodiversity Areas* and Regional KBAs meeting existing regional criteria and thresholds, in marine, freshwater and terrestrial ecosystems. The Principles and Recommendations apply to existing and new business operations in and around KBAs having direct, indirect and cumulative impacts on the KBA site.

**This Draft is now open for broader public consultation until 10 March 2017. If you are interested in contributing, please contact Giulia Carbone (Giulia.carbone@iucn.org ).**

The KBA Committee, the decision-making body for the KBA Partnership, will be ultimately responsible for approving the final text of this document.

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# How to use the Guiding Principles and Recommendations

The intent of this document is to promote the voluntary adoption of *Principles and Recommendations* as part of corporate policies and practices of responsible businesses operating in and around Key Biodiversity Areas.

**Businesses operating or sourcing materials in or around KBAs** could use the Guiding Principles and Recommendations as the minimal standard to ensure that their internal practices are adequate to meet their own corporate commitment to biodiversity conservation; to respond effectively to the requirements of lending institutions and the law; and to open a constructive dialogue with local stakeholders including affected communities and conservation organizations.

In addition to business users, voluntary sustainability standards and financial institutions and regulators will also benefit from the development of a standardised approach to business operations in and around KBAs.

In the case of **voluntary sustainability standards**, scientifically credible and globally consistent principles and recommendations on how to operate in and around KBAs will provide this community with a tool that can be integrated in existing standard systems and lead to a harmonized approach on how businesses should operate in and around KBAs across different sectors.

The Principles and Recommendations offer support to **financial institutions** in implementing their environmental safeguards**.** A growing number of multilateral financing institutions have adopted environmental safeguards to manage the biodiversity risks associated with their investments. Among these, the IFC's Performance Standards on Environmental and Social Sustainability (2012), now adopted by the 84 Equator Principles Financial Institutions, and the World Bank Environmental and Social Framework (2016), have become globally recognized standards in dealing with environmental and social risk management. In this context, the *Guiding Principles and Recommendations for businesses operating in and around KBAs* reinforce these safeguards by providing additional guidance on best practice focused on the conservation of KBAs.

**Regulators** can use the Guiding Principles and Recommendations to support and inform development or revision of policy, regulation and/or guidance relating to performance requirements for businesses operating in and around KBAs.

With individual business operators, financial institutions, voluntary sustainability standards and regulators as end users in mind, the intent is to promote this module in the wider scope of corporate sustainability policies, management systems, regulation and certification systems.

# What are KBAs and how are they identified?

Biodiversity is unevenly distributed around our planet and is being lost rapidly. Along with its intrinsic value, the variety of living plants and animals is essential for human life and provides ecosystem services worth billions of dollars every year. Under the combined pressures of habitat conversion, climate change, unsustainable use, pollution and invasive species, many places holding outstanding biodiversity are in danger of disappearing.

One of the most effective ways to preserve biodiversity is through conservation of sites that have high biodiversity value. Knowing, with precision, the location of those places that contribute significantly to the global persistence of biodiversity is therefore critical information for a wide range of end-users across society: from national decision-makers to private companies, for use by international conventions, and ultimately, to direct conservation actions to halt further losses and address existing and emerging threats.

Key Biodiversity Areas (KBA) have then been defined as 'sites that contribute to the global persistence of biodiversity', including vital habitat for threatened or geographically restricted plant and animal species in terrestrial, freshwater and marine ecosystems.

The *Global Standard for the Identification of Key Biodiversity Areas* (IUCN 2016) sets out globally agreed criteria for the identification of KBAs worldwide. The KBA Standard establishes a scientific process for KBA identification, founded on the consistent application of global criteria with quantitative thresholds that have been developed through an extensive consultation exercise spanning several years.

Sites qualify as global KBAs if they meet one or more of criteria, focusing on: threatened biodiversity; geographically restricted biodiversity; ecological integrity; biological processes; and, irreplaceability. The KBA criteria can be applied to species and ecosystems in terrestrial, inland water and marine environments. Although not all KBA criteria may be relevant to all elements of biodiversity, the thresholds associated with each of the criteria may be applied across all taxonomic groups (other than micro-organisms) and ecosystems.

The KBA identification process is a highly inclusive, consultative and bottom-up exercise. Although anyone with appropriate scientific data may propose a site to qualify as a KBA, consultation with stakeholders at the national level (both non-governmental and governmental organizations) is required during the proposal process. KBA identification should build off the existing network of KBAs (including Important Bird and Biodiversity Areas and Alliance for Zero Extinction sites) and new data should seek to strengthen and expand the network of these sites. Any site proposal must undergo independent scientific review. This is followed by the official site nomination with full documentation. Sites confirmed by the KBA Secretariat to qualify as KBAs will be published in the official KBA database.

KBAs could potentially be managed as protected areas[1] or by other effective means to conserve biodiversity, including Indigenous and Community Conserved Areas[1]. However not all KBAs are protected areas or have a legally binding conservation status; only one fifth of existing KBAs are completely covered by protected areas. While identification of a KBA is recognition of a site's biodiversity significance, it does not, on its own, imply any one specific management response; which will differ depending on the needs of the biodiversity in question.

With regards to indigenous peoples, the loss of biodiversity has often disproportionally affected indigenous peoples and local communities across the world, with many dependent on natural ecosystems and the services they provide for their cultural, social and economic wellbeing. Their cultures, identities and physical survival as distinct peoples are sustained by lands and territories; in many cases habitat loss and reduced access to resources has led to scarcity of livelihood materials, decreasing food security, poor nutrition, ill health, severe hardship, and an increase risk of floods and soil instability. Indigenous and local communities play an essential role in conserving biodiversity and in many cases community area-based conservation has been proven to be more effective than conventional protected area management. A recent global assessment of 165 protected areas concluded that positive conservation outcomes are more likely to occur when protected areas adopt co-management regimes, empower local people, reduce economic inequalities, and maintain cultural and livelihood benefits. Among the advances in recent years has been the inclusion of indigenous and local knowledge alongside the sciences, as complementary systems of knowledge for achieving fuller and richer understanding of biodiversity values, functioning, status and trends and consequences of its loss at different scales (see also Target 18 of the CBD's Strategic Plan).

Communities can also play a key role in monitoring KBA areas and their socio-cultural and ecological context. A recent assessment of tropical resource monitoring concluded that local communities can monitor status of and trends in species and natural resources as well as scientists, at a fraction of the cost. Supporting community-based monitoring not only increases the cost-effectiveness of managing KBAs but can also provide important socio-economic benefits to communities.

[1] According to IUCN a protected area is "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".

# An emerging need from the KBA end-users

Existing and potential end-users of the KBA Standard and associated data include national and local governments; inter-governmental conventions; international development banks; private companies; business and industry associations; international, national and local non-governmental organisations and community based organisations. A two-year survey of these end-users – involving 27 case studies of stakeholders, ranging from the World Bank Group and companies in different key business sectors (mining, energy, food, commercial banks) to representatives of indigenous peoples groups and local NGOs – provided an improved understanding of how different end-users view KBAs, their needs and concerns, and their opinions about the methodology. This survey highlighted a key question that needs an urgent answer "if a business's operations or supply chains are impacting a KBA, what is a business expected to do in order to manage responsibly their impacts on the identified biodiversity values?"

Based on this background and these premises, the KBA Partners, under the coordination of IUCN, embarked on a project, funded by Tiffany & Co. Foundation, to develop a set of **universal Guiding Principles and Recommendations that outline how businesses (from large multinational, to medium and small size) in any economic sector should operate in and around KBAs, whether they are within protected areas or not. Target end-users for the business guidance are individual business operators, industry associations, sectoral initiatives, certification organisations, and development and commercial banks.**

# The development of the Guiding Principles and Recommendations

Draft 2 of the *Principles and Recommendations for Responsible Business Operations in and around Key Biodiversity Areas* has been developed by the project's Scientific Committee (which brings together representatives of BirdLife International, Fauna & Flora International, IUCN, Wildlife Conservation Society, WWF International, and the two co-chairs of the SSC-WCPA Joint Task Force on Protected Areas and Biodiversity). In order to collect as much input as possible, over 25 representatives of industry, financial institutions and certification systems (identified as the three main end-users of this tool), were consulted during a face-to-face meeting (IUCN, Gland, Switzerland, 4-5 July 2016).

Following the July meeting, Draft 1 was discussed during the World Conservation Congress (Hawai'i, September 2016) and then revised by the KBA Partners with support from the project's Scientific Committee.

**Draft 2 is now open for broader public consultation until 10 March 2017.** The KBA Partners are reaching out to the wider conservation community, local community and indigenous peoples groups, government representatives, development agencies, business and certification schemes representatives to ensure that the Principles and Recommendations are aligned with international best practice and fully consider and take into account the needs of other stakeholders living in proximity to and/or dependent on KBAs and their associated ecological and socio-cultural values.

The KBA Partners will be ultimately responsible for approving the final text of this document.

# Applicability, implementation and definitions

## Applicability

The Principles and Recommendations apply to all businesses (all sizes and sectors) and all Global and Regional KBAs meeting the criteria and thresholds in the KBA Standard and Regional KBAs meeting existing regional criteria and thresholds[2] in marine, freshwater and terrestrial ecosystems. They should be the minimum standard businesses should apply.

The Principles and Recommendations apply to **existing and new business operations in and around KBAs having direct, indirect and cumulative impacts on the KBA site.**

In addition, the Principles and Recommendations apply to **existing and new business operations in and around KBAs having no adverse impacts on biodiversity but wishing to contribute positively toward biodiversity conservation**. In particular, when business operations are located in landscapes or seascapes in which KBAs are identified but the operations do not impose a threat or adverse impact (directly, indirectly or cumulatively) on the biodiversity elements of the KBA, there is an important opportunity for the business to contribute to KBA conservation and improved management.

The Principles and Recommendations apply to the business operations' entire **area of influence[3], to the entire life-cycle of the operation,** from pre-feasibility to closure (and, where relevant, site rehabilitation), **and to its supply chains**.

[2] If standardised thresholds for the application of the KBA Standard at the regional level are established in future for taxa or elements of biodiversity not covered by existing criteria and thresholds, the KBA Committee will decide if this module will apply to such sites. This module does not apply to National KBAs (sites meeting thresholds of national significance) but local players should consider the development of a set of principles / criteria for business operations.

[3] The area of influence encompasses, as appropriate:

- The area likely to be affected by: (i) the project and the business' activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.
- Associated facilities, which are facilities that are not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable
- Cumulative impacts that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

*Adapted from International Finance Corporation's Guidance Notes: Performance Standards on Environmental and Social Sustainability (2012)*

# Implementation

The module is not designed to be a stand-alone tool, but is intended to contribute towards a comprehensive and integrated approach to the company's assessment and management of its social, environmental, cultural and economic risks and impacts.

In implementing this module, end users should consider that:

- KBAs are subject to different governance models and whilst this module aims at providing universal principles and recommendations, it is vital that these are contextualised appropriately in each situation taking into consideration formal and informal governance arrangements, land and natural resource tenure and rights, and the needs and rights of local communities and/or indigenous peoples living in or around the KBA.
- Offsets should be designed and implemented in accordance with regional and national policy, legislation and/or guidance, where this exists, and with reference to international best practice and IUCN's Biodiversity Offsets Policy, including demonstration of additionality and equivalency, and the BBOP Standard on Biodiversity Offsets.
- The Principles and Recommendations have been drafted based on the assumption that the business complies with all applicable laws about whether or not it is acceptable to operate in that site and demonstrates good faith in not working to circumvent existing conservation laws or hinder the passage of new conservation legislation at the national or local level.
- It should be recognised that the legal and policy frameworks for protected areas (even if not KBAs) will generally go beyond these Principles and Recommendations. KBA data are available through the Integrated Biodiversity Assessment Tool (IBAT). In 2017 information on KBAs will be made available for non-commercial use through the *World Database of Key Biodiversity Areas* website at www.keybiodiversityareas.org. IBAT will continue to be the portal for commercial use.
- As many KBAs do not have adequate legal protection or sufficient investment in their management to ensure maintenance of the biodiversity values that have led the area to be identified as a KBA, the premise of this module is that businesses should take a position of supporting good governance even if this is absent.

Finally, the identification of KBAs is an iterative process and many species and ecosystems have not yet been assessed against the KBA criteria. It is therefore important to highlight that some areas that are not currently identified as KBAs might well be recognised as such in the future and business should be mindful of this possibility.

# Definitions

In order to ensure a common understanding, we have provided a definition for key terms used in the Principles and Recommendations:

1. **Residual Impact** is the remaining adverse impact on biodiversity after appropriate avoidance; minimisation and rehabilitation measures have been taken according to the mitigation hierarchy[4].
2. **Direct Impact** is an impact which occurs as a direct result of the planned intervention. May also be called primary impact or first order impact.
3. **Indirect Impact is** an impact which occurs as a result of another change which is caused by a planned intervention.
4. **Cumulative Impact** is the successive, incremental and combined impacts of one or more projects (existing, current and foreseeable future projects) on society, the economy or the environment. They can result from the aggregation and/or interaction of impacts within a social or environmental system and are defined from the perspective of the people or environment experiencing them.
5. **No Net Loss (NNL), Net Positive Impact (NPI) and Net Gain:** are targets for development projects in which the impacts on biodiversity caused by the project are balanced or outweighed by measures taken to first avoid and minimize the project's impacts, then to undertake on-site rehabilitation and/or restoration, and finally to offset the residual impacts (if any, and where appropriate and at the appropriate geographic scale (e.g. local, landscape-level, national, regional)). Where the gain exceeds the loss, the term Net Positive Impact or Net Gain are used instead of No Net Loss[5]. It should be noted that:
    - The term Net Positive Impact and Net Gain can be used interchangeably.
    - The 'net' in NNL, NPI and Net Gain acknowledges that some biodiversity losses at the development site are unavoidable, and that biodiversity gains may not be perfectly balanced in regards to the time, space, or type of biodiversity affected.

    6. The **mitigation hierarchy[6]** is a commonly applied participatory approach for managing biodiversity risk and realizing conservation opportunities in development projects. It was formalized in the USA since the 1970s, the European Union since 1985, and the UN Convention on Biological Diversity (CBD) in 1992 . The mitigation hierarchy is the following logical framework for biodiversity management measures (adapted from BBOP http://bbop.forest-trends.org/pages/guidelines):
    - **Avoidance**: measures taken to avoid creating impacts from the outset, such as deciding to not conduct the project inside or in proximity to a KBA or to pursue careful spatial or temporal placement of infrastructure elements to prevent any impact on certain components of biodiversity;
    - **Minimization**: measures taken to reduce the duration, intensity and/or extent of impacts (including direct, indirect and cumulative impacts, as appropriate);

[4] Standard on Biodiversity Offsets, Business and Biodiversity Offset Programme (BBOP), 2012
[5] Adapted from BBOP 2012 and IFC Performance Standard 6 (2012)
[6] NNL/NPI Approaches for Biodiversity (IUCN, 2015); Biodiversity for Business (IUCN and WBCSD, 2014).

- **Restoration**[7]**:** the process of assisting the recovery of an ecosystem that has been degraded, damaged, or destroyed;
- **Offset** Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation actions have been taken. The goal of biodiversity offsets is to achieve No Net Loss and preferably a Net Gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people's use and cultural values associated with biodiversity.
- **Additional Conservation Action:** activities which are intended to benefit biodiversity, where the effects or outcomes can be difficult to quantify.

[7] Restoration is an invaluable conservation tool. However, the results of restoration are in many cases unpredictable and also often less rich and ecologically complex than the ecosystem that existed before. We therefore seek to minimize the use of restoration as a standard accepted practice in KBAs.

# The Guiding Principles and Recommendations for Responsible Business Operations in and around Key Biodiversity Areas (KBAs)

The Module is structured in **1 Goal** and **6 Principles**, each of which is supported by a set of **Recommendations**. Three **cross-cutting Practices** highlight the three approaches that underpin the successful implementation of each and all the principles. The Module is designed with the assumption that the *business complies with all applicable laws about whether or not it is acceptable to operate in that site and demonstrates good faith in not working to circumvent existing conservation laws or hinder the passage of new conservation legislation at the national or local level.*

## Overview of the applicability of the Principles

| Principle | Project lifecycle stage that it applies to: | Biodiversity elements of focus: | Mitigation hierarchy steps that are applicable: | Intended conservation outcome |
|---|---|---|---|---|
| **1** | New projects or expansions | KBA trigger elements and supporting ecological context | Avoidance, Minimisation, Restoration and offsets only in extraordinary situations | Net Gain of KBA trigger elements |
| **2** | New projects or expansions | Other biodiversity elements associated with the KBA and supporting ecological context | Avoidance, Minimisation, Restoration, Offsets, Additional Conservation Actions | NNL, preferably Net Gain, of non KBA trigger elements |
| **3** | Existing projects impacting current or newly identified KBAs | KBA trigger elements and supporting ecological context | Additional Conservation Actions | Improvement in conservation status of KBA triggers |

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| **4** | All projects | All of the above | Especially restoration and offset | Ensure success of restoration and offset actions |
| **5 & 6** | All projects | All of the above | All steps | Ensure that ecological and socio-cultural linkages are recognized and integrated in the mitigation hierarchy (5) + respect for rights holders dependent on KBAs (6) |

| **Goal:** | Business contributes to the long- term maintenance or enhancement of the biodiversity of KBAs and the supporting ecological and socio-cultural contexts. |
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| **Principle 1** | Business causes no long-term, negative impact, and ideally positive impact(s), on the biodiversity element(s) for which the site qualifies, or is expected to qualify, as a KBA, or on its supporting ecological context. |
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## Recommendations

1.1 The business adopts the mitigation hierarchy. Measures to prevent impacts, i.e. all forms of avoidance and minimization, are prioritized based on a precautionary approach. The business applies all possible avoidance measures[8] including not proceeding with a project development where it is likely that negative impacts on the biodiversity elements triggering the identification of the KBA will occur, and relocating the project in other sites, prioritizing, where relevant, already degraded areas.

1.2 Where it is not possible to avoid and minimize all impacts, the feasibility of ecological restoration is determined and restoration is conducted where it is ecologically feasible. A precautionary approach to ecological restoration must be applied, particularly when predicting restoration success as part of residual impact calculations. Empirical expert advice and best available scientific evidence is essential to determine the feasibility and effectiveness of restoration plans. Additional precautionary measures should be considered, including demonstration of restoration potential before project activities commence, while encouraging concurrent restoration where applicable, noting that some biodiversity is difficult to restore.

1.3 Where avoidance is not possible, and minimization and restoration are unlikely to result in the maintenance of the KBA trigger elements, new

[8] Avoidance requires that "measures [are] taken to anticipate and prevent adverse impacts on biodiversity before actions or decisions are taken that could lead to such impacts" (definition from CSBI 2015; see CCI 2015 and CSBI 2015 for additional guidance on avoidance measures and implementation of the mitigation hierarchy).
CSBI 2015: http://www.csbi.org.uk/wp-content/uploads/2015/09/CSBI-Mitigation-Hierarchy-Guide-Sept-2015-1.pdf
CCI 2015 : http://www.birdlife.org/sites/default/files/attachments/cci_report_-_managing_risk_for_conservation_gains_-_final_-_june_9th_2015_0.pdf

projects or expansions should generally not proceed.

1.4 Only under exceptional circumstances, offsets could be considered to compensate for unavoidable residual impacts on KBA trigger elements. These only include 1) the offsets achieve net gain for the biodiversity element(s) for which the site qualifies, or is expected to qualify as a KBA, whenever possible within the same KBA; and, 2) offsets are under implementation, with broad stakeholder agreement on offset acceptability, and have been proven successful in delivering net gain outcomes prior to implementation of any project component that causes impact, based on independent review and validation by relevant experts. In cases where offsets would require long time periods (more than 10 years) to demonstrate net gain outcomes, business develops a robust, outcome oriented offset plan that is subject to independent, expert review and demonstrates that proposed offsets have a high likelihood of success (taking account of ecological, socioeconomic, political and financial feasibility); offset activities are initiated and on track prior to the implementation of the project component; and funding is provided for independent evaluation over an appropriate timeframe. Companies ensure that funds to achieve net gain outcomes through offsetting are available and held in trust by a third party. Under these 2 circumstances, offsets design, implementation and governance should comply with IUCN's Biodiversity Offsets Policy, including following best practices (including early implementation, specific guaranteed financing, effective monitoring etc.), and rights-based approach and with Free, Prior and Informed Consent where relevant.

1.5 Business supports the enhancement of the biodiversity elements for which the site qualifies as a KBA, and the supporting ecological context, independently from the project- related impacts. The enhancement measures would include conservation actions as well as the establishment of cooperation and collaboration initiatives with other business operators, and other private and public entities in the area to strengthen the collective contribution of business to the conservation of KBA biodiversity values.

1.6 The calculation of residual impacts includes direct, indirect and cumulative impacts.

1.7 Potential residual impacts of a project are determined against a static baseline representing the pre-project condition of the biodiversity element(s) for which the site qualifies as KBA (including the supporting ecological context).

1.8 The business establishes appropriate and rigorous biodiversity monitoring systems, conducted against a publicly disclosed baseline (see 1.7), commensurate to the size and scale of the business operations, seeking expert input if/as needed, and with independent auditing. Where present, the business monitoring system is aligned with and contributes to the KBA-wide monitoring efforts, and where KBAs are in or near to indigenous peoples or local communities' lands and territories, business supports community-based monitoring of KBAs. The results of the monitoring are

publicly disclosed, with considerations on confidential information.

1.9 The business ensures that ongoing actions and commitments made remain contractual obligations in the event of the divestment of the asset.

1.10 The business draws upon best available scientific data as well as traditional and local ecological knowledge of the ecological and social context of the KBA, and effectively anticipates, learns from, and responds to change (including changes linked to climate change) during planning, decision-making, and management.

| **Principle 2** | On the biodiversity elements, and the supporting ecological context, which have not or may not trigger KBA thresholds[9] defined by the standard but are nevertheless important components of the site, the Business achieves No Net Loss and preferably Net Gain. |
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## Recommendations

2.1 To achieve No Net Loss and Net Gain goals, the business adopts the mitigation hierarchy.

2.2 Business draws upon best available scientific data as well as traditional and local ecological knowledge of the ecological and social context of the KBA, and effectively anticipates, learns from, and responds to change (including changes linked to climate change) during planning, decision-making, and management.

2.3 The calculation of residual impacts includes direct, indirect and cumulative impacts.

2.4 Potential residual impacts of a project are determined against a static baseline representing the pre-project condition or conservation status of the assessed biodiversity element(s).

2.5 The preventive mitigation measures (avoidance and minimization) are prioritized due to the uncertainty of restoration outcomes.

[9] As defined by the Global Standard for the Identification of Key Biodiversity Areas

2.6 A precautionary approach to ecological restoration must be applied, particularly when predicting restoration success as part of residual impact calculations. Expert advice is essential to determine the feasibility of restoration plans. Additional precautionary measures should be considered, including demonstration of restoration potential before project activities commence (e.g. restoration of similar habitats with similar ecosystem functions, within the same KBA but outside the project area).

2.7 Offsets design, implementation and governance should comply with IUCN's Biodiversity Offsets Policy, including following best practices (including early implementation, specific guaranteed financing, effective monitoring etc.), a rights-based approach and with Free, Prior and Informed Consent where relevant. The business should demonstrate why an offset should be considered and that it would, with a high degree of certainty, contribute to the maintenance and/or enhancement of the affected biodiversity values. The feasibility of the offset proposal should be subject to review and validation by relevant experts (including independent offset experts) and there must be broad stakeholder agreement on offset acceptability.

2.8 Achieving the No Net Loss or Net Gain target within the KBA should be prioritised, wherever possible, recognizing, however, that this will not always be possible given the specific characteristics (e.g. size of the site; area of impact etc).

2.9 The business establishes appropriate and rigorous biodiversity monitoring systems, conducted against a publicly disclosed baseline (see 2.4), commensurate to the size and scale of the business operations, seeking expert input if/as needed, and with independent auditing. Where present, the business monitoring system is aligned with and contributes to the KBA-wide monitoring efforts, and where KBAs are in or near to indigenous peoples or local communities' lands and territories, business supports community-based monitoring of KBAs. The results of the monitoring are publicly disclosed, with considerations on confidential information.

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| **Principle 3** | Business eliminates, reduces and compensates for residual impacts on the biodiversity element(s) for which the site qualifies as a KBA resulting from business operations prior to XXX 2017 (date of approval of this module). |

## Recommendations

3.1 Where business operates in or around an existing KBA, or a newly declared KBA, there should be a targeted assessment of the impacts of the existing operations.

3.2 The business modifies its practices to avoid any further residual impact on the KBA elements for which the area qualifies as a KBA.

3.3 If there are demonstrated residual impacts generated by the business associated with their operations prior to XXX 2017 (date of approval of this module), conservation actions are designed and implemented to contribute as much as possible towards, but not limited to, the biodiversity values for which the KBA was established, and to the ecosystem integrity of the KBA.

3.4 Business supports the enhancement of the biodiversity elements for which the site qualifies as a KBA, and the supporting ecological context, independently from the project- related impacts. The enhancement measures would include conservation actions as well as the establishment of cooperation and collaboration initiatives with other business operators, and other private and public entities in the area to strengthen the collective contribution of business to the conservation of KBA biodiversity values.

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| **Principle 4** | Business carries out early scoping and assessment of potential impacts to plan all mitigation actions before measurable impacts take place, and sets aside funds for any required restoration and offsets as a precautionary action to demonstrate that successful outcomes are both technically and financially feasible. |

## Recommendations

4.1 Sufficient financing for the implementation of the mitigation measures throughout the project life cycle is planned from the outset of the operations.

4.2 The business secures and maintains sufficient and qualified biodiversity experts to manage impacts during the entire life-cycle of the

project.

4.3 To ensure that the restoration stage achieves the predicted outcomes of no residual impact, the business will plans, designs and tests the restoration prior to the project implementation.

4.4 Where remediation measures (restoration and/or offsets) are planned to compensate for unavoidable residual impacts on biodiversity, financing of any restoration and/or offset plan is required *before* the impact occurs, with funds being transferred to an appropriate vehicle before business activities begin. Preferably remediation measures should be implemented and conservation outcomes demonstrated prior to impacts occurring. Without these safeguards, there is a significant risk that remediation will never be realised on the ground, whilst the project goes ahead and the impact occurs.

4.5 Where relevant, the business contributes to existing management capacity at the site level, including provision of training and capacity to indigenous peoples and local communities to enhance their effective participation in the management of the KBA.

| **Principle 5** | Business applies a landscape, watershed, or seascape approach in the assessment and management of risks and impacts, and in the design and implementation of activities to maintain and/or enhance the biodiversity elements triggering the identification of a KBA. |
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## Recommendations

5.1 The direct, indirect and cumulative impacts should be assessed at the landscape, watershed- or seascape scale.

5.2 The business integrates the wider landscape, watershed, or seascape in its plans to manage its impacts on the KBA.

5.3 Where relevant, the business engages in a cooperative dialogue with other business operators, government agencies, indigenous peoples and/or local communities and civil society organizations who are also involved in conservation and resource management in

and around the KBA, ideally through a multi-stakeholder platform, to strengthen contribution to KBA conservation objectives through collaboration, developing a shared understanding, strategic and coordinated investment and management, sharing of data and information etc.

5.4 Collaborative multi-stakeholder partnerships are established where needed to enhance capacity to deliver effective management.

5.5 The business ensures that its emergency and contingency plans (e.g. oil spill plans, fire management) are designed in such way to maintain the biodiversity elements triggering the identification of the KBA).

5.6 The business prevents or where not possible mitigates impacts generated by its employees and contractors.

| **Principle 6** | Business considers and respects the needs, rights, livelihoods and sociocultural values of local communities and indigenous peoples associated with the KBA/s. |
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## Recommendations

6.1 The business considers and mitigates its direct, indirect and cumulative impacts on the right holders and stakeholders.

6.2 The business supports the conservation of biodiversity through enhancing sustainable socio-economic benefits to local communities and indigenous peoples, where appropriate and possible, and in full consultation.

6.3 The actions taken to implement the mitigation hierarchy do not have negative impacts on rights holders and stakeholders.

6.4 Where there are unavoidable negative impacts from the business on socio economic conditions and on prioritised ecosystem services derived directly from the KBA, upon which local rights holders and stakeholders depend, the business compensates the impacts. Compensations should be culturally appropriate and negotiated with representatives of indigenous peoples and local communities groups.

6.5 For new projects impacting KBAs that indigenous peoples have access to, use of and depend on land and resources, the business will obtain Free, Prior and Informed Consent.

6.6 Where local communities have users' rights in KBAs and their supporting socio-cultural and ecological context, they are compensated for any relinquishment of rights, subject to FPIC and negotiated agreements.

6.7 For existing projects impacting KBAs that indigenous peoples have access to, use of and depend on land and resources, the business will confirm that activities have the support of rights holders and stakeholders. In the absence of support, the business will take remediation actions.

6.8 In the implementation of this principle, the business shall also consider opportunities for interested and affected stakeholders and rights holders to have a positive role in the conservation and sustainable management of KBA biodiversity values.

# Cross-cutting Practices

Stakeholder Engagement

The business facilitates inclusive and effective multi-stakeholder engagement process (as relevant to the context – including, for example, representatives of national, regional and local government, indigenous peoples, local communities and other elements of civil society) in planning and decision making. As part of its commitment to stakeholder engagement, the business supports governance arrangements in decisions potentially affecting people and biodiversity for which the site is important, including customary governance models, that are clearly defined, legitimate and functional in which the interests of civil society, rights-holders[10] and stakeholders are fairly represented and addressed. The business adopts international best practices for stakeholder engagement, including a Human-Rights Based Approach and Free, Prior, and Informed Consent (FPIC) for engaging with indigenous and traditional peoples and vulnerable local communities.

[10] As defined in The Human Rights-Based Approach: http://www.unfpa.org/human-rights-based-approach

Transparency & Integrity

The business communicates appropriately and timely all activities, as well as environmental and social information, which affect rights holders and stakeholders. The business makes data and information publicly available on its progress to achieve its conservation targets relating to KBAs. Furthermore, the business has an efficient process to avoid, identify, hear and resolve and compensate complaints, disputes, or grievances. Finally, the business shall develop, document and implement policies and procedures that prohibit bribery and other forms of corruption by employees and contractors.

Integrated Management

The business integrates the actions resulting from the application of these guiding principles and recommendations into its environmental and social management systems at the site and company levels and in the event of divestment of an asset, ensures that the purchaser is contractually bound by these commitments.