



European Bank
for Reconstruction and Development



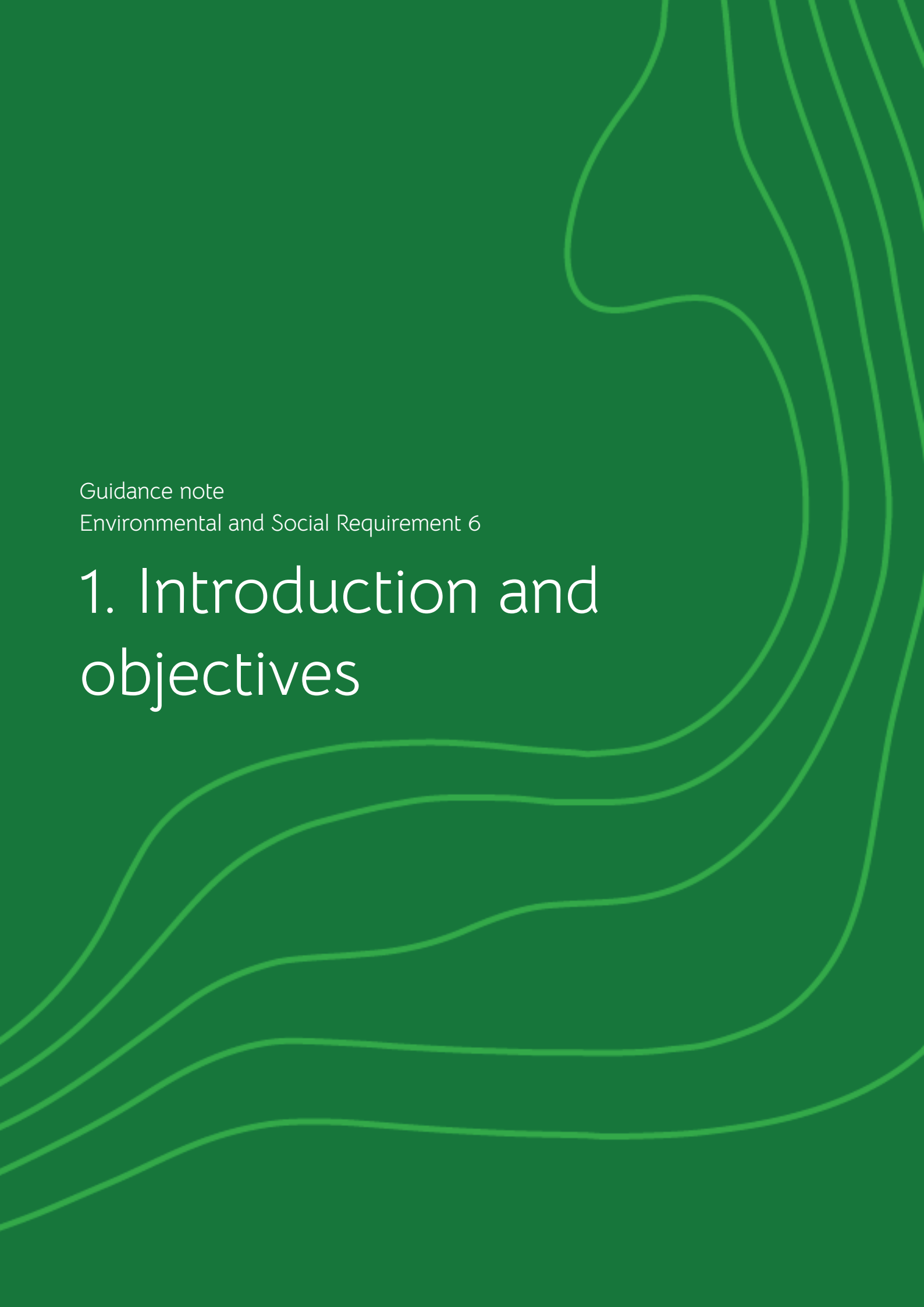
Environmental and Social Requirement 6:
Biodiversity conservation and sustainable
management of living natural resources

Guidance note

November 2025

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Guidance note

Environmental and Social Requirement 6

1. Introduction and objectives

1. Introduction and objectives

1.1. Purpose of this guidance note

The European Bank for Reconstruction and Development (EBRD) is committed to promoting environmentally sound and sustainable development in the full range of its activities, pursuant to the Agreement Establishing the European Bank for Reconstruction and Development.¹ The Environmental and Social Policy (ESP) is one of the Bank's three good governance policies and a key document that guides the EBRD's commitment to promoting "environmentally sound and sustainable development" in the full range of its investment and technical cooperation activities.² The current ESP and 10 related Environmental and Social Requirements (ESRs) were approved by the EBRD Board of Directors on 10 October 2024 and apply to projects initiated from 1 January 2025.

Conserving biodiversity and ecosystem services is a global concern. Human activities affect much of the terrestrial and marine environment and have driven notable declines in biodiversity over the past century. Biodiversity is fundamental to the survival of ecosystems and the ecosystem services that support human existence.

The EBRD expects its clients to take a systematic approach to environmental and social risk assessment and mitigation. The Bank will require its clients to be precautionary in their approach to the protection, conservation, management and sustainable use of living natural resources. Clients are required to ensure that relevant projects include measures to safeguard and, where feasible, enhance ecosystems and the biodiversity they support. This will be consistent with the aim of achieving, at a minimum, no net loss of and, where feasible in the context of the project, a positive impact on biodiversity.

This guidance note provides EBRD clients and others with practical guidance for managing project impacts on biodiversity, ecosystem services and living natural resources in accordance with ESR 6: Biodiversity conservation and sustainable management of living natural resources.³ The Bank's role is to ensure overall compliance with the ESP and to guide clients in developing appropriate measures consistent with the mitigation hierarchy to address environmental and social impacts and meet the relevant ESRs. The client is responsible for implementing the actions required to comply with the ESRs, including ESR 6.

The EBRD requires its clients to take a precautionary approach to biodiversity conservation. Where there is evidence that an action may have an adverse impact on biodiversity but there is uncertainty as to its likelihood or consequence, the EBRD will assume a significant adverse impact and require appropriate mitigation for such assumed impact. This precautionary approach is highly relevant to managing risks and impacts to biodiversity as nature is inherently complex and the science around it continues to have important gaps.

¹ See EBRD (1990), Article 2.1(vii).

² See EBRD (2024).

³ See EBRD (2024), pp. 75-81.

1.2. Underpinning principles of ESR 6

ESR 6 recognises that the conservation of biodiversity and sustainable management of living natural resources are fundamental to environmental and social sustainability. It also recognises the importance of maintaining the core ecological function of habitats, biodiversity and ecosystem services – and that all ecosystems support a complexity of living organisms, while also varying in terms of richness, abundance and importance of species. The objective of biodiversity conservation and sustainable management of living resources must be balanced with the potential for utilising the multiple economic, social and cultural values of biodiversity and living natural resources in an optimised manner.

International conventions and agreements relevant to ESR 6 include:

- Convention on Wetlands of International Importance especially as Waterfowl Habitat.⁴
- Convention Concerning the Protection of World Cultural and Natural Heritage.⁵
- Convention on International Trade in Endangered Species of Wild Flora and Fauna.⁶
- Convention on the Conservation of Migratory Species of Wild Animals (the Bonn Convention).⁷
- Convention on the Conservation of European Wildlife and Natural Habitats (the Bern Convention).⁸
- Convention on Biological Diversity.⁹
- The Kunming-Montreal Global Biodiversity Framework (GBF).¹⁰

Most recently, the GBF set four goals agreed by the EU and other signatory parties to be achieved by 2050. They are: a) to increase the area of natural ecosystems, halt human-induced species extinctions and increase the abundance of native wild species to healthy and resilient levels, and maintain genetic diversity within populations of wild and domesticated species; b) sustainably manage biodiversity, and value and maintain or enhance ecosystem services; c) fairly and equitably share the monetary and non-monetary benefits from the utilisation of genetic resources, digital sequence information on genetic resources, and related traditional knowledge; and d) close the biodiversity conservation financing gap of US\$ 700 billion (€600 billion) per year, as well as build capacity and promote technical and scientific cooperation among signatory parties. In addition, the GBF sets 23 short-term targets to be achieved by 2030.

The principles of these conventions and the GBF underpin the rigorous application of ESR 6, which provides important safeguards for biodiversity and ecosystem services in the context of economic development projects.

1.3. Key changes since the 2019 Performance Requirement 6

The 2024 ESR 6 replaces the EBRD's 2019 Performance Requirement 6 (PR 6). ESR 6 aligns closely with the 2019 update of PR 6, but contains several enhancements, including:

⁴ See UNESCO (1994).

⁵ See UNESCO (1972).

⁶ See CITES (1983).

⁷ See UNEP (1979).

⁸ See Council of Europe (1979).

⁹ See UNEP (2011).

¹⁰ See UNEP (2022).

- The addition of the objective to: “safeguard and, when appropriate, enhance ecosystems and the biodiversity they support, so as to contribute to achieving the overall goals and targets of the Kunming-Montreal Global Biodiversity Framework”.
- A requirement for clients to use best efforts in the disclosure of project-related biodiversity data, (for example, through disclosure of these data on public platforms such as the Global Biodiversity Information Facility).
- A stronger emphasis on conserving ecosystem services and the natural capital that generates them.
- A requirement for annual reporting on biodiversity losses and gains for projects that use biodiversity offsets.

In addition, the EBRD Environmental and Social Exclusion List (Annex A of the 2024 ESP) now explicitly prohibits investments in projects that will adversely affect: (i) Alliance for Zero Extinction (AZE) sites;¹¹ (ii) UNESCO Natural and Mixed World Heritage Sites;¹² and (iii) free-flowing sections of rivers 500 km or longer in length.¹³ Exceptions may be possible for projects whose purpose is to conserve these areas. Claims of “no adverse impact” must be supported by thorough assessments by subject-area experts.

1.4. Objectives of ESR 6

The key objectives of ESR 6 are stated in paragraph 4 of the ESR:

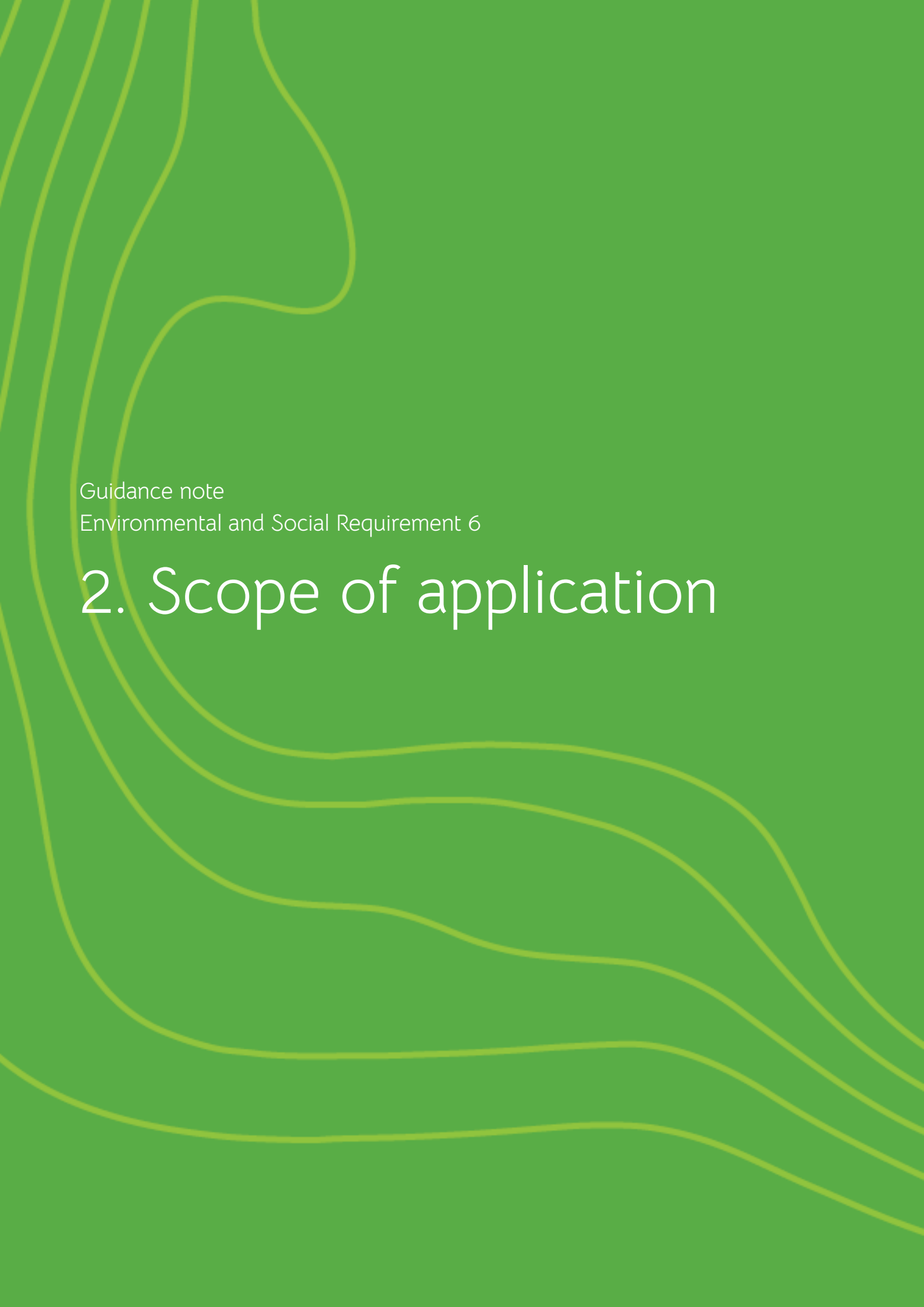
- Protect and conserve biodiversity using a precautionary approach.
- Safeguard and, when appropriate, enhance ecosystems and the biodiversity they support, to contribute to achieving the overall goals and targets of the Kunming-Montreal Global Biodiversity Framework.
- Adopt the mitigation hierarchy in the design and implementation of projects, with the aim of achieving no net loss and, where appropriate, a net gain of biodiversity.
- Maintain ecosystem services.

Promote good international practice (GIP) in the sustainable management and use of living natural resources.

¹¹ Includes sites that meet the criteria for an AZE (as detailed here: <https://zeroextinction.org/site-identification/aze-site-criteria>) but have not yet been designated. This means the site supports more than 95 per cent of the global population of a species with endangered (EN) or critically endangered (CR) status on the International Union for Conservation of Nature (IUCN) Red List for at least one life history segment (for example, breeding or wintering), and the site has a definable boundary within which the character of habitats, biological communities and/or management issues have more in common with each other than they do with those in adjacent areas.

¹² See UNESCO (n.d.a.).

¹³ Includes rivers that are both greater than 500 km in length *and* that remain largely unimpeded for at least 500 km between their source and their mouth and fit the definition of “free flowing” per Grill et al (2019), “Mapping the world’s free-flowing rivers”, *Nature* (569) pp. 215-21. Available at: www.nature.com/articles/s41586-019-1111-9. For clarity, this exclusion applies only to rivers or river sections that remain free flowing in accordance with this definition and therefore does not extend to rivers that are already impounded, regulated or otherwise hydrologically impeded either laterally or longitudinally.

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Guidance note
Environmental and Social Requirement 6

2. Scope of application

2. Scope of application

In accordance with ESR 1,¹⁴ ESR 6 applies to all projects that may pose risks and impacts to biodiversity, ecosystems and the services they provide. ESR 6 may apply to projects of any category. The EBRD will provide additional guidance on the inclusion of associated facilities in the scope of application. The conduct of the steps described in this guidance note should be commensurate with the level of risk posed by the project.

As a signatory to the 2006 European Principles for the Environment¹⁵ the EBRD is committed to ensuring that projects within the European Union (EU)¹⁶ comply with relevant EU legislation. In the context of biodiversity, relevant EU legislation means:

- Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, as amended, referred to as the EU Habitats Directive.¹⁷
- Council Directive 2009/147/EC of 30 November 2009 on the conservation of wild birds, as amended, referred to as the EU Birds Directive.¹⁸

In all other countries the EBRD is committed to ensuring that projects are structured in line with the appropriate EU principles, practices and standards, subject to local conditions. In this regard, local conditions can present different ecological contexts as well as different legislative and administrative processes for evaluating and approving projects that potentially impact biodiversity. The EBRD does not require clients to refer to the EU Habitats Directive and/or the EU Birds Directive outside of the EU.¹⁵ The following sections provide guidance on applying ESR 6 within and outside the EU, on applying the Habitats Directive and/or Birds Directive within the framework of ESR 6, and on the similarities and differences between such legislation and ESR 6 and how this is considered at the project level.

¹⁴ See EBRD (2024), pp30-36.

¹⁵ The European Principles for the Environment, 30 May 2006, are an initiative launched in response to the drive for increased harmonisation of environmental principles, practices and standards associated with the financing of projects.

¹⁶ Including EU member states, European Economic Area countries, EU acceding countries, candidate and potential candidate countries.

¹⁷ See Council of the European Communities (1992).

¹⁸ See European Parliament and Council of European Union (2009).

Guidance note

Environmental and Social Requirement 6

3. Requirements

3. Requirements

The client's environmental and social management system (ESMS), as described in ESR 1, should prescribe the fulfilment and monitoring of ESR 6 requirements. A client's environmental and social management plan (ESMP), or equivalent, should further describe how these requirements are to be met following the mitigation hierarchy and respecting the limits of the types of impacts that can, as a last resort, be offset. The ESMP may reference additional plans that may include, but are not limited to, a biodiversity management plan, biodiversity action plan, species action plans, biodiversity monitoring and evaluation plan, biodiversity offset strategy and biodiversity offset management plan.

3.1. Biodiversity conservation: assessment of risks and impacts; protection and conservation of biodiversity

3.1.1. Establishing a baseline

The assessment of risks and impacts begins with an understanding of the biodiversity and ecosystem services in the area that may be affected by a project. Biodiversity baseline studies should describe the general ecological context as well as provide additional focused information on aspects that will require special attention in impact assessment and mitigation planning. It is worth stressing that poor baseline studies will undermine the quality and accuracy of impact assessment and mitigation planning.

Biodiversity baselines should have four principal steps, conducted iteratively. They are:

1. Defining the study area at the appropriate spatial scale
2. Scoping
3. Conducting fieldwork
4. Critical habitat assessment (CHA)¹⁹

These four steps are discussed below. The depth and rigor of analysis should be commensurate with the risk the project poses to biodiversity and living natural resources. It should also be noted that it is not always possible to complete each of these steps as described due to practical circumstances. In these cases, the client should apply the precautionary principle.

1. Defining the study area at the appropriate spatial scale

It is important to make the study area large enough to encompass a project's direct and indirect impacts and to characterise the ecological patterns, processes and functions occurring in the project area.

The study area should consider the area of direct project impacts (for example, physical footprint, effluents and emissions). If the project is likely to induce indirect impacts (for example, development by third parties around a project site), this should also be included. The study area should then be expanded as needed to encompass the local ecosystems occurring in the area of impact, considering the ecological patterns,

¹⁹ A CHA includes the determination of both critical habitats (CH) and priority biodiversity features (PBF).

processes and functions that are necessary to maintain them. Where such ecological boundaries are not readily evident, watersheds or other topographical boundaries may be used. Therefore, as a minimum, the study area will always include the local extent of ecosystems near the project, and more likely will extend into the broader landscape as described below. The study area may require adjustment during the baseline study.

2. Scoping

A review of existing information, field reconnaissance and stakeholder consultation can provide an initial idea of what features may be present in the study area and may be affected by the project. Some types of features will require focused study. Scoping helps in the design of the field methods needed and in the refinement of the study area. Projects that may have adverse impacts on AZE sites, UNESCO Natural and Mixed World Heritage Sites or free-flowing sections of rivers 500 km or longer in length will not be financed by the EBRD and should be identified as early as possible.

Scoping provides the basis for selecting the appropriate baseline study methods for the ecosystems, species and ecosystem services in the area that may be affected by the project and may require focused study. Scoping should consider: a) the type of project and the typical impacts associated with that type of project; and b) the ecological context in which the project is proposed. It is very important for this step to be undertaken prior to the design of fieldwork, as it will help to focus time and resources where they will be most effective.

A review of existing information from reliable sources (for example, scientific studies, the Integrated Biodiversity Assessment Tool (IBAT)), field reconnaissance and consultation with local experts can provide an initial idea of the features that may occur in the study area and that may require in-depth study. In some cases, regional planning studies may exist that can be useful in understanding a project's context and its potential contribution to cumulative impacts. Such studies may take a variety of forms. Those that establish or include national or regional prioritisations for biodiversity conservation will be particularly useful. Where they have been conducted, regional assessments of natural capital and the ecosystem services they provide may also be useful. Be cautious with the use of baseline studies from other projects or information provided by artificial intelligence without verifying sources.

The features that should be identified for potential focused study, if there is potential for them to be affected, include:

- **Ecosystems/habitats that are a priority for conservation** – habitats listed by the EU Habitats Directive (Annex 1),²⁰ Bern Convention (Resolution 4),²¹ Ramsar sites,²² ecosystems evaluated using the IUCN Red List of Ecosystems²³ methodology with a status of Vulnerable (VU), EN or CR, and ecosystems recognised by the scientific community as being associated with key evolutionary processes.
- **Species and their habitats that are a priority for conservation** – this includes: a) species on the IUCN Red List of Threatened Species²⁴ with a status of VU, EN or CR, or listed at a national level using the IUCN Red

²⁰ See Council of the European Communities (1992).

²¹ See Council of Europe (1979).

²² See Ramsar Sites Information Service (n.d.).

²³ See IUCN (2024).

²⁴ See IUCN (n.d.a.).

List methodology;²⁵ b) species with restricted ranges;²⁶ c) migratory and congregatory species that use the area;²⁷ and d) in EU and accession countries, species listed by the EU Habitats Directive²⁸ and Birds Directive,²⁹ and in signatory countries, the Convention on the Conservation of European Wildlife and Natural Habitats.³⁰ In general, species for which Key Biodiversity Areas (KBAs) (including AZE sites and Important Bird Areas) have been designated should be in one of the above categories. Biodiversity scoping will generally be limited to vertebrates and vascular plants, although in some cases priority species in other groups may be included.

- **Protected areas and internationally recognised areas of biodiversity importance** – areas with existing or planned legal conservation protection in the relevant jurisdiction(s) (see the World Database on Protected Areas³¹ and maps from national authorities). This includes Natura 2000³² (Habitats Directive) and Emerald sites³³ (Bern Convention), as well as protected areas that are not within those networks. Internationally recognised areas of biodiversity value include only protected areas listed under international conventions or agreements, including, but not limited to, UNESCO Natural and Mixed World Heritage Sites,³⁴ UNESCO Man and Biosphere Reserves³⁵ and Ramsar sites (Wetlands of International Importance).³⁶ Where precise reliable maps are not available, the client should use the precautionary principle in determining the boundaries of protected areas.
- **Priority ecosystem services** – potentially affected benefits that flow from nature to people, including provisioning (for example, the supply of food, clean air and water and materials), regulating (for example, hydrologic and local climate regulation, filtration of water, erosion control, nutrient cycling, protection of coastal zones from storm energy), or cultural and recreational use (for example, sacred natural sites, natural areas enjoyed in outdoor activities).

25 See IUCN (2016a).

26 For terrestrial vertebrates and plants, restricted-range species are defined as those species that have an extent of occurrence (EOO) of less than 50,000 km². For marine systems, restricted-range species are provisionally considered those with an EOO of less than 100,000 km². For coastal, riverine and other aquatic species in habitats that do not exceed 200 km in width at any point (for example, rivers), restricted range is defined as having a global range of less than or equal to a 500 km linear geographic span (that is, the distance between occupied locations furthest apart). Most species on the IUCN Red List of Threatened Species have a published EOO. See the IUCN Red List methodology for more information on determining EOO.

27 Migratory species include “full migrants” that make regular seasonal cyclical movements beyond their breeding range, with predictable timing and destinations, as well as “altitudinal migrants” that make regular/seasonal movements to higher/lower elevations with predictable timing and destinations. It excludes “environmental response migrants”, which are largely resident but move opportunistically in response to irregular environmental conditions with unpredictable timing and destinations. Congregatory species are found in congregations throughout the year, comprising at least 1 per cent of the global population at a site.

28 See Council of the European Communities (1992).

29 See European Parliament and Council of European Union (2009).

30 See Council of Europe (1979).

31 See Protected Planet (n.d.).

32 See Natura 2000 (n.d.).

33 See Emerald Network (n.d.).

34 See UNESCO (n.d.a.).

35 See UNESCO (n.d.b.).

36 See Ramsar Sites Information Service (n.d.).

Designated AZE sites,³⁷ UNESCO Natural or Mixed World Heritage Sites and free-flowing sections of rivers 500 km or longer in length should be flagged at this stage. Projects that will adversely affect these areas will not be financed by the EBRD (see Annex A of the ESP).³⁸ Exceptions may be made for projects whose purpose is to conserve these areas.

For ecosystem services, scoping requires environmental and social assessment to function in an integrated manner, not as separate parallel efforts. Potential environmental stressors should be identified (for example, changes in land use, local use of natural resources, pollution), as well as the possible impacts these stressors will have on species and ecosystems, and whether these changes could affect ecosystem services used by project stakeholders and the project itself. The analysis will also help to identify key project dependencies on nature. Social specialists may ascertain what types of ecosystem services are most likely to be used by project stakeholders within the study area and then work with environmental specialists to identify those that may be affected by the project.

Upon completing the scoping study, if features have been identified that require focused study, each will require an ecologically appropriate area of analysis (EAAA), which will initially be a preliminary EAAA.

The EAAA is a map polygon showing the local distribution of the feature requiring study, considering the ecological patterns, processes and functions that are necessary to maintain it. An EAAA must have a definable boundary within which the character of habitats, biological communities and/or management issues have more in common with each other than they do with those in adjacent areas. The EAAA may sit within or extend beyond the project's area of impact³⁹ – it is based on the ecology of the ecosystem or species rather than the impacts of the project. If a species or ecosystem has a patchy distribution across the landscape, it may be necessary to devise an EAAA that encompasses multiple disjunct areas. For some wide-ranging species, the EAAA may be informed by areas of functional aggregation, recruitment, seasonal foraging or other specific habitat features of importance to the species. In all cases, the EAAA should consider the distribution and connectivity of such features in the landscape/seascape and the ecological processes that support them. Where it can be shown that multiple values have largely overlapping ecological requirements and distributions, a common or aggregated EAAA may be appropriate. Where there is already a KBA or Natura 2000 site designed for the species or habitat of concern, the EAAA should share those boundaries.

At this stage, the preliminary EAAAs will be a first approximation based on the information available. They will be further developed and refined once fieldwork is undertaken. See Annex A of this guidance note on EAAAs.

37 The client is not asked to evaluate sites against AZE criteria, if not already designated, at this stage. However, the scoping study should flag sites as early as possible where specialists already know or suspect there are high concentrations of range-restricted species with an IUCN Red List status of EN or CR. This will help to guide the baseline study design and call the attention of project planners to a possible issue with the site.

38 See EBRD (2024), pp 26-27.

39 The area of impact is the total area likely to be affected by the onsite and offsite impacts of a project's activities. This includes direct, indirect (induced) and cumulative effects.

3. Conducting fieldwork

Fieldwork is necessary to complete the baseline study. Specialists in relevant fields should conduct the work, following GIP. The EBRD promotes the sharing of field data on public databases, such as the Global Biodiversity Information Facility (GBIF). Fieldwork should be commensurate with and proportional to the potential risks and impacts of the planned development.

Field surveys will characterise the general ecological context, including providing a map of aquatic and terrestrial ecosystems/habitats in the area of impact and the EAAAs. Fauna surveys should be organised according to these ecosystems/habitats. Multiple seasonal surveys over the course of a year are generally needed to document the full complement of species that may occur in the study area. These efforts can be supported by the use of eDNA. For more information on biodiversity baseline methods, see *Good Practices for the Collection of Biodiversity Baseline Data*,⁴⁰ developed for the Multilateral Financial Institutions Biodiversity Working Group and Cross Sector Biodiversity Initiative. Good practices may exist for specific taxonomic groups and/or sectors, for example bird and bat surveys for wind energy projects (see EBRD guidance for wind energy facilities).⁴¹

Fieldwork should be “proportional and specific to the anticipated risk and significance of impacts”. While a general characterisation of the study area is needed in all cases, focused field studies using specialists can be reserved for those features that are a priority for conservation. Field studies will generally be limited to priority vertebrates and vascular plants, although in some cases priority species in other groups may be included. Focused studies should be designed specifically to inform the CHA, impact assessment and mitigation planning, with information needed to determine the importance of the study area to a species’ conservation and to inform project layout in order to avoid or minimise impacts.

Species identified in scoping that require focused study should have tailored study designs that make sure they are adequately documented within that species’ EAAA. For example, for a threatened species, relative abundance and distribution will be needed, as will a characterisation of the species’ habitat utilisation and patterns of behaviour. This information will be used to confirm (or revise) the boundaries of the EAAA and to support the CHA and mitigation planning.

Ecosystems/habitats requiring focused studies should also have tailored study designs that determine their extent and through which the boundaries of their EAAs are confirmed. For terrestrial ecosystems/habitats, the focused studies should provide representative samples of the plant species composition (for example, taxonomic composition, native species richness and occurrence of invasive species), growth forms and structure. For aquatic ecosystems/habitats, detailed characterisation is also required, the specifics of which will depend on the type of ecosystem/habitat (for example, river, lake, stream, wetland, estuary, coastal, pelagic, demersal). This information will be important for impact assessment and mitigation planning.

For ecosystem services, the environment and social assessment teams should work in an integrated manner to collect information from relevant stakeholders on their use of ecosystem services, deploying appropriate methods for the context. The field studies should characterise the human uses of ecosystem services and the environmental processes and functions necessary to sustain them. An important component of this

⁴⁰ See Multilateral Financial Institutions Biodiversity Working Group and Cross Sector Biodiversity Initiative (2015).

⁴¹ See the EBRD’s forthcoming briefing note, *Managing Risks of Wind Power Plants to Birds and Bats*, which will be available at: www.ebrd.com/home/who-we-are/ebrd-values/ebrd-environmental-social-sustainability/reports-and-policies/ebrd-performance-requirements.html.

characterisation is prioritising potentially affected ecosystem services in terms of their value to the affected stakeholders and the project itself. This value can be described qualitatively in terms of its importance and irreplaceability to the affected entities, but where possible and appropriate it can be quantified and even monetised to improve the basis for impact assessment and mitigation planning.

Requirements and guidance for ESRs 1, 3, 4, 5, 6, 7, 8 and 10 may apply to this process. Ecosystem service monetisation and natural capital valuation may be accomplished by using suitable methodologies, such as the EBRD's natural capital valuation approach.⁴² For useful external guidance on ecosystem service assessment, the EBRD recommends *Weaving Ecosystem Services into Impact Assessment* and its Technical Appendix, published by the World Resources Institute.⁴³ Where natural capital assessments have been performed, the assessment may inform the baseline study.

If fieldwork reveals additional biodiversity features or ecosystem services in the area that require focused study, more EAAAs may need to be developed and additional fieldwork should be organised to complete any required focused study(ies).

The EBRD recommends that clients make best efforts to use public databases, such as the GBIF, to disclose the project's field-based baseline study data. Making such data open and accessible enables it to be used for other development projects, national planning, conservation status assessments and scientific research. For detailed instructions on biodiversity data sharing through the GBIF, please refer to the EBRD's guidance on GBIF data uploads.⁴⁴ Those responsible for collecting data should become acquainted with the expected data formats prior to conducting fieldwork, to ensure a seamless upload to the public database.

4. Critical habitat assessment

Clients must determine whether the study area contains priority biodiversity features (PBF) or critical habitats (CH). The assessment will rely on a set of criteria and thresholds described in this section.

The purpose of this step is to determine whether any ecosystems/habitats or species occurring in the study area qualify as PBF or CH, following the EBRD's criteria and thresholds. The assessment is not based on the significance of the project's impacts, it is merely an effort to identify conservation priorities in the study area that may potentially be affected by the project. It answers the basic question: "How important is the study area for conservation?" The CHA will help to determine which biodiversity features require in-depth study, supporting the concept of proportionate effort to risk.

To perform this assessment, each ecosystem/habitat and species identified for focused study and confirmed to be in the study area in steps 2 and 3 should be tested against the criteria in Table 1 to determine whether it crosses a threshold to be designated as a PBF or CH.

Table 1 provides globally accepted scientific criteria and thresholds drawn from IUCN's key biodiversity area standard⁴⁵ (and consistent with the guidance for Performance Standard 6 of the International Finance Corporation⁴⁶). These should be applied in all countries. The criteria and thresholds detailed in Table 1 also encompass the EU Habitats Directive, EU Birds Directive and the Bern Convention to facilitate national

⁴² See EBRD (2023).

⁴³ See World Resources Institute (2013).

⁴⁴ See EBRD and GBIF (2025).

⁴⁵ See IUCN (2016b).

⁴⁶ See IFC (2012).

compliance in EU and Bern Convention signatory countries. This is also the case for countries that are candidates for membership in the EU. In countries outside the EU and Bern Convention signatories (and which are not candidates for EU membership), the ecosystems/habitats and species of conservation concerned will likely be different from those listed in the Habitats Directive, Birds Directive and Bern Convention, so the EBRD will not require the client to refer to the Habitats Directive, Birds Directive or Bern Convention Annexes to identify PBF or CH.

Figure 1 provides a depiction of this process. Figure 2 provides additional detail on the use of annexes from the Habitats Directive in EU countries and the Bern Convention in signatory countries.

Some criteria have no predetermined conditions (for example, ESR 6, paragraph 12, (iii) “significant biodiversity features identified by a broad set of stakeholders or governments”; paragraph 12, (iv) “ecological structure and functions needed to maintain the viability of priority biodiversity”; and paragraph 14, (v) “areas associated with key evolutionary processes”).⁴⁷ For these criteria, the assessment must rely upon expert judgement beyond the use of Table 1. For key evolutionary processes, sites will generally already be documented in scientific literature and/or regional prioritisation schemes – the client is not expected to conduct new systematic assessments.

When assessing critical habitat for birds, note that airspace on its own (for example, high-elevation flyways) will not qualify – it must be associated with ecological use of terrestrial or aquatic habitat (for example, stopover point along a flyway). Nevertheless, mitigation requirements do apply to projects that will affect birds in the airspace, as explained in the following section. For more information, please see the EBRD’s forthcoming briefing note *Managing Risks of Wind Power Plants to Birds and Bats*.⁴⁸

Although ecosystem services are not included as a specific criterion in Table 1, their consideration should form part of the overall analysis of species and ecosystems. The assessment should, in coordination with the social baseline analysis, identify ecosystem services of importance to relevant stakeholders (that is, those ecosystem services that they depend or rely upon for their well-being or livelihood), and should prioritise these where they influence biodiversity values or critical habitat determination.

Additional baseline study should be undertaken, as needed, to refine the CHA.

⁴⁷ Examples of key evolutionary processes might include landscapes with high spatial heterogeneity, environmental gradients or edaphic interfaces that are driving a high degree of speciation. Other examples could include exceptional cases of connectivity needed for migration and gene flow, or areas of demonstrated importance for climate change adaptation.

⁴⁸ This briefing note will be available at: www.ebrd.com/home/who-we-are/ebrd-values/ebrd-environmental-social-sustainability/reports-and-policies/ebrd-performance-requirements.html.

Table 1. Criteria and thresholds for identifying priority biodiversity features and critical habitats that the project's area of impact transects

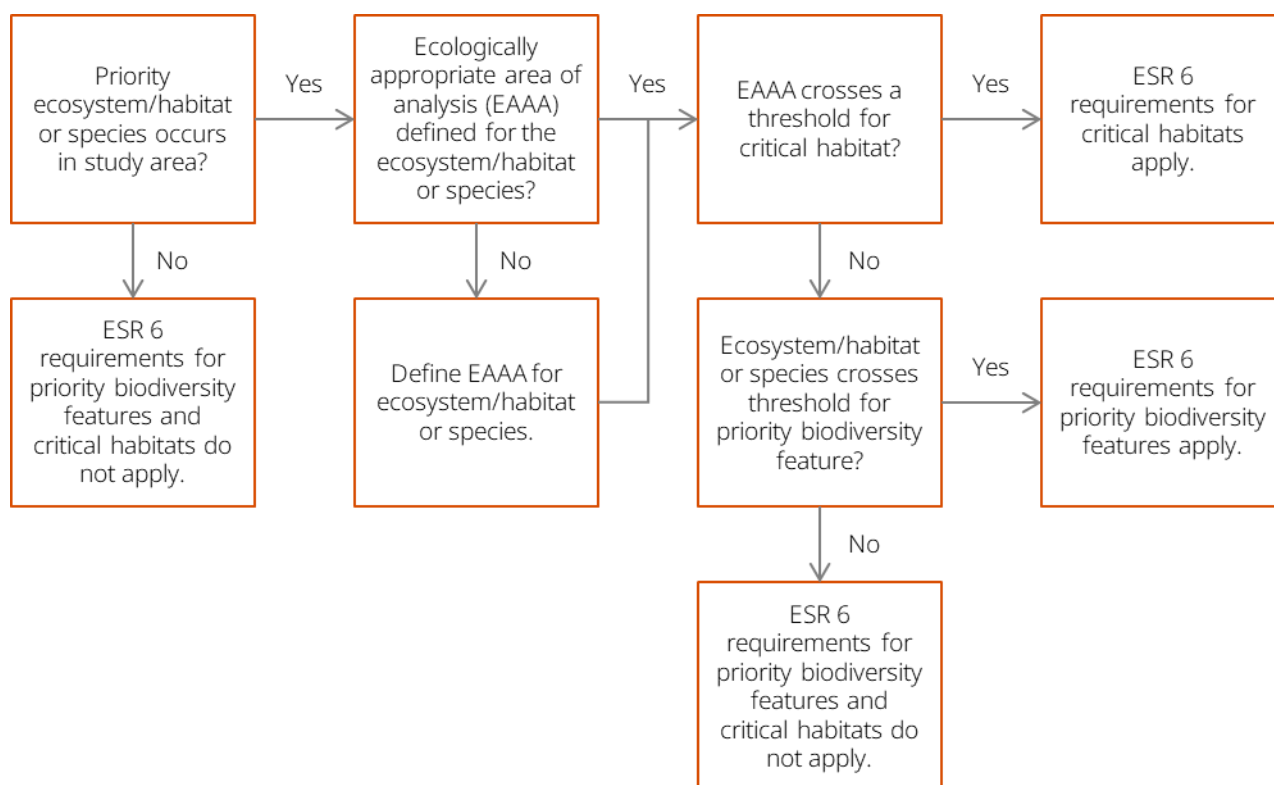
Criterion	Priority biodiversity feature	Critical habitat
Priority ecosystems		
1. Threatened ecosystems/habitats	ESR 6 paragraph 12 (i)	ESR 6 paragraph 14 (i)
a. Habitats listed in Annex 1 of EU Habitats Directive (EU members only) or Resolution 4 of Bern Convention (signatory nations only)	a. Habitat type listed in Annex 1 of EU Habitats Directive or Resolution 4 of Bern Convention	a. Habitat type listed in Annex 1 of EU Habitats Directive marked as "priority habitat type"
b. IUCN Red List EN or CR ecosystems	b. Ecosystem type with IUCN status of EN or CR	b. EAAA ≥ 5 per cent of global extent of an ecosystem type with IUCN status of CR or EN
c. Ecosystem/habitats listed in national systematic conservation planning		c. EAAA for ecosystem/habitat determined to be of high priority for conservation by national systematic conservation planning
Priority species and their habitats		
2. Threatened species	ESR 6 paragraph 12 (ii)	ESR 6 paragraph 14 (ii)
a. Species and their habitats listed in EU Habitats Directive and Birds Directive (EU members only) or Bern Convention (signatory nations only)	a. Species in the area of impact listed in Annex II of Habitats Directive, Annex I of Birds Directive or Resolution 6 of Bern Convention	a. EAAA supports species listed in Annex II of Habitats Directive marked as "priority species"
b. IUCN global Red List VU, EN or CR species	b. Species in the area of impact with IUCN global Red List status of VU, EN or CR	b. EAAA supports ≥ 0.5 per cent of the global population AND ≥ 5 reproductive units of a CR or EN species, or EAAA supports globally significant population of VU species necessary to prevent a change of IUCN Red List status to EN or CR
c. IUCN national or regional (for example, Europe) Red List EN or CR species (or analogous national listing)	c. Species in the area of impact with national or regional status of EN or CR	c. EAAA for important concentrations of species with national or regional status of EN or CR
3. Range-restricted species	ESR 6 paragraph 12 (ii)	ESR 6 paragraph 14 (iii)
a. All range-restricted species*	a. All range-restricted species in the area of impact	a. EAAA regularly holds ≥ 10 per cent of global population AND ≥ 10 reproductive units of the species**
4. Migratory and congregatory species	ESR 6 paragraph 12 (ii)	ESR 6 paragraph 14 (iv)
a. All migratory species	a. All migratory species in the area of impact	a. EAAA sustains, on a cyclical or otherwise regular basis, ≥ 1 per cent of the global population at any point of the species' lifecycle
b. All congregatory species		b. EAAA predictably supports ≥ 10 per cent of global population during periods of environmental stress***

*See footnote 23

**IUCN (2016b), p. 21, includes the following definition for reproductive unit: "the minimum number and combination of mature individuals necessary to trigger a successful reproductive event at a site. Examples of five reproductive units include five pairs, five reproducing females in one harem, and five reproductive individuals of a plant species."

***IUCN (2022), p. 203, defines environmental stress as "natural events like floods, droughts, storms, wildfires, earthquakes as well as high or low temperature caused by global change; it can also describe the lack of food due to the bottom-up effect of environmental stress or massive die-off of prey in ecosystem due to infectious disease. Environmental stress refers to extreme environmental conditions, whether natural or anthropogenic."

Figure 1. Logical flow of the critical habitat assessment



3.1.2. Impact assessment

ESR 1 provides the general requirements for impact assessment.⁴⁹ Biodiversity and ecosystem service impact assessment should be performed in accordance with GIP (for example, *Good Practices for Biodiversity Inclusive Impact Assessment and Management Planning* developed by the Multilateral Financial Institutions Biodiversity Working Group).⁵⁰ This section of this guidance note clarifies specific details needed to identify and assess the significance of biodiversity and ecosystem service impacts relative to the requirements of ESR 6. Impact assessment must involve independent experts where adverse impacts are anticipated on critical habitats.

Direct, indirect and cumulative impacts to biodiversity features and ecosystem services should be identified. Direct and indirect impacts can result in the reduction of species populations, loss or degradation of habitat, habitat fragmentation, disruption of wildlife movement, the spread of invasive species and reduced generation of and/or human access to ecosystem services. Evaluations of the impacts to biodiversity features and ecosystem services should take an ecosystem approach by considering the ecological patterns, processes and functions that are necessary to maintain them.

Where there are other stressors on biodiversity and ecosystem services from past, present or reasonably foreseeable development, considering the cumulative effect of adding the proposed new project's impacts will be more relevant than the project's expected impacts in isolation. The addition of even a small project impact in such a scenario could be significant, given that a habitat or species may already be experiencing impacts from other sources. A threshold may be exceeded by the sum of these stressors, with deleterious

⁴⁹ See EBRD (2024), pp. 32-34, paragraphs 12-24.

⁵⁰ See Multilateral Financial Institutions Biodiversity Working Group (2015).

effects on the viability of that habitat or species. As required by ESR 1, the environmental assessment must therefore consider cumulative impacts.

Impact assessment for projects that may affect PBF and CH should include focused assessments on these features. Impacts should be characterised in terms of their magnitude and duration, and how this may affect the viability of those features in their respective EAAAs.

The impact assessment for ecosystem services should be performed in collaboration with the social impact assessment and consider the effect of impacts on the natural processes that provide the ecosystem service, as well as the social and economic implications for relevant stakeholders. The significance of impacts increases as a function of: a) the number of affected stakeholders; b) the sensitivity of affected stakeholders to a reduction in an ecosystem service; c) the magnitude of the reduction in the ecosystem service; and d) the duration of that loss. A similar analysis will be carried out for the project dependencies on relevant ecosystem services. Where quantification of the change in ecosystem services is possible, this may provide a clearer basis for understanding the significance of impacts and dependencies. Even small impacts to some ecosystem services can be of major significance to some stakeholders if there are no replacements, such as impacts to a water source in an arid region or the loss of a unique natural site with cultural significance. Conversely, where there are diverse sources providing the same ecosystem service, stakeholders may be more tolerant of the loss of a single source. In some cases, it may be possible, appropriate and helpful for the impact analysis to express the value of the change in ecosystem services in economic terms. This should be based on marginal valuation and expressed as the net present value of the change in the stream of ecosystem services over the duration of the impact. Ecosystem service and natural capital valuation may be accomplished by using suitable methodologies, such as the EBRD's natural capital valuation approach.⁵¹ Valuation, to some degree, is already often performed by social specialists involved in impact assessment, so coordination with them is essential. Examples may include valuation of lost water resources or grazing lands.

Where the proposed project or plan impacts priority biodiversity features, ESR 6, paragraph 13, states it must be shown that there are "no technically and economically feasible alternatives". Where the impacts are expected on critical habitats, ESR 6, paragraph 15, states it must be shown that "no other viable alternatives within the region exist for development of the project in habitats of lesser biodiversity value". As required in ESR 1, paragraph 18, projects must include an analysis of alternatives in terms of "the project's location, technology, size, design and/or mitigation options in terms of their environmental and social impacts and risks, and consider the 'without project' scenario". Biodiversity and ecosystem impacts should be included in that analysis.

For projects proposed in or near protected areas, see Section 3.1.4 of this guidance for additional information on impact assessment.

3.1.3. The protection and conservation of biodiversity, priority biodiversity features and critical habitats

Mitigation plan

For all projects to which ESR 6 applies, the EBRD expects the project to mitigate biodiversity and ecosystem service impacts following the mitigation hierarchy (described below) and in accordance with relevant legislation and GIP. ESR 6 provides performance requirements for impact mitigation for ecosystem services

⁵¹ See EBRD (2023).

(ESR 6, paragraph 9, as well as relevant sections of ESRs 1, 3, 4, 5, 7 and 8), priority biodiversity features (ESR 6, paragraph 13) and critical habitats (ESR 6, paragraphs 15-16). These requirements constitute the performance targets for the project's mitigation plan.

"No net loss" and "net gain" are quantitative targets for the affected biodiversity feature. For species-level analysis, this could be the size of a local population. For habitats, it is the extent and quality of that habitat. In both cases, there should be more of the species and/or habitat after the project than before. This is because mitigation plans to achieve no net loss must include a buffer to ensure compliance where there is uncertainty in the outcomes of mitigation. Mitigation plans therefore need to overshoot no net loss by at least an estimated margin of uncertainty in the projected mitigation outcomes. Adding to that a meaningful margin (for example, 10 per cent) will help the project achieve a conclusive demonstration of successful mitigation. The same applies to projects affecting critical habitat – an adequate buffer should be included to manage uncertainty as well as a substantial additional margin to conclusively demonstrate a net gain (see Box 1). The EBRD may also work with the client to find ways to go beyond compliance and further contribute to achieving the overall goals and targets of the Kunming-Montreal Global Biodiversity Framework.

Distinctions over PBF and CH should not cloud the more basic question of whether significant risks to biodiversity are properly evaluated and managed (ESR 6, paragraph 11). For example, projects that create significant aerial collision hazards for birds (such as wind energy projects or aerial transmission lines) will always be required to establish biologically based fatality thresholds that are protective of populations, regardless of whether features are designated as PBF or CH.

The mitigation plan should follow a strict hierarchy of actions.

- **Avoidance:** actions taken to fully prevent impacts, such as relocating a project or changing its spatial layout to prevent impacts in specific locations.
- **Minimisation:** actions taken to reduce the duration, intensity and/or extent of impacts that cannot be completely avoided.
- **Restoration:** actions taken to assist in the recovery of a feature that has been degraded, damaged or destroyed.
- **Offset:** measurable conservation outcomes resulting from actions, as a last resort, designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimisation and restoration measures. Not every type of impact can be offset, as discussed below.

The client should achieve its mitigation targets by avoiding impacts wherever feasible, followed by minimisation actions. Where impacts do occur, restoration may be proposed. The residual impacts, after these measures are considered, can in some cases be compensated for with a biodiversity offset or by other means in the case of impacts to ecosystem services. For more information on the mitigation hierarchy see *A Cross-sector Guide for Implementing the Mitigation Hierarchy*, developed by the Cross Sector Biodiversity Initiative.⁵²

The core principles of biodiversity offsets are: a) deliver conservation gains beyond those that would have occurred in the absence of the offset (preferably before impacts); b) conserve biodiversity features that are the same as, or in some cases of higher conservation priority than, those impacted by the planned

⁵² See Cross Sector Biodiversity Initiative (2015).

development, and within a relevant geographic area;⁵³ and c) generate conservation benefits that endure as long as the residual impact of the project. Biodiversity offsets can take the form of conservation projects that restore and protect areas degraded by third parties (not related to the client and their proposed project) or that avert the loss of biodiversity from impacts unrelated to the planned development. For more information, see the World Bank's guidance on biodiversity offsets.⁵⁴

Projects that plan to use biodiversity offsets should develop, with the assistance of independent experts, a biodiversity offset strategy that explains how the offset will be developed and adhere to the principles described above. The client should provide information on the type of offset ("restore and protect" versus "averted loss"), the method for site selection, the relevant stakeholders, the method for quantifying the conservation gains achieved by the offset in units comparable to the residual impact of the planned development, the legal means to protect the feature, the financial and institutional arrangements to support the offset over time and an assessment of the risks and likelihood of success based on past experience with this type of project. The client should provide the biodiversity offset strategy prior to receiving project approval from the EBRD, and it should include evidence that the site can be legally secured and that the financial and institutional arrangements for its management have been confirmed. Because offsets are typically implemented independently (and offsite) of regular project-level environmental management, a biodiversity offset management plan (BOMP) should be developed once the offset is ready for implementation. This is an operational document guiding the day-to-day implementation of the offset, including descriptions of management activities, performance metrics, budget, assignment of management responsibilities, monitoring and reporting, as well as the method for refining the offset as needed over time. Performance metrics must focus on outcomes, and the rigor of monitoring should be commensurate with the risk. For habitats, the EBRD recommends: measuring the change in extent and quality of the habitat (also known as "quality hectares") affected relative to a baseline; using a benchmark (for example, a pristine example of that habitat); and target values needed to achieve no net loss or net gain. For species, changes in the extent and quality of their habitats can sometimes serve as a surrogate, but in some cases it is necessary to measure changes in number of individuals of that species. The client should be especially careful to make sure there is adequate statistical analysis of the data, where needed. The client will submit an annual report to the EBRD tracking progress against its commitments to achieve no net loss/net gain using the performance metrics in the BOMP.

Impacts to ecosystem services that affect livelihoods should be compensated for in accordance with ESR 5 in terms of the lost value to affected stakeholders. This value can be described qualitatively in terms of its importance and irreplaceability, but where possible and appropriate it can also be quantified and even monetised. Requirements and guidance for ESRs 1, 3, 4, 5, 6, 7, 8 and 10 may apply to this process. The environment and social teams should work in an integrated manner to address these requirements.

The expected outcome of the entire mitigation plan should be documented in a loss-gain analysis that illustrates the net balance of residual impacts and gains from offsets. The rigor of the analysis should be commensurate with the risk, ranging from qualitative expert opinion in low-risk scenarios to in-depth quantitative analysis performed by specialists for scenarios with higher risks and/or impacts. The outcome of

⁵³ Offset design should secure broad stakeholder support when seeking to conserve features different from those impacted.

⁵⁴ See World Bank Group (2016).

mitigating impacts to ecosystem services should be documented in accordance with ESR 5, and in accordance with ESR 7 for impacts to Indigenous Peoples, where applicable.

Box 1: Loss-gain analysis

For projects that have significant residual impacts to PBF or CH, loss-gain analysis will be necessary. The units of measurement for impact assessment must be consistent with those for measuring the benefits of a biodiversity offset.

If a habitat is measured, its extent as well as its quality are important to consider. In this case, quality (Q) might be expressed as a coefficient (0-1), where 1 represents the benchmark – a pristine example of that habitat type. Q is multiplied by the extent of the habitat (for example, in hectares), providing the unit of measurement “quality hectares” (Qha). Using this metric, a loss-gain calculation depicting a net gain from a habitat restoration offset would look like:

$$\text{Residual impact of project} = \text{Area of project impact (ha)} \times \text{Habitat quality (Q)} = 100 \text{ ha} \times 0.75 = 75 \text{ Qha}$$

$$\text{Offset} = \text{Area restored (ha)} \times \text{Change in habitat quality (Q)} = 250 \text{ ha} \times 0.5 = 125 \text{ Qha}$$

$$75 \text{ Qha (residual impact)} < 125 \text{ Qha (offset)}$$

A loss-gain calculation depicting a net gain from an averted loss offset would look like:

$$\text{Residual impact of project} = \text{Area of project impact (ha)} \times \text{Habitat quality (Q)} = 100 \text{ ha} \times 0.75 = 75 \text{ Qha}$$

$$\text{Offset} = \text{Area where habitat loss is averted (ha)} \times \text{Habitat quality (Q)} = 100 \text{ ha} \times 1.0 = 100 \text{ Qha}$$

$$75 \text{ Qha (residual impact)} < 100 \text{ Qha (offset)}$$

A net gain from restoration and averted loss offsets for species would look like:

$$\text{Residual impact of project} = \# \text{ of individuals lost} = 100 \text{ individuals}$$

$$\text{Offset} = \text{Number of individuals increased (or loss averted) in offset} = 125 \text{ individuals}$$

$$100 \text{ individuals (residual impact)} < 125 \text{ Qha (offset)}$$

The client should be careful to ensure statistical analysis of the data, where needed.

For projects with the potential to generate significant negative impacts on CH and their features, supporting analyses require a higher degree of rigor. It must be demonstrated that the project will not jeopardise the viability of the CH or the features it supports within the EAAA, and that the national or global populations of endangered or critically endangered species (depending on the relevant criterion for CH designation) will not decline to a degree that affects the persistence of that species over many generations. Such effects could occur, for example, in situations where a mitigation plan relies heavily on restoration that takes years to come to fruition and the temporal loss of the habitat may not be tolerated by a highly threatened species that relies upon that habitat. In these cases, the project may need to be redesigned. In cases where targeted mitigation is needed for a particular threatened species, it may be appropriate to document it in a standalone species action plan.

Some planned development may have the potential, without mitigation, to generate non-offsetable impacts. A non-offsetable impact jeopardises the viability of the feature at a national or global level. The EBRD cannot finance development with non-offsetable impacts, so all options for redesign to avoid such residual impacts should be explored.

Biodiversity-related commitments and mitigation and management actions should be captured in the client's ESMS. For all projects that have the potential to impact PBF and for projects in CH, the biodiversity actions should be compiled into a standalone biodiversity management plan (BMP) and may be linked to one or more topic-specific management plans (for example, invasive species management plan, biodiversity offset management plan). The scale of the BMP should be commensurate with the potential impacts, for instance if the presence of invasive species is the only risk, the BMP would only contain an invasive species management plan.

The BMP should be succinct (may be tabular), auditable and define parties responsible for an action, monitoring and/or verification requirements for each action, and an implementation schedule or frequency for an action. The BMP is an operational tool for site managers and contractors. It should be completed prior to approval of the project by the EBRD (see ESR 10).

Biodiversity action plans have in the past been used for higher-risk projects and typically included narrative summaries of environmental and social impact assessment (ESIA) content, including baseline studies, impact assessments, the goals and strategies for meeting no net loss and net gain requirements, and loss-gain accounting. To enhance clarity and effectiveness and to reduce redundancy, the EBRD recommends that this content be presented in the ESIA.

Monitoring and reporting

Biodiversity is inherently complex and there is often uncertainty in impact assessment and mitigation planning. This uncertainty can be managed to some degree by taking a precautionary approach and through monitoring and adaptive management. A biodiversity monitoring and evaluation plan (BMEP) should be practical and inform management decisions. The BMEP serves two core purposes: to confirm that impact assessments were accurate; and to make sure that mitigation is functioning as planned. As such, the BMEP is essential for adaptive management.

A BMEP should contain several key pieces of information: a) baseline values for PBF or CH; b) benchmark values against which values can be compared (for example, defining what is a healthy ecosystem or population); c) target values that mitigation seeks to achieve; d) the current status (as monitored periodically); e) the trend of that status (for example, declining, stable, improving); f) performance thresholds for the current status that would trigger a change in mitigation needed to ensure that ESR 6 requirements will be met; and g) a description of alternative mitigation that will be implemented if thresholds are crossed (these options may change over time due to knowledge gained through experience or changing conditions).

The mitigation and monitoring plans should be included in project ESMSs and ESMPs and should also be described in the BMP. This provides a greater ability to see how the composite of actions come together to achieve no net loss or net gain and related performance targets.

Clients are required to report to the EBRD on the implementation of any biodiversity management and/or action plans, including at least annually on a project's biodiversity loss/gain analysis.

The EBRD recommends that clients make best efforts to use public databases, such as the GBIF, to disclose the project's monitoring data on species occurrences. Making such data open and accessible in this way enables them to be used for other development projects, national planning, conservation status assessments and scientific research. For detailed instructions, please refer to the EBRD's guidance on GBIF

data uploads.⁵⁵ Those responsible for collecting data should become acquainted with the expected data formats prior to conducting fieldwork, to ensure a seamless upload to the GBIF platform.

3.1.4. Legally protected and internationally recognised areas of biodiversity value

According to the 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”.⁵⁶ For this section of ESR 6, internationally recognised areas of biodiversity value include only protected areas listed under international conventions or agreements, including, but not limited to, UNESCO Natural and Mixed World Heritage Sites,⁵⁷ UNESCO Man and Biosphere Reserves⁵⁸ and Ramsar sites (Wetlands of International Importance).⁵⁹ Protected areas are mapped and catalogued in the World Database on Protected Areas⁶⁰ (WDPA) and Biodiversity A-Z,⁶¹ both managed by the United Nations Environment Programme’s World Conservation Monitoring Centre.

In addition to the other requirements of ESR 6, projects with the potential to negatively affect a legally protected area must respect the conservation goals of the area and the features it seeks to protect. The IUCN classifies protected areas into six categories, each with different types of conservation goals and permitted human uses.⁶² All categories seek to constrain development that is not integral to the conservation goals of the areas. IUCN protected area categories I-IV strictly limit development. Human intervention is expected in categories V and VI, but only Category V areas allow for intensive natural resource uses, such as agriculture and forestry. Category VI allows only low-level non-industrial sustainable use of natural resources. The management plan of an area should reflect its goals and constraints on development.

Projects that may have a net impact on a protected area either from within or outside its boundaries and would therefore degrade its ability to meet its management goals will not comply with ESR 6. In cases where there is potential for impacts to occur, project design must include consultation with protected area authorities and be legally permissible. Projects may not have any adverse impacts on UNESCO Natural World Heritage Sites (as they are on the EBRD’s Environmental and Social Exclusion List).⁶³

Within the EU or a Bern Convention signatory country, any project or plan within a Natura 2000 or Emerald Network site, or in its vicinity, requires an “appropriate assessment”, conducted by national authorities following European Commission guidance,⁶⁴ to ensure that it will not have a significant impact on the integrity of the site. Projects that cannot show without reasonable scientific doubt that there will be no negative effect on the conservation objectives of the site, its integrity or the integrity of Natura 2000 or the Emerald Network will not be compliant with the EU Habitats Directive or Bern Convention. In some instances, national authorities in the EU may derogate this requirement of the Habitats Directive for “imperative

⁵⁵ See EBRD and GBIF (2025).

⁵⁶ See IUCN (n.d.b.).

⁵⁷ See UNESCO (n.d.a.).

⁵⁸ See UNESCO (n.d.b.).

⁵⁹ See Ramsar Sites Information Service (n.d.).

⁶⁰ See Protected Planet (n.d.).

⁶¹ See UNEP WCMC (n.d.).

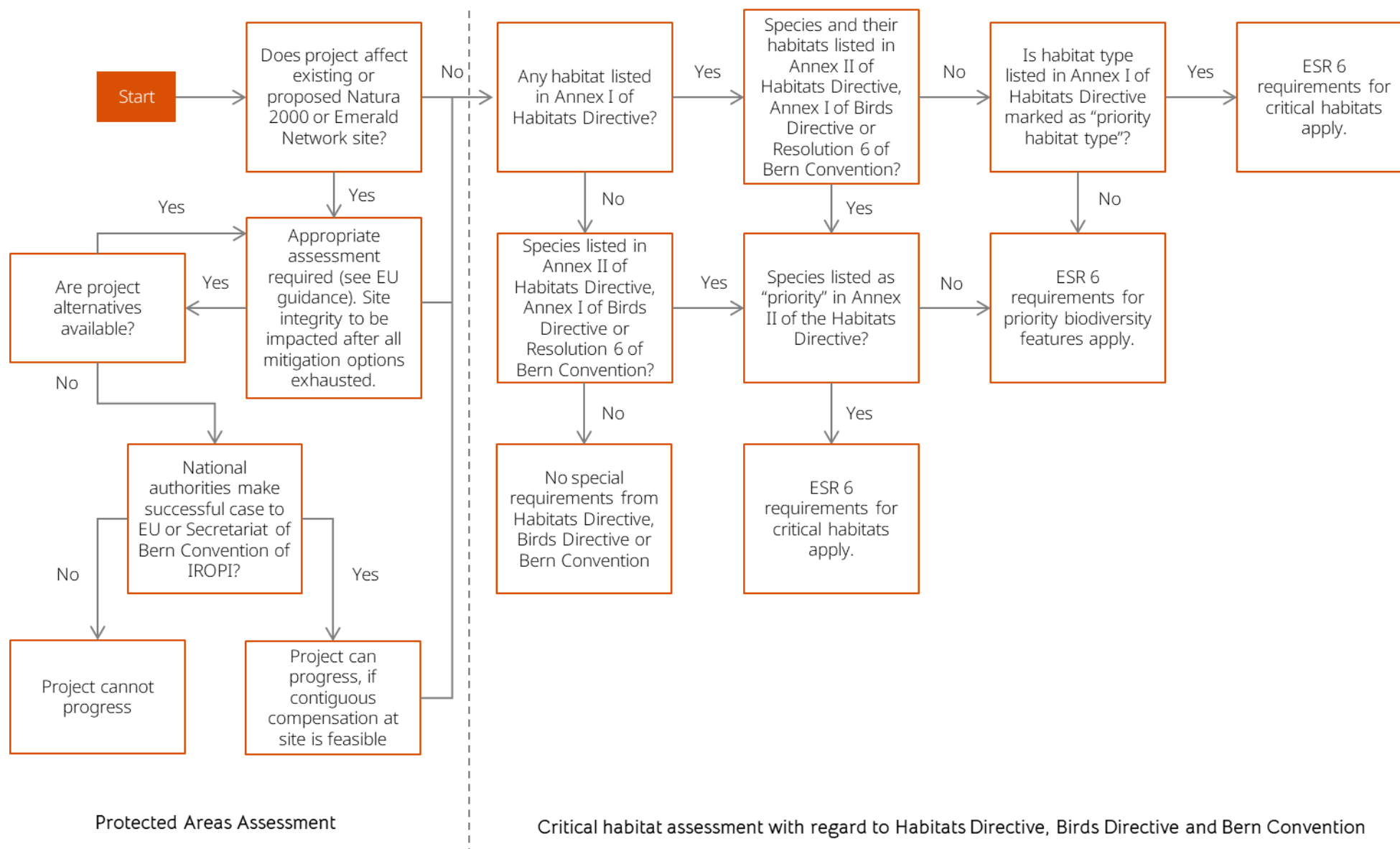
⁶² See IUCN (2004).

⁶³ See EBRD (2024), pp. 26-27.

⁶⁴ See European Commission (n.d.a.).

reasons of overriding public interest” under Article 6(4) of the directive. As required by the Habitats Directive in these cases, compensatory measures must ensure that the overall coherence of the Natura 2000 (or Emerald) network is protected. In some countries, the legislation and/or institutional capacity for requesting, reviewing and approving these assessments may be inadequate. In these cases, the EBRD will request that the client conduct the assessment and submit it to the relevant environmental authorities to ensure they have been informed and have been given the opportunity to fulfil their government’s commitments. The EBRD is not a competent authority and cannot opine on regulatory compliance or derogation of the Habitats Directive. The Bank will review the assessment to make sure it meets the requirements of ESR 6 for protected areas and critical habitats (in line with criterion 1 (c) in Table 1). Approaches to achieving net gain should include executing the actions prescribed in the appropriate assessment, developing and implementing a management plan for the area if it does not have one, and improving the implementation of an existing management plan

Figure 2. Application of ESR 6 using the EU Habitats Directive, EU Birds Directive and Bern Convention



3.1.5. Invasive alien species

An alien or non-native plant or animal species is one that is introduced to an area or spreads beyond its original range of distribution. Invasive alien species are non-native species that may spread rapidly by outcompeting other native plants and animals when they are introduced into a new habitat that lacks natural controlling factors. Invasive alien species are recognised as a major global threat to biodiversity and ecosystem services.

The principal measures for controlling invasive alien species are: a) prevention of their intentional and unintentional introduction; b) early detection and eradication; and c) management to prevent their spread where they are already established. EU regulation 1143/2014⁶⁵ sets out requirements for member states and is accompanied by an official list of invasive alien species of EU concern.⁶⁶ Clients in non-member countries should not intentionally introduce invasive alien species and should establish controls to prevent their unintentional introduction and/or spread where this is a risk, even if such an introduction is not forbidden by the host country's regulatory framework. In the absence of adequate knowledge regarding the invasiveness of alien species, a risk assessment should be conducted in coordination with competent professionals with knowledge of the particular species in question. Genetically modified organisms can also be considered alien species, with similar potential for invasive behaviour as well as potential for gene flow to related species. Any new introduction of such organisms should be assessed with due regard to the Cartagena Protocol on Biosafety⁶⁷ and EU substantive environmental standards.

Examples of project types that pose a risk of unintentional spreading of invasive species include: a) linear infrastructure – roads, rails, pipelines and transmission lines; b) projects handling large volumes of international cargo; and c) ports and shipping through ballast water. In areas where invasive species may pose a risk to PBF or CH, baseline studies should include a summary of invasive species already present in the project's study area, and mitigation and monitoring plans should seek to prevent, detect and eradicate invasive species during the life of the project, including those already present in the area. A dedicated invasive species plan may be appropriate in these cases. Linear infrastructure projects should include regular monitoring and eradication of invasive species that may use the right of way as a corridor for spreading. Projects involving international cargo may be subject to national regulations for inspection and quarantine, and where this is not the case, voluntary measures may be needed. Clients are expected to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (the Ballast Water Management Convention).⁶⁸ Clients should also refer to *Guidelines for the Control and Management of Ships' Ballast Water to Minimize the Transfer of Harmful Aquatic Organisms and Pathogens*, published by the International Maritime Organization (IMO).⁶⁹

3.2. Sustainable management of living natural resources

Projects that involve the primary production of natural resources – including crop or livestock production, natural or plantation forestry, aquaculture or fisheries, and the production and use of biomass for energy and biofuels – will also have to comply with additional requirements.

⁶⁵ See European Parliament and Council of the European Union (2014).

⁶⁶ See European Commission (n.d.b.).

⁶⁷ See Secretariat of the Convention on Biological Diversity (2000).

⁶⁸ See IMO (2004).

⁶⁹ See IMO (1997).

ESR 6 requires that projects comply with national regulatory requirements, GIP and relevant EU substantive environmental standards.

Where feasible, the client will locate land-based agribusiness projects on unforested land or land that has already been converted from its natural state in order to avoid and minimise impacts on PBF and/or CH.

The client will assess, avoid and minimise the risk of escape of non-native species into the terrestrial or aquatic environment. The client will also assess, avoid and minimise the potential for the transfer of disease and contamination of microorganisms and chemicals with antimicrobial properties into the environment.

The client should adopt sector-specific voluntary sustainability standards and certification systems with independent verification, where they exist. Sustainability standards are well developed for many types of primary production, such as those of the Forest Stewardship Council for forestry⁷⁰ and the Marine Stewardship Council for fisheries.⁷¹ In general, standards that conform to the International Social and Environmental Accreditation and Labelling Alliance (ISEAL) Code of Good Practice for Sustainability Systems⁷² will likely be consistent with ESR 6 GIP requirements; however, the EBRD does not endorse any particular standard as meeting its requirements, as standards can be subject to change in both content and application on the ground. Standards are evaluated on a case-by-case basis, and where a relevant standard has not yet been developed or a generic global standard has yet to be approved for use in a specific geographic region or country, clients are required to operate in the spirit of internationally accepted GIP.

Maintaining good animal welfare is both an ethical responsibility and a practical necessity due to the close links between animal welfare, animal health and human health. Harmonised EU rules are in place covering a range of animal species and welfare issues. Council Directive 98/58/EC concerning the protection of animals kept for farming purposes provides the minimum standards for the protection of all farmed animals,⁷³ while other EU legislation sets welfare standards for farmed animals during transport (Council Regulation EC1/2005)⁷⁴ and at the time of stunning and slaughter (Council Regulation (EC) No 1099/2009;⁷⁵ Commission Implementing Regulation (EU) 2018/723).⁷⁶ Specific directives provide additional protections for individual animal categories such as calves (Council Directive 2008/119/EC),⁷⁷ pigs (Council Directive 2008/120/EC),⁷⁸ broilers (Council Directive 2007/43/CE)⁷⁹ and laying hens (Council Directive 1999/74/EC).⁸⁰ The above rules apply to EBRD financed projects within and outside the EU. In addition, clients are expected to implement relevant GIP for their specific sectors and activities (for example, standards from the World Organisation for Animal Health).⁸¹

Antimicrobials such as antibiotics are substances used to kill microorganisms or to stop them from growing and multiplying. They are commonly used in human and veterinary medicine to treat a wide variety of

70 See Forest Stewardship Council (n.d.).

71 See Marine Stewardship Council (n.d.).

72 See ISEAL (2025).

73 See Council of the European Union (1998).

74 See Council of the European Union (2004).

75 See Council of the European Union (2009).

76 See European Commission (2018).

77 See Council of the European Union (2008a).

78 See Council of the European Union (2008b).

79 See Council of the European Union (2007).

80 See Council of the European Union (1999).

81 See World Organisation for Animal Health (n.d.a.).

infectious diseases. Antimicrobial resistance refers to the ability of microorganisms to withstand antimicrobial treatments. The overuse or misuse of antibiotics has been linked to the emergence and spread of microorganisms that are resistant to these antibiotics, rendering treatment ineffective and posing a serious risk to public health. ESR 6 requires clients to be aware of this risk, use current GIP for responsible use of antimicrobials (for example, guidance from the World Organisation for Animal Health)⁸² and use antimicrobials only on food-producing animals and in accordance with EU substantive environmental standards.

In EU member states, genetically modified organisms (GMOs) may not be used or released into the environment without approval from the competent authorities. In other EBRD countries of operation, GMOs may not be used or released into the environment without a risk assessment, conducted in accordance with EU substantive environmental standards.

3.3. Supply chains

ESR 1 requires clients to identify significant environmental and social risks associated with the project's core supply chains, and to use reasonable efforts to prevent and mitigate these risks and to remediate impacts as necessary (see paragraph 21). Such risks occur most often in projects that rely on agricultural inputs; however, the EBRD will require supply chain controls on projects in other sectors, on a case-by-case basis, if they contribute to large-scale loss of biodiversity.

Projects that rely on "living natural resources" as essential inputs need to evaluate whether the producers of those inputs may be causing or contributing to significant land use conversion that could negatively impact biodiversity and ecosystem services (for example, the conversion of natural grasslands or forests into agricultural lands), and if this is the case they must ensure this risk is appropriately managed.

Living natural resources include agricultural, forestry and fishery products. This includes products that have undergone some initial processing, such as: the conversion of crops to meal and oils; the slaughter of livestock to make meat, leather and derivatives from rendering; the milling of lumber and veneers or production of pulp from trees; and the production of meals, oils and by-products from fish.

Such inputs should be evaluated if they are purchased regularly and/or acquired in large volumes. Inputs that are acquired in small volumes can be excluded from assessment. A small volume and a small percentage are not necessarily the same – a small percentage of a very large volume of inputs may still be a large volume and must therefore be considered in assessments. In general, exclusions will most likely apply for inputs purchased by very small buyers or for incidental inputs purchased by other buyers.

An initial screening step can determine whether the product is known (or likely) to originate in a region of concern. Regions of concern will include those countries where loss of natural habitats for land conversion is occurring at a rapid pace, for example, the loss of tropical forests in West Africa for cocoa production or in Indonesia for palm oil. Deforestation is typically well documented and can be checked using sources such as Global Forest Watch maps.⁸³ Loss of other natural habitats such as natural grasslands is less well documented and may require more in-depth research and possibly evaluation of remotely sensed images in platforms such as Google Earth, which is able to display historical images that can reveal land use changes. If the inputs are not produced in a region of concern, the supply chain assessment is complete.

⁸² See World Organisation for Animal Health (n.d.b.).

⁸³ See Global Forest Watch (n.d.).

If inputs are produced in a region of concern, the client has three options for managing the risk of significant land conversion from their production:

1. Purchase the inputs from other regions where land use conversion is not a concern.
2. Purchase only products that have a recognised independent certification that prohibits natural habitat conversion. Certifications must be carefully evaluated to confirm that they prohibit conversion of all relevant types of natural habitat, as some certifications may only prohibit deforestation and, for example, might overlook relevant risks to grasslands.
3. Establish a supply chain management system that: a) includes a policy to purchase only from producers that have not converted land after an agreed cut-off date;⁸⁴ b) traces inputs to their place of production (smallholders can be aggregated, for example at the level of a cooperative); c) implements agreements with producers not to convert natural habitat; d) provides the needed technical assistance and incentives to promote compliance by producers; e) verifies compliance; and f) enforces non-compliance through corrective action plans and potential termination of purchasing. This option is challenging to design and implement and should be considered with due regard for staff and resource requirements as well as for the potential difficulties of working with producers at the origin. However, it is now widely used by many large entities purchasing commodities covered by the EU's Regulation on Deforestation-free Products.⁸⁵

⁸⁴ The cut-off date after which land conversion is prohibited can vary according to the commodity and origin. The EBRD will consider the cut-off date that is most widely recognised for a commodity and/or geography. In cases where the commodity is covered by the EU's Regulation on Deforestation-free Products (2023/1115), the cut-off date is 31 December 2020.

⁸⁵ See European Parliament and Council of European Union (2023).



Guidance note
Environmental and Social Requirement 6

Annex

Annex: Ecologically appropriate areas of analysis

Multiple lender standards, including ESR 6, include the concept of critical habitat (CH), which has its origin in the IUCN's Key Biodiversity Area (KBA) methodology.⁸⁶ Roughly speaking, a CHA asks the question: "could this area be considered a KBA?". It is important to ask this question because such areas are important for the persistence of species that are threatened, range restricted, migratory or which congregate in large numbers in limited sites.

To answer this question, there must be an area of analysis that indicates the local distribution of the species of concern. That area is called the ecologically appropriate area of analysis (EAAA). Once this area is defined, it is possible to evaluate whether the size of the locally occurring population of the species meets a threshold of criticality for the global or regional survival of the species.

This Annex explains how to draw an EAAA. The ESR 6 guidance note explains how to use the EAAA to test thresholds and determine whether the area should be designated as CH.

Below is the text from this guidance note that explains EAAAs:

"Upon completing the scoping study, if features have been identified that require focused study, each will require an ecologically appropriate area of analysis (EAAA). The EAAA is a map polygon showing the local distribution of the feature requiring study, considering the ecological patterns, processes and functions that are necessary to maintain it. An EAAA must have a definable boundary within which the character of habitats, biological communities and/or management issues have more in common with each other than they do with those in adjacent areas. The EAAA may sit within or extend beyond the project's area of impact* – it is based on the ecology of the ecosystem or species rather than the impacts of the project. If a species or ecosystem has a patchy distribution across the landscape, it may be necessary to devise an EAAA that encompasses multiple disjunct areas. For some wide-ranging species, the EAAA may be informed by areas of functional aggregation, recruitment, seasonal foraging or other specific habitat features of importance to the species. In all cases, the EAAA should consider the distribution and connectivity of such features in the landscape/seascape and the ecological processes that support them. Where it can be shown that multiple values have largely overlapping ecological requirements and distributions, a common or aggregated EAAA may be appropriate. Where there is already a KBA or Natura 2000 site designed for the species or habitat of concern, the EAAA should share those boundaries."

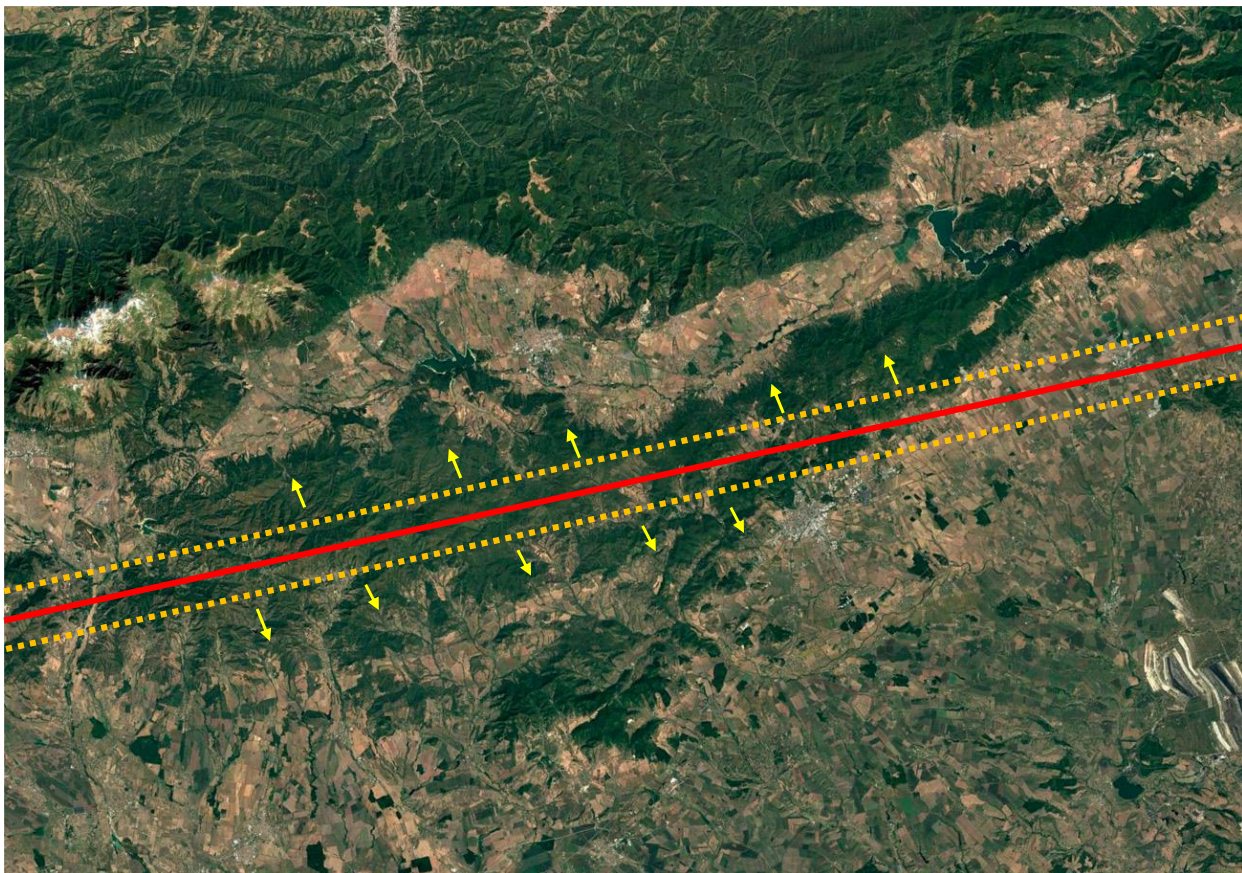
**The area of impact is the total area likely to be affected by the onsite and offsite impacts of a project's activities. This includes direct, indirect (induced) and cumulative effects.*

The scoping phase of the environmental and social impact assessment (ESIA) will include an initial estimate of the area of impact of the project based on the type of project. An actual impact assessment for the project will occur at a later stage. The scoping phase will also identify the biodiversity features expected to be found in the area of impact, especially species of concern, including: a) species on the IUCN Red List of Threatened

⁸⁶ See IUCN (2016b).

Species with a status of vulnerable, endangered or critically endangered,⁸⁷ or listed at a national level using the IUCN Red List methodology;⁸⁸ b) species with restricted ranges; c) migratory and congregatory species that use the area (even if only periodically); and d) in applicable countries, species listed by the EU Habitats Directive,⁸⁹ Birds Directive⁹⁰ and Bern Convention.⁹¹ Baseline field studies are then required to confirm/disprove the occurrence, habitat associations and distribution of these species on the landscape, as well as to document additional species detected. Local distribution of the species may extend beyond the project's area of impact, and it is important to include this entire area, not just the overlap with the area of impact (see Figure A-1). With these data, EAAAs can be drawn for each species of concern.

Figure A-1. Example road project area of impact



A road project's area of impact cuts across a landscape (red line indicates road, orange dashed lines indicate impact buffer). An EAAA is needed to show the local distribution of an affected species of concern, which extends beyond (yellow arrows) the area of impact, to understand the significance of the area for the species' regional/global persistence.

In a straightforward case, a species of concern will occur in a specific type of habitat that is readily identifiable and mapped in the landscape. If the extension of that habitat has ecological boundaries, based for example on elevation, hydrology, aspect or soil types, or boundaries based on land use, these will constitute the boundaries of the EAAA (see Figure A-2). It is important to consider the ecological patterns,

⁸⁷ See IUCN (n.d.b.).

⁸⁸ See IUCN (2016a).

⁸⁹ See Council of the European Communities (1992).

⁹⁰ See European Parliament and Council of European Union (2009).

⁹¹ See Council of Europe (1979).

processes and functions that are necessary to maintain the species of concern and its habitat. Drawing an EAAA that includes only local occurrences of the species may understate the importance of the supporting landscape.

An EAAA must have a definable boundary within which the character of habitats, biological communities and/or management issues have more in common with each other than they do with those in adjacent areas. The appropriate size of an EAAA will vary greatly by species and context, but it is likely that very large areas (more than 250,000 hectares) can be broken down by a geographic sub-boundary. For example, the habitat may extend continuously over a very large landscape or seascape. In these cases, it may be more practical to define an EAAA within that large landscape based on geographic sub-boundaries, such as watersheds (see Figure A-3). If this is impossible, then a CH designation in this area may not be appropriate.

Figure A-2. EAAA defined by the local extension of habitat for the species of concern and supporting areas

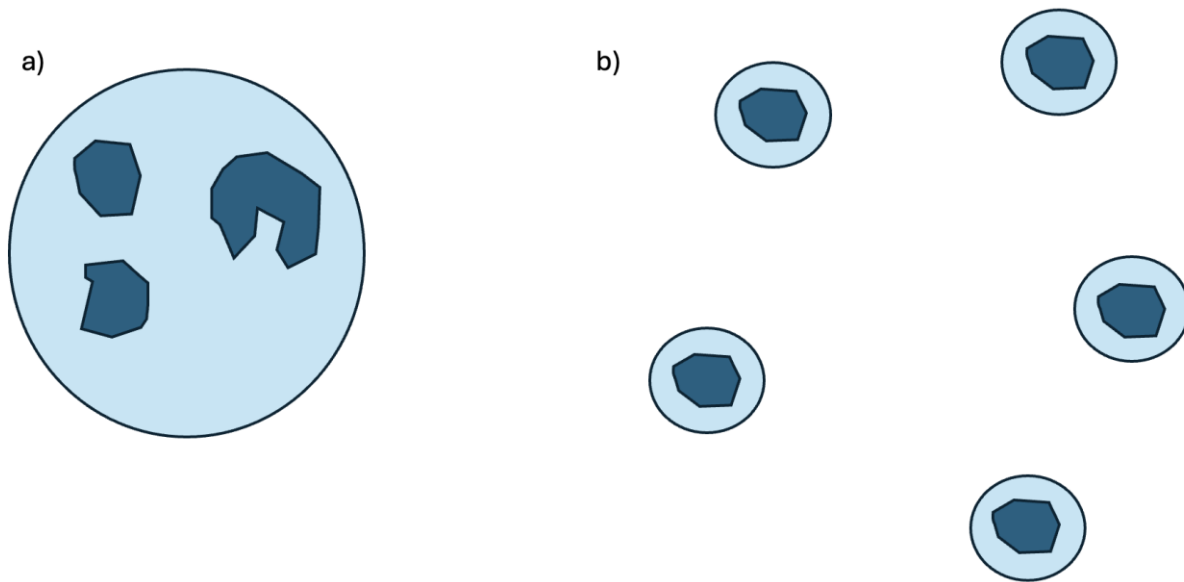


Figure A-3. EAAA defined by boundaries of a watershed in an otherwise continuous landscape of habitat for the species of concern



Some species will have very patchy distributions or will preferentially use non-contiguous habitat features in the landscape (for example, watering holes in a desert). These situations must be evaluated on a case-by-case basis – non-contiguous small areas of habitat can be grouped into a single EAAA or divided into multiple EAAAs considering proximity and connectivity (see Figure A-4).

Figure A-4. EAAAs for patchy distributions: a) small wetlands that are hydrologically linked and share animal and plant communities that form a complex, gathered into one EAAA; b) water holes in a desert environment that are hydrologically independent, separated by a distance that makes them distinct from one another in the context of the ecosystem



Marine EAAAs follow the same guidelines as terrestrial EAAAs. For a sessile species, such as a threatened species of seagrass in the Mediterranean, the EAAA would be the local extent of the seagrass bed or the bay where a mosaic of beds occurs. For a wide-ranging species, such as some sharks, the EAAA would be areas of cyclical and predictable aggregation and/or breeding – not the sharks' entire extent of occurrence over large pelagic seascapes.

Because the CHA is built on the KBA methodology, if there already exists a KBA designed for the species or habitat of concern, the EAAA should share those boundaries (unless there is strong evidence supporting an adjustment). A similar argument can be made for Natura 2000 sites – this network of protected areas is the product of systematic conservation planning focused on conserving the habitats in Annex I and species in Annex II of the EU Habitats Directive.⁹² The EAAA should share the protected area's boundaries. Taking this one step further, the KBA or Natura 2000 site will be designated as CH (unless there is strong evidence to the contrary).

Lastly, when there are multiple species of concern in the same area that use the same habitats or their habitats may overlap or intermix, a single aggregated EAAA can be used. Although this is an ideal case for expediting analysis, it should not be assumed it is appropriate in all cases. It is common that multiple EAAAs are needed for a project affecting more than one species of concern.

⁹² See Council of the European Communities (1992).

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Acronyms and abbreviations

BMEP	biodiversity monitoring and evaluation plan
BMP	biodiversity management plan
BOMP	biodiversity offset management plan
CH	critical habitats
CHA	critical habitat assessment
CR	critically endangered
EAAA	ecologically appropriate area of analysis
EBRD	European Bank for Reconstruction and Development
EN	endangered
EOO	extent of occurrence
ESIA	environmental and social impact assessment
ESMP	environmental and social management plan
ESMS	environmental and social management system
ESP	Environmental and Social Policy
ESR	Environmental and Social Requirement
EU	European Union
GBF	Global Biodiversity Framework
GBIF	Global Biodiversity Information Facility
GIP	good international practice
GMO	genetically modified organism
IMO	International Maritime Organization
IUCN	International Union for the Conservation of Nature
KBA	Key Biodiversity Area
PBF	priority biodiversity features
VU	vulnerable

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1821 Environmental and Social Requirement 6: Biodiversity conservation and sustainable management of living natural resources – Guidance note

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