PS6 WG - IFC Sustainability Framework Review

Recommendations from Civil Society

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Overview

This document presents narrative recommendations from 25 global civil society organizations on strengthening IFC's Performance Standard 6 (PS6) for Biodiversity Conservation and Sustainable Management of Living Natural Resources. Based on lessons from monitoring IFC projects, these recommendations address gaps that have resulted in significant and often irreversible impacts on biodiversity, including habitat loss, fragmentation, ecosystem service disruption, and species decline.

Recommendations

1. Align with the Global Biodiversity Framework

The overall objective of PS6 should be to align with the Kunming-Montreal Global Biodiversity Framework's (GBF) goal of stopping and reversing biodiversity loss. The IFC should institutionally align with the GBF's overall goal, while also protecting Indigenous Peoples, Afrodescendants, and local affected communities.

Given the close relationship between biodiversity loss and climate change, the IFC should explicitly acknowledge these inter-dependencies in developing and implementing strategies to address climate mitigation/adaptation and protect ecosystem integrity in PS6. The GBF is clear in the role of the financial system in increasing, or decelerating, the overlapping root drivers of climate change and biodiversity loss, and this should be addressed, if not at least reflected, in a draft of PS6.

In aiming to stop and reverse biodiversity loss, a strong PS6 must require clients to assess, disclose, and actively reduce their biodiversity risks and impacts across all operations, supply chains, and investment portfolios. Reporting on biodiversity impacts and co-benefits should follow robust, science-based methodologies to ensure transparency and comparability.

Clients should actively minimize biodiversity risks and dependencies, including those embedded in supply chains and investment portfolios. Projects must also align with national GBF targets to ensure contributions to both local and global biodiversity priorities.

In aligning global biodiversity and climate targets, the IFC should incorporate guidance from the Paris Agreement, Glasgow Climate Pact, UN Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6), International Union for Conservation of Nature (IUCN) Global Standard for Nature-based Solutions, and the Global Reporting Initiative (GRI), which will help clients systematically consider biodiversity and climate objectives in project design and operations.

2. Strengthen biodiversity protection and transparency

IFC should adopt an absolute "no loss" approach to biodiversity, particularly in agriculture and forestry projects. For activities which impact critical habitats, it is even more important to ensure "no loss" approaches and require "net gains". Peer financial institutions, such as the European Investment Bank, have already adopted a no loss approach to biodiversity in its recently revised safeguards.[1] The IFC should follow suit in order to converge towards upward harmonization.

[1] "Environmental and Social Standards," European Investment Bank, 2 February 2022, available at: https://www.eib.org/en/publications/eib-environmental-and-social-standards (Standard 4 - Biodiversity and Ecosystems, paras. 8, 10(e), 15(d), 19).

Mitigation measures should be quantitative and independently verified. Analysis of alternatives must include a serious examination of a "no project" option, considering negative impacts and risks identified under PS6 and in alignment with PS1: Assessment and Management of Environmental and Social Risks and Impacts (PS1). Full Environmental and Social Impact Assessments (EIAs), including cumulative and strategic assessments, should be published to improve transparency and enable meaningful stakeholder evaluation.

IFC should establish clear No Go areas[2] based on precautionary principles and IUCN Key Biodiversity Areas (KBA) standards, requiring Integrated Biodiversity Assessment Tool (IBAT) / KBA dataset usage for project screening and disclosure. Protections should extend across national, subnational, and private areas, including wetlands and inland water ecosystems. We propose that No Go areas be based on the Banks and Biodiversity Initiative, which has been endorsed by over 100 civil society organizations and scientists.

The definitions of "area of influence" and "baseline" should be improved and aligned with PS1 for more accurate impact assessments.[3] Tools such as the Global Impact Database and approaches outlined in the Biodiversity Measurement Annex of the Assessing Impact to Finance for Biodiversity Foundation (FfB) Pledge Guidance may be employed.

Industrial activities in primary and vulnerable secondary forests should be excluded, and offsets should not be allowed, particularly in critical habitats. Free-flowing rivers must be protected through No Go and connectivity assessments, prohibiting new barriers on free-flowing mainstems and globally significant fish "swimways," including new dams on rivers exceeding 100 kilometers in length.[4]

Deep-sea mining should be excluded until adequate science, regulations, and monitoring exist. Leading financiers, including the European Investment Bank,[5] have placed deep-sea mining on exclusion lists due to significant biodiversity and governance gaps.

3. Enhance baselines, ecosystem services, and landscape management

Clients should use the latest scientific data, including IUCN Red List, KBAs, and National Biodiversity Strategies, to establish transparent baselines. Baseline assessments should explicitly acknowledge

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[2] Endorsed by over 100 civil society organizations and scientists, the Banks and Biodiversity Initiative has proposed eight areas which should be off limits to harmful financing. Proposed Banks and Biodiversity No Go areas include internationally and nationally recognized areas, free flowing rivers, intact primary and vulnerable secondary forests, habitats with threatened and endemic species, as well as Key Biodiversity Areas. Given the strong correlation between Indigenous Peoples and biodiversity protection, financiers should also prohibit financing activities that violate the rights of Indigenous Peoples. Financiers must also prohibit support for projects and activities that have not secured free, prior, informed consent (FPIC) from Indigenous Peoples and local communities.

[3] Include biodiversity-specific concepts such as habitat connectivity, fragmentation, hydrology and watershed dynamics, edge effects, ecological gradients, species' home ranges and dispersal distances, critical habitats and ecological refugia, ecosystem service dependencies, and cumulative impacts.

[4] See "Protecting biodiversity from harmful financing: Free flowing rivers," International Rivers, Rivers without Boundaries, Friends of the Earth, March 2023, available at: https://banksandbiodiversity.org/wp-content/uploads/2023/03/Protecting-free-flowing-rivers-from-harmful-financing_No-Go-area-5.pdf.

[5] "EIB eligibility, excluded activities and excluded sectors list," European Investment Bank, 2022, available at: https://www.eib.org/files/publications/eib_eligibility_excluded_activities_en.pdf.

shortcomings, data gaps, assumptions, and limitations to ensure transparency and sufficient risk management. Where insufficient data exists, a precautionary approach must be taken, in which the onus of proving that the activity will not cause negative impacts lies with the client. In other words, an activity must be presumed to lead to negative impacts unless scientific data and evidence suggests otherwise.

Ecosystem function assessments must appropriately quantify the risks and benefits of operations and supply chains, recognizing long-term and potentially negative cascading impacts. This includes developing more effective risk methodologies which are able to identify not only biodiversity risks and impacts, but also the interplay of biodiversity risks in amplifying climate risks[6].

Risk and impact assessments under PS1 should extend to cumulative, direct, indirect, and residual impacts at a landscape scale, including thresholds for habitat loss and connectivity to maintain ecological integrity. This requires identifying and conceptualizing risks beyond direct project risks.

Risk and impact assessments must also account for risks which may arise *as a result* of the financed project itself. For instance, this includes examples such as where the construction of a project leads to an influx of male workers, which in turn increases the likelihood of sexual violence on local women; where a project requires the construction of new transportation pathways and roads in formerly undeveloped areas, leading to increased pressures on local food, wildlife, resources, deforestation; among others.

4. Strengthen biodiversity and livestock protection

Industrial livestock, industrial plantations, namely monocultures, in agriculture (e.g., soy and cereals, or systems reliant on chemical pesticides and synthetic nitrogen fertilizers) and forestry should be excluded from all financing due to their inherent negative impacts.

Biodiversity safeguards should apply to all farmlands, not only critical habitats. Loss of pollinators and declines in soil biodiversity can negatively impact ecosystem functions and soil quality in any agricultural area.

Non-industrial livestock and feed projects must conduct biodiversity footprint assessments covering ecosystem, species, and genetic levels, accounting for habitat conversion, land use change, resource extraction, and pollution across operations and supply chains.

Animal welfare criteria aligned with the Five Freedoms[7] must be enforced, ensuring compliance with IFC guidance.[8] PS6 should integrate sustainability and mandatory welfare considerations across production systems.

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[6] Ranger, N., Alvarez J., Freeman, A., Harwood, T., Obersteiner, M., Paulus, E. and Sabuco, J. (2023). The Green Scorpion: the Macro-Criticality of Nature for Finance – Foundations for scenario-based analysis of complex and cascading physical nature-related risks. Oxford: Environmental Change Institute, University of Oxford. https://www.eci.ox.ac.uk/sites/default/files/2023-12/INCAF-MacroCriticality_of_Nature-December2023.pdf

[7] Freedom from hunger and thirst, discomfort, pain/injury/disease, freedom to express natural behavior, and freedom from fear and distress.

[8] See IFC Good Practice Note on Improving Animal Welfare in Livestock Operations and the exclusion list in the IFC Practices for Sustainable Investment in Private Sector Livestock Operations; Key welfare risks identified by IFC's GPN: 1) Limitations on space in individual stalls restricting the movement of animals; 2) High stocking densities in groups increasing the potential for disease transmission; 3) Barren/unchanging environments leading to behavioral problems; 4) Feeding diets that do not satisfy hunger; 5) Injurious husbandry procedures that cause pain; 6) Breeding for production traits that heighten anatomical or metabolic disorders.

5. Strengthen supply chain risk management and definitions

PS6 obligations should extend beyond primary suppliers to all material suppliers of high-risk commodities (e.g., beef, palm oil, soy, timber, rubber, pulp, cocoa, coffee, and other agriculture and forestry products). (See case study examples in Annex 1 demonstrating how IFC agro-forestry projects result in significant and irreversible environmental harm).

Clients must be required to ensure full supply chain traceability and implement accessible and transparent grievance mechanisms.

Clear, concrete definitions of "primary supplier" and "supplier subcontractors" are necessary to guide the application of risk assessments under PS1 and to clarify the extension of environmental and social commitments.

6. Strengthen protections for Indigenous Peoples

The world's remaining biodiversity and critical ecosystems are found to overlap with Indigenous Peoples territories. As a result, PS6 should be interconnected with PS7 on Indigenous Peoples, as protecting Indigenous Peoples also protects biodiversity. In doing so, the IFC should require free, prior, informed consent of Indigenous Peoples for any activities which impact their lands and rights. This call is reiterated in the *Position Statement on Financiers' Responsibilities regarding Indigenous Peoples' Rights and Biodiversity*, which was announced during the official UNPFII record on April 25, 2025.

Requiring FPIC for Indigenous Peoples is in line with international law, and can also be used as best practice for consulting local communities. This approach ensures respect for Indigenous rights, cultural heritage, and self-determination while simultaneously preventing biodiversity loss and ecosystem degradation in other biodiverse areas.

7. Strengthen protections for gender equality

IFC should integrate gender equality into biodiversity management consistent with at least the GBF, recognizing women's and girls' equal rights to land and natural resources. Clients should be required to ensure meaningful participation in decision-making and address gender-specific impacts, particularly those affecting women's management of biodiverse resources.

8. Ensure financial intermediaries adopt stronger biodiversity protections

Financial intermediary clients must be required to adopt PS6-equivalent environmental and social procedures for high- and substantial-risk sectors and disclose biodiversity information for Category A and high-risk Category B subprojects, closing gaps in supervision and oversight highlighted by the Compliance Advisory Ombudsman (CAO).

9. Strengthen grievance and adaptive management mechanisms for biodiversity protection

Project-level grievance mechanisms must explicitly accept and respond to biodiversity-related complaints, including illegal clearing, habitat destruction, and offset failures, with time-bound remediation and interim ecological protections. This includes receiving cases from organizations outside of the local area where biodiversity is negatively affected.

IFC should expand access to accountability and grievance mechanisms to credible organizations beyond host-country communities. Limited civic and political space in many host countries prevents local organizations or communities from safely raising project related concerns. This renders significant ecological and other related risks invisible, preventing the IFC from meeting GBF goals and delivering transparency and accountability among IFC-managed activities.

Annex 1: Case study examples

Arauco Sucuriú, Brazil

The Arauco Sucuriú project in Brazil involves the construction of what is reportedly the world's largest paper mill, located within a natural protected area where approximately 69 hectares of biodiverse primary forest are slated for clearance to make way for the facility. The project also entails the development of associated infrastructure that will affect 28 designated Legal Reserves.

Despite these clear and extensive environmental risks, IFC documentation fails to provide the Environmental and Social Impact Assessment (ESIA) for the associated 400,000 hectares of plantation area intended to supply the mill, nor does it assess the cumulative and synergistic impacts of Sucuriú alongside other forestry, paper, and biomass projects operating in the same region.

The project has been categorized by IFC as part of its climate finance portfolio, based on claims that Arauco is the first forestry company globally to achieve carbon neutrality. However, such a classification appears to overlook the project's actual carbon footprint and biodiversity impacts.

Clearing primary forest for industrial-scale pulp production directly contradicts climate and conservation goals, as it results in carbon loss from soils and vegetation, followed by additional emissions through industrial processing and eventual paper use.

This case demonstrates the critical gaps that occur when IFC's due diligence obligations apply only to "primary suppliers" without extending to material suppliers or assessing full supply chain impacts. The absence of clear traceability, transparent grievance mechanisms, and comprehensive cumulative impact assessments allows large-scale environmental harms to go unaddressed.

Implementing the proposed recommendation, extending PS6 responsibilities to all material suppliers, requiring full supply chain traceability, and establishing accessible biodiversity-related grievance channels, would close these gaps. It would ensure that projects like Arauco Sucuriú are subject to the rigorous environmental and social oversight necessary to prevent irreversible harm to biodiversity and ecosystems, while aligning IFC's operations with its stated climate and sustainability commitments.

Aperam Forest project, Brazil

The Aperam Forestry project in Brazil involves the acquisition of large tracts of land without clear disclosure of the full locations, ownership details, or potential environmental impacts. Reports indicate the conversion of native vegetation, including areas designated as Legal Reserves and Permanent Protected Areas, raising serious concerns about deforestation and biodiversity loss. Additional ambiguity surrounds the classification of land as "inactive" versus naturally regenerating, and there is limited clarity on the sourcing of wood from third parties, whose activities may be linked to further ecological degradation.

Expanding PS6 obligations to cover all material suppliers, ensuring full transparency of landholdings and sourcing, and establishing clear environmental accountability across the supply chain would help close gaps in policies and practice. Such measures would strengthen IFC's ability to identify, monitor, and mitigate biodiversity and land-use impacts in forestry and agro-industrial projects like Aperam.

Metagro project, Mongolia

The Metagro project in Mongolia sources large volumes of animal feed with no traceability, raising risks of deforestation and biodiversity loss in supplier regions. Its reliance on agrochemicals imported from China and Russia poses further threats to ecosystems through soil and water contamination, while the planned expansion of irrigated agriculture in a drought-prone region would exacerbate local water scarcity. Despite its scale, the project contributes little to domestic food security, focusing instead on exports and luxury products, and raises animal welfare concerns due to intensive production practices.

These issues demonstrate how IFC's limited supply chain oversight, weak integration of climate and water risks into biodiversity management, and absence of biodiversity-specific grievance mechanisms allow significant environmental and social harms to go unaddressed.

Expanding PS6 obligations to include all material suppliers, requiring full traceability and grievance systems, and integrating climate, biodiversity, and resource efficiency considerations would close these gaps and ensure that projects like Metagro align with IFC's sustainability and biodiversity commitments.

Santa Priscila project, Ecuador

The Santa Priscila project in Ecuador, involves the expansion of a large-scale shrimp production and export company. The Ecuadorian shrimp industry has led to massive clearing of mangroves. On top of that, the discharge of the water used in the shrimp basins causes severe pollution of the surrounding ecosystem, as the water is not only eutrophic (full of food rests and faeces), but is also contaminated with antibiotics and other pharmaceuticals applied to the shrimp so they survive in the adverse circumstances. This in turn increases the risk of creating antibiotic resistant bacteria and genes, which impacts wildlife.

This project was classified as category B with "limited adverse E&S risks and impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures." By financing the acquisition of an existing farm, where a large part of the damage has been done, the IFC inherits an ecological debt that it should account for. Further more, but ringfencing its financing and limiting it to elements of this company that are not directly linked to major environmental impacts, like connecting the company to the electricity grid, the bank fails to assess the impacts of financing a sector that is causing massive impacts.

Expanding PS6 obligations to include the assessment of the company's impact as a whole, including that of its suppliers, and not just assessing the impacts of the financed elements, would help close gaps in policies and practice. In addition to assessing the company, the IFC should assess the impacts of the sector as a whole in which the company operates, and the broader social and environmental context, acknowledging that there are leakage effects and that strengthening one player can attract other players

with lower standards. Due to their destructive impacts, certain sectors should be excluded from finance.

Guangxi Yangxiang project, China

The Guangxi Yangxiang project in China supports the expansion of one of China's top 10 pig producers. This project was classified as category B, as "IFC's review concluded that E&S risks and impacts associated with this project are limited, site-specific, and can be readily addressed". This assessment does not take into account the pandemic risk nor the impacts caused by feed production.

Bird flu is having a dramatic effect on wildlife, and the same could happen with new pandemics. IPBES has highlighted that the intensification of livestock production is a driver of pandemics, and UNEP notes since 1940, agricultural intensification measures have been associated with more than 25 per cent of all—and more than 50 per cent of zoonotic—infectious diseases that have emerged in humans. This number is likely to be at least similar, if not higher for wildlife.

In addition, it does not consider the impact caused by its suppliers, in particular the feed suppliers. Feed production requires land, and generally requires land conversion, which inevitably leads to biodiversity loss. The production of meat is a very inefficient use of land, as animals are poor converters of grain into meat. If the use of grain as animal feed was ended, an extra 2 billion people could be fed each year.

Financing an inefficient form of food production, which has higher environmental impacts than alternatives, is something that should be seriously reconsidered by the IFC. The most recent EAT Lancet report again highlights that "No safe solution to climate and biodiversity crises is possible without a global food systems transformation." IFC's financing to this project goes in the opposite direction.

PS6 obligations must include an assessment of the impacts of the full supply chain. But more importantly, the IFC should adopt a holistic approach and identify sectors that should not be financed due to their outsized impact on biodiversity.