

Humane World for Animals

Dialogue Phase Submission:

2025-2028 IFC Sustainability Framework Update

March 2026

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1. Executive summary

Humane World for Animals submits these recommendations to inform the International Finance Corporation's (IFC's) 2025–2028 Sustainability Framework update at a moment of rapid change in global expectations for environmental and social risk management. Animal welfare and food-system risks—once treated as peripheral operational issues—are now widely recognized as material risk drivers, with direct implications for financial institutions and the companies that they finance.

At present, IFC primarily addresses animals as “living natural resources,” without explicitly recognizing animal welfare as a distinct social risk or recognizing animals as sentient beings, and therefore, stakeholders. As a result, IFC continues to finance systems—including extreme confinement and highly intensive animal production models—that are increasingly misaligned with scientific consensus, regulatory trajectories, investor expectations, and market trends. This creates exposure to regulatory, operational, reputational, and stranded asset risks, while locking emerging markets into production systems that are being phased out elsewhere.

The Sustainability Framework update presents IFC with a strategic opportunity to modernize its approach, strengthen risk management, and reinforce its leadership role among development finance institutions. By explicitly integrating animal welfare into the Performance Standards, clarifying Good International Industry Practice, and establishing enforceable exclusions, minimum standards, and transition pathways, IFC can improve consistency, predictability, and credibility across its portfolio. Complementary portfolio-level measures and targeted use of IFC's financial instruments can further support transition toward lower-risk, more resilient food systems.

Core recommendations

This submission has four key recommendation categories:

1. Improve IFC's approach to animal welfare (Section 4)

- Recommendation 1: Integrate animal welfare as a distinct E&S risk across relevant Performance Standards
- Recommendation 2: Establish welfare-based exclusions for inherently harmful systems

- Recommendation 3: Establish minimum welfare standards for eligible operations that are binding in the Performance Standards
- Recommendation 4: Require time-bound transition plans through ESAPs
- Recommendation 5: Clarify and update Good International Industry Practice (GIIP) for animal welfare
- Recommendation 6: Strengthen and align the Good Practice Note on Animal Welfare
- Recommendation 7: Support completion and integration of existing global technical guidance

2. Reduce exposure to industrial animal agriculture risk (Section 5)

- Recommendation 8: Manage portfolio-level exposure to animal agriculture

3. Catalyze food system transformation through financing (Section 6)

- Recommendation 9: Provide preferential and transition financing for higher-welfare systems
- Recommendation 10: Offer preferential and transition financing for plant-forward and diversified food systems

4. Strengthen transparency and disclosure (Section 7)

- Recommendation 11: Strengthen standardized disclosure for animal-related investments

2. Humane World's Phase I request

Phase I of the Sustainability Framework update provides an important opportunity to ensure that animal welfare and food-system risk are appropriately scoped and integrated ahead of detailed technical work in Phase II.

To support an effective and well-sequenced consultation process, Humane World for Animals respectfully requests that IFC:

- **Include animal welfare standards and food-system risk as defined topics within Phase I scoping discussions**, ensuring these issues are explicitly reflected in the draft Sustainability Framework structure and Phase I consultation outputs.
- **Ensure animal welfare and food-system considerations are integrated across relevant Phase I thematic discussions**—including those related to climate, biodiversity, financial intermediaries, and emerging E&S risks—rather than treated as stand-alone or sector-specific issues.
- **Designate internal focal points across relevant IFC teams** (including E&S risk, agribusiness, climate, financial institutions, and other applicable departments) to support coordinated consideration of animal welfare and food-system risk throughout the Phase I process.
- **Confirm the establishment and indicative scope of Phase II technical working groups (TWGs)** focused on (see [Section 8](#)):
 - animal welfare standards, and
 - food systems and portfolio-level risk

These steps would help ensure that Phase II technical work is grounded in clear mandates, informed by scientific evidence and market realities, and inclusive of perspectives from civil society, academia,

investors, and global stakeholders—consistent with IFC’s stated approach to the Sustainability Framework update.

3. Why animal welfare and food system risks must be included in the updated Sustainability Framework

Strategic relevance for IFC

Globally, more than 97.6 billion terrestrial animals are kept and killed annually to produce meat, dairy and eggs.¹

Despite major scientific advances and the availability of practical, higher-welfare production systems, most of these animals continue to experience intensive confinement, barren environments, painful procedures without analgesia, and stressful handling, transport, and slaughter conditions. These are not isolated shortcomings; they are structural features of how animal production is financed and developed in many regions.

For financial institutions, this reality has direct relevance. Animal agriculture involves long-lived capital assets. Housing systems, waste management infrastructure, hatcheries, feed mills, and slaughter facilities commonly operate over 20–40-year time horizons. As regulatory standards, market requirements, trade policies, and investor expectations evolve, the design characteristics embedded in these assets can significantly influence future risk exposure.

The 2026 Sustainability Framework update provides IFC with an opportunity to modernize how animal-related risks are identified, managed, and disclosed. This includes distinguishing between:

1. Animal welfare as a project-level operational and compliance risk wherever animals are directly involved, and
2. Industrial animal agriculture as a structural production model associated with cumulative environmental, public health, and development risks at the system and portfolio level.

Addressing both dimensions within the Sustainability Framework would strengthen IFC’s risk management, enhance development impact, and align capital allocation with evolving global standards.

Animal welfare as a cross-cutting, project-level risk

According to the World Organisation for Animal Health (WOAH)², animal welfare is the physical and mental state of an animal in relation to the conditions in which it lives and dies. Welfare exists along a continuum from poor to good, reflecting whether animals are healthy, comfortable, and able to meet their basic needs, or whether they experience pain, fear, or distress.

In agricultural supply chains, welfare risks most commonly arise:

- On farm (housing, stocking density, breeding practices, painful procedures),
- During transport (handling, journey duration, thermal stress), and
- At slaughter (handling, stunning effectiveness, and kill methods).

Core risk factors include extreme confinement systems, barren housing environments, genetic selection for productivity at the expense of health and robustness, routine painful procedures without effective pain management, prolonged or poorly managed transport, and inconsistent or ineffective stunning at slaughter.

These risks arise at the level of individual facilities and contracts, independent of production scale or system type. Even where operations are not large-scale, inadequate welfare management can generate material risks, including regulatory and compliance risk, market access risk, reputational and operational risks with direct financial implications.

Because IFC finances projects in which animals are directly bred, confined, transported, or slaughtered, animal welfare constitutes a material project-level impact and risk pathway. Explicit and consistent integration of animal welfare within environmental and social risk management processes would strengthen due diligence, supervision, and disclosure across relevant sectors.

Additional details can be found in the report created by Humane World, "[The risk implications of poor farm animal welfare](#)" as well as in [Appendix A](#).

Limits of welfare-only mitigation and emergence of system-level risk

While robust animal welfare safeguards are necessary wherever animals are involved, they are not sufficient to address the full risk profile of certain production models.

A facility may comply with minimum welfare standards and still contribute to cumulative environmental degradation, antimicrobial resistance, and structural food-system inefficiencies. Some risks are embedded in the characteristics of production systems themselves—particularly those that rely on high-density confinement, large-scale feed inputs, and concentrated waste streams.

These system-level risks extend beyond individual project boundaries and may not be fully mitigated through project-by-project environmental and social management plans. As a result, IFC's exposure is not limited to discrete welfare compliance issues but may include broader portfolio-level and development risks associated with specific production models.

Industrial animal agriculture as a systemic ESG and development risk

Industrial animal agriculture is commonly defined as production systems that seek productivity gains through scale, specialization, and intensification, often externalizing environmental, social, and public-health costs. These systems typically rely heavily on feed crop production, concentrate large numbers of animals in confined environments, and routinely use antimicrobials to prevent disease under high-stress conditions. While often associated with large-scale facilities, similar characteristics may also be present in smaller operations.

The expansion of industrial animal agriculture generates systemic risks with direct relevance to IFC's development mandate and ESG objectives. These include significant contributions to greenhouse gas emissions, deforestation and biodiversity loss linked to feed production and land-use change, air and water pollution from concentrated animal waste, and high freshwater use and contamination. Public-health risks include antimicrobial resistance—identified by the World Health Organization as a top global health threat—as well as increased zoonotic disease risk. Industrial systems also raise concerns related to food and nutrition security due to inefficient conversion of crops into animal protein and competition for feed resources, particularly in low-income regions.

These cumulative impacts extend beyond individual projects and create portfolio-level exposure that cannot be fully mitigated through traditional environmental and social management approaches. Recognizing these structural risk characteristics within the Sustainability Framework would improve IFC's ability to assess long-term development alignment and portfolio resilience.

More information about the risks associated with industrial animal agriculture can be found in [Appendix C](#).

IFC's current approach and considerations

IFC's current financing approach for animal agriculture prioritizes scaling large industrial systems as a pathway to development impact. This logic assumes that increased efficiency and output drive economic growth and food security. However, this assumption overlooks material externalities—environmental degradation, public-health risks, social inequities, and animal suffering—that erode long-term value.

IFC's current "livestock sector" [website landing page](#) demonstrates a defensive stance on industrial animal agriculture, presenting one-sided "myths vs. facts." While some points have merit, there are important gaps

and oversimplifications that merit critical examination. **A comprehensive, unbiased scientific review of IFC's agribusiness strategy is necessary.**

Risk of lock-in and stranded assets in emerging markets

In many high-income markets, confinement-based production systems associated with severe welfare risks are being restricted or phased out through regulatory bans, corporate sourcing commitments, and investor pressure.

Continued expansion of such systems in emerging markets may embed long-lived infrastructure that becomes economically or socially misaligned with future trade requirements, buyer standards, and regulatory trajectories. This creates the risk of technological and regulatory lock-in, particularly where capital costs have not yet been recovered.

A forward-looking Sustainability Framework can help reduce these risks by encouraging alignment with evolving global norms and supporting diversified, future-ready food systems.

Animals as affected beings in IFC-financed activities

Across IFC-financed sectors—including agriculture, aquaculture, transport, research, and wildlife management—animals are directly used, managed, transported, or slaughtered. Scientific consensus recognizes animals as sentient beings capable of experiencing pain, fear, distress, and positive states, a recognition embedded in international scientific and regulatory frameworks referenced by IFC.

Animal welfare therefore has both intrinsic and instrumental relevance. Animals are directly “affected living beings” in IFC-financed activities, and their treatment shapes environmental, social, and economic outcomes. Treating animal welfare solely as a productivity or efficiency issue overlooks these dimensions and places IFC behind evolving regulatory trends, new scientific findings, advances in animal housing and management, changing consumer demands and institutional investor expectations.

A modern Sustainability Framework should reflect this reality by recognizing animal welfare and food-system risk as integral components of sound risk management and sustainable private-sector development.

Harmonization of IFC guidance documents

In addition to meaningfully updating and enhancing standards, guidelines and requirements, IFC should ensure full consistency and clarity across all financing requirements and guidance documents related to animal agriculture and applicable financing.

For example, at present, the [IFC Practices for Sustainable Investment in Private Sector Livestock Operations](#) document diverges from both the [IFC Good Practice Note on Improving Animal Welfare in Livestock Operations](#) (“GPN”) and contemporary animal welfare science—for example, by permitting “enriched” cages for laying hens and gestation crate use for part of the sow pregnancy cycle.

IFC should:

- Clarify whether documents constitute binding IFC requirements or optional sector guidance
- Align its content with the revised Good Practice Note, GIIP and IFC’s welfare-based exclusions
- Eliminate conflicting or outdated guidance that undermines consistent application and supervision

Harmonizing these documents is essential to reduce implementation risk, avoid contradictory expectations for clients, and ensure that IFC’s stated sustainability commitments are reflected in practice.

4. Recommendations for improving IFC’s approach to animal welfare

Governance architecture: how IFC’s animal welfare tools should interact

Animal welfare should be operationalized through IFC’s existing Sustainability Framework rather than through new or parallel mechanisms. The necessary instruments already exist; the objective is to clarify how they apply to animal welfare and ensure alignment across the system.

The table below summarizes how each IFC mechanism could function within a coherent governance structure for animal welfare.

IFC mechanism	Function	Examples (animal welfare)
Exclusions	Prohibit inherently harmful systems	No financing for poultry cages or gestation crates
Minimum standards in the Performance Standards	Set baseline conditions for eligible projects and create binding client obligations	Environmental enrichment, space, analgesia, humane slaughter standards
Transition plans (ESAPs)	Enable time-bound compliance for legacy systems where improvement is possible	3–10-year conversion plan with milestones
Good International Industry Practice (GIIP)	Define the benchmark and guide compliance	WOAH, EFSA, FARMS RMS
The Good Practice Note on Animal Welfare	Translate standards into operational expectations	Guide due diligence and supervision
Global technical guidance	Supply species-specific detail	Support consistent implementation

Together, these instruments ensure that animal welfare is:

- Scientifically grounded
- Enforceable and in compliance
- Operationally practical
- Consistent across regions
- Integrated within IFC’s Sustainability Framework

The recommendations below strengthen each component of this governance structure.

Recommendation 1: Integrate animal welfare as a distinct E&S risk across relevant Performance Standards

IFC's Performance Standards currently reference animals primarily as "living natural resources," without explicitly recognizing animal welfare as a material E&S risk.

IFC should:

- Define animal welfare within the Performance Standards in alignment with internationally recognized definitions (e.g., [WOAH](#)).
- Explicitly recognize animal welfare as a distinct E&S risk within relevant Standards, particularly PS1 and PS6.
- Require clients whose activities involve animals to identify, assess, and manage animal welfare risks within their Environmental and Social Management Systems (ESMS).
- Ensure welfare risks are subject to the same due diligence, supervision, and disclosure expectations as other material E&S risks.

Formal recognition provides the policy foundation necessary to apply exclusions, minimum standards, and transition mechanisms consistently.

See [Appendix D](#) for proposed language and detailed recommendations related to Performance Standard 1.

Recommendation 2: Establish welfare-based exclusions for inherently harmful systems

IFC should amend its Exclusion List to prohibit financing for production systems that:

- Cause severe and unavoidable suffering; and
- Lack a scientifically credible pathway to acceptable welfare outcomes consistent with GIIP.

Exclusions should apply prospectively to new construction, expansion, and major refurbishment. IFC financing should not support the maintenance or expansion of excluded systems.

Recommended exclusions are detailed below.

These systems are widely recognized by leading scientific authorities and market actors as incompatible with acceptable welfare outcomes. Their exclusion would clarify eligibility boundaries, reduce regulatory and stranded asset risk, and align IFC financing with evolving global standards.

Detailed technical specifications may be refined through Phase II technical working groups (see [Section 8](#)).

Cages for laying hens and other poultry

In cage systems, hens are confined to spaces so small they cannot spread their wings or perform natural behavior such as nesting, perching, or dust bathing. Even "[enriched](#)" cages—which IFC currently permits—provide inadequate space and environmental enrichment. The lack of movement in cages has a tangible effect on the physical health of the animals, causing bone weakness. Leading welfare scientists, the European Food Safety Authority (EFSA), several countries (including Bhutan, Austria, Czechia, Germany, Luxemburg, Switzerland, and several U.S. states) and over 2,500 global food companies have rejected caged systems in favor of cage-free housing.

IFC should exclude: All cages for laying hens and other poultry, including battery cages, furnished cages, and enriched cages and colony systems

Alternative: Cage-free systems (barn, aviary, or free-range) that allow expression of natural behavior

Gestation crates

Gestation crates confine breeding sows so tightly that they cannot turn around for most of their lives (typically 16 weeks per pregnancy cycle). These systems cause physical health concerns and psychological distress. Leading welfare scientists and the European Food Safety Authority (EFSA) support the use of early mixing systems, and several countries including Germany, the Netherlands, Norway, Australia, Sweden, Denmark, Switzerland and several U.S. states ban or voluntarily do not use crates after breeding. Major food companies and retailers have enacted purchasing policies that exclude gestation crates. Pig producers around the world are successfully using group housing systems without the 28-day confinement period ([preimplantation group housing systems](#)). In 2023, the largest pig producer in Brazil, BRF Global, pledged to adopt preimplantation group housing in all new units or expansions. The future of pork production is clearly crate-free.

IFC should exclude: Gestation crates during any phase of production, including temporary confinement for pregnancy confirmation

Alternative: Preimplantation group housing with enrichment throughout the pregnancy cycle, which provides proven higher-welfare outcomes and is economically viable

Veal crates

Individual confinement systems for calves raised for veal prevent social interaction and natural movement, causing abnormal bone and muscle development. They are unable to express normal play behavior, grooming or lying in restful postures. Crates for veal calves are losing favor in many countries and have been banned in several U.S. states.

IFC should exclude: Individual confinement of calves in veal crates

Alternative: Group housing for calves with appropriate space and enrichment

The keeping of animals explicitly for fur and/or wild skin production

Confining and killing wild species on farms for their fur and/or leather is incompatible with their welfare needs. Improving welfare practices or receiving certification does not mitigate the associated animal welfare concerns, and therefore, these practices should be excluded. In addition to animal welfare concerns, farming wild species for fashion has high environmental and public health risks, and many companies, as well as cities, states and countries have bans on the sale, import and production of these products.

Common animals killed for their fur include mink, foxes, raccoon dogs, sables and chinchillas.

Common animals killed for their skin include alligators, crocodiles, snakes, lizards, stingrays and ostriches, while birds such as ostriches and peacocks suffer for feathers.

Other animal-derived textiles include sheep, goats and alpaca (wool, cashmere, mohair), ducks and geese (down), silkworms (silk), rabbits (angora), as well as cattle, sheep and goats (leather).

IFC should exclude: The keeping of animals explicitly for fur and/or skin production

Alternative: None—fur and wild skin farming should be excluded entirely

Summary of welfare-based exclusions

Exclusion	Species	IFC currently permits?	Recommended alternative	Rationale
Cages Which should include all types of cages, including enriched cages	Hens, chickens, other poultry	Yes IFC doesn't allow battery cages, but it does permit enriched cage confinement	Cage-free systems (barn, aviary or free range)	Prevents natural behavior, causes suffering; inconsistent with GIIP
Gestation crates During any phase of production	Sows (pigs)	Yes IFC allows temporary confinement in gestation crates while pregnancy is confirmed	Preimplantation group housing	Severe confinement causes physical and psychological harm; inconsistent with GIIP
Veal crates	Calves	Yes/unclear IFC has unclear exclusions regarding veal crates, but "Practices for Sustainable Livestock" mentions "individual pen housing for calves beyond the age of 8 weeks" – which is not strong enough	Group housing for calves	Prevents social interaction and natural movement; inconsistent with GIIP
Fur and wild skin farming	Mink, fox, other fur-bearing animals as well as wild animals farmed for their skins (see above)	Partially IFC has unclear exclusions regarding animals used for textiles, fashion and traction, but "Practices for Sustainable Livestock" mentions excluding "keeping of animals exclusively for fur or leather production"	None – exclude entirely	No humane alternative exists; practice banned in many countries

Recommendation 3: Establish minimum welfare standards for eligible operations that are binding in the Performance Standards

For animal production systems that remain eligible for IFC financing, IFC should adopt clear, science-based minimum welfare standards embedded within the Performance Standards.

These standards should be globally applicable, measurable, auditable, and enforceable. Minimum standards should address, at minimum:

- Housing systems and space allowances sufficient for species-specific behavior
- Environmental enrichment
- Avoidance or pain mitigation for invasive procedures
- Humane handling, transport, stunning, and slaughter

Species-specific technical details should be provided through supporting guidance rather than embedded directly in the Sustainability Framework. Technical thresholds may reference credible scientific frameworks, including the [FARMS Initiative animal welfare Responsible Minimum Standards \(RMS\)](#), [EFSA reports on animal welfare](#), and other recognized welfare scientific guidelines (see [Appendix B](#)).

Recommendation 4: Require time-bound transition plans through ESAPs

For existing facilities that do not meet minimum welfare standards—but are not excluded—IFC financing should be conditional upon time-bound transition commitments implemented through ESAPs.

Transition requirements should:

- Apply only to non-excluded systems
- Include measurable milestones and defined timelines
- Require independent verification
- Be supported by binding contractual covenants
- Prohibit IFC funds from maintaining or expanding excluded systems

This approach enables constructive engagement with legacy clients while ensuring IFC capital accelerates improvement rather than locking in obsolete production systems.

Recommendation 5: Clarify and update Good International Industry Practice (GIIP) for animal welfare

IFC should explicitly define GIIP for animal welfare using internationally recognized scientific authorities.

GIIP should:

- Serve as the benchmark for identifying unacceptable practices
- Inform the development of exclusions and minimum standards
- Guide implementation, monitoring, and supervision
- Assess the credibility of transition pathways

For animal welfare, GIIP should explicitly reference globally recognized scientific authorities and acceptable industry guidelines, including:

- [The World Organisation for Animal Health \(WOAH\)](#)
- [The European Food Safety Authority \(EFSA\)](#) animal welfare reports
- Global technical guidance developed through the Wageningen process (see Recommendation 7 below)
- Other internationally accepted animal welfare science and guidance (see [Appendix B](#))

Practices materially inconsistent with GIIP should either be excluded or subject to binding transition requirements.

NOTE: While fur and wild animal skin production is noted in the exclusion area, Humane World recommends that the manufacture, trade and sale of animal fur and skin is deemed inconsistent with GIIP.

Recommendation 6: Strengthen and align the Good Practice Note on Animal Welfare

The current [Good Practice Note on Improving Animal Welfare in Livestock Operations](#) (GPN) represents an important foundation for IFC's work on animal welfare. However, in its current form, the GPN remains too high-level to support consistent implementation of animal welfare requirements across regions, sectors, and investment types.

The GPN should translate GIIP and minimum standards into operational guidance for IFC staff and clients.

The revised GPN should:

- Translate GIIP and minimum standards into measurable indicators
- Clarify verification and supervision approaches
- Support consistent regional application
- Align explicitly with recognized science-based frameworks (including the [FARMS Initiative animal welfare RMS](#) – see [Appendix B](#))

Private certification programs may serve as evidence of compliance where scientifically robust, but certification should not replace IFC due diligence, and only science-based animal welfare certification programs should be considered acceptable (see [Appendix B](#)).

Recommendation 7: Support completion and integration of existing global technical guidance

IFC should support the completion, publication, and integration of the Wageningen animal welfare guidelines as a resource to inform implementation of its updated Sustainability Framework.

In 2018, a multi-stakeholder initiative known as the *Wageningen process* was convened by World Animal Net (now the World Federation for Animals), FAO, OIE (now WOA), Wageningen University, and the World Bank. The process brought together academics, scientists, and producers from multiple regions to develop practical, science-based animal welfare guidelines for pigs, chickens raised for meat and working equids.

Three technical guideline drafts were completed in 2020 following extensive expert consultation, but they were never formally published or integrated into World Bank Group or IFC guidance.

Integrating these guidelines and developing guidelines for additional animal groups and species would strengthen IFC’s ability to apply animal welfare requirements consistently across regions, reduce reliance on ad-hoc interpretations, and reinforce the scientific and developmental credibility of its approach—without creating new or parallel standards.

5. Recommendations for reducing exposure to industrial animal agriculture risk

While animal welfare standards are essential for managing project-level risks, they are not sufficient on their own to address the broader environmental, public-health, and transition risks associated with industrial animal agriculture. These risks often arise from scale, concentration, and cumulative impacts across IFC’s portfolio and are consistent with how IFC already assesses systemic risk in other high-impact sectors.

Accordingly, IFC should complement project-level safeguards with portfolio-level risk management measures, applied through its existing Environmental and Social (E&S) framework and Performance Standards.

Detailed technical recommendations, metrics, and thresholds should be further developed through the proposed Food Systems Technical Working Group during Phase II of the consultation process (see [Section 8](#)).

Recommendation 8: Manage portfolio-level exposure to animal agriculture

Portfolio-level exposure management

IFC should assess and manage its aggregate exposure to animal agriculture as a distinct portfolio risk, including through:

- Establishing portfolio-level exposure metrics for animal agriculture by species, production system, and region
- Exploring the use of portfolio-level caps or limits for the most risk-intensive forms of animal production, informed by Phase II technical work and aligned with IFC's climate and biodiversity commitments (see [Section 8](#))

This approach would help prevent excessive concentration of systemic risk, even where individual projects meet minimum animal welfare requirements.

Enhanced due diligence due to high-risk operations

IFC should apply enhanced due diligence to animal agriculture projects that present heightened systemic risk due to scale, intensity, or location, consistent with its existing approach to high-risk sectors.

Among other considerations, this enhanced due diligence should include assessment of cumulative and absolute environmental impacts across the value chain, consistent with Performance Standards 3 and 6. This includes, where relevant:

- Direct (Scope 1) emissions and impacts associated with animal production activities, including on-site energy use, enteric emissions, manure management, and waste handling
- Indirect energy-related (Scope 2) impacts, such as emissions associated with purchased electricity or heat used in production, processing, or storage
- Upstream and downstream (Scope 3) impacts, particularly those associated with feed sourcing, land-use change, input production, transport, and processing

These assessments should focus on absolute impacts and cumulative risk, rather than efficiency-based or per-unit metrics alone and should inform both project-level decision-making and portfolio-level exposure management.

Consideration of Scope 1, 2, and 3 impacts in this context is intended to support risk identification and management within IFC's existing E&S framework and does not introduce new or standalone disclosure requirements.

Time-bound transition planning

For animal agriculture investments that pose elevated transition risk, IFC should require time-bound transition plans, implemented through Environmental and Social Action Plans (ESAPs), that:

- Reduce exposure to the most risk-intensive production models over time
- Phase out practices misaligned with IFC's sustainability, climate, and biodiversity objectives
- Include clear milestones, timelines, and accountability mechanisms

These transition plans should be assessed at both the project level and portfolio level, ensuring that IFC financing supports a gradual shift toward lower-risk, more resilient food-system models, rather than locking in long-term exposure to declining production systems.

6. Recommendations for catalyzing food system transformation through financing

In addition to managing project-level and portfolio-level risks, IFC can play a catalytic role by using its financial instruments to incentivize lower-risk, future-aligned food systems. Preferential and transition finance can complement safeguards by making higher-welfare and more diversified production models economically attractive.

Recommendation 9: Provide preferential and transition financing for higher-welfare systems

Where IFC continues to finance animal agriculture, it should actively incentivize higher-welfare, lower-risk production systems through preferential and transition finance, consistent with IFC's revised animal welfare framework.

IFC should prioritize financial support for:

- Cage-free and crate-free production systems
- Lower-density housing with species-appropriate environmental enrichment
- Improved stunning and slaughter equipment and practices
- Transition pathways that align with redefined Good International Industry Practice (GIIP)

Illustrative financial instruments

As appropriate, IFC could deploy:

- Preferential financing terms (e.g., lower interest rates, longer tenors, grace periods) for higher-welfare systems
- Sustainability-linked loans (SLLs) with margin adjustments tied to animal welfare and transition KPIs, to be refined through Phase II technical work
- Transition finance facilities to support capital retrofits and supply-chain shifts
- Blended finance and guarantees to de-risk adoption by SMEs and suppliers
- Targeted technical assistance to support implementation, monitoring, and verification

These incentives would complement IFC's animal welfare standards by making compliance economically attractive and reducing long-term portfolio risk.

Recommendation 10: Offer preferential and transition financing for plant-forward and diversified food systems

IFC should also expand support for plant-forward and diversified food systems that reduce reliance on high-risk animal production while delivering strong development outcomes.

Investments in these value chains can:

- Deliver high climate mitigation per dollar
- Reduce exposure to feed, disease, and input-price shocks
- Enhance dietary diversity and food security
- Create income opportunities for SMEs and smallholder producers

Priority investment areas

IFC should consider prioritizing:

- Protein-rich crop production and agroecological practices
- Processing, storage, and logistics infrastructure for plant-based ingredients
- SMEs producing culturally appropriate, nutritious plant-forward foods
- First-mover projects through blended finance and guarantees
- Lines of credit via local financial institutions, paired with technical assistance

- Public procurement–linked facilities (e.g., for schools and hospitals adopting diversified menus)

Supporting these systems provides a structural complement to welfare improvements by gradually reducing dependence on the most risk-intensive animal production models.

7. Recommendations for strengthening transparency and disclosure

Effective management of animal welfare and food-system–related risks require transparent, standardized, and decision-useful disclosure. Transparency enables IFC to assess performance, manage environmental and social (E&S) risk across its portfolio, and demonstrate alignment with evolving expectations from investors, regulators, and the public.

Accordingly, IFC should strengthen disclosure requirements for animal-related investments within its Access to Information Policy (AIP) and across the Sustainability Framework, consistent with IFC's existing E&S risk-management approach.

Recommendation 11: Strengthen standardized disclosure for animal-related investments

Project-level disclosure: animal welfare practices

IFC should require standardized project-level disclosure for all IFC-financed activities involving animals, proportionate to risk and scale.

At a minimum, disclosures should cover:

- Species and number of animals involved
- Housing systems by life stage (e.g., cage free vs caged; group housing vs crates)
- Stocking densities and space allowances
- Painful procedures performed and use of pain mitigation
- Slaughter and stunning methods and respective alignment with WOH standards
- Time-bound transition plans where minimum welfare standards are not yet met
- Exposure to the manufacture, trade and sale of animal fur and/or wild animal skins

These disclosures should be integrated into:

- project documentation under the AIP
- monitoring and reporting linked to ESAPs where applicable

Portfolio-level disclosure: exposure and systemic impacts

To support management of systemic and transition risks, IFC should also strengthen aggregated portfolio-level transparency regarding its exposure to animal agriculture.

IFC should publicly report on an aggregated and portfolio-wide basis:

- Total exposure to animal agriculture by species, production system, and region
- Progress on transition plans across the portfolio
- Aggregated Scope 1, 2, and relevant Scope 3 agricultural emissions, where available, informed by existing due-diligence processes

- Portfolio-level climate, biodiversity, environmental, and public-health risk indicators on an absolute basis, where feasible
- High-level comparisons of exposure to animal agriculture relative to alternative food-system investments, for portfolio-risk monitoring purposes

For clarity, plant-based protein produced primarily as feed for industrial animal agriculture should be categorized as industrial animal agriculture exposure.

Purpose and alignment

These disclosures are intended to:

- Support consistent E&S risk management and supervision
- Enable internal and external accountability
- Align IFC practice with emerging ESG expectations from institutional investors and peers

This approach is consistent with:

- The Paris Agreement and Global Biodiversity Framework
- The World Bank's Food Systems 2030 agenda
- The Sustainable Development Goals
- Investor frameworks and expectations (e.g., FAIRR, PRI, UNEP FI – Nature-related financial risk guidance)

Phased implementation

The disclosures outlined above represent a foundational set of transparency expectations. Specific indicators, metrics, and thresholds should be refined through the proposed Phase II technical working groups on animal welfare and food systems (see [Section 8](#)), ensuring proportionality, feasibility, and global relevance.

8. Proposed Phase II technical working groups (TWGs): experts and stakeholders for IFC to engage

To support implementation of the recommendations in this submission, we encourage IFC to convene Phase II technical working groups (TWGs) to provide expert input and practical guidance for the Sustainability Framework update. These TWGs would help IFC (i) refine technical definitions and implementation guidance, (ii) identify feasible transition pathways, and (iii) propose measurable indicators for monitoring, supervision, and disclosure.

We recommend establishing two TWGs, reflecting the two complementary priorities addressed in this submission:

1. **Phase II Animal Welfare Standards TWG** (GIIP, exclusions/minimum standards, Good Practice Note alignment, implementation metrics, etc.)
2. **Phase II Food Systems TWG** (portfolio exposure management, enhanced due diligence approaches, transition pathways, and disclosure frameworks)

Below is an illustrative list of stakeholder categories and potential participants for IFC to engage in Phase II technical sessions and TWG work. These are not finalized or comprehensive lists; if IFC is interested in moving forward with these recommended working groups, Humane World would be happy to provide additional guidance.

Phase II Animal Welfare Standards TWG (potential participants)

Investor groups

- FAIRR Initiative: Leading investor network on ESG risks in intensive animal agriculture production
- Principles for Responsible Investment (PRI) signatories with expertise in sustainable agriculture
- Asia Research and Engagement (ARE) members

Non-governmental organizations (NGOs) and civil society organizations (CSOs)

- Humane World for Animals: Animal welfare and sustainable food systems
- World Animal Protection (WAP): Global animal welfare standards and advocacy
- Compassion in World Farming (CIWF): Farm animal welfare and food system transformation
- International Coalition for Animal Welfare (ICFAW): Global body of NGOs recognized by WOAH
- Members from the Asia Cage-Free Association Alliance (ACFAA)

Academics/technical experts

- Dr. Andrew Knight, University of Winchester (animal welfare and sustainability science)
- Dr. Hans Spoolder, Wageningen University & Research, the Netherlands (pig and poultry welfare)
- Dr. Linda Keeling, Swedish University of Agricultural Sciences (welfare and sustainability)
- Dr. David J. Mellor, Massey University, New Zealand (The Five Domains of Animal Welfare)
- Dr. Laura Dixon, Scotland's Rural College (chicken welfare)
- Dr. Karen Mancera, inspector for Humane Farm Animal Care, Mexico (hen welfare)
- Dr. Cleandro Pazinato, veterinary consultant, Brazil (group housing)
- Hubbard Breeders (chicken welfare)
- Vencomatic and other cage-free equipment suppliers
- Relevant regional animal welfare scientists and implementation experts (LMIC context)

Private sector/assurance

- Food companies with demonstrated cage- and/or crate-free implementation experience
- Animal welfare certification organizations (Global Animal Partnership, Humane Farm Animal Care)

Phase II Food Systems and TWG (potential participants)

NGOs and CSOs

- Ladd Connell, consultant with Friends of the Earth U.S. (food systems)
- Members from the Good Food Finance Network (GFFN)
- Humane World for Animals: Animal welfare and sustainable food systems
- World Animal Protection (WAP): Global animal welfare standards and advocacy
- Compassion in World Farming (CIWF): Farm animal welfare and food system transformation

Academic/technical experts

- Dr. Lance Price (AMR and public health impacts)
- Jessica Fanzo, Columbia Climate School (climate change and food systems)
- Prof. Joy Bittner (food systems governance and policy)

- Dr. Matthew Hayek, New York University (climate change and food systems)
- Dr. Joseph Poore, University of Oxford (environmental impacts of agriculture)
- Lasse Bruun, UN Foundation (climate change and food systems)

Regional experts

- Southeast Asia: cage-free transitions and market development experts
- Latin America: beef/soy supply chains, deforestation, community impacts experts
- Africa: community health impacts, smallholder integration, inclusive food systems experts

Private sector

- Companies demonstrating viable plant-forward/diversified food system models

Engaging a diverse set of stakeholders will help ensure IFC's updated Sustainability Framework is globally relevant, scientifically grounded, and responsive to the realities of producers, communities, and markets. Humane World for Animals is prepared to support IFC in convening and coordinating the Phase II TWGs and technical sessions.

9. Availability of technical and implementation support from Humane World

Humane World for Animals can, if helpful, provide technical and implementation support to IFC as it considers and operationalizes the recommendations outlined in this submission, particularly during Phase II Technical Working Groups (TWGs) and subsequent guidance development.

Any support would be provided at IFC's request and direction, with the aim of strengthening scientific rigor, implementation feasibility, and global relevance.

Illustrative areas of support

Technical input

- Draft illustrative language for Performance Standards, Good Practice Notes, and related guidance, consistent with IFC processes
- Scientific briefings on animal welfare standards, including species specific considerations and LMIC relevant implementation
- Development of case studies demonstrating successful transitions to higher welfare and lower risk production systems

Support to Phase II Technical Working Groups

- Convening and coordination support for the Phase II Animal Welfare Standards TWG and Phase II Food Systems TWG, as appropriate
- Facilitation of expert input from animal welfare scientists, food system experts, investors, and practitioners
- Support for regional consultations to ensure Global South perspectives are meaningfully reflected

Capacity building and guidance

- Training materials for IFC staff on animal welfare due diligence and supervision
- Client-facing guidance on implementing welfare standards and transition plans
- Compilation of best practice examples from leading companies and credible certification programs

Monitoring, disclosure, and learning

- Support for development of monitoring and evaluation frameworks to track welfare outcomes and transition progress
- Illustrative disclosure templates aligned with IFC requirements and relevant ESG frameworks
- Ongoing briefings on emerging science, market developments, and regulatory trends relevant to animal welfare and food system risk

Humane World for Animals welcomes the opportunity to engage further, as appropriate, and to tailor any support to IFC's priorities and needs throughout the consultation and implementation process.

10. Conclusion

The Sustainability Framework update presents IFC with a timely opportunity to strengthen its approach to environmental and social risk management in ways that reflect evolving scientific evidence, market expectations, and development realities. Animal welfare and food-system risks are no longer peripheral or sector-specific concerns; they are material drivers of social, environmental and financial risk that directly affect IFC's mandate to promote sustainable private-sector development.

By explicitly integrating animal welfare into the Performance Standards, clarifying Good International Industry Practice, establishing enforceable exclusions and minimum standards, and managing exposure to high-risk food-system models, IFC can improve consistency, predictability, and credibility across its portfolio. Complementary use of transition finance, preferential financing, and enhanced disclosure can further support clients in shifting toward more resilient, future-ready food systems while reducing long-term risk.

Importantly, IFC's influence extends well beyond its own investments. The Sustainability Framework and Performance Standards shape how commercial banks, private equity firms, insurers, export credit agencies, and other development finance institutions manage environmental and social risk across emerging markets. Decisions made through this update will therefore have system-wide implications for how animal welfare and food-system risks are identified, financed, and governed globally.

By addressing these issues at the framework level—while sequencing technical detail appropriately through Phase II—IFC can help ensure that emerging markets are not locked into production systems that are already being phased out elsewhere. Instead, IFC can catalyze investment in food systems that are more humane, lower-risk, and better aligned with climate goals, biodiversity protection, public health, and inclusive development.

Humane World for Animals welcomes the opportunity to continue engaging constructively throughout the consultation process and stands ready to support IFC with technical expertise, stakeholder coordination, and implementation-focused input as the Sustainability Framework update progresses.

Sincerely,

Humane World for Animals

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APPENDIX

Appendix A. Material risk implications of poor farm animal welfare

Detailed analysis of the regulatory, market, reputational and financial risks associated with poor farm animal welfare is provided in the following report:

[The risk implications of poor farm animal welfare](#) – *Humane World for Animals (2025)*

This report synthesizes scientific evidence and market analysis relevant to IFC's risk-management mandate and supports the rationale for recognizing animal welfare as a distinct social risk within the Sustainability Framework.

Appendix B. Animal welfare science, guidelines, standards, and certifications: roles and relevance for IFC and WBG

A range of international scientific bodies, intergovernmental organizations, and civil-society initiatives have developed guidance relevant to animal welfare in agriculture. These instruments differ in purpose, legal status, and intended users, and they are often mischaracterized or conflated in policy discussions.

This appendix clarifies the distinct roles of key animal welfare instruments and outlines how IFC could reference them coherently within its Sustainability Framework, Performance Standards, and guidance documents.

World Organisation for Animal Health (WOAH): Terrestrial Animal Health Code

[The WOAH Terrestrial Animal Health Code](#) establishes internationally agreed standards for animal health and welfare, veterinary public health, and safe international trade in animals and animal products. It includes chapters on animal welfare covering transport, slaughter, and production systems for key species (e.g., poultry, pigs, cattle, working equids).

Role and intent

- Designed primarily to guide governments and veterinary authorities, not private financial institutions
- Provides outcome-based principles rather than prescriptive housing or system requirements
- Forms the global baseline referenced by governments, the WTO SPS Agreement and international trade regimes

Limitations

- WOAH standards are non-specific recommendations for national veterinary services and the creation of legislation
- WOAH standards are not minimum financing requirements and do not function as enforceable thresholds for investment eligibility
- In several areas, they allow wide interpretation and do not prohibit inherently harmful practices (e.g., certain confinement systems)

Relevance for IFC/WBG

- WOAH provides a baseline definition of animal welfare and acceptable outcomes
- IFC could reference the Terrestrial Animal Health Code as a foundational international benchmark, while recognizing that additional specificity is required for financial risk management

European Food Safety Authority (EFSA): scientific opinions on animal welfare

The European Food Safety Authority (EFSA) produces [independent scientific opinions assessing animal welfare](#) risks, welfare consequences, and mitigation options across species and production systems. These opinions are explicitly used to inform EU animal welfare legislation through impact assessments and regulatory reform.

Role and intent

- EFSA provides science-based risk assessment, not policy prescriptions
- Its opinions identify practices that inherently compromise welfare and evaluate whether harms can be prevented or reduced within existing systems

Key characteristics

- High methodological rigor, increasingly using systematic reviews and transparent evidence synthesis
- Clear identification of non-mitigable welfare harms, including in systems such as cages, crates, and fur farming

Relevance for IFC

- The EFSA animal welfare reports represent the best-available animal welfare science reviews
- IFC could reference EFSA opinions when defining Good International Industry Practice (GIIP) and determining which practices fall below acceptable welfare thresholds, as well as support for determining minimum standards and updating the GPN

FARMS Initiative animal welfare Responsible Minimum Standards (RMS)

The [FARMS Initiative animal welfare Responsible Minimum Standards \(RMS\)](#) translate animal welfare science and IFC's own Good Practice Note into clear, auditable minimum requirements relevant to financial institutions.

Role and intent

- Designed specifically for financial institutions, not regulators
- Establish a minimum floor, not aspirational best practice
- Provide species-specific, operational criteria aligned with known welfare risks and mitigation pathways

Key features

- Explicit treatment of housing systems, production disease, space allowances, enrichment, painful procedures, transport, and slaughter
- Directly informed by EFSA science, WOAHP principles, and IFC's existing Good Practice Note

Relevance for IFC

- FARMS RMS could serve as a reference framework for minimum welfare standards applicable to IFC-financed projects and could also support updates to the GPN
- They offer a practical bridge between science (EFSA) and policy implementation (IFC requirements)

Science-based certification programs (e.g., Global Animal Partnership, Humane Farm Animal Care)

Animal welfare certification programs provide independent verification that producers meet defined welfare standards.

Role and intent

- Designed to verify compliance with specific standards, often exceeding legal minimums
- Useful as evidence of implementation, not as substitutes for IFC due diligence

Relevance for IFC

- Certification may be accepted as one form of evidence demonstrating alignment with GIIP or minimum standards
- Certification should not replace IFC's responsibility to define what is acceptable to finance
- **Meaningful certifications:** Global Animal Partnership (GAP) and Humane Farm Animal Care (Certified Humane) are scientifically credible, globally available animal welfare certification programs that generally [align with the FARMS animal welfare RMS](#)
- **Not acceptable:** GlobalGAP (now rebranded) is not considered an acceptable animal welfare certification program by leading animal welfare organizations, despite IFC's current reference to it

Certification	Geographic availability	Species covered	Humane World notes
Global Animal Partnership	Global	Hens, chickens, pigs, cattle, goats, sheep, turkeys, bison, salmon	For cattle: Steps 4 and above are acceptable For chickens: Steps 4 and above are acceptable • <i>Note: There is also a Better Chicken Commitment "add on" available that can be used for steps 1-3</i>
Humane Farm Animal Care	Global	Hens, chickens, pigs, cattle, goats, sheep, turkeys, buffaloes, bison, red deer, salmon, tilapia	Not acceptable for chickens raised for meat

Implications for IFC's Sustainability Framework

To ensure clarity, consistency, and defensibility, IFC could adopt a tiered referencing approach:

- **WOAH Terrestrial Code:** foundational international reference for animal welfare concepts and outcomes.
- **EFSA animal welfare scientific opinions:** primary source of scientific evidence informing GIIP and identification of non-mitigable welfare harms.
- **FARMS Initiative animal welfare RMS:** operational reference for minimum welfare standards relevant to financial decision-making.
- **Certification programs:** optional tools for verification, where scientifically credible and globally applicable.

This approach would allow IFC to align with international science, maintain flexibility across contexts, and avoid conflating guidance intended for governments with requirements necessary for financial risk management.

Appendix C: Industrial animal agriculture as a systemic ESG and development risk

The systemic risks of industrial animal agriculture

Aside from causing immense animal suffering globally, animal agriculture is a primary driver of climate change, environmental degradation and public health challenges. These negative impacts lead to material and risk return implications for financial institutions.

Animal agriculture is responsible for at least 16.5% of human-induced greenhouse gas emissions, on par with all forms of transportation combined.³ Further, business-as-usual growth scenarios for the animal agriculture industry project that by 2030, the animal agriculture sector will account for almost half (49%) of the world's emissions budget for 1.5°C.⁴ Agriculture occupies approximately 37% of the world's land surface and around 80% of this land is dedicated to animal production, either for grazing or feed.^{5,6} Despite this vast land use, animal agriculture production contributes only 18% of the world's calories and 37% of its protein.⁷ The negative impacts of animal production extend beyond emissions and land conversion.

Animal agriculture has a large impact on biodiversity loss.⁸ In the past half-century, the conversion of natural habitats into cropland or pasture has become the dominant driver of habitat loss in terrestrial and freshwater systems, whereas in marine environments the primary driver is direct exploitation, particularly fishing.⁹ In fact, almost 90% of global deforestation can be attributed to agricultural expansion with cropland expansion accounting for almost 50% and animal grazing for almost 39% of that total.¹⁰

The destruction of ecosystems for animal production systems, the large number of animals with homogeneous genetics, the use of antibiotics and pesticides, and the contribution to unhealthy diets all pose significant public health risks.^{11,12,13,14,15,16} Health risks include the rise of antimicrobial resistance and an increased risk of zoonotic pandemics.^{17,18}

Support resources

Background analysis supporting minimum animal welfare standards and the role of protein diversification in reducing systemic food-system risk is available through the [FARMS Initiative](#):

[Rationale for the Protein Shift Responsible Minimum Standards – the FARMS Initiative \(2025\)](#)

This material provides scientific and economic context for the recommendations noted in this submission.

Appendix D. Detailed recommendations for integrating animal welfare into Performance Standard 1

This appendix provides technical detail, rationale, and illustrative draft language to support the integration of animal welfare into IFC's Sustainability Framework, as referenced in Recommendation 1 of the main submission. It is intended to assist IFC policy, legal, and supervision teams in operationalizing animal welfare as an environmental and social (E&S) risk within existing IFC processes.

Purpose of this Appendix section

The recommendations and draft language in this appendix are intended to:

- Support consistent implementation of animal welfare safeguards
- Reduce ambiguity for clients, FIs, and IFC supervision teams

- Enable integration of animal welfare into existing IFC risk management systems
- Complement, rather than duplicate, the main recommendations of this submission

1. Integration of animal welfare into Performance Standard 1

Explicit recognition of animal welfare as an E&S risk

Rationale

IFC's current definition of environmental and social risks and impacts does not explicitly include the welfare of animals used, managed, or otherwise affected by IFC-financed activities. As a result, animal welfare risks are often treated inconsistently or indirectly, despite clear links to reputational, regulatory, operational, and financial risk.

Poor animal welfare can create measurable externalities, including:

- Reputational risk and loss of social license to operate
- Legal and regulatory risk as welfare standards evolve
- Loss of market access due to buyer or jurisdictional requirements
- Financial risk, including stranded assets and retrofitting costs

Explicit recognition within PS1 would ensure that animal welfare risks are identified, assessed, and managed systematically alongside other E&S risks.

Illustrative draft language

“Environmental and social risks and impacts include, where relevant, those associated with the welfare of animals used, managed, or otherwise affected by clients’ activities. Clients should identify, assess, and manage risks to animal welfare in a manner consistent with Good International Industry Practice (GIIP) and applicable animal welfare standards.”

2. Integration of animal welfare into Environmental and Social Management Systems (ESMS)

Rationale

Animal welfare risks should be managed through the same structured processes IFC already requires for other E&S risks. Integrating animal welfare into ESMS ensures early risk identification, continuous monitoring, and corrective action where needed.

Illustrative draft language

“Clients whose operations involve animals—including animal agriculture, aquaculture, traction, wildlife management, research, or transportation—must integrate animal welfare risk assessment and management into their Environmental and Social Management Systems (ESMS). The ESMS should identify species-specific welfare risks, applicable standards, mitigation measures, and monitoring arrangements consistent with IFC’s Good Practice Note on Animal Welfare and relevant GIIP.”

3. Recognition of animals as affected beings

Rationale

While IFC's stakeholder engagement requirements focus on human communities, animals are directly affected by many IFC-financed activities. Their treatment can influence community wellbeing, public health outcomes, livelihoods, and social license to operate. Recognizing animals as affected beings does not replace human stakeholder engagement, but strengthens risk identification and decision-making.

Illustrative draft language

“Where relevant, clients should consider animals as affected by project activities, given their sentience as well as their ecological, economic, and cultural significance, and ensure that management decisions reflect species-specific welfare needs and risks.”

4. Strengthened disclosure and transparency requirements

Rationale

Transparent disclosure of animal welfare practices supports accountability, supervision, and informed engagement by affected stakeholders. Disclosure also enables IFC to track performance and risk exposure consistently across its portfolio.

Illustrative draft language

“Clients with animal-related operations should disclose, as part of their E&S documentation, the nature and scale of animal use, relevant welfare practices, and key performance indicators such as housing systems, stocking densities, painful procedures and pain mitigation, environmental enrichment, as well as slaughter and transportation methods.”

5. Monitoring and reporting on animal welfare performance

Rationale

Monitoring ensures that animal welfare commitments are implemented in practice rather than remaining static commitments at appraisal. Regular reporting also supports portfolio-level risk assessment.

Illustrative draft language

“The client’s monitoring program should include indicators of animal welfare performance consistent with recognized standards (e.g., WOA, EFSA, and the FARMS Initiative Responsible Minimum Standards) and GIIP. Monitoring results should inform adaptive management and be reported to IFC, with public disclosure where feasible.”

6. Industrial animal agriculture as a systemic risk

Rationale

Industrial animal agriculture can generate cumulative E&S risks that extend beyond individual projects, including climate impacts, biodiversity loss, antimicrobial resistance, labor risks, and community health impacts. These risks warrant portfolio-level consideration under PS1.

Illustrative draft language

“Clients engaged in animal agriculture should assess cumulative environmental and social impacts, including greenhouse gas emissions, water use, waste management, feed sourcing and associated land-use change, antimicrobial use and resistance risks, worker health and safety, and community impacts. IFC should assess portfolio-level exposure to these risks and manage them in a manner consistent with its climate and biodiversity commitments.”

Appendix E: Considerations for financial intermediary (FI) investments

IFC channels a significant share of financing through financial intermediaries (FIs), yet sub-projects in high-risk sectors such as animal agriculture are often subject to limited disclosure and inconsistent due diligence. This can obscure animal welfare risks and systemic exposure within IFC’s portfolio.

Enhanced screening and risk categorization

IFC should require FIs to apply enhanced screening and risk categorization for sub-projects involving animal agriculture, with industrial animal agriculture operations classified as higher risk and subject to additional due diligence.

Project-level disclosure for FI sub-projects

IFC should require FIs to disclose, at a minimum, the following information for animal agriculture sub-projects:

- Species and number of animals
- Housing systems and stocking densities
- Production practices and animal welfare standards
- Key environmental impacts (e.g., emissions, water use, waste management)
- Time-bound transition plans where IFC standards are not yet met

Application of exclusions to FI portfolios

IFC should extend its animal welfare–related exclusion list to FI sub-projects, prohibiting financing of practices such as:

- The use of battery cages and enriched cages
- The use of gestation crates and veal crates
- The keeping of animals for fur or skin farming

Annual FI reporting

IFC should require FIs to report annually on:

- Total exposure to animal agriculture by species and production system
- Alignment with IFC sustainability priorities
- Progress on transition plans for non-compliant sub-projects
- Portfolio-level climate, biodiversity, and public-health risk indicators

Guidance and capacity building

IFC should provide FIs with guidance and capacity building on:

- Animal welfare risk assessment and management
- Sustainable food system investment strategies
- Due diligence methodologies aligned with GIIP
- Identification of lower-risk investment alternatives, including higher-welfare and plant-forward systems

Portfolio-level exposure management

IFC should establish portfolio-level expectations for FI exposure to industrial animal agriculture, consistent with IFC's climate, biodiversity, and development objectives.

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- ¹ Count of total animals raised and slaughtered for meat, dairy, and eggs globally in 2024 (author's calculations based on data of the Food and Agriculture Organization of the United Nations. Accessed January 30, 2026).
- ² World Organisation for Animal Health. Terrestrial Animal Health Code. Accessed October 15, 2025.
- ³ Twine, R. (2021). *Emissions from animal agriculture—16.5% is the new minimum figure*. Sustainability 13(11), 6276. <https://www.mdpi.com/2071-1050/13/11/6276>.
- ⁴ Harwatt, H. (2018). *Including animal to plant protein shifts in climate change mitigation policy: a proposed three-step strategy*. Climate Policy 19(5), 533–41. https://www.researchgate.net/publication/329217587_Including_animal_to_plant_protein_shifts_in_climate_change_mitigation_policy_a_proposed_three-step_strategy.
- ⁵ Ritchie, H. and Roser, M. (2019), 'Land Use,' *Our World in Data*. <https://ourworldindata.org/land-use> (accessed June 26, 2024).
- ⁶ Ritchie, H. (2017). *How much of the world's land would we need in order to feed the global population with the average diet of a given country?* Our World in Data. <https://ourworldindata.org/agricultural-land-by-global-diets> (accessed June 26, 2024).
- ⁷ Poore, J., and Nemecek, T. (2018). *Reducing food's environmental impacts through producers and consumers*. Science, 360(6392), 987–992. <https://doi.org/10.1126/science.aag0216>.
- ⁸ Teillard, F., Anton, A., Dumont, B., Finn, J. A., Henry, B., Souza, D. M., Manzano, P., Milà i Canals, L., Phelps, C., Said, M., Vijn, S., and White, S. (2016). *A review of indicators and methods to assess biodiversity: Application to livestock production at global scale*. FAO, Livestock Environmental Assessment and Performance (LEAP) Partnership.
- ⁹ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. (2019). *Global assessment report on biodiversity and ecosystem services: Summary for policymakers*. https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf.
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- ¹² Das Neves, C. G. (2020). *IPBES workshop report on biodiversity and pandemics of the intergovernmental platform on biodiversity and ecosystem services*. IPBES. https://files.ipbes.net/ipbes-web-prod-public-files/2020-12/IPBES%20Workshop%20on%20Biodiversity%20and%20Pandemics%20Report_0.pdf.
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