September 1, 2023

International Finance Corporation
Attn: Jamie Fergusson, Director, Climate Business
Paolo Lombardo, Acting Director, ESG Sustainability Advice & Solutions
Nessim Ahmad, Senior Director, Environment and Social Policy and Risk
2121 Pennsylvania Avenue, NW, Washington, DC 20433 USA
Via Email: jfergusson@ifc.org, plombardo1@ifc.org, ajagwani@ifc.org, joliver@ifc.org

Re: Reply to IFC Management's July 7, 2023 Response to the Undersigned's May 1, 2023 Request to the IFC for Corrective Action and Redress to Addresses the IFC's Systematic Failures to Adhere to its Policies Applicable to Climate Change and Greenhouse Gas Emissions and Mitigation

Dear Mr. Fergusson, Mr. Lombardo, Mr. Ahmad and Whom it May Concern with International Finance Corporation (IFC) Management:

Thank you for your July 7, 2023 Response ("Management's Response") to Bank Climate Advocates' (BCA's) and the undersigned Civil Society Organizations' May 1, 2023 Request to IFC Management ("Request"). The Request detailing the IFC's ongoing and continuous systematic failures to address climate change and greenhouse gas (GHG) emissions as its board adopted policies[1] require, asks IFC to (1) immediately rectify these failures, and (2) take immediate steps to avoid, mitigate, and remedy harms to affected communities caused by its lack of compliance with these policies. Management's Response raises four grave overarching concerns that signal without intervention, the IFC will continue

[1] These board adopted policies include the: IFC Policy on Environmental and Social Sustainability (hereinafter, "E&S Policy"), IFC Performance Standards on Environmental and Social Sustainability ("PS" or "Performance Standards"), and the IFC Access to Information Policy (hereinafter, "Access to Info Policy") (all effective January 1, 2012).

not to meet its policies' requirements applicable to climate change and GHG emissions, nor take the corrective action in the Request.

First, Management's Response gives the impression that it does not think adherence to its board adopted policies are urgent or necessary for the IFC to come into alignment with the Paris Agreement – but rather only implementation of its Paris methodologies is. Second, Management conflates its duties, abilities, and obligations to comply with its own policies and obligations under international law with those of its clients and private banks. Third, Management's Response largely dismisses acknowledging and addressing the IFC's systematic failures by ignoring many of the failures raised in the Request and by providing erroneous interpretations of IFC's board adopted policies that run contrary to their plain meaning. And lastly, Management denies that tools and methods to perform the GHG emissions analysis its board adopted policies require are available and readily accessible to the IFC. These overarching concerns, along with concerns about Management's specific responses, are addressed below.

Compliance with its Policies in Relation to Paris Alignment:

Management's Response leans on IFC's pledge that as of July 1, 2023, 85 percent of all new IFC investments in all sectors will be aligned with the Paris Agreement's goals, and 100 percent will be aligned starting July 1, 2025. However, Management only refers to implementation of its Paris methodologies to achieve these objectives, and further indicates that its approach to Paris Alignment "goes beyond, and is separate from," implementation of its board adopted policies applicable to GHGs. This approach is problematic in multiple regards.

First and foremost, IFC Management must adhere to its board adopted policies now – not by 2025, including those applicable to GHG emissions and climate change. Failure to do so runs afoul of its obligations and results in the IFC systematically working against its own mandate for sustainable development and poverty reduction by causing harm to communities in its investment regions. Second, contrary to what can be ascertained from Management's Response, IFC's Paris methodologies cannot and do not replace any more stringent GHG emissions disclosure, quantification, impact assessment, alternative analysis and mitigation hierarchy requirements set in place by existing board adopted IFC policies.[2]

And perhaps of equal concern, Management ignores that proper *implementation* of IFC board adopted policies in accordance with their plain meaning as applied to both its direct and financial intermediary (FI) investments is immediately needed for the IFC to come into alignment with the Paris Agreement *in addition to* full implementation of its Paris methodologies. Without quantifying all of an investment's anticipated scope 1, 2, and 3 emissions over its lifecycle, conducting GHG alternatives analysis, and

[2] For instance, as IFC points out, its Paris methodologies allow for client capacity by considering options that are commercially available and technically and financially viable. However, unlike the PS mitigation hierarchy requirement, this requirement does not apply to all projects the IFC finances. Further, adoption of the mitigation hierarchy requirement in the PS results in avoidance of GHG emissions to a significantly greater extent, as it requires reducing GHG emissions as far as economically and technically feasible through avoidance, and after avoidance measures as a first priority, then further reducing GHG emissions and their impacts as far as economically and technically feasible through minimization measures and securing offsets.

securing a mitigation hierarchy to address GHG emissions prior to financing approvals as the IFC's board adopted policies require, gaping holes in the IFC's Paris methodologies needed to achieve Paris Alignment will be left unfilled. This is because the IFC will not be able to ensure implementation of measures or alternatives prior to financing approvals that would result in avoidance of individually and cumulatively substantial GHG emissions and associated impacts from its investments as far as economically and technically feasible. For instance, without implementation of the policies the IFC has in place, application of its Paris methodologies alone would allow for project financing without: (1) a GHG alternatives analysis for contemplated fossil fuel investments that could result in IFC instead financing economically and technically feasible renewable energy infrastructure that can meet a region's energy demand; (2) quantification of scope 1, 2, and 3 GHG emissions needed for feasible avoidance of substantial GHG emissions, including for "universally aligned" projects such as poultry and swine farming; (3) consultation and redress for local communities affected by climate change when a project in their geographic proximity will result in significant GHG emissions; and (4) adoption of a mitigation hierarchy that will result in greater avoidance of GHG emissions. *See* below and fn. 2 *ante*.

<u>IFC's Obligations versus its Clients' and Private Financial Institutions'</u>

Management's Response (1) asserts that its Paris Alignment approach considers client capacity and is well ahead of the practice of commercial investors operating in the same markets as IFC, (2) provides that its private sector clients often do not have the capacity to either design or implement Paris Alignment approaches to projects, and (3) mentions only that its clients are bound to the implementation of Performance Standards (PSs) without addressing its own obligations to ensure PS compliance. In doing so, Management is impermissibly ignoring its own duties, and conflates its abilities and obligations to comply with its own policies and international legal obligations with those of its clients and private sector financial institutions.

The IFC and its member states must adhere to international legal due diligence obligations pertaining to harm prevention and precaution, environmental assessments, and human rights. Because of the severe risk of climate harm posed by funded projects, the IFC and its member states must ensure climate impacts are assessed prior to financing approvals using best reasonably available methods – like those required and performed under that National Environmental Policy Act (NEPA) in the United States – to quantify GHG emissions, assess their impacts, and to inform alternatives and feasible avoidance and other mitigation measures. Wealthier countries from the Global North have greater due diligence obligations than those in the Global South due to the significant resources at their disposal. These significant financial resources are also available to the IFC.

Thus, the IFC is misguided to compare itself to private sector financial institutions. IFC as an independent public institution, has its own unique due diligence obligations at the environmental and social impact assessment stage prior to project financing. It is also wrong to excuse IFC non-compliance with its board adopted policies due to client capability, as the IFC has the duty, capabilities, and control - independent of its clients - to ensure adherence to its policies prior to financing approvals to prevent harm from climate change when its clients may not have the resources to. And not only are the IFC's clients bound to follow the Performance Standards (PS), the IFC's E&S and Access to Info Policies require the IFC ensure adherence to the PS as well. These IFC obligations and the IFC's ability to address them through ensuring adequate due diligence prior to financing approval, squarely address the concerns raised in Management's response regarding respect for client capacity and principles of "common but differentiated responsibilities" at the project assessment and implementation stages. This is because adequate due diligence in line with the IFC's policies will ensure alternatives and mitigation measures to avoid GHG emissions and their impacts are *economically and technically feasible.*

The IFC's Policies / Sustainability Framework, Including Disclosure of GHG Emissions

Applicability of PS 1 to GHG Emissions and Climate Change Impacts: IFC Management's Response asserts PS 1, which sets forth the assessment and mitigation hierarchy requirements for all social and environmental impacts, does not apply to GHG emissions, but rather only PS 3 does. This is in direct contrast to Management's admissions during an in-person April 13, 2023 meeting with most of the undersigned CSOs present. Moreover, it is contrary to the PS's plain meaning, which is perhaps why Management's Response provides no citations to or analysis of the PS to support its interpretation.

The PS's plain meaning clearly evidences PS 1's assessment and mitigation requirements apply to all environmental and social impacts, including GHGs. The first listed objective of PS 1 is "to identify and evaluate environmental and social risks and impacts of the project." PS 1 Objectives, Bullet Point No. 1 at page 6. As such, PS 1 provides that its impact assessment and mitigation requirements apply to all environmental and social impacts unless noted in specific limitations within the PS, and specifically that the risks and impacts identification process in PS 1 will consider the emissions of GHGs. PS Overview at ¶3; PS 1 at Title, Objectives, Bullet Point No. 1, ¶¶ 1 (fn. 3), 4, 5, 7. While PS 1 indicates the risks and impacts identification process will consider the issues identified in PS 3, which includes GHGs, it does not provide PS 3's requirements replace PS 1's. PS 1 at ¶¶ 4, 7; PS Overview at ¶¶ 3, 4.

Likewise, PS 3 does not provide its requirements replace any of PS 1's. PS 3 at ¶¶ 6-8; PS 1 at ¶4. To the contrary, PS 3 explicitly states its applicability is defined during the risks and impacts identification process. PS 3 at ¶ 3. And the process for "Assessment and Management of Environmental and Social Risks and Impacts" is set forth under PS 1. *Id.*; PS Overview; PS 1. As such, if the identification of impacts conducted under PS 1 identifies that a project will emit over 25,000 tCO2/year, then PS 3's annual monitoring and reporting requirement for GHG emissions kick in. PS 3 at ¶ 8. PS 3 also requires the client to implement financially feasible and cost-effective options, including efficiency measures, to reduce project-related GHG emissions during the design and operation of the project. PS 3 at ¶¶ 6-7. This captures components of, but does not undermine or substitute for, PS 1's full mitigation hierarchy requirements. *Id.*; PS 1 at page 6 (Objectives), ¶¶ 14, 15; E&S Policy at ¶ 6; *see also* Request at 8-11. PS 3, by its mention of consideration and potential implementation of alternatives for GHGs, also reinforces and makes certain that the alternatives analysis PS 1 requires applies specifically to a project's GHG emissions. PS 3 at ¶ 7; PS 1 ¶ 7.

Further, the human rights due diligence requirements enumerated in the Performance Standards and IFC's E&S Policy do not permit the IFC to allow a requirement in PS 3 to obstruct the identification of the risks and impacts from GHG emissions, or the implementation of mitigation for GHG impacts, needed to prevent harm to human rights from climate change. The E&S Policy, which requires the IFC ensure that the PS requirements are met, provides that "IFC recognizes the responsibility of business to respect human rights, independently of the state duties to respect, protect, and fulfill human rights," and that "consistent with this responsibility, IFC undertakes due diligence of the level and quality of the risks and impacts identification process carried out by its clients against the requirements of the Performance Standards." E&S Policy at ¶ 12. PS 1 specifically provides businesses should "avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to," and that "***[d]ue diligence*** against these Performance Standards will enable the client to address many relevant human rights issues in its project." PS 1 at ¶3.

It is firmly established "[c]limate change is one of the greatest threats to human rights."[3] Due diligence is defined as the care that a reasonable person exercises to avoid harm to other persons or their property.[4] Thus, the PS cannot be reasonably interpreted to allow one element of the PS with lesser due diligence requirements (PS 3 as IFC Management argues) to prevent the due diligence needed, and required by PS 1, to assess and mitigate the true extent of GHG emissions and their human rights impacts.

In sum, the position in Management's Response that PS 1's environmental and social impact assessment and mitigation hierarchy requirements do not apply to GHG emissions, but rather that only PS 3 does, is contrary to the PS's and E&S Policy's plain meaning, including their due diligence requirements to prevent human rights harms from climate change. The IFC is thus required to ensure prior to financing approval, as consistent with PS 1's requirements, a full and supported: assessment of the totality of a project's scope 1, 2, and 3 emissions over its lifecycle; assessment of and mitigation for the impacts of GHG emissions on affected communities that includes affected community consultation; a GHG emissions alternatives analysis; and mitigation hierarchy for GHG emissions that is adopted.

PS 1's and the E&S Policy's Mitigation Hierarchy Requirement Needed to Avoid GHG Emissions as Far as Feasible: Contrary to its positions during an in-person meeting with BCA and many CSOs on April 13th, IFC Management's Response asserts that PS 1's mitigation hierarchy requirements do not apply to GHG emissions because only the mitigation requirements in PS 3 do. As detailed above and at pages 8-11 of the Request, the PS and E&S Policy's human rights due diligence requirements, and the plain meaning of PS 1 and PS 3, do not support the IFC's position that PS 3's requirements replace or eliminate PS 1's mitigation hierarchy requirements as applied to GHG emissions.

Analysis of PS 1's and the E&S Policy's plain meanings specific to the mitigation hierarchy requirements further affirm the applicability of the mitigation hierarchy to GHG emissions. PS 1 lists adoption of a mitigation hierarchy for all impacts to the environment and affected communities as one of its objectives. PS 1 Objectives at page 6. Further, PS 1's mitigation hierarchy requirements require that prior to approval of project financing, the IFC ensures measures are adopted that avoid environmental and social impacts as far as economically and technically feasible, and if full avoidance is not economically and technically feasible, that measures are adopted to minimize and offset these impacts as far as economically and technically feasible. *Id*.; PS 1 at ¶¶ 14, 15; *see also* Request at 8-11. As such, considering GHG emissions are an environmental and social impact, PS 1's mitigation hierarchy requirements provide that before the IFC approves financing for a project, mitigation measures are adopted to avoid (as a 1st priority), minimize, and offset GHG emissions to the furthest extent

[3] The United Nations Environment Programme (UNEP) - "[c]limate change is one of the greatest threats to human rights of our generation posing a serious risk to the fundamental rights to life, health, food and an adequate standard of living of individuals and communities across the world."
[4] Merriam Webster Dictionary, available at: https://www.merriam-webster.com/dictionary/due%20diligence

technically and economically feasible. *Id*. Furthermore, and not addressed by IFC Management's Response, the IFC's E&S Policy provides that "[c]entral to [Performance Standard] requirements is the application of a mitigation hierarchy" applicable to all adverse impacts on communities and the environment.[5] E&S Policy at ¶ 6. The IFC thus cannot permissibly read out the applicability of its PS's mitigation hierarchy requirements to GHG emissions.

As the Request details, contrary to the requirements of the E&S and Access to Info Policies, for approximately 100% of projects the IFC has failed, and continues to fail, to ensure and secure adoption of a mitigation hierarchy set forth under PS 1 for GHG emissions, and the analysis needed to inform and support it. This needed analysis includes assessment of (1) the technical and financial feasibility of GHG emissions avoidance, minimization, and offset measures, and (2) the full extent of a project's scope 1, 2, and 3 GHG emissions to assess the avoidance, minimization, and or offsets needed. Request at 7-10. The mitigation hierarchy requirement in PS1 and the E&S Policy thus also require the IFC ensure quantification of scope 1, 2, and 3 GHG emissions for each project prior to financing approval. *Id*.

PS 1's Requirements to Quantify Scope 1, 2, and 3 GHG Emissions: IFC's Response asserts that estimates of scope 1, 2, and 3 emissions over a project's lifecycle are not required prior to approval of financing for a project, but rather only the annual scope 1 and 2 GHG emissions reporting requirements in PS 3 apply if a project's emissions will exceed 25,000 tCO2/year. This runs contrary to both the Access to Info Policy's and PS's plain meanings, as well as the E&S Policy's mitigation hierarchy requirements.

IFC's Access to Info Policy plainly states that prior to project financing, a project's GHG emissions must be publicly disclosed when these amounts will exceed 25,000 tCO2 ***over a project's life cycle, not just per year.*** Access to Info Policy at ¶ 31 (a)(v). This necessarily requires the IFC to quantify or ensure quantification of all of a project's scope 1, 2, and 3 emissions over its lifecycle prior to financing approval, and not just quantify a project's scope 1 and 2 emissions when a project is expected to emit more than 25,000 tCO2 per year.

In addition, and as detailed above, the plain meaning of PS 1 and PS 3, the PS and E&S Policy's human rights due diligence requirements, and the E&S Policy's and PS 1's mitigation hierarchy requirements do not support the IFC's interpretation. *See also* Request at 7-11, 15-21.

Analysis of PS 1's and 3's plain meaning specifically applicable to quantification of GHG emissions, further refute the IFC's position and affirm IFC is required to ensure, secure, and publicly disclose estimates of scope 1, 2, and 3 emissions over a project's lifecycle prior to approval of financing for a project. PS 3 only requires annual monitoring and reporting for scope 1 and 2 emissions after it is established a project will ***emit more than*** 25,000 tCO2 per year.[6] PS 3 at ¶ 8. It does not address fully quantifying a project's GHG emissions (scope 1, 2, and 3) in the first place to determine whether this

[5] The E&S Policy provides that "[c]entral to [Performance Standard] requirements is the application of a mitigation hierarchy to anticipate and avoid adverse impacts on workers, communities, and the environment, or where avoidance is not possible, to minimize, and where residual impacts remain, compensate/offset for the risks and impacts, as appropriate." E&S Policy at ¶ 6.
[6] Of note, IFC is not even securing full quantification of GHG emissions as Performance Standard 1 and its Access to Info Policy require to determine whether PS 3's reporting threshold after project implementation applies.

annual monitoring and reporting threshold will be crossed. Rather, PS 1 does. PS1 provides that the process of risks and impact identification will consider the emissions of GHGs, and that "[t]he scope of the risks and impacts identification process will be consistent with good International industry practice" and span a project's lifecycle. PS 1 at ¶¶ 7, 4. It is well established that good international industry practice includes the estimated calculations and analysis for a project's direct and indirect (scope 1, 2, and 3) GHG emissions at the environmental assessment stage so the impact of a project's GHG emissions can be assessed and mitigation can be pursued during design and prior to implementation. Indeed, the IFC CAO opined that "good practice would include the FI and sub-project publicly disclosing scope 1, 2 and 3 GHG emissions following the Greenhouse Gas Protocol." Office of the Compliance Advisor Ombudsman (CAO), *Compliance Investigation Report, IFC Investments in Rizal Commercial Banking Corporation (RCBC), The Philippines*, November 19, 2021 (CAO RCBC Report).[7] By extension, this applies to all projects with estimated GHG emissions IFC funds directly as well. In addition, and as detailed above, the PS 1 and E&S Policy mitigation hierarchy requirements also require adequate analysis and quantification of scope 1, 2, and 3 GHG emissions in order to inform the extent of mitigation required. E&S Policy at ¶ 6; PS 1 Objectives at 6; PS 1 at ¶¶ 14, 15. In sum, and as already affirmed by the CAO, a reading of PS 1 and 3 together makes clear that P1's requirements to assess all environmental and social impacts apply to the quantification of GHG emissions.

As the Request details, contrary to PS 1's, its E&S Policy's, and its Access to Info Policy's requirements, IFC has failed and continues to fail to ensure and secure for ***all*** projects prior to financing approvals, quantification of GHG emissions that includes all of a project's clearly recognized and quantifiable scope 1, 2, and 3 GHG emissions over its lifecycle. Request at 7-11, 15-21. Also contrary to IFC's board adopted policies, as the Request documents, approximately: 21% of projects fail to quantify any GHG emissions; 48% of projects where the project is an expansion fail to quantify GHG emissions from the expansion; over 90% of projects fail to analyze or quantify scope 3 emissions; and over 84% of applicable projects fail to quantify GHGs that will be emitted from their construction. *Id*.

IFC's failure to ensure quantification of scope 1, 2, and 3 GHG emissions prior to financing approvals as its board adopted policies require, has additional adverse consequences. It precludes IFC from quantifying and reporting the carbon footprint of its Portfolio despite its means to do so [8] and as required by its Access to Info Policy adopted 11 years ago. And as mentioned above, IFC not securing full quantification of GHG emissions in accordance with PS 1's requirements, preclude it from determining the applicability of PS 3's monitoring and reporting requirements after project implementation, and thus from ensuring monitoring and further mitigation of project GHG emissions in accordance with the PS.

Failure to Address Multiple Systematic Failures, Including Requirements for GHG Alternatives Analysis; Affected Communities Climate Change Impact Analysis, Consultation, and Mitigation; and Disclosure of GHG Emissions: Management's Response fails to address IFC's systematic failures to adhere to its board adopted policies applicable to GHG emissions, including but not limited to GHG

[7] For the Greenhouse Gas Protocol referenced in the CAO RCBC Report see: Task Force on Climate-related Financial Disclosure, 2017, Recommendations and Implementation Guidance available at https://bit.ly/3D0FvdR and Greenhouse Gas Protocol, *Technical Guidance for Calculating Scope 3 Emissions* available at https://bit.ly/3mSchby.
[8] This can be achieved by IFC ensuring implementation of PS 1 to obtain estimates of scope 1, 2, and 3 GHG emissions over its lifecycle, and implementation of PS 3's annual monitoring and reporting requirements to continuously monitor a project's emissions when they will exceed 25,000 tCO2 per year.

alternatives analysis, the impacts of a project's GHG emissions on affected communities, and disclosure of GHG emissions figures and analyses.

GHG Alternatives Analysis: as the Request documents, contrary to PS 1's, its E&S Policy's, and its Access to Info Policy's requirements, the IFC has failed and continues to fail to ensure and secure for at least 53% of applicable projects, a GHG emissions alternatives analysis prior to approving financing for a project. Request at 7-8, 11-12. In addition, as the Request documents, over 94% of the GHG alternatives analysis conducted are facially inadequate, as their contents fail to meet PS 1's good international industry practice (GIIP) requirement. *Id*. The U.S. National Environmental Policy Act (NEPA) is widely regarded as GIIP for environmental assessments. NEPA's GHG Emissions and Climate Change alternatives analysis requirements contain a plethora of elements,[9] that if performed, provide powerful substantive tools needed to persuade banks and their Directors to abandon financing for proposed carbon intensive fossil fuel projects, and to instead direct financing towards feasible renewable energy infrastructure that can meet a region's energy demand. It also can significantly reduce GHG emissions from projects the IFC finances in other sectors. Alarmingly and inconsistent with its own PS Guidance Notes,[10] Management's Response asserts it does not have to ensure NEPA's requirements are met because NEPA is "best" and not "good" international industry practice. This position also runs afoul of its international legal obligations (see above).

Affected Communities Climate Change Impact Analysis, Consultation, and Mitigation: as documented in the Request, contrary to the requirements of its board adopted policies, prior to approving financing for a project the IFC has failed and continues to fail to ensure for 90% and 100% of projects respectively, analysis and adoption of a mitigation hierarchy for a project's GHG emissions' contribution to global warming impacts on biodiversity and on ecosystem services upon which affected communities' livelihoods are dependent. Request at 7-8, 22-25. Also contrary to its board adopted policies, as the Request documents, for 97% of its financed projects, the IFC fails to ensure analysis as to whether individuals or groups may be directly and differentially or disproportionately affected by a project's GHG emissions' contribution to global warming because of their disadvantaged or vulnerable status. *Id*. Perhaps in large part due to these violations, consultation with and mitigation for affected communities to address a project's indirect climate change impacts on them almost never occurs. *Id*. Management's Response fails to address any of these failures.

---

[9] These NEPA alternative analysis elements include the following accompanied by analysis/study sufficient to support findings: (***1) comparison of the proposed fossil fuel project to a no project alterative and all renewables with a thorough assessment of the energy demand to be met and whether renewable and other clean energy options could be used to provide this demand***; (2) technical and economic feasibility analysis for renewable energy options; (3) full quantification of scope 1, 2, and 3 GHG emissions for the proposed project over its lifetime in comparison to all renewable options; (***4) for the proposed project and renewable alternatives, best available social cost of GHG estimates with monetary figures of the societal cost from incremental metric ton of GHG emissions including from physical damages (e.g., sea-level rise, infrastructure damage, human health effects, etc.)***; (5) full analysis of mitigation measures to reduce GHG emissions to the greatest extent possible; (6) an explanation of how the proposed action and alternatives would help meet or detract from achieving relevant climate action goals and commitments that looks beyond NDCs to limiting warming to 1.5°C; and (7) analysis, after affected community engagement, to explain the real-world effect, including those that will be experienced locally and disproportionately by vulnerable communities, associated with GHG emissions from the proposed project that contribute to climate change (e.g. sea-level rise, fire, drought, health impacts, etc.).

[10] IFC's Guidance Notes: Performance Standards, Guidance Note 1 at GN23, 25, 58 at 10-11, 19, 49 (directing readers to the Guidance Note 1 bibliography listing NEPA for further guidance on GIIP (updated June 14, 2021).

Public Disclosure: Prior to approval of project financing, the IFC's Access to Info Policy requires complete disclosure of all of the GHG emissions and mitigation figures and analysis for a project, including a full scope 1, 2, and 3 quantification, alternatives, mitigation hierarchy, and affected communities impact analysis. Access to Info Policy at ¶ 31 (a)(iii-v); Request at 26-29, 32-33. Disclosure of GHG emissions and mitigation prior to financing approval provides the opportunity for public review and input. This public review has long been established as a key element to meeting the good international industry practice standard PS 1 requires at the risks and impacts assessment stage, as it is critical to ensuring projects the IFC finances adequately quantify and mitigate GHG emissions. PS 1 at ¶ 7. IFC is failing to meet its disclosure requirements relating to project GHG emissions in a number of regards with consequential adverse impacts.

As the Request documents, for approximately 77% of projects, the IFC has violated and continues to violate its Access to Info Policy for its failure to publicly disclose GHG Environmental and Social Impact Assessments, and all documents with GHG emissions and mitigation analysis, for projects prior to financing approval. Request at 7-8, 26-29, 32-33. The IFC has further violated its Access to Info Policy, as it has still not disclosed this information, or responded at all – nor within the requisite 30 day window from receipt - to specific requests for this information submitted on February 7, 2023 and May 1, 2023.[11] Access to Info Policy at ¶¶ 8, 11, 31, 52, 57, 58. As indicated in paragraph 31(a) and footnote 14 of the IFC Access to Info Policy, the IFC must disclose this requested information and associated documents, as (1) they are included in, part of, and or pertain to the information in Environmental and Social Impact Assessments referred to in paragraph 31 (a) of the Access to Info Policy, and (2) the information and documents requested are not confidential or otherwise shielded from disclosure by the Access to Info Policy or other IFC policies. Access to Info Policy at ¶¶ 7(b), 11(a)-(l), 42. By this Reply, the undersigned hereby update the February 7, 2023 and May 1, 2023 requests for information to include and prioritize for public disclosure and delivery to the undersigned, the information and documents requested on February 7, 2023 and May 1, 2023 for all Category A and B projects disclosed on the IFC's Project Information and Data Portal from May 1 through August 31, 2023.

Further in regards to the IFC's failures to disclose information as required, for almost all of its financed projects, as the Request documents, the IFC has violated and continues to violate its Access to Info Policy for failing to first quantify then publicly disclose a project's expected GHG emissions amounts when these amounts will exceed 25,000 tCO2 ***over a project's life cycle, not just per year*** (for 79% of these projects, some of a project's apparent GHG emissions, but not all, are disclosed). Request at 28; Access to Info Policy at ¶ 31 (a)(v). Management's Response omits addressing any of the disclosure failures highlighted in the above paragraphs that violate the Access to Info Policy.

GHG Emissions Accounting and Impact Analysis Methods Are Available and Accessible to the IFC – They Don't Excuse the IFC's Failures to Adhere to its Policies Applicable to GHGs: IFC Management's Response seemingly aims to excuse its systematic failures to ensure quantification and avoidance of GHG emissions as its policies require by asserting "GHG accounting in general is an

[11] BCA's February 7, 2023 request for information with proof of IFC's receipt are attached as Exhibit 1. See Request at 32-33 for the May 1, 2023 request to the IFC for information.

evolving space with significant evolution still occurring on measurement, tracking and attribution"…and that "[t]he potential environmental impacts associated with the emission of GHGs are considered to be among the most complex to predict and mitigate due to their global nature." In addition, Management's Response signals that it need not ensure environmental assessments performed under PS 1 adhere to the requirements of the National Environmental Policy Act (NEPA) in the United States, because it asserts NEPA constitutes best international practice, but not the good international industry practice for environmental and social impact assessments that the PS require it to adhere to.

While GHG accounting practices are improving, since 2012, the IFC has and continues to fail to ensure implementation of methods that have been and are available to quantify, assess the impacts of, avoid, and mitigate GHG emissions. For instance, despite methodologies to estimate scope 1, 2, and 3 emissions being used and available for over a decade, prior to financing decisions the IFC is still failing to quantify scope 3 emissions for 90% of its investments, not quantify GHG emissions at all for 21% of projects, and continues to omit recognizable and significant sources of scope 1 emissions for various GHG intensive projects. Request at 8-11, 15-21.

While the IFC is obligated under international law to use best reasonably available methods – like those required and performed under NEPA in the United States, it is also falling short of implementing the good international industry practice (GIIP) its Performance Standards require. Its Performance Standards Guidance Notes even direct readers to NEPA as an example of good international industry practice.[12] Regardless as to whether the IFC claims NEPA is GIIP one day and best international practice the next, the IFC cannot reasonably argue it does not have the resources to provide or contract for the skill, or cannot exercise the diligence, prudence, or foresight considering all of the available GHG assessment tools, to ensure NEPA's GHG analysis requirements are implemented prior to investment decisions.

IFC's Adjustments to Implementation of its Board Adopted Policies Applicable to GHG Emissions and Climate Change

IFC Management's Response acknowledges "BCA's extensive review of [its] disclosure of project information that is relevant to GHG emissions over the last 10 years," that it claims "accelerated and complemented an internal review of investment project GHG disclosure practices and related quality assurance [that resulted in the IFC] put[ting] in place and disseminat[ing] to [its] project teams improved protocols and processes for disclosure quality assurance." However, in response to BCA's July 10, 2023 email requesting disclosure of IFC's "improved protocols and processes for disclosure quality assurance," IFC Management refused, stating: "[w]hile we don't typically share internal processes and protocols, I can tell you that the improvements pertain to the various teams that are responsible for our environment and social due diligence processes and looking at climate issues."

The undersigned hereby respectfully reiterate BCA's ask for IFC Management to disclose its improved protocols and processes for disclosure quality assurance applicable to GHG emissions, along with such protocols and processes prior to such improvements. Such disclosure would assist with understanding what improvements the IFC made in response to the Request.

[12] IFC's Guidance Notes: Performance Standards, Guidance Note 1 at GN23, 25, 58 at 10-11, 19, 49 (directing readers to the Guidance Note 1 bibliography listing NEPA for further guidance on GIIP (updated June 14, 2021).

Continued Engagement

The undersigned appreciate and welcome IFC Management's desire for continued engagement. We thus respectfully request a written response from IFC Management to this letter by September 15, 2023 and a meeting with IFC Management between September 5 and October 5, 2023. However, (1) Management's erroneous interpretations of its board adopted policies that run contrary to their plain meaning, that are not supported with analysis or citations, and run contrary to Management's admissions during the April 13, 2023 in person meeting with many of the undersigned; (2) Management's failure to distinguish the IFC's due diligence obligations from its clients' and other banks'; (3) Management's lack of recognition that adherence to its board adopted policies is critical to the IFC coming into alignment with the Paris Agreement; (4) Management refuting the availability of tools available to the IFC to ensure performance of the GHG emissions requirements in its board adopted policies despite their longtime availability; (5) Management not providing details on the improvements to its protocols and quality assurance made in response to the Request; (6) Management submitting its Response on July 7 but only offering September 11 or 12 as the soonest dates for a meeting to discuss its Response; and (7) the lack of response for alternative meeting times than those offered on September 11 and 12 so more of the undersigned can attend a meeting – all dim our optimism that IFC Management will take the necessary corrective actions needed to cure its systematic failures and to provide necessary redress without intervention.

To reiterate, the frequency and cumulative magnitude of the IFC's systematic failures identified in the Request, unless prevented and redressed, will cause severe harms to current and future generations and communities all over the world, and especially to those that are most vulnerable to the adverse effects of climate change. In addition, the corrective action set forth in the Request must be accomplished as soon as possible for the IFC to play its part in assuring the 1.5°C warming goal is met, to meet its objectives of coming into alignment with the Paris Agreement and mitigating climate change, and to prevent its investments from harming affected communities.

For all the foregoing reasons, we thus respectfully ask IFC Management to reconsider the positions in its July 7th Response, acknowledge the plain meaning of its policies' requirements applicable to GHG emissions and climate change impacts as outlined above, and commit to and implement the corrective action and redress contained in the Request. Thank you for your consideration. We look forward to your timely response. Please let us know if we can provide any additional information, and please share this letter with all applicable IFC staff and all Directors.

Sincerely,

Jason Weiner (he/him/his)
Executive Director & Legal Director
Bank Climate Advocates
303 Sacramento Street, Floor 2, San Francisco, CA 94111
+1 (310) 439-8702, jason@bankclimateadvocates.org
www.bankclimateadvocates.org

<u>Co-Signatory Civil Society Organizations:</u>

Power Shift Africa - *Bhekumuzi Dean Bhebhe, Campaigns Lead*, bbhebhe@powershiftafrica.org
Indus Consortium - *Hussain Jarwar, Chief Executive Officer*, hussain.jarwar@indusconsortium.pk
Sustentarse - *Maia Seeger Pfeiffer, Directora Ejecutiva*, mseeger@sustentarse.cl
Trend Asia - *Ahmad Ashov Birry, Program Director*, ashov@trendasia.org
Centre for Financial Accountability - *Joe Athialy, Executive Director*, joe@cenfa.org
Sinergia Animal, Merel van der Mark, *Animal Welfare Finance Program Manager*, mvandermark@sinergiaanimal.org
Wishtoyo Chumash Foundation - *Mati Waiya, President & Executive Director, Chumash Ceremonial Elder*, matiwaiya@wishtoyo.org
Recourse - *Kate Geary, Co-Director*, kate@re-course.org; *Daniel Willis, Finance Campaign Manager*, dan@re-course.org
Oxfam - *Christian V. Donaldson, Senior Policy Advisor*, Christian.Donaldson@oxfam.org
The Bretton Woods Project - *Jon Sword, Environment Project Manager*, jsward@brettonwoodsproject.org
Oil Change International - *Bronwen Tucker, Global Public Finance Campaign Co-Manager*, bronwen@priceofoil.org
Friends of the Earth US - *Kelly McNamara, Senior Research and Policy Analyst*, kmcnamara@foe.org
Center for International Environmental Law (CIEL) - *Carla García Zendejas, Director, People, Land and Resources*, cgarcia@ciel.org

<u>Enclosures:</u> Exhibit 1

<u>cc:</u> IFC Directors

EXHIBIT 1

February 7, 2023

International Financial Corporation
Attn: Request for Information Department; Corporate Relations Department
2121 Pennsylvania Avenue, N.W.,
Washington, D.C., 20433, USA

Re: Request for Information – Greenhouse Gas Emissions (GHG) Analysis and Environmental Assessment Documents for Various Projects

To Whom it May Concern with the International Financial Corporation (IFC):

Bank Climate Advocates (BCA) is a California non-profit public benefit corporation that works to greatly improve the climate change lending policies and practices of financial institutions. We have reviewed the Environmental and Social Review Summaries (ESRS) of the IFC projects listed below from 2012-2022 along with the attachments and client documentation posted on the IFC's ESRS webpages for each project.

Having completed our review of the information and documentation available on the IFC's Project Information and Data Portal website for each of these projects listed below, BCA would like more information to further review the GHG emissions and mitigation analysis the IFC reviewed, considered and or was provided with for each project.

Accordingly, BCA hereby submits this information request to the IFC requesting that for each of the following IFC projects, the IFC provide BCA with all the documentation the IFC considered and reviewed for the GHG emissions analysis (including all GHG emissions figures, calculations, and amounts) and GHG emissions avoidance, minimization, and or mitigation analysis (including all GHG emission avoidance, minimization, and or mitigation figures and amounts), including the sections and technical appendixes/studies for and supporting these analysis included in or part of any Environmental Impact Assessment, Environmental Impact Report, Environmental Impact Statement, Environmental and Social Impact Assessment (ESIA), and or other similar documents prepared by or on behalf of the client for each project:

Set 1 - Select Environmental & Social Category A & B Projects Disclosed 2020-2022; IFC Project Number(s): 41301, 45205, 44198, 43099, 45972, 41172, 42860, 42410, 43002, 43750, 45865, 45668, 42352, 46721, 42046, 43862, 47541, 43692, 40784, 40794, 44204, 40755, 44602, 43161, 42532, 42834, 42256, 44176, 44302 & 36136, 43718, 44118, 43241, 43149, 44216, 39478, 42467, 42960, 43844, 43672, 42698, 46253, 42974, 43017, 43138, 44310, 44383, 43007, 43384, 43573, 41781, 42596, 43415, 25713, 43802, 43446, 43835, 39713, 44287, 44202 & 41580, 43681, 43319, 44285, 43108, 42809, 43027, 42548, 44266, 37602, 43968, 43477, 43081, 43466, 43914, 40130, 43078, 43225, 42222, 44245,42697, 44360 & 38664, 44366, 44420, 44203, 44016, 43487, 43231, 44989, 43300, 43265, 41523, 45316, 45465 & 47511, 45455, 41954, 39354, 44596, 45943, 45807,46603, 43723, 45039, 43786, 46047, 46058, 46489, 45105, 46198, 43740, 46559, 46207, 46438, 41580, 45814, 45030, 43838, 42041, 44666, 44813, 46466, 46459, 47580, 45197, 44591, 46720, 46143, 46396, 45116, 45472, 44794, 44798 & 44830, 46472, 46445, 45362, 45947, 44090, 46205, 46352, 43902, 45066, 45571, 33134, 46206, 44497, 44901, 44636, 45661, 45309, 44456, 45174, 44694, 43317, 45195, 46696, 45872, 43407, 45680, 45539, 42371, 45065, 45445, 45171, 45021, 44246, 42848, 44364, 44905 & 36828, 45102, 44358, 43396, 44027, 44558, 46778, 46229, 46329, 45669, 45677, 45821, 46171, 45292, 45256, 45271, 45637, 45541, 45720, 45265,44798 & 45192, 43582, 45013, 43082, 43696, 38371 & 44289, 43531, 44971 45010, 43692 & 44363, 44437 & 38236, 46239, 46764, 43360, 45757, 44940 & 42009, 46893, 45729, 46699, 44235, 43869, 42588, 44827, 45225, 44367, 43799, 45374, 45328, 43776, 44700, 44585, 44471, 43454, 43201, 45583, 46443, 45987, 42550 & 45366, 44761, 42202, 41934, 44775, 41992, 46855, 44179, 45523, 40767, 45828, 46471, 40468/44578, 43518;

Set 2 – Select Environmental & Social Category A Projects Disclosed 2012-2019; IFC Project Number(s): 40101, 39254, 41128, 39096, 41009, 39772, 38347, 36210, 36815, 36054, 32053, 38435, 34451, 34737, 34738, 37939, 34602, 32522, 27286, 32253, 34607, 34203, 32247, 32198, 42380, 32265, 32888, 34623, 34135, 33744, 38831, 36747, 39355, 32258, 36326, 37593, 37910, 38489, 31419, 34062, 34442, 32859, 35395, 30542, 36627, 33479, 37456, 38207, 39652, 39630, 40178, 40314, 39879, 34588, 33677, 34415, 36098, 24374, 33736, 29007, 33557, 36699, 34228, 34785, 36754, 31067, 33781, 34359, 34553, 36378, 37179, 38485, 34603, 31612, 34846, 33776, 36706, 33642, 30266,31632, 33435, 30977, 32874, 36008, 37567, 37673, 39102, 35701, 33841, 36882, 37838, 33224, 30867, 37831, 34466, 40187, 38636, 40134, 37838, 34588, 35701, 39879;

Set 3 – Select Environmental & Social Category B Projects Disclosed in 2019; IFC Project Number(s): 40991, 40686, 41995, 42346, 40276, 40331, 41576, 42009, 41831, 30372, 40610, 40900, 42280, 42401, 41853, 37311, 42268, 40942, 41835, 41951, 41633, 41632, 41634, 42477, 41498, 41588, 39993, 41897, 42497, 42169, 42138, 42394, 41295, 42454, 40227, 43236, 42285, 41686, 39533, 40947, 40946, 42620, 43130, 41966, 42059, 42084, 41451, 41874, 42000, 41822, 42507, 41693, 39112, 42550, 37095, 40108, 40406, 41590, 41397, 41279, 39146, 41772, 40409, 41880, 41206, 42489, 41947, 43238, 40384, 42190, 41983, 39128, 41580, 42187, 42138, 39270, 35413, 38274, 38628, 41434, 43107, 37619, 41818, 42516, 41819, 41488, 42202, 43347, 39335, 40830;

Set 3 – Select Environmental & Social Category B Projects Disclosed in 2018; IFC Project Number(s): 38846, 40057, 39842, 40460, 40811, 40857, 41160, 40216, 41665, 41152, 40024, 40605, 41069, 40453, 40144, 40464, 37642, 38964, 37209, 40171, 40001, 38036, 40902, 39410, 39505, 39231, 40016, 41561, 39743, 39904, 40181, 40131, 41309, 40468, 40540, 42036, 38491, 40982, 40682, 40754, 36680, 40950, 40675, 41405, 40616, 41357, 41149, 40264, 40251, 40716, 40420, 40677, 39715, 38990, 40768, 41438, 40496, 40643, 41015, 41098, 41123, 41217, 40683, 40929, 40781, 39750, 40507, 38327, 40670, 40976, 41142, 38149, 39552, 38289, 40669, 38988, 41688, 40065, 41635, 41235, 41053, 40570.

BCA respectfully requests that this information and documentation be provided to BCA in electronic format within 30 days, and if possible, via a file sharing service (e.g. dropbox or similar). It is BCA's understanding that as indicated in paragraph 31(a) and footnote 14 of the IFC Access to Information Policy (2012), the IFC should disclose these requested documents and this requested information, as (1) they are included in, part of, and or pertain to the information in Environmental and Social Impact Assessments referred to in paragraph 31 (a) of the IFC Access to Information Policy (2012), and (2) the information and documents in this request are not confidential or of a sensitive nature.

Thank you. Please conform receipt of this request and feel free to contact us with any questions via email at jason@bankclimateadvocates.org or phone at 310-439-8702. Our preferred mailing address is:

Bank Climate Advocates
Attn: Jason Weiner
P.O. Box 49697
Los Angeles, CA 90049

Sincerely,

Jason Weiner (he/him/his)
Executive Director & Legal Director
Bank Climate Advocates
303 Sacramento Street, Floor 2
San Francisco, CA 94111
Phone: (310) 439-8702
jason@bankclimateadvocates.org

UNITED STATES POSTAL SERVICE.

BARRINGTON
200 S BARRINGTON AVE
LOS ANGELES, CA 90049-9998
(800)275-8777

02/07/2023 09:21 AM

Product	Qty	Unit Price	Price
Priority Mail® Flat Rate Env	1		$9.65
Washington, DC 20433			
Flat Rate			
Expected Delivery Date			
Fri 02/10/2023			
Tracking #:			
9505 5130 8518 3038 8845 03			
Insurance			$0.00
Up to $100.00 included			
Total			$9.65
Grand Total:			$9.65
Credit Card Remit			$9.65

Card Name: AMEX
Account #: XXXXXXXXXXX1005
Approval #: 888952
Transaction #: 776
AID: A000000025010801 Contactless
AL: AMERICAN EXPRESS
PIN: Not Required

In a hurry? Self-service kiosks offer quick and easy check-out. Any Retail Associate can show you how.

Text your tracking number to 28777 (2USPS) to get the latest status. Standard Message and Data rates may apply. You may also visit www.usps.com USPS Tracking or call 1-800-222-1811.

Save this receipt as evidence of insurance. For information on filing an insurance claim go to https://www.usps.com/help/claims.htm or call 1-800-222-1811

Preview your Mail
Track your Packages
Sign up for FREE @
https://informeddelivery.usps.com

All sales final on stamps and postage. Refunds for guaranteed services only. Thank you for your business.

Tell us about your experience. Go to: https://postalexperience.com/Pos or scan this code with your mobile device,

or call 1-800-410-7420.

UFN: 054503-0049
Receipt #: 840-59000051-3-8709857-2
Clerk: 21

ILY TO SEAL

PRIORITY MAIL
FLAT RATE ENVELOPE
POSTAGE REQUIRED

ITY®

destinations.

verage.

ge Pickup,
de.

KUP

PRIORITY®
★ MAIL ★

UNITED STATES POSTAL SERVICE®
VISIT US AT USPS.COM®
ORDER FREE SUPPLIES ONLINE

FROM: Bank Climate Advocates
P.O. Box 49697
Los Angeles, CA
90049

TO:
International Financial Corporatio
Attn: Request for Information Department
Corporate Relations Department
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433, USA

Label 228, March 2016

FOR DOMESTIC AND INTERNATIONAL USE

Subject: USPS® Item Delivered, Individual Picked Up at Postal Facility 9505513085183038884503
Date: Thursday, March 30, 2023 at 3:43:05 AM Mountain Daylight Time
From: auto-reply@usps.com
To: Jason Weiner

UNITED STATES POSTAL SERVICE®

Hello **jason bankclimateadvocates org**,

Your item was picked up at a postal facility at 11:01 am on February 10, 2023 in WASHINGTON, DC 20433.

Tracking Number:
9505513085183038884503

Delivered, Individual Picked Up at Postal Facility

Tracking & Delivery Options

My Account

Expected delivery date and time is subject to change, but if it does we'll send you an email update. Delivery options not available for all packages at all times.

disclosures.ifc.org/inquiries

Street Address 1

P.O. Box 49697

City *

Los Angeles

Country *

United States

90049

Telephone

+13104398702

Fax

Information collected on this site is subject to our privacy policy (see IFC's Privacy policy)

Challenge *

I'm not a robot

reCAPTCHA

Privacy - Terms

Submit

Cancel

Thank you for your request! Your request has been successfully submitted. We will endeavor to respond to you within 30 days.

Ok