



International Finance Corporation

IFC

Independent verifier's limited assurance report on a selection of non-financial information for the year ended June 30, 2023

EY & Associés



International Finance Corporation IFC

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To the President and the Board of Directors,

In response to your request, we, EY & Associés, have performed a limited assurance engagement on a selection of non-financial information contained in the annual report (the "Annual Report") for the year ended June 30, 2023, including quantitative indicators (the "Indicators") and qualitative statements (the "Statements"). We have selected the Indicators and the Statements that were deemed to be of particular stakeholders' interest, to involve a potential reputation risk for IFC, and/or to value IFC's corporate responsibility, management and performance.

We have reviewed the Statements made in the Annual Report, with a particular focus on sustainability, development impacts (including AIMM) and climate finance (including IFC's reporting under TCFD), a selection of which is disclosed in Annex A. The Indicators that were reviewed are presented in Annex B.

The entity's responsibility

IFC is responsible for:

- the preparation of the Indicators and the Statements in accordance with the reporting criteria applicable during the year ended June 30, 2023 (the "Reporting Criteria"), consisting of IFC's instructions, procedures and guidelines specific to each Indicator, a summary of which is provided on IFC's website;
- the presentation of the Statements in accordance with "IFC's Access to Information Policy", which is available on IFC's website¹ and the principles of relevance, completeness, neutrality, understandability and reliability as defined by international standards².

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

¹ <https://disclosures.ifc.org>

² ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.



We apply International Standards on Quality Control and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance and ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators and Statements based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000³ ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Indicators and Statements are free from material misstatement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks.

Nature and scope of our limited assurance engagement

We have performed the following procedures:

- We have assessed the Reporting Criteria policies and principles, with respect to their relevance, completeness, neutrality and reliability.
- We have read the content of the Annual Report to identify key Statements regarding the sustainability and development areas listed above.
- At the corporate level, we have conducted interviews with more than twenty people responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.
- At the corporate level, we have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We have collected supporting documents for the Indicators or Statements, such as reports to the Board of Directors or other meetings, loan agreements, internal and external presentations and reports, or survey results.
- We have reviewed the presentation of the Statements and the Indicators contained in the Annual Report and the associated notes on methodology.

Limitations of our procedures

Our limited assurance engagement was limited to the Statements and Indicators identified in Annexes A and B respectively and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews with head office employees. Within the scope of work covered by this report, we have not participated in any activities with external stakeholders or clients and have only conducted limited testing aimed at verifying the validity of the information on a sample of individual projects.

³ ISAE 3000: "Assurance Engagement other than reviews of historical data", International Federation of Accountants, International Audit and Assurance Board, December 2003.



Limited Assurance Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that:

- the Indicators have not been prepared, in all material respects, in accordance with the Reporting Criteria;
- the Statements have not been presented, in all material respects, in accordance with IFC's Access to Information Policy and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.

Other Information about the Reporting Criteria and the Statements preparation process

With regards to the Reporting Criteria and the Statements preparation policies and principles, we wish to make the following comments:

IFC's methodology for calculating climate finance commitments is presented in the publicly available document "IFC's Definitions and Metrics for Climate-Related Activities". This methodology is aligned with both the "Common Principles for Climate Mitigation Finance Tracking" and the "Joint MDB Methodology for Tracking Adaptation Finance", adopted by MDBs and IDFC members. The Common Principles are currently being reviewed by MDBs, which will influence IFC's climate finance tracking methodology and what is counted as Climate Mitigation Finance and Climate Finance as a whole.

Paris-La Défense, September 26, 2023

The Independent Verifier
EY & Associés

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a horizontal line that ends in a small dot.

Caroline Delérable
Partner, Sustainable Performance & Transformation



Annex A: The Main Statements Reviewed

<p>Measuring Up: our impact</p>	<p>IFC’s impact assessment tool, the Anticipated Impact Measurement and Monitoring (AIMM) system, enables IFC to better define, measure, rate, and monitor the development impact of each investment project.</p> <p>The ex-ante AIMM rating system is fully integrated into IFC’s investment approval processes and allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.</p> <p>For portfolio projects, ex-ante AIMM scores are transitioned to a portfolio AIMM score that is reviewed annually. AIMM portfolio monitoring assesses a project’s performance and the underlying risks to achieving expected development impact using results data from assigned outcome indicators. By comparing changes in indicator results to both ex-ante targets and AIMM sector framework benchmarks, we are able to link the ex-ante AIMM score to its evolving portfolio AIMM score and measure the extent to which the expected development impact is realized.</p>
<p>Sustainability</p>	<p>IFC continues exploring how technology and digital tools can help monitor—and amplify—ESG impacts. IFC’s Machine Learning ESG Analyst (MALENA) is being used by IFC specialists for ESG due diligence, portfolio monitoring, and insights. MALENA is an AI-powered platform that extracts meaningful insights from unstructured ESG data at scale, enabling rapid analysis, and increasing productivity. An external version of MALENA is in beta testing, engaging with diverse institutions.</p> <p>IFC is also harnessing the power of digital tools with the development of the Sustainability Rating Tool (SRT), which has been designed to provide structured and consistent management of ESG risks and create operational efficiencies by helping to focus efforts and resources on managing material ESG risks. After a successful pilot test, SRT is now being rolled out to all IFC projects, including new business and portfolio projects.</p>
<p>Reporting under the Task Force on Climate-related Financial Disclosures</p>	<p><i>Governance</i></p> <p>This year the Climate Business Department has been further integrated into IFC’s operations. Previously under the purview of the Cross-Cutting Solutions Vice Presidency, climate is now under the Vice President of Industries, who reports to the MD. The Industries Vice Presidency oversees all of IFC’s industry departments as well as the Corporate Portfolio and Operations Management departments. IFC’s industry departments are responsible for originating and processing investments, including those that are reported as direct climate financing. This placement reflects IFC’s position that climate change is a material priority to be integrated across all projects, operations, investment cycles, and organizational processes.</p> <p>To meet IFC’s commitment to have 85 percent of all its new investments be Paris Aligned starting July 1, 2023, investment teams have been trained to conduct assessments for their projects, with review from the Climate Business Department.</p> <p><i>Strategy</i></p> <p>In FY24, IFC is refining the Paris Alignment process for investments with undefined use-of-proceeds such as equity and corporate finance for both real and financial sectors (counterparty-based approach).</p>



	<p>Along with other MDBs, IFC has published Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations.</p> <p><i>Risk management</i></p> <p>In FY23, IFC integrated our existing climate-risk management of both physical and transition risk into IFC's Paris Alignment frameworks. IFC's systems were updated to enhance accurate documentation, calculations and reporting of climate volume and climate percentages of projects.</p> <p>IFC has developed general guidance and Sectoral Notes for the assessment of physical risk and alignment with the adaptation and resilience component of the Paris Agreement, for all projects with defined use of proceeds across all sectors.</p>
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Annex B: Indicators Reviewed

FY23 long-term commitments by Environmental and Social category	Category	Commitments (\$ millions)	Number of new projects	
	A	1,154	9	
	B	5,683	106	
	C	142	29	
	FI	6	0	
	FI-1	572	5	
	FI-2	7,122	126	
	FI-3	1,998	50	
	Total	16,677	325	
Ex-ante AIMM scores of FY23 committed projects	By ratings		Ratings distribution	
	Projects Rated "Excellent" (AIMM scores 68 to 100)		14%	
	Projects Rated "Good" (AIMM scores 43 to 67)		68%	
	Projects Rated "Satisfactory" (AIMM scores 23 to 42)		18%	
	Projects Rated "Low" (scores 10-22)		0%	
	By region			Average AIMM Score
	Africa			59
	East Asia and the Pacific			51
	South Asia			55
	Latin America and the Caribbean			54
	Europe			55
	Middle East			55
	Central Asia, Türkiye, Afghanistan, and Pakistan			53
	By Industry			Average AIMM Score
	Manufacturing, Agribusiness, and Services			54
	Financial Institutions Group			57
	Infrastructure and Natural Resources			54
	Disruptive Technologies and Funds			56
	IFC			56
	Portfolio AIMM scores of FY23 active projects	By ratings		Ratings distribution
Projects Rated "Excellent" (AIMM scores 68 to 100)		11%		
Projects Rated "Good" (AIMM scores 43 to 67)		53%		
Projects Rated "Satisfactory" (AIMM scores 23 to 42)		25%		
Projects Rated "Low" (scores 10-22)		10%		
By region			Average AIMM Score	
Africa			51	
East Asia and the Pacific			49	
South Asia			48	
Latin America and the Caribbean			44	
Europe			42	
Middle East			49	
Rated very strong market				
Africa			16%	
East Asia and the Pacific			7%	
South Asia			6%	
Latin America and the Caribbean			4%	
Europe			6%	
Middle East			10%	



	Central Asia, Türkiye, Afghanistan, and Pakistan	44	13%
	By Industry	Average AIMM Score	Rated very strong market
	Manufacturing, Agribusiness, and Services	45	3%
	Financial Institutions Group	48	9%
	Infrastructure and Natural Resources	52	19%
	Disruptive Technologies and Funds	49	13%
	IFC	48	9%
FY23 investment in climate business	\$7,628 million of own account long-term commitments in climate-related investments		
FY23 Development Effectiveness Scores (DOTS Scores) for Advisory Services	DOTS Score		
	Total	61%	
	By Business	DOTS Score	
	Financial Institutions Group	72%	
	Manufacturing, Agribusiness & Services	67%	
	Infrastructure & Natural Resources	71%	
	Disruptive Technologies and Funds	-	
	Transaction Advisory	53%	
	Other Advisory, including Environmental, Social & Governance	89%	
	Creating Markets Regional Advisory	43%	
	By Region	DOTS Score	
	East Asia and the Pacific	53%	
	Europe	67%	
	Central Asia and Turkey	100%	
	Middle East	88%	
	South Asia	77%	
	Africa	49%	
	Latin America and the Caribbean	67%	
	Global	50%	
CY22 Development Reach by IFC's Clients	By Type	Results	
	Investee - Female Direct employment (millions)	0,5	
	Investee - Total Direct employment (millions)	2	
	Airline Passengers (millions)	0	
	Airport customers (millions)	26	
	Board composition - Women	147	
	Containers Handled (M TEU)	4,8	
	Data center capacity (MW)	84	
	Total Employment (millions of jobs)	3,4	
	Female employment (millions of jobs)	1,3	
	Patients served (millions)	329,5	
	Students reached (millions)	0,6	
	Female students reached (millions)	0,3	
	Farmers reached (millions)	2,6	
	Gas distribution (millions of people reached)	0,0	
	Water distribution (millions of people reached)	0,0	



	Power distribution (millions of people reached)	17,5
	Power generation (millions of people reached)	52,2
	Phone connections (millions of people reached)	100,8
	Internet connections (millions of people reached)	63,3
	Number of passengers (millions of people reached)	29,4
	Sewage and wastewater treated (Mm3)	46
	Number of senior management positions	16 074
	Investee - Number of Senior Management Positions	23 370
	Number of Women in Senior Management	5 045
	Investee - Number of Women in Senior Management	7 336
	Number of transactions in trade finance (millions)	1.7
	Amount of transactions in trade finance (\$ billions)	243.1
	Number of microfinance loans (millions)	57,2
	Amount of microfinance loans (\$ billions)	120,5
	Number of small and medium loans (millions)	16,9
	Amount of small and medium loans (\$ billions)	545,4
	Number of housing finance loans (millions)	2,9
	Amount of housing finance loans (\$ billions)	50,8
	Number of SME Loans to Women-Owned Enterprises	975,091
	SME Loans to Women-Owned Enterprises (\$ billions)	26,4
CY22 Advisory Services Reach		Results
	Value of Financing Facilitated (\$ billions)	5 779,7
FY22 carbon emissions inventory for IFC's global operations		tCO₂eq
	HQ Office Electricity (Scope 2)	4,107
	Country Office Electricity (Scope 2)	3,200
	Business Travel (Scope 3)	12,694
	Other*	1,777
	TOTAL	21,778
*Scope 1, scope 2 from water chiller electricity and purchased steam, scope 3 mobile (taxi, car rentals) and scope 3 food procurement at US HQ		