



International Finance Corporation

IFC

Independent verifier's limited assurance report on a selection of non-financial information for the year ended June 30, 2024

EY & Associés



International Finance Corporation IFC

Independent verifier's limited assurance report on a selection of non-financial information for the year ended June 30, 2024

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, 2024, 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, 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, 2024 (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.

Paris-La Défense, October 24, 2024

The Independent Verifier
EY & Associés

A handwritten signature in blue ink, appearing to be 'C. Delérable', with a long horizontal stroke extending to the right.

Caroline Delérable
Partner, Sustainable Performance & Transformation



Annex A: The Main Statements Reviewed

<p>Measuring Up: our impact</p>	<p>The ex-ante AIMM rating system, which assesses a project's expected impact, 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 projects in IFC's portfolio, 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>We are also continuing to strengthen IFC's E&S staff capacity. Since June 2023, a self-assessment tool that provides a structured personalized learning plan was made accessible to our E&S teams for their continuous professional development. This is supplemented by our Professional Learning Program, which targets the core competencies that our E&S specialists need for delivering quality, consistency, and rigor in the application of IFC's E&S policies and procedures and in the review of client's performance and implementation of the Performance Standards.</p>
<p>Climate-Related Financial Disclosures</p>	<p><i>Governance</i></p> <p>Climate risk is being integrated into IFC's enterprise risk framework and operations through the cross-organizational Climate Risk Working Group (CRWG), chaired by the Vice Presidents of Risk and Finance and the Vice President of Industries. In FY23, the CRWG, co-led by the Directors of Climate Business and Corporate Risk Management departments, enhanced the efforts to identify, assess, and manage IFC's overall exposure to climate-related risks and opportunities. In FY24, the CRWG's membership was further expanded, and its governance enhanced to include essential internal stakeholders, foster greater collaboration, and leverage diverse institutional expertise from various departments. The CRWG led the efforts to update the definition of IFC's climate risk, which was published in its FY24 Q3 financial statements.</p> <p><i>Strategy</i></p> <p>In FY24, the World Bank Group continued to strengthen the CCDR as a diagnostic tool, and lead the development of the CCDRs, along with support from the International Monetary Fund, and active engagement with the private sector, government counterparts, academia, think tanks, and civil society organizations.</p> <p>[In FY24 IFC started to scale up Building Resilience Index (BRI), the adaptation sister to IFC's Excellence in Design for Greater Efficiencies (EDGE) Green Building certification system tool launched in 2021. BRI is a web-based hazard mapping and resilience assessment framework for the building sector, to help buildings to reduce their risk exposure to changing climate conditions, as well as improve their resilience and adaptation. The tool helps real estate investors assess location-specific risks and create investment opportunities to enhance the resilience of buildings and cities. We are applying lessons from a decade of work through EDGE Green Building certification system to expand to green</p>



	<p>cities through the Advanced Practices for Environmental Excellence in Cities (APEX) program.</p> <p>IFC has initiated collaborations with the Climate Bonds Initiative, Rocky Mountain Institute, Carbon Trust, and the Glasgow Financial Alliance for Net Zero, among others, to develop training, case studies, and essential materials relating to Transition Finance.</p> <p><i>Risk management</i></p> <p>In FY24, IFC updated its definition of climate risk to the following: “Climate Risk encompasses the actual or potential negative effects of climate-related conditions and events on IFC’s investments, corporate operations, reputation, or consolidated financial statements. There are two primary climate-related risk categories: (1) physical risks and (2) transition risks, which could carry financial and non-financial implications for IFC.</p> <ul style="list-style-type: none">• Physical risks include both “acute” and “chronic” physical risks to business operations. Acute physical risks are event-driven, stemming from short-term extreme weather events like hurricanes, floods, tornadoes, wildfires, storms, drought, or heatwaves. Chronic physical risks emerge from longer-term shifts in climate patterns, such as progressive changes in precipitation and temperature which could lead to rising sea levels, alteration of ecosystems, desertification, water scarcity, soil degradation, and deterioration of marine ecology.• Transition risks are attributable to the global shift towards a lower-carbon economy. These risks are multifaceted and arise from changes in law or regulation, public policies, technological breakthroughs, shifts in investor and public sentiment, and disruptive innovations in business models aimed at addressing climate change. <p>These risks could carry financial and non-financial implications for IFC.”</p> <p>IFC is operationalizing Paris Alignment through IFC’s proprietary Climate Risk Portal, a one-stop-shop platform used by IFC teams to identify the exposure and vulnerabilities of potential projects to physical climate risks. The portal comprises the GeoViewer and Sectoral Climate Risk Screening tools that are used to assess over 400 new investments annually.</p>
--	--



Annex B: Indicators Reviewed

FY24 long-term commitments by Environmental and Social category	Category	Commitments (\$ millions)	Number of new projects
	A	1,549	19
	B	9,985	311
	C	171	37
	FI	3	24
	FI-1	304	128
	FI-2	8,487	355
	FI-3	2,837	88
	Total	23,337	962
Ex-ante AIMM scores of FY24 committed projects	By ratings	Ratings distribution	
	Projects Rated "Excellent" (AIMM scores 68 to 100)	12%	
	Projects Rated "Good" (AIMM scores 43 to 67)	80%	
	Projects Rated "Satisfactory" (AIMM scores 23 to 42)	8%	
	Projects Rated "Low" (scores 10-22)	0%	
Portfolio AIMM scores of FY24 active projects	By ratings	Ratings distribution	
	Projects Rated "Excellent" (AIMM scores 68 to 100)	12%	
	Projects Rated "Good" (AIMM scores 43 to 67)	56%	
	Projects Rated "Satisfactory" (AIMM scores 23 to 42)	22%	
	Projects Rated "Low" (scores 10-22)	10%	
FY24 investment in climate business	\$9,138 millions of own account long-term commitments in climate-related investments		
FY24 Development Effectiveness Scores (DOTS Scores) for Advisory Services			DOTS Score
	Total	74%	
	By Business		DOTS Score
	Financial Institutions Group		87%
	Manufacturing, Agribusiness & Services		86%
	Infrastructure & Natural Resources		50%
	Disruptive Technologies and Funds		50%
	Transaction Advisory		70%
	Other Advisory, including Environmental, Social & Governance		92%
	Country Advisory and Economics'		50%
	By Region		DOTS Score
	East Asia and the Pacific		75%
	Europe		64%
	Central Asia and Turkey		100%
	Middle East		91%
	South Asia		79%
	Africa		67%
	Latin America and the Caribbean		85%
	Global		100%
CY23 Development Reach by IFC's Clients	By Type	Results	
	Investee - Female Direct employment (millions)	0.744783	
	Investee - Total Direct employment (millions)	2.432486	
	Airline Passengers (millions)	20.4	



	Airport customers (millions)	74.1
	Board composition - Women	219.5
	Containers Handled (M TEU)	2.9
	Data center capacity (MW)	74.4
	Total Employment (millions of jobs)	3.939457
	Female employment (millions of jobs)	1.529692
	Patients served (millions)	475.3
	Students reached (millions)	0.893298
	Female students reached (millions)	0.484367
	Farmers reached (millions)	10.486646
	Gas distribution (millions of people reached)	0.374298
	Water distribution (millions of people reached)	0.002
	Power distribution (millions of people reached)	12.037076
	Power generation (millions of people reached)	52.4
	Phone connections (millions of people reached)	226.8
	Internet connections (millions of people reached)	44.9
	Number of passengers (millions of people reached)	419.3
	Sewage and wastewater treated (Mm3)	319.8
	Number of senior management positions	17.359
	Investee - Number of Senior Management Positions	22.207
	Number of Women in Senior Management	4,282
	Investee - Number of Women in Senior Management	8,597
	Number of transactions in trade finance (millions)	1.8
	Amount of transactions in trade finance (\$ billions)	233
	Number of microfinance loans (millions)	59
	Amount of microfinance loans (\$ billions)	68,223
	Number of small and medium loans (millions)	5,4
	Amount of small and medium loans (\$ billions)	285,035
	Number of housing finance loans (millions)	2,7
	Amount of housing finance loans (\$ billions)	62,799
	Number of SME Loans to Women-Owned Enterprises (millions)	1,3
	SME Loans to Women-Owned Enterprises (\$ billions)	36
CY23 Advisory Services Reach		Results
	Value of Financing Facilitated (\$ billions)	2,150
	<i>For the current year, the MALENA project (Machine Learning Environment) has been omitted from the VFF indicator. Malena reporting on VFF does not follow the IFC standard VFF methodology. Discussions are underway to revise the indicator's calculation methodology to better align with the distinct aspects of the project</i>	
FY23 carbon emissions inventory for IFC's global operations		tCO ₂ eq
	HQ Office Electricity (Scope 2)	4,183
	Country Office Electricity (Scope 2)	3,181
	Business Travel (Scope 3)	42,674
	Other*	3,465
	TOTAL	53,503
	<i>*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</i>	