

THE CORPORATE CITIZENSHIP COMPANY
IFC ASSURANCE STATEMENT
17 MARCH 2006

External assurance statement and commentary

The International Finance Corporation (IFC) has commissioned The Corporate Citizenship Company to provide it with external assurance and commentary on its Sustainability Report 2005. IFC management has prepared the report and is responsible for its contents. Our objectives were to review and advise on aspects of its contents and presentation, to conduct selected checks to underlying corporate records, and to provide this statement for which we have sole responsibility.

A full statement of our external assurance and commentary is available at www.ifc.org/SustainabilityReport, including details about The Corporate Citizenship Company, our relationship with IFC and the assurance process we have adopted. This statement summarizes our principal findings.

Our opinion

In our opinion, the report provides a fair and balanced representation of the progress IFC is making in living out its commitments to sustainability. In our commentary below, we recognize positive developments and highlight opportunities for future improvements in reporting.

In forming our opinion and making our comments, we have had regard to the principles underlying the international assurance standard AA1000

(www.accountability.org.uk) notably concerning materiality, completeness and responsiveness. We have also had regard to the 11 reporting principles judged essential by the June 2002 GRI sustainability reporting guidelines (www.globalreporting.org).

Commentary

A sustainability report should explain how the organization carries out its core mission, account for its financial, economic, social and environmental impacts, and demonstrate its contribution to the long-term goal of sustainable development. It should show how crucial decisions are made and differing interests balanced. Honest about shortcomings, it should also demonstrate how the organization is responsive by listening, learning and improving.

Against these goals, we believe IFC's fourth Sustainability Report marks a clear step forward on previous years.

The report effectively communicates how IFC is living out its particular mandate as a development institution focused on helping the private sector improve the lives of people living in developing countries.

It responds to stakeholder consultation conducted during the year, addressing issues people said were material to the organization and their perceptions of it. In particular, this report gives readers a clearer

picture of how and where the IFC invests and how decisions are made internally.

The report also explains key policy changes. IFC's revised Policy and Performance Standards on Social and Environmental Sustainability and Disclosure Policy will affect not only how the IFC operates in the future, but also companies operating in emerging markets and other financial institutions through the Equator Principles.

The final section on how IFC lives out its values in its own operations describes an increasingly strategic social and environmental 'footprint' program, where good progress is being made.

Looking ahead

In our opinion, to account fully for its sustainability performance, there are four areas that IFC should address in future reporting:

IFC has committed to report on its aggregate development impact by 2007. We believe future sustainability reporting should draw on analysis of this data to assess how the organization contributes to sustainable development goals and balances economic, social and environmental impacts over the long term.

We encourage IFC to build on the extensive stakeholder consultation carried out in 2005 by developing a system for managing ongoing stakeholder engagement. IFC should keep under review the full range of issues of concern to stakeholders, and respond with information in future reports and other channels such as the IFC Web site.

Future reporting will be strengthened by the reporting and disclosure requirements of the new Performance Standards and Disclosure Policy. Future reports should discuss the extent to which the new Disclosure Policy is moving IFC toward better and clearer provision of information to stakeholders, in particular on controversial projects. In addition, IFC should continue to report on progress in training and empowering employees to apply the new Performance Standards.

Finally, we think that future IFC sustainability reports would benefit from a more systematic approach to setting targets and benchmarking performance over time, both for the impact of its investments and in the management of its own operations around the world.

The Corporate Citizenship Company
www.corporate-citizenship.com
 March 2006