

Introduction

Sustainability is central to IFC's business strategy and, as such, is a theme in our Annual Report and in other IFC publications. Yet there is a clear trend internationally toward more candid, responsive and reflective reporting on sustainability that traditional reporting channels often don't provide. We see this, our fourth Sustainability Report and third stand-alone volume, as an opportunity to engage our stakeholders in a different way and show our support for global efforts toward greater corporate accountability.

Where appropriate, we have used the Global Reporting Initiative (GRI) sustainability reporting guidelines to help shape the report. We're similarly joining in the debate on emerging reporting practices among international finance institutions and are looking at ways to make more information about our sustainability performance available online and in formats more accessible to readers in emerging markets.

However, publishing a sustainability report is as much about the process – how it mobilizes internal resources and identifies where systems can be improved – as it is about reporting on outcomes. One of the questions that drove this year's process was thus "how can the preparation of the report add practical benefits to the way we mainstream sustainability in everything we do?"

As an institution, we've adopted an approach to sustainability that combines risk management – the bedrock of any successful business – with identifying market-based opportunities to improve overall business performance. IFC's new Policy and Performance Standards tie these two dimensions together. We're also spearheading innovations in financial products and services that incorporate gender, health, access to finance, biodiversity, and clean energy.

At the next level up, we have to make sure these innovations are incorporated into all our investments and that we're helping our clients internalize

sustainability over the long term. Here, we're making good strides, and a growing number of clients are coming to us for the support we provide to help them improve their performance.

Given the markets in which IFC operates and where we can add the most value, it is natural and logical that we find ourselves involved in many high-risk, high-profile – and occasionally highly controversial – projects. This past year was no exception. We continue to increase our effectiveness in mitigating social and environmental risks in these areas by employing more integrated and measured approaches to addressing the challenges. However, our ability to leverage our expertise and ensure outcomes is sometimes limited.

This may not necessarily mean that we shy away from these projects, but rather that we utilize our resources and expertise in a way that minimizes the risks while maximizing the opportunities to drive sustainable development where it is needed the most. This is an IFC tradition of which we are most proud. We take our responsibilities very seriously, and hold ourselves accountable in those areas where we can control outcomes. Fundamental to this is continued engagement with affected stakeholders to ensure that all concerns are considered.

Telling the story of such a large, diverse and decentralized organization is a formidable task, and we don't pretend to have captured every aspect of what we do. If we've missed something, we want to know about it. I hope you enjoy this report, and I look forward to your feedback on how well we've succeeded.



Rachel Kyte
Director, Environment & Social Development
Department

