IFC's Green Equity Approach (GEA) 2023 Update

Key points

- The approach is consistent with the Paris Agreement and in line with the WBG's Energy Sector Directions Paper
- The approach addresses IFC's exposure to coal in client financial institutions' (FIs) portfolios where IFC investments cannot be ringfenced
- Under the GEA IFC works with client FIs where we have equity or equity-like exposures to increase their climate lending and reduce their exposure to coal-related projects
- IFC will continue working with equity investees that may have portfolio exposure to coal activities until 2030 as long as that exposure is on the reduction trajectory in line with the limits set by the GEA
- Under the GEA client FIs are required to publicly disclose, on annual basis, their aggregated exposures to coal-related projects on/in their website/annual report and/or on the IFC's Project Information Portal

Updated requirement

- Staring January 1st, 2023 IFC requires a commitment from FI clients to not originate and finance any new coal projects from the time IFC becomes a shareholder.

IFC's coal and climate criteria for existing and new equity investments

Criteria	Existing equity clients (no new business)*	Existing equity clients (with new business)	New equity clients
Maximum threshold of coal exposure at investment	No maximum threshold requirement	No maximum threshold requirement	<15% exposure to coal-related activities
Coal exposure by 2025	Reduced to or kept at 5% of total loan portfolio	Reduced by 50% or no more than 5% of total loan portfolio (whatever is stricter)	Reduced by 50% or no more than 5% of total loan portfolio (whatever is stricter)
Coal exposure by 2030	Zero or near zero	Zero or near zero	Zero or near zero
New coal projects financing	No new coal	No new coal	No new coal
Climate target by 2030	30% or country-specific target	30% or country-specific target	30% or country-specific target

*Applicable on Commercially Reasonable Effort (CRE) basis