In response to a request made by IFC, we performed a review on a selection of sustainable development information in the Annual Report for the financial year ending June 30, 2013, including quantitative indicators (“the Indicators”) and qualitative statements (“the Statements”). We selected statements that were deemed to be of particular stakeholder interest, and involved a potential reputation risk for IFC, together with statements on corporate responsibility management and performance. The Indicators and the Statements are related to the following material areas:

<table>
<thead>
<tr>
<th>MATERIAL AREAS</th>
<th>STATEMENTS</th>
<th>INDICATORS</th>
</tr>
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<tbody>
<tr>
<td>IFC Policy</td>
<td>“The IFC Development Goals” (p. 80)</td>
<td>Investment projects Rated High: 66% (p. 86); and detailed values by industry (p. 87), by region (p. 87), and by performance area (p. 87); and weighted and unweighted scores (p. 87) Advisory Projects Rated High: 76% (p. 86); and detailed values by business line (p. 87) and by region (p. 87)</td>
</tr>
</tbody>
</table>
| Development effectiveness of investments and advisory services | “How We Measure Development Results” (pp. 80–87)  
“Investment Results” (pp. 82–87)  
“Advisory Results” (pp. 84–87) | Jobs supported (millions) 2.7  
Patients reached (millions): 17.2  
Students reached (millions): 1.0  
Gas distribution (millions of persons reached): 33.8  
Power distribution (millions of persons reached): 45.7  
Water distribution (millions of persons reached): 42.1  
Number and amounts of microfinance loans and SME loans for CY12 (p. 88) |
| Reach                                          | “Local capital markets, an effective way to spur growth” (p. 54)  
“Creating Opportunity Where It’s Needed Most” (pp. 68–69) | Type of loans  
Number of loans (millions) | Amount ($ billions) |
| Environmental and social ratings                | “IFC Performance Standards” (p. 98)  
“Sustainability in Practice” (pp. 98–99) | IFC commitments by Environmental and social category (p. 28) |
| Sustainable business                           | “Climate Change, addressing global warming” (pp. 36–37)  
“Gender—boosting development through equality” (p. 60)  
“IFC Advisory Services” (p. 74)  “Our Footprint Commitment” (p. 99) | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
| Influence on Private Sector Development         | “Food Security, expanding opportunity for small farmers” (p. 47)  
“Job creation, the surest pathway out of poverty” (p. 43)  
“Small and medium enterprises, Helping Businesses Thrive” (p. 45)  
“Middle income countries, promoting Prosperity for all” (p. 61) | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
| Engagement in the poorest and fragile countries | “Infrastructure—Promoting Prosperity in Africa” (p. 51)  
“South-South investments, a vital force for development” (p. 53)  
“Generating Conditions for Sustainable Growth” (pp. 58–59)  
“IDA countries, creating opportunities for the poorest” (p. 63) | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
| Working with others                            | “Mobilization, opening new markets for Private investment” (p. 52)  “Working with Donor Partners” (pp. 94–95)  “Working with Other Development Institutions” (p. 95) | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
| Asset management                               | “IFC Asset Management Company” (p. 75)                                    | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
| Evaluation of IFC’s activity                   | “Independent Evaluation Group” (p. 82)  
“Office of the Compliance Advisor Ombudsman” (pp. 92–93) | Commitments in Climate-related investments for FY13 (p. 36):  
$2.5 billion Carbon Emissions (p. 99): 47.8 tCO$_2$ equivalent in financial year 2012 |
Our review aimed to provide limited assurance1 that:

1. the Indicators were prepared in accordance with the reporting criteria applicable during fiscal year 2013 (the “Reporting Criteria”), consisting in IFC instructions, procedures and guidelines specific for each indicator, a summary of which is provided in the Annual Report, for the indicators related to Commitments by Environmental and Social Category (p. 28) and Development effectiveness of investments and advisory services (Monitoring and tracking results, p. 81) and on IFC’s website for the others.

2. the Statements have been presented in accordance with “IFC’s Access to Information Policy,” which is available on IFC’s website2 and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.3 It is the responsibility of IFC to prepare the Indicators and Statements, to provide information on the Reporting Criteria and to compile the Annual Report.

It is our responsibility to express a conclusion on the Indicators and the Statements based on our review. Our review was conducted in accordance with the ISAE 3000, International Standard on Assurance Engagements from IFAC.4 Our review was limited to the Statements and the Indicators identified in the table above and did not cover other disclosures in the Annual Report.

We reviewed the content of the Annual Report to identify key statements regarding the sustainability and development areas listed above.

At the corporate level, we conducted interviews with more than 25 persons responsible for reporting to assess the application of the Reporting Criteria or to substantiate the Statements.

At the corporate level, we implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.

We 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 went to the Hong Kong office in order to meet with result measurement specialists, investment officers, portfolio managers and others in charge of gathering data from clients, consolidating it and reviewing it locally.

We reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

LIMITATIONS OF OUR REVIEW

Our review was limited to the Statements and Indicators identified in the table above and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews at IFC’s headquarters in Washington, DC and Hong Kong. Within the scope of work covered by this statement, we did not participate in any activities with external stakeholders or clients, nor did we conduct testing or interviews aimed at verifying the validity of information related to individual projects.

1. A higher level of assurance would have required more extensive work.
2. http://www.ifc.org/ifcext/disclosure.nsf/content/disclosure_policy
3. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standards.
of baseline data findings and which should enable IFC to start reporting ratings soon.

**Neutrality and clarity**
IFC provides information on the methodologies used to establish the Indicators in the comments next to the published data or in the related sections. Further information is available on the IFC website.

We have noted the efforts made, together with the other principal International Finance Institutions, to harmonize the definitions of the Reach indicators, which should significantly enhance the consistency of IFIs’ communication on the reach of their activities.

**Reliability**
IFC has made progress in strengthening internal controls on “Climate related investments”, “micro loans” and “small & medium loans” (MSME reach indicators).

In addition to the numerous controls performed at the corporate and project level, IFC should implement further checks at the source information used to track Reach indicators. As these data often come directly from external sources, and can sometimes be based on estimates rather than clients’ audited financial statements, it is essential to ensure that data reported are consistent with IFC’s own definitions and calculation methodologies.

**CONCLUSION**
Based on our review, nothing has come to our attention that causes us to believe that:

- the Indicators were not established, in all material aspects, in accordance with the Reporting Criteria;
- the Statements were not presented, in all material aspects, in accordance with “IFC’s Policy on Disclosure of Information” and the principles of relevance, completeness, neutrality, clarity and reliability as defined by international standards.

Paris-La Défense, France, August 5, 2013

The Independent Auditors
ERNST & YOUNG et Associés

[Ernst & Young Logo]

Quality In Everything We Do

Eric Duvaud
Partner, Cleantech and Sustainability

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LETTER TO THE BOARD OF GOVERNORS

The Board of Directors of IFC has had this annual report prepared in accordance with the Corporation’s by-laws. Jim Yong Kim, President of IFC and Chairman of the Board of Directors, has submitted this report with the audited financial statements to the Board of Governors. The Directors are pleased to report that, for the fiscal year ended June 30, 2013, IFC expanded its sustainable development impact through private sector investments, Advisory Services, and fund management.