

Independent Auditor's Limited Assurance Report on a Selection of Sustainable Development Information

To the President,

In response to your request, we, EY & Associés, performed a limited assurance engagement on a selection of sustainable development information in the annual report (the "Annual Report") for the year ended June 30, 2019, including quantitative indicators (the "Indicators") and qualitative statements (the "Statements"). We selected the Indicators and Statements that were deemed to be of particular stakeholder 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 all the chapters of the Annual Report: "Investing For Impact" (pages 12–23 and 34–75), "IFC Year in Review" (pages 24–33, with the exclusion of the "Financial Highlights") and "About Us" (pages 76–105), with a particular focus on impacts (including AIMM) and climate finance (including IFC's reporting under TCFD).

The following Indicators have been reviewed:

MATERIAL AREAS	INDICATORS
FY19 long-term commitments by Environmental and Social category (page 29)	Long-term commitments (\$ millions) and projects (number) by Environmental and Social category
Ex-ante AIMM scores of FY19 committed projects (pages 87–88)	Average ex-ante AIMM scores by categories, regions and industries
FY19 investment in climate business (pages 104–105)	Own account long-term commitments in climate-related investments (\$ millions)

IFC is responsible for:

- the preparation of the Indicators and Statements in accordance with the reporting criteria applicable during the year ended June 30, 2019 (the "Reporting Criteria"), consisting of IFC's instructions, procedures and guidelines specific to each Indicator, a summary of which is provided in the Annual Report or 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 standards.²

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 fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard 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.

1. <https://disclosures.ifc.org>

2. ISAE 3000 from IFAC, Global Reporting Initiative (GRI), or AA1000 Accountability Standard.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Indicators and the 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 performed the following procedures:

- We assessed the Reporting Criteria, policies and principles, with respect to their relevance, completeness, neutrality and reliability.
- We read 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 twenty people 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 reviewed the presentation of the Statements and the Indicators in the Annual Report and the associated notes on methodology.

LIMITATIONS OF OUR PROCEDURES

Our limited assurance engagement was limited to the Statements and the 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, D.C. Within the scope of work covered by this report, we did not participate in any activities with external stakeholders or clients and only conducted limited testing aimed at verifying the validity of information on a sample of individual projects.

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 were not prepared, in all material respects, in accordance with the Reporting Criteria;
- the Statements were not presented, in all material respects, 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.

OTHER INFORMATION ABOUT THE REPORTING CRITERIA AND THE STATEMENTS PREPARATION PROCESS

With regards to the Reporting Criteria and the Statements preparation policies and principles, we wish to make the following comments:

IFC is on track to reach the target of having 28% climate investments by FY20, as set out in its 2016 Climate Implementation Plan. For the FY21–25 period, IFC has already committed to a more ambitious target (35% on average), while simultaneously increasing total investments. With the progress of knowledge and in coordination with other Multilateral Development Banks, IFC periodically refines the definitions and typologies used for identifying, promoting, and tracking climate-related investment and advisory projects. The typology has been stable for the past years but the methodology may be modified over the next year for the period 2021–2025. The target would be re-calibrated if the methodology is revised.

Where relevant, IFC calculates gross GHG emissions and GHG savings. While gross GHG emissions are monitored over time, GHG savings are calculated ex-ante and are not tracked. IFC is currently developing a methodology to calculate net GHG emissions in three sectors.

Given the lack of data in its countries of operations and the absence of adequate recognized methodologies, IFC is not yet able to quantify the compatibility of its annual commitments with a 2°C or lower scenario, as recommended by the TCFD.

Paris-La Défense, August 8, 2019

The Independent Auditor
EY & Associés



Building a better
working world

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3. ISAE 3000: "Assurance Engagement other than reviews of historical data," International Federation of Accountants, International Audit and Assurance Board, December 2003.