



**International Finance Corporation**

**IFC**

**Independent verifier's limited assurance report on a selection of  
sustainable development information for the year ended June 30, 2022**

EY & Associés



## International Finance Corporation IFC

### Independent verifier's limited assurance report on a selection of sustainable development information for the year ended June 30, 2022

To the President and the Board of Directors,

In response to your request, we, EY & Associés, have performed a limited assurance engagement on a selection of sustainable development information contained in the annual report (the "Annual Report") for the year ended June 30, 2022, including quantitative indicators (the "Indicators") and qualitative statements (the "Statements"). We have selected the Indicators and the Statements that were deemed to be of particular stakeholders' 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 the Annual Report, with a particular focus on sustainability, development impacts (including AIMM) and climate finance (including IFC's reporting under TCFD), a selection of which is disclosed in Annex A. The Indicators that have been reviewed are presented in Annex B.

#### The entity's responsibility

IFC is responsible for:

- the preparation of the Indicators and the Statements in accordance with the reporting criteria applicable during the year ended June 30, 2022 (the "Reporting Criteria"), consisting of IFC's instructions, procedures and guidelines specific to each Indicator, a summary of which is provided on IFC's website;
- the presentation of the Statements in accordance with "IFC's Access to Information Policy", which is available on IFC's website<sup>1</sup> and the principles of relevance, completeness, neutrality, understandability and reliability as defined by international standards<sup>2</sup>.

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

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

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



We apply International Standards 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.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the Indicators and 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 3000<sup>3</sup> ("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 have performed the following procedures:

- We have assessed the Reporting Criteria policies and principles, with respect to their relevance, completeness, neutrality and reliability.
- We have read the content of the Annual Report to identify key Statements regarding the sustainability and development areas listed above.
- At the corporate level, we have 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 have implemented analytical procedures and verified, on a test basis, the calculations and the consolidation of the Indicators.
- We have 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 have reviewed the presentation of the Statements and the Indicators contained in the Annual Report and the associated notes on methodology.

### **Limitations of our procedures**

Our limited assurance engagement was limited to the Statements and Indicators identified in Annexes A and B respectively and did not cover other disclosures in the Annual Report.

Our tests were limited to document reviews and interviews with head office employees. Within the scope of work covered by this report, we have not participated in any activities with external

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



stakeholders or clients and have only conducted limited testing aimed at verifying the validity of the 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 have not been prepared, in all material respects, in accordance with the Reporting Criteria;
- the Statements have not been presented, in all material respects, in accordance with IFC's Access to Information Policy 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's methodology for calculating climate finance commitments is presented in the publicly available document "IFC's Definitions and Metrics for Climate-Related Activities". This methodology is aligned with the "Common Principles for Climate Mitigation Finance Tracking and for Adaptation Finance Tracking" adopted by MDBs and IDFC members. The Common Principles are currently being reviewed by MDBs, which will influence IFC's climate finance tracking methodology and what is counted as Climate Finance.

Paris-La Défense, October 5, 2021

The Independent Verifier  
EY & Associés

A handwritten signature in black ink, appearing to be 'C. Delérable', with a stylized flourish at the end.

Caroline Delérable  
Partner, Sustainable Performance & Transformation



## Annex A: Main Statements Reviewed

<p>Measuring Up: our impact</p>	<p>IFC rates all investment and selected advisory projects for development impact using the AIMM framework, which then allows development impact considerations to be weighed against a range of strategic objectives, including volume, financial return, risk, and thematic priorities.</p> <p>In addition to assessing the expected development impact of projects, IFC conducts portfolio monitoring for all of its active and mature investment projects after they come into portfolio. IFC teams collect self-reported data from clients, and economists use these data to assess and update AIMM project scores. Updated portfolio AIMM scores and results for selected corporate reporting indicators go through internal and external quality assurance processes before they are aggregated for IFC corporate reporting.</p>
<p>Sustainability</p>	<p>In FY22, IFC updated its internal Environmental and Social Review Procedures (ESRP) for Investment Operations.</p> <p>This fiscal year, we continued the development of an ESG artificial intelligence tool, Machine Learning Environment Analyst (MALENA). MALENA uses natural language processing, machine learning, and prediction analytics to help inform our ESG due diligence.</p>
<p>Reporting under the Task Force on Climate-related Financial Disclosures</p>	<p><i>Governance</i></p> <p>The most recent climate update to the Management Team was held on June 27, 2022, and to the Board on July 7, 2022.</p> <p>IFC's Climate Business Department leads and coordinates the development of the frameworks and implementation of Paris Alignment across IFC's operations in close collaboration with relevant industry teams.</p> <p>In FY22, IFC's Corporate Risk Committee approved the creation of a cross-cutting Climate Risk Working Group to oversee the development of methodologies and recommend policies and procedures to measure and manage IFC's exposure to climate-related risks at the portfolio and balance sheet level.</p> <p><i>Strategy</i></p> <p>IFC completed the pilot of the Paris Alignment Framework for real sectors and is now rolling out across operations.</p> <p>IFC is working in four pilot countries to help catalyze the development of a pipeline of green projects in target sectors.</p> <p><i>Risk management</i></p> <p>Sectors for which physical risk screening has been mainstreamed in this manner include roads, ports and waterways, airports, forestry, insurance, pulp and paper, mining, hydropower, solar, wind, manufacturing, water, and sanitation.</p>



### Annex B: Indicators Reviewed

FY22 long-term commitments by Environmental and Social category	<b>Category</b>	<b>Commitments (\$ million)</b>	<b>Number of new projects</b>		
	A	598	8		
	B	4,910	122		
	C	137.5	23		
	FI	13	1		
	FI-1	289	4		
	FI-2	4,429	95		
	FI-3	2,191.5	43		
	Total	12,569	296		
Ex-ante AIMM scores of FY22 committed projects	<b>By ratings</b>		<b>Ratings distribution</b>		
	Projects Rated "Excellent" (AIMM scores 68 to 100)		11%		
	Projects Rated "Good" (AIMM scores 43 to 67)		61%		
	Projects Rated "Satisfactory" (AIMM scores 23 to 42)		28%		
	Projects Rated "Low" (scores 10-22)		0%		
	<b>By category</b>		<b>Average AIMM Score</b>		
	Committed projects in FCS/LIC/IDA17 countries		55		
	Committed projects using blended finance		57		
	Committed projects enabled by Upstream activities		62		
	<b>By region</b>		<b>Average AIMM Score</b>	<b>Rated very strong market</b>	
	Africa		55	12%	
	East Asia and the Pacific		55	13%	
	South Asia		53	10%	
	Latin America and the Caribbean		50	4%	
	Europe		50	0%	
	Middle East		54	17%	
	<b>By Industry</b>		<b>Average AIMM Score</b>	<b>Rated very strong market</b>	
	Manufacturing, Agribusiness, and Services		50	3%	
	Financial Institutions Group		54	16%	
	Infrastructure and Natural Resources		53	13%	
	Disruptive Technologies and Funds		57	11%	
	IFC		53	11%	
	Portfolio AIMM scores of FY22 active projects	<b>By ratings</b>		<b>Ratings distribution</b>	
		Projects Rated "Excellent" (AIMM scores 68 to 100)		8%	
		Projects Rated "Good" (AIMM scores 43 to 67)		55%	
		Projects Rated "Satisfactory" (AIMM scores 23 to 42)		27%	
		Projects Rated "Low" (scores 10-22)		10%	
		<b>By region</b>		<b>Average AIMM Score</b>	<b>Rated very strong market</b>
		Africa		50	15%
East Asia and the Pacific		48	6%		

	<table border="1"> <tbody> <tr> <td>South Asia</td> <td>48</td> <td>5%</td> </tr> <tr> <td>Latin America and the Caribbean</td> <td>44</td> <td>6%</td> </tr> <tr> <td>Europe</td> <td>43</td> <td>9%</td> </tr> <tr> <td>Middle East</td> <td>46</td> <td>9%</td> </tr> </tbody> </table>	South Asia	48	5%	Latin America and the Caribbean	44	6%	Europe	43	9%	Middle East	46	9%																										
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	Amount of microfinance loans (\$ billions)	108.0
	Number of small and medium loans (millions)	14.6
	Amount of small and medium loans (\$ billions)	516.9
	Number of microloans to women-owned enterprises	20,428,671
	Micro Loans to Women-Owned Enterprises (\$ billions)	16.1
	Number of SME Loans to Women-Owned Enterprises	727,368
	SME Loans to Women-Owned Enterprises (\$ billions)	19.7
CY21 Advisory Services Reach		<b>Results</b>
	Value of Financing Facilitated (\$ billions)	972.8
FY21 carbon emissions inventory for IFC's global operations	<b>By Area</b>	<b>tCO<sub>2</sub>eq</b>
	HQ Office Electricity (Scope 2)	3,995
	Country Office Electricity (Scope 2)	3,202
	Business Travel (Scope 3)	1,180
	Other*	1,085
	<b>TOTAL</b>	<b>9,435</b>
* Scope 1, Scope 2 from water chiller electricity and purchased steam and Scope 3 mobile (as of 2013)		