Operational Results Summary, FY 04

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 04</th>
</tr>
</thead>
<tbody>
<tr>
<td>New projects committed</td>
<td>217</td>
</tr>
<tr>
<td>Total financing committed</td>
<td>$5.63 billion</td>
</tr>
<tr>
<td>Financing committed for IFC’s own account</td>
<td>$4.75 billion</td>
</tr>
<tr>
<td>Total committed portfolio*</td>
<td>$17.9 billion</td>
</tr>
</tbody>
</table>

* Includes off-balance-sheet products, such as structural finance and risk management products; for IFC’s own account as of June 30, 2004.

Resources and Income, FY04

<table>
<thead>
<tr>
<th>Description</th>
<th>FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$982 million</td>
</tr>
<tr>
<td>Net income</td>
<td>$993 million</td>
</tr>
<tr>
<td>Paid-in capital</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>$5.4 billion</td>
</tr>
<tr>
<td>Borrowings for the fiscal year</td>
<td>$3.0 billion</td>
</tr>
<tr>
<td>Net worth</td>
<td>$7.8 billion</td>
</tr>
</tbody>
</table>

Commitments by Region, FY04

<table>
<thead>
<tr>
<th>Region</th>
<th>FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East and North Africa</td>
<td>236</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>405</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>1,593</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>763</td>
</tr>
<tr>
<td>South Asia</td>
<td>514</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>2,030</td>
</tr>
</tbody>
</table>

Investment Portfolio by Region, FY04

<table>
<thead>
<tr>
<th>Region</th>
<th>FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East and North Africa</td>
<td>1,156</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>1,603</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>6,076</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>2,897</td>
</tr>
<tr>
<td>South Asia</td>
<td>1,529</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>4,554</td>
</tr>
</tbody>
</table>

Note: All numbers reflect rounding.

1 Includes BTC pipeline, which is officially classified as a global project
2 Includes regional share of LNM Holdings Investment, which is officially classified as a global project
COMMITMENTS BY PRODUCT, FY04
Includes IFC’s account and syndications (millions of U.S. dollars)
TOTAL $5,633

COMMITMENTS BY STRATEGY, FY04
Includes IFC’s account and syndications (millions of U.S. dollars)

* Not including information and communications
** SME investments derived from all industry sectors
Financial consists of finance and insurance, and funds. Infrastructure consists of utilities and transportation.
## COMMITMENTS BY SECTOR, FY04
Includes IFC’s account and syndications (millions of U.S. dollars)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Commitments (millions of U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and insurance</td>
<td>$1,675 29.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>$739 13.1%</td>
</tr>
<tr>
<td>Oil, gas, and mining</td>
<td>$630 11.2%</td>
</tr>
<tr>
<td>Information</td>
<td>$312 5.5%</td>
</tr>
<tr>
<td>Industrial and consumer products</td>
<td>$295 5.2%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>$249 4.4%</td>
</tr>
<tr>
<td>Nonmetallic mineral product manufacturing</td>
<td>$238 4.2%</td>
</tr>
<tr>
<td>Collective investment vehicles</td>
<td>$207 3.7%</td>
</tr>
<tr>
<td>Pulp and paper</td>
<td>$206 3.7%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$200 3.5%</td>
</tr>
<tr>
<td>Primary metals</td>
<td>$173 3.1%</td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>$166 2.9%</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>$125 2.2%</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>$123 2.2%</td>
</tr>
<tr>
<td>Textiles, apparel, and leather</td>
<td>$75 1.3%</td>
</tr>
<tr>
<td>Health care</td>
<td>$63 1.1%</td>
</tr>
<tr>
<td>Accommodation and tourism services</td>
<td>$50 0.9%</td>
</tr>
<tr>
<td>Plastics and rubber</td>
<td>$37 0.6%</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>$36 0.6%</td>
</tr>
<tr>
<td>Construction and real estate</td>
<td>$25 0.4%</td>
</tr>
<tr>
<td>Education services</td>
<td>$10 0.2%</td>
</tr>
<tr>
<td><strong>Total Commitments</strong></td>
<td><strong>$5,633 100%</strong></td>
</tr>
</tbody>
</table>

## STAFF TIME DEVOTED TO ENVIRONMENTAL AND SOCIAL REVIEW, FY2004

<table>
<thead>
<tr>
<th>Activity</th>
<th>Staff Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal of new projects</td>
<td>28,705</td>
</tr>
<tr>
<td>Supervision of portfolio projects</td>
<td>16,729</td>
</tr>
</tbody>
</table>
SNAPSHOT OF DEVELOPMENT IMPACT
Commitment of IFC’s account and syndications (percentages)

<table>
<thead>
<tr>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority sector commitments</td>
<td>77</td>
<td>76</td>
</tr>
<tr>
<td>Financial sector</td>
<td>34</td>
<td>50</td>
</tr>
<tr>
<td>Frontier country commitments¹</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Commitments with projected high impact²</td>
<td>47</td>
<td>58³</td>
</tr>
<tr>
<td>Positive contribution to development⁴</td>
<td>61³</td>
<td>57</td>
</tr>
</tbody>
</table>

¹ Excludes firms in regional and global projects. IFC considers countries “frontier” if they are low income, as defined by the World Bank, or high risk, with a rating of 30 or below or unrated by Institutional Investor.
² For criteria, see p. 16 of the 2004 IFC Annual Report.
³ Adjusted number
⁴ For discussion, see p. 65 of 2004 IFC Annual Report.

BREAKDOWN BY ENVIRONMENTAL AND SOCIAL CATEGORY OF FY 2004 COMMITMENTS

<table>
<thead>
<tr>
<th>Category</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>FI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of committed projects</td>
<td>10</td>
<td>95</td>
<td>59</td>
<td>62</td>
</tr>
<tr>
<td>Amount committed ($ millions)</td>
<td>375,830,000.00</td>
<td>2,334,923,969.75</td>
<td>704,853,549.78</td>
<td>1,277,371,810.84</td>
</tr>
</tbody>
</table>

Note: Category A projects have significant potential for adverse environmental or social impacts; Category B projects have less significant or more manageable impacts; Category C projects have minimal or no environmental or social impacts; and financial intermediaries are treated separately.
The increased commitment of the international community to poverty reduction and sustainable development was evidenced by the adoption of the Millennium Development Goals (MDGs) in 2000 by the 189 UN member states. The World Bank Group is playing a lead role in efforts to meet the eight goals, which aim to achieve measurable improvements in people’s lives by 2015.

**IFC’s Strategy Aligned to Contribute to MDGs**

Sustainable development is explicit in IFC’s mission—we promote private sector investment in emerging markets to catalyze economic growth necessary for poverty reduction. A central theme of IFC’s development strategy is to invest in frontier markets—low-income and high-risk countries—where there are little or no foreign capital flows. This strategy is increasing IFC operations in countries where progress toward meeting the MDGs has been limited to date. IFC’s pioneering demonstration effect in these markets is likely to catalyze FDI from other investors. Recent IFC evaluation studies show a strong correlation between improving a country’s investment climate and its progress toward meeting the MDGs: in the 1990s, 77 percent of IFC approvals and 84 percent of net FDI were concentrated in countries that are now expected to have a likelihood of achieving the goals. The success of IFC’s frontier interventions, together with coordinated World Bank Group efforts to improve investment climates, are likely to be key elements in helping these countries meet their MDG targets (see chart below).

In addition, IFC’s strategic focus on “high-impact” sectors—domestic financial markets; infrastructure; health and education; information and communication technology; and SME development—complements our frontier strategy by promoting strong local business growth, generating employment, and furthering human development goals.
**GOAL 1  ERADICATE EXTREME POVERTY AND HUNGER**

Private sector development is now recognized as one of the most important engines for improving the lives of the poor. IFC’s investment activities are strategically prioritized to deliver the greatest poverty reduction impact—for example, by supporting small businesses that generate most new jobs in an economy, and by supporting infrastructure projects that improve people’s mobility and access to basic services, such as potable water. Recognizing that investments in companies are not always sufficient to effect change, IFC has greatly enhanced its ability to provide technical assistance and advisory services, mostly through grant funding, that are specifically targeted at the neediest.

**GOAL 2  ACHIEVE UNIVERSAL PRIMARY EDUCATION**

Since 2000, IFC has had a dedicated Health and Education Department that invests primarily in private secondary and tertiary institutions. The schools in which IFC invests alleviate strain on the public sector to deliver in these areas. IFC’s policies prohibit use of child labor in any project in which we invest.

**GOAL 3  PROMOTE GENDER EQUALITY AND EMPOWER WOMEN**

IFC contributes to this goal by supporting and promoting the role of women in private sector development in emerging markets. We support the advancement of women entrepreneurs and women in education and training through IFC investments, advisory services, and technical assistance. We launched a gender mainstreaming program in 2004. We support gender equality in our policies and in our approach to projects.

**GOAL 4  REDUCE CHILD MORTALITY**

IFC’s Health and Education Department makes financing available to private sector hospitals and health clinics in our member countries. IFC’s many investments in water and wastewater service providers are instrumental in bringing international best practices to the fight against waterborne diseases, a major contributor to child mortality globally.

**GOAL 5  IMPROVE MATERNAL HEALTH**

IFC’s participation in financing hospitals and health clinics contributes to governments’ ability to improve maternal health. In certain cases, IFC will access grant funding to assist clients in making basic health care available to communities in the vicinity of their operations. This contributes to both Goals 4 and 5.

**GOAL 6  COMBAT HIV/AIDS, MALARIA, AND OTHER DISEASES**

The IFC Against AIDS program helps companies navigate risks to their business arising from the prevalence of HIV/AIDS in many of IFC’s member countries. The program makes funding available to provide training and technical assistance to companies as they devise strategies to raise awareness, promote prevention, and, if necessary, provide treatment to employees and the wider community. In addition, IFC’s investments in water and wastewater service providers help bring international best practices to the fight against waterborne diseases. Additionally, we support our clients in implementing antimalarial programs as part of community development activities.

**GOAL 7  ENSURE ENVIRONMENTAL SUSTAINABILITY**

IFC’s in-house expertise on private sector environmental and social sustainability is unrivaled among development institutions and international banks. We require our investments to undergo comprehensive environmental and social appraisal and report annually on a list of key indicators, including local emissions to air and water. IFC makes grants available to companies pioneering, for instance, biodiversity conservation; actively stimulates the carbon finance market; and provides assistance to companies developing innovative environmental technologies for renewable energy and energy efficiency, pollution abatement, sustainable natural resource management, and water and wastewater services, among others.

**GOAL 8  DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT**

IFC works with companies, communities, governments, the financial sector, and non-governmental organizations to raise awareness and build partnerships to promote sustainable development through the private sector in emerging markets.

For more information on the Millennium Development Goals, see [www.developmentgoals.com](http://www.developmentgoals.com)
IFC and the Global Compact

The UN Global Compact is a voluntary corporate citizenship network that unites the private sector with other stakeholders in support of social and environmental principles to meet the challenges of globalization.

The Global Compact has become an important aspirational statement for over 2,000 companies and stakeholders worldwide on their roles in society and their responsibilities as essential actors in the development process. These companies demonstrate how effective, profitable business can be responsible, sustainable business by sharing the core values of development—respect for human rights, respect for workers, protection of the environment, partnership with communities, and engagement with the companies’ neighbors.

In the past year, IFC and the Global Compact have held a series of conversations and have begun to collaborate more closely. Both the Global Compact and IFC are eager to see the Compact’s principles become more widely known in emerging markets, and see them as the starting point for industry-specific efforts toward good practice standards that are meaningful and stimulate the race to the top on corporate citizenship.

IFC participated in the production of “Who Cares Wins: Connecting Financial Markets to a Changing World” and took part in the UN Global Compact business leaders summit in June 2004. A strategic planning meeting in September 2004 laid the groundwork for greater collaboration between IFC and the Global Compact in 2005 to extend its reach to financial markets and help the compact become truly global.
Is IFC part of the World Bank Group?
Yes, the International Finance Corporation is the private sector investment arm of the World Bank Group. In addition to IFC, the Bank Group consists of: the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA), which together provide low-interest loans, interest-free credit, and grants to developing countries; the Multilateral Investment Guarantee Agency (MIGA), which provides political risk insurance (guarantees) to investors in and lenders to developing countries; and the International Centre for Settlement of Investment Disputes (ICSID), which settles investment disputes between foreign investors and their host countries. IFC shares the primary objective of all World Bank Group institutions: to improve the quality of the lives of people in its developing member countries. For more details, see www.worldbank.org

What does IFC do?
Established in 1956, IFC is a multilateral institution that complements the World Bank’s support for public sector projects by providing financing and technical expertise to the private sector in developing countries in order to spur economic growth. Today, IFC is the largest multilateral source of loan and equity financing for private sector projects in the developing world: it assumes equal commercial risks alongside other private investors, helps companies mobilize capital from international financial markets, and provides advisory and technical assistance services to businesses and governments. IFC has over 2,200 staff, with close to 1,000 based in 86 field offices around the globe. See www.ifc.org

Who are your shareholders, board, and management?
IFC’s shareholders are its 177 member countries that collectively determine policies and approve investments. IFC’s five largest shareholders, with 45 percent share capital, are the United States, Japan, Germany, France, and the United Kingdom. The remaining 55 percent is held by the other member countries. Voting is in proportion to the number of shares held. IFC’s corporate powers are vested in its Board of Governors, to which member countries appoint representatives. The Governors delegate power to the Board of Directors, which is composed of the Executive Directors of the IBRD, and represents IFC’s member countries. All projects go to the Board for review and approval. The President of the World Bank Group is also IFC’s president. IFC’s Executive Vice President is responsible for overall management of day-to-day operations. IFC is legally and financially autonomous with its own Articles of Agreement, share capital, management, and staff.

If IFC is a development institution, why do you seek to profit on your investments?
IFC operates on a fully commercial basis, sharing the same risks as other investors. We have to profit from our investments to remain financially sustainable as a development finance institution. Our equity and quasi-equity investments are funded from our total capital and retained earnings, while for lending operations, IFC carries out public borrowing or private placements in international financial markets. IFC works in frontier markets with inherent higher risks, but our conservative approach to financial risk limits our exposure. IFC retains a triple-A credit rating, which allows us to borrow money from financial markets and lend it at market rates to clients, in some cases as a “lender of last resort” where other financing options are unavailable. IFC’s profits increase our capital cushion and our ability to channel funds into other development projects and initiatives that promote sustainability.

Are there projects IFC will not finance under any circumstances?
IFC’s “Exclusion List” prohibits the financing of projects involving certain activities, production, or trade in certain goods. The list includes: forced labor/harmful child labor; weapons and munitions; alcoholic beverages (excluding beer and wine); tobacco; radioactive materials; unbonded asbestos fibers; PCBs; pharmaceuticals or pesticides/herbicides subject to international phaseouts or bans; ozone-depleting substances subject to international phaseout; gambling and casinos; wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species (CITES); logging activities in primary tropical moist forest; drift net fishing. For our full Exclusion List, see www.ifc.org/ifcext/enviro.nsf/Content/IFCExclusionList

How much money can IFC provide in a single investment?
To ensure the participation of investors and lenders from the private sector, IFC limits the total amount of own-account debt and equity financing it will provide for any single project. For new projects the maximum is 25 percent of the total estimated project costs, or, on an exceptional basis, up to 35 percent for small projects. For expansion projects, IFC may provide up to 50 percent of the project cost, provided its investments do not exceed 25 percent of a company’s share capital. IFC investments typically range from $1 million to $100 million and, on average, for every $1 of IFC financing, other investors and lenders provide over $5.
I.F.C. Project Cycle

1. Business Development
   - I.F.C. investment strategy
   - Dialogue with the prospective client
   - Project eligibility with I.F.C. investment criteria

2. Early Review
   - Review of basic project information
   - Project categorization
   - Pre-appraisal visits by I.F.C. investment staff
   - Identification of risks and opportunities
   - Internal management decision regarding I.F.C.’s interest in financing the project
   - Agreement with client to proceed to appraisal (mandate)

3. Appraisal
   - Detailed evaluation of the project, including social, environmental, social and governance aspects
   - Initial discussion of financing terms, including conditionalities
   - Consultation and disclosure

4. Investment Review Meeting
   - I.F.C. management review of project terms and considerations
   - Continuing negotiations with the client regarding terms and conditions of financing

5. Board Approval
   - Consideration of the project by the I.F.C. Board of Directors

6. Commitment
   - The signing of the legal documents specifies the terms and conditions under which I.F.C. will finance the project

7. Disbursement
   - Disbursement occurs according to the terms and conditions contained in the legal documentation

8. Supervision
   - I.F.C. monitors the performance of all active projects in its portfolio to ensure compliance with environmental, social and other conditions
Report Commentary

Corporate Citizenship Company

Commentary for IFC Sustainability Report 2004

The Corporate Citizenship Company is a specialist consultancy working with major international corporations. IFC commissioned us to provide external commentary on this, its third sustainability report. IFC management prepared the report and is responsible for its contents. We have sole responsibility for this statement.

Our role was to review whether the report provides a complete view of the institution and its activities, whether the material issues are included and whether it demonstrates IFC being responsive to the demands of its stakeholders. Our work has not extended to checking data or independent verification of otherwise unaudited information.

A sustainability report should show how an organisation impacts on society at large, looking at the social, economic and environmental concerns of people with a stake in its operations. It should explain how crucial decisions are made and conflicting interests of different stakeholders balanced. It needs to be honest about shortcomings, and show that the organisation is learning and improving.

In our view, this report presents IFC’s principles and its five strategic priorities in relation to sustainability clearly and up front. It includes important policy commitments and makes good use of case studies that help readers to understand IFC activities.

This said, we believe that future reporting should be strengthened by providing greater context to the organisation’s activities and its relationships with national governments, which are its shareholders. Such reports should provide insights into how IFC deals with challenging management issues and responds to pressing concerns of stakeholders. Strategic priorities and case studies should be supported by better information about the overall impacts of the institution and its investments. In addition, targets for future performance should be laid out clearly.

We commend the thinking behind the development of this third sustainability report. The foundations of an excellent approach are in place. Moving ahead, we look forward to IFC providing more information about its management and governance and about its overall impacts, target setting and performance against key indicators.

The Corporate Citizenship Company

www.corporate-citizenship.co.uk
January 5, 2005
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AICC</td>
<td>African Institute of Corporate Citizenship</td>
</tr>
<tr>
<td>APDF</td>
<td>Africa Project Development Facility</td>
</tr>
<tr>
<td>AsrIA</td>
<td>Association for Sustainable and Responsible Investment in Asia</td>
</tr>
<tr>
<td>BTC</td>
<td>Baku-Tbilisi-Ceyhan</td>
</tr>
<tr>
<td>CAO</td>
<td>Compliance Advisor/Ombudsman</td>
</tr>
<tr>
<td>CBA</td>
<td>Competitive Business Advantage</td>
</tr>
<tr>
<td>CCF</td>
<td>Corporate Citizenship Facility</td>
</tr>
<tr>
<td>CEPALCO</td>
<td>Cagayan Electric Power and Light Company</td>
</tr>
<tr>
<td>CES</td>
<td>IFC's Environment and Social Development Department</td>
</tr>
<tr>
<td>CFLs</td>
<td>compact fluorescent lamps</td>
</tr>
<tr>
<td>CIP</td>
<td>Community Investment Programme</td>
</tr>
<tr>
<td>CITI</td>
<td>Convention on International Trade in Endangered Species</td>
</tr>
<tr>
<td>CODE</td>
<td>Committee on Development Effectiveness</td>
</tr>
<tr>
<td>CSI</td>
<td>Cement Sustainability Initiative</td>
</tr>
<tr>
<td>EBC</td>
<td>Office of Ethics and Business Conduct</td>
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<tr>
<td>EBFP</td>
<td>Environmental Business Finance Program</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ELI</td>
<td>IFC/GEF Efficient Lighting Initiative</td>
</tr>
<tr>
<td>EOF</td>
<td>Environmental Opportunities Facility</td>
</tr>
<tr>
<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
</tr>
<tr>
<td>FI</td>
<td>financial intermediary</td>
</tr>
<tr>
<td>FMO</td>
<td>Netherlands Development Finance Company</td>
</tr>
<tr>
<td>FY</td>
<td>fiscal year</td>
</tr>
<tr>
<td>GBO</td>
<td>grassroots business organization</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>GEM</td>
<td>Gender Entrepreneurship Markets</td>
</tr>
<tr>
<td>GLAC</td>
<td>Guide to Land Acquisition and Compensation</td>
</tr>
<tr>
<td>GMS</td>
<td>Global Manufacturing and Services Department</td>
</tr>
<tr>
<td>GSD</td>
<td>General Services Department</td>
</tr>
<tr>
<td>HGA</td>
<td>Host Government Agreement</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>INCaF</td>
<td>IFC-Netherlands Carbon Facility</td>
</tr>
<tr>
<td>IT</td>
<td>information technology</td>
</tr>
<tr>
<td>MAMTI</td>
<td>Marine Aquarium Market Transformation Initiative</td>
</tr>
<tr>
<td>MDG</td>
<td>Millenium Development Goal</td>
</tr>
<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Association</td>
</tr>
<tr>
<td>MWC</td>
<td>Manila Water Company</td>
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<tr>
<td>NECaF</td>
<td>Netherlands European Carbon Facility</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OEG</td>
<td>Operations Evaluation Group</td>
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<tr>
<td>OSCE</td>
<td>Organization for Security and Co-operation in Europe</td>
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<tr>
<td>PDF</td>
<td>Project Development Facilities</td>
</tr>
<tr>
<td>POP</td>
<td>persistent organic pollutants</td>
</tr>
<tr>
<td>PSA</td>
<td>Production Sharing Agreements</td>
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<tr>
<td>PVMTI</td>
<td>Photovoltaic Market Transformation Initiative</td>
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<td>SBAP</td>
<td>Sustainable Business Assistance Program</td>
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<td>SFMF</td>
<td>Sustainable Financial Markets Facility</td>
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<tr>
<td>SGBI</td>
<td>Strengthening Grassroots Business Initiative</td>
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<td>SLP</td>
<td>Sustainability Learning Program</td>
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<tr>
<td>SME</td>
<td>small and medium enterprise</td>
</tr>
<tr>
<td>SPI</td>
<td>Summary of Proposed Investment</td>
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<tr>
<td>SRI</td>
<td>sustainable and responsible investment</td>
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<tr>
<td>TA</td>
<td>technical assistance</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNEP-FI</td>
<td>United Nations Environment Programme-Financial Institutions</td>
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<td>WHI</td>
<td>WaterHealth International</td>
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<td>WWF</td>
<td>World Wildlife Fund</td>
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IFC'S SOCIAL AND ENVIRONMENTAL PRINCIPLES

To help us pursue IFC's mission in day-to-day business, we are guided by our environmental and social development principles. The principles describe our vision of environmental and social sustainability, consistent with IFC's Mission and the World Bank Group’s pursuit of the Millennium Development Goals. We rely on these principles to ensure fairness and consistency in the application of our policies and guidelines when confronted with variables such as country context, sponsor capacity, and project factors. By adhering to these principles, we demonstrate international good practice and leadership, and influence industry sectors and markets.

We believe that implementing these principles will support IFC's effort to continuously improve its business practices, institutional activities, and development outcomes of individual investments.

**Joint Responsibility**
We value working with responsible investment partners whose approach and initiatives provide opportunities to jointly apply and promote our sustainability vision. We acknowledge that our performance success is dependent on our partners' ability to achieve their business objectives.

**Outcome Orientation**
We systematically identify environmental and social risks as well as opportunities arising from our investments. We aim to minimize risks of adverse impacts and maximize opportunities for positive development outcomes, ideally through our early and ongoing engagement.

**Area of Influence**
We recognize that our investments may result in significant environmental and social impacts beyond their physical boundaries. We consider such impacts in the area of influence of our investment in a pragmatic manner and from a cumulative and strategic impact perspective.

**Capacity and Knowledge**
We focus on capacity building and knowledge transfer when we invest through corporations and financial institutions, with a view to enabling these institutions to ascertain and manage the environmental and social risks and opportunities associated with their operations.

**Balancing Interest**
We promote opportunities to improve living standards and working conditions for local populations, particularly those directly affected by our investment. We also strive to protect and conserve the natural environment. Thus, we recognize the need for a sustainable balance between environmental and human needs, and actively support integrated conservation and development initiatives.

**Resource Efficiency**
We support, and actively seek to identify, opportunities to promote the responsible and efficient use of energy and natural resources.

**Shared Accountability**
We promote transparency to improve efficiency of process and accountability for decisions, and to achieve better development outcomes.

**Stakeholder Engagement**
We promote consultation and dialogue to help understand the diversity of opinions and aspirations of stakeholders, and to achieve a fair and equitable resolution of conflicting needs to maximize the development outcomes.

**Implementation and Learning**
We strive to learn from our implementation of our principles and proactively engage our colleagues and clients to enhance their awareness of, and commitment to, these business principles and our institutional environmental and social sustainability objectives.