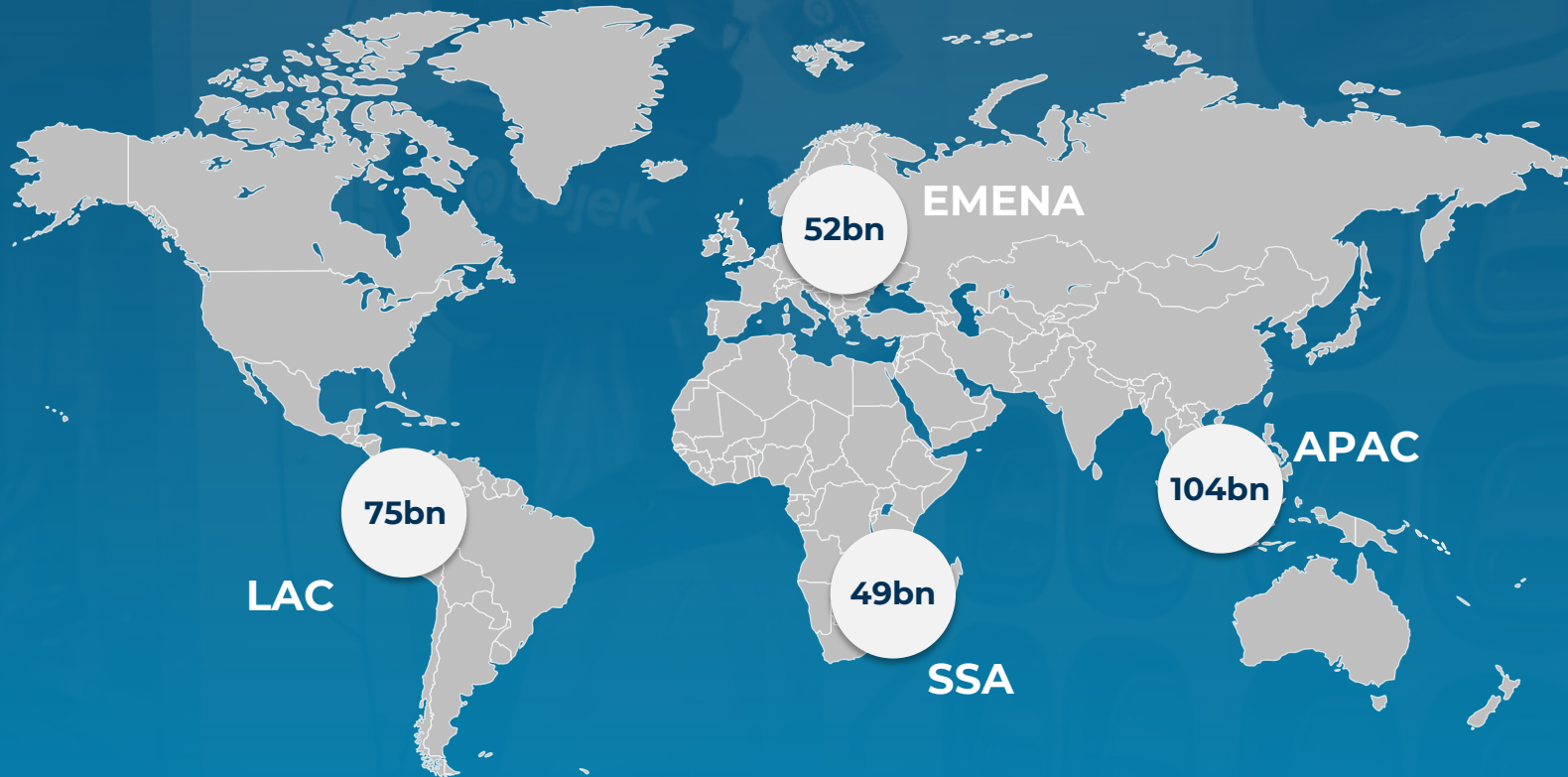


SUSTAINABLE FINANCE

28 April 2023

About IFC

IFC is part of the World Bank Group and **the largest global development institution** focused on the private sector. It has over **65-year history in Emerging Markets**. IFC's mission is to **advance economic development** by encouraging the growth of private enterprise in developing countries. It is owned by **186 member countries** and has **~4,300 staff across 100+ offices**.



Total Own Account Long-Term Financing since 1956



AAA/Aaa
S&P/Moody's Credit Rating



\$350bn
Invested in EM since 1956
incl. \$280bn Own Account LTF



\$63.7bn
Portfolio Exposure
for IFC's account as of FY22-end



\$23.2bn
LT Commitments in FY22
\$12.6bn IFC Own Account
\$10.6bn Mobilized



as of 2023, **85%** of all new investments in all sectors will be aligned with Paris Agreement goals (and **100%** as of July 2025)

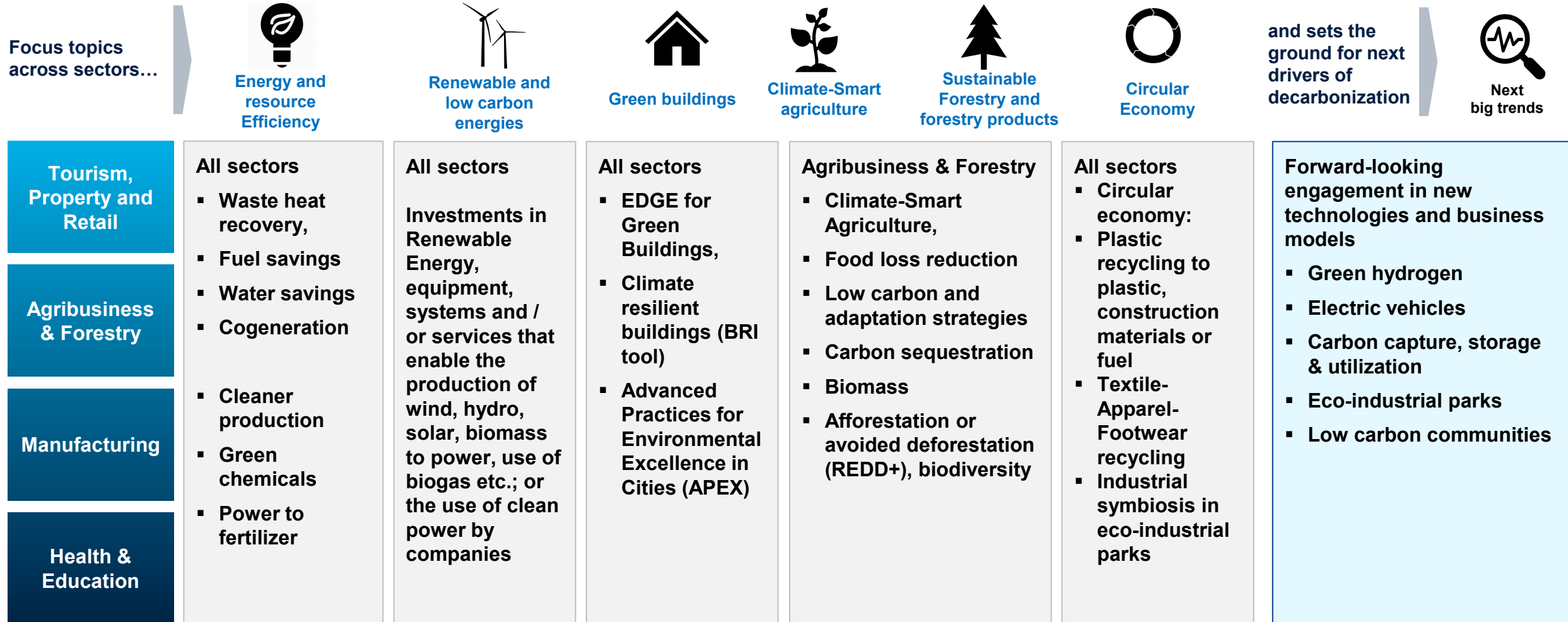


PURSUES POVERTY ERADICATION AND SHARED PROSPERITY WITH SUSTAINABILITY

Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development

- Private sector investment is critical to accelerate progress on climate change
- IFC Climate Implementation Plan:
 - Increase climate-related investments to an annual average of 35 percent of its own-account long-term commitment volume between 2021 and 2025
 - Maximize impact through GHG emissions reduction and resilience;
 - Account for climate risk—both the physical risk of climate impacts and the carbon asset risk in IFC's investment selection.

IFC works across various areas and developing tools to support real sectors' decarbonization targets



CLIMATE FINANCING: GREEN BOND

IFC green bond program started in 2010 to drive Climate impact

Green Bond Program FY22 Highlights

Over **\$1 billion**
committed across
23 projects
in
9 sectors*



Expected to reduce
greenhouse gas emissions by
2 million metric tons of
CO₂ - equivalent per year



Expected to produce
5,403,570 megawatt hours
of renewable energy



Expected to save
4,045,000 kilowatt hours
of energy annually



Expected to build
300 megawatts in
renewable energy capacity

Green Bond Program Cumulative Highlights

Between FY10-FY22:
178
green bonds
totaling
\$10.5 billion
in
20 currencies

258
projects
committed totaling
\$10.4 billion

Impact Summary



Expected to reduce
greenhouse gas emissions
by 25.6 million metrics tons
of CO₂ - equivalent per year



Expected to produce
31,755,857 megawatt hours
of renewable energy



Expected to build
9,753 megawatts of
renewable energy capacity



Expected to save
868,656,239 kilowatt hours
of energy annually



Expected to green
863,685 square meters
of buildings

* 82% have new or additional green bonds in 2021

Sustainability-Linked vs. “Green” financing

- Sustainable finance typically refers to “labelled” financial products that follow recognized market standards/principles.
- Two main categories: (i) Use of Proceeds instruments; and (ii) KPI-linked instruments (with typically general-purpose uses).

Instrument	“Use of Proceeds” - Green / Blue / ESG / Social	“Target Driven” - Sustainability-Linked Financings
Description	<ul style="list-style-type: none"> • Financial instruments with a dedicated Use of Proceeds focused on eligible categories, including: <ul style="list-style-type: none"> • Climate Adaptation • Climate Mitigation • Social • Ocean conservation 	<ul style="list-style-type: none"> • Pricing linked to achievement of ambitious targets – Sustainability Performance Targets (“SPTs”) • SPT compliance is verified at an agreed point in time • SPTs are normally SDGs or corporate ESG targets • SPTs must be material: relevant to the business and ambitious compared to “business as usual” and peers
Pricing	<ul style="list-style-type: none"> • Priced in same way as conventional instruments (with variations driven by issuer and market specific dynamics) 	<ul style="list-style-type: none"> • Interest rate and fees indexed to performance on SPTs with Step up / step down pricing mechanism
Verification	<ul style="list-style-type: none"> • Implementation and validation methodology laid out in a Sustainable Financing Framework • Second Party Opinion usually required 	<ul style="list-style-type: none"> • SPTs rationale, ambitiousness and validation methodology laid out in a Sustainability-Linked Financing Framework • Second Party Opinion usually required
Standards	<ul style="list-style-type: none"> • Aligned with ICMA⁽¹⁾ or LMA⁽²⁾’s Green Loan Principles and Green, Social and Sustainability Bond Principles. 	<ul style="list-style-type: none"> • Aligned with ICMA’s Sustainability-Linked Loan / Bond Principles

(1) International Capital Markets Association (“ICMA”); (2) Loan Market Association (“LMA”);