



IDB INVEST
**ENVIRONMENTAL
AND SOCIAL**
SUSTAINABILITY
POLICY

IDB INVEST ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

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ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

Table of Contents

I.	PURPOSE OF POLICY	1
II.	IDB INVEST COMMITMENTS	2
III.	CLIENT RESPONSIBILITIES	4
IV.	IDB INVEST IMPLEMENTATION OF THE SUSTAINABILITY POLICY	5
	Approach for Investment Projects	5
	Direct Investments.....	5
	Investments through Financial Intermediaries	6
	Environmental and Social Risk Categorization	7
	Direct Investments.....	7
	Financial Intermediary Investments	8
	Supervision	9
	Supervision of Investment Projects.....	9
	Supervision of Technical Assistance Activities	10
	Development Impact and Evaluation.....	10
V.	COLLABORATION AND LIAISON WITH PUBLIC AND PRIVATE SECTOR PARTNERS	11
VI.	GOVERNANCE.....	11
	Corporate Governance	11
	Governance for Projects in the Extractive Industry	12
VII.	INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM.....	12
VIII.	REFERENCE AND SUPPORTING DOCUMENTS	12

Acronyms and Abbreviations

DFI	Development Finance Institution
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
ESIA	Environmental & Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESMP	Environmental & Social Management Plan
ESMS	Environmental & Social Management System
FI	Financial Intermediary
IDB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
IFC	International Finance Corporation
ILO	International Labor Organization
PS	IFC's Performance Standard
TA	Technical assistance
XSR	Expanded Supervision Report

IDB INVEST ENVIRONMENTAL AND SOCIAL SUSTAINABILITY POLICY

I. PURPOSE OF POLICY

1. The Inter-American Investment Corporation (IDB Invest)¹, a member of the Inter-American Development Bank (IDB) Group, is an international organization that promotes the economic development of its regional developing member countries by encouraging the establishment, expansion, and modernization of private enterprises. IDB Invest supports the private sector and state-owned enterprises that do not have a sovereign guarantee, offering loans, equity investments, and guarantees, and partnering with clients² and strategic partners to offer advisory and training services.
2. The purpose of the IDB Invest Environmental and Social Sustainability Policy (the Sustainability Policy) is to convey IDB Invest's commitment to sustainable development, an integral part of its approach to risk management, as well as its development mandate. The Sustainability Policy applies to all activities undertaken and operations financed by IDB Invest, including, among others, direct and indirect financing and technical assistance services³. This Sustainability Policy forms part of IDB Invest's Sustainability Framework as presented in Annex A.
3. IDB Invest believes that the environmental and social sustainability of the activities it supports is central to achieving positive development outcomes, a strategic goal. IDB Invest also believes that avoidance, minimization and management of environmental, social and health and safety risks and impacts is not only sound business practice, but when correctly implemented, can reduce waste, improve profitability and generate good will and positive benefits in the communities where the business operates.
4. The IDB Invest Environmental and Social Sustainability Policy is organized as follows:
 - IDB Invest Commitments
 - Client Responsibilities
 - IDB Invest Roles and Responsibilities during Environmental and Social Appraisal and Supervision
 - Collaboration with Partners
 - Governance
 - Independent Consultation and Investigation Mechanism

¹ In November 2017, the IIC adopted a new brand and now refers to itself as IDB Invest (in English) and BID Invest (in Spanish, French and Portuguese).

² The term "client" is used interchangeably herein to refer to the borrower, beneficiary of a guarantee, investee, as well as the sponsor of a specific transaction.

³ Technical Assistance (TA) is provided mainly in the form of consultancy services to assist clients, in particular to improve performance in different areas, as well as through capacity building and other programs (see section IV, paragraph 6 for more detail).

- Reference and Supporting Documents⁴

5. The Sustainability Policy will take effect on [_____] (“the Effective Date”) and supersedes the Environmental and Social Sustainability Policy of September 2013 in its entirety with respect to investments approved after the Effective Date. The Sustainability Policy will be subject to revision for purposes of incorporating best practices, international trends on environmental and social sustainability issues, and lessons learned during its implementation. The Sustainability Policy is not an express or implied waiver of IDB Invest’s privileges and immunities under the Agreement establishing the IIC, international conventions, or any applicable law, nor does it provide any contractual or other rights to any party.

II. IDB INVEST COMMITMENTS

1. IDB Invest strives to ensure through its environmental and social appraisal and supervision process that the projects in which it invests⁵ and to which it provides technical assistance services are environmentally and socially sustainable by requiring that the projects be structured to meet the standards referred to in this Policy.
2. IDB Invest assesses potential environmental and social risks and impacts of all projects in which it considers investing for compliance with host country laws and regulations and this Sustainability Policy prior to final approval. This Sustainability Policy incorporates the Performance Standards (PS) on Environmental and Social Sustainability of the International Finance Corporation (IFC) and the World Bank/IFC Environmental Health and Safety (EHS) Guidelines (including both General EHS guidelines and Industry Sector EHS Guidelines) (the “Sustainability Policy Standards”)⁶. Any subsequent revisions to the Sustainability Policy Standards will apply to this Sustainability Policy unless otherwise determined by IDB Invest’s Board of Executive Directors.
3. Specific areas of focus include the following:

Pollution Prevention and Resource Efficiency

4. IDB Invest promotes good industrial practice and resource efficiency strategies to minimize waste and pollution resulting from the projects it finances in accordance with PS 3 (Resource Efficiency and Pollution Prevention). When combined with continuous improvement programs, this approach can also result in more efficient production and increased profitability. IDB Invest requires its clients to follow relevant EHS industry sector guidelines as benchmarks for good industry practice and to design, implement and operate their projects and activities accordingly.

⁴ Standards and other documents mentioned in this policy are referenced in sections III and VIII.

⁵ The terms “investments” and “financings” as well as the verbs “invest” and “finance” are used interchangeably herein to refer to IDB Invest’s financing of an operation. In the case of investments made by FIs receiving IDB Invest financing, the term “investments” refers to the sub-projects that are co-funded with IDB Invest resources, (see section IV, paragraph 5 for approach to investments through financial intermediaries). Furthermore, “investments” covers a variety of financing instruments, such as loans, guarantees, equity and quasi-equity, amongst others.

⁶ See Section III.

Climate Change Adaptation, Mitigation and Low Carbon Development

5. IDB Invest considers climate change mitigation and adaptation to be a priority for its investment and technical assistance activities in the region. Through its commitment to low carbon development, IDB Invest contributes in a number of related areas, including renewable energy and energy efficiency projects. IDB Invest provides related technical assistance and develops programs to assist companies in climate change adaptation/mitigation, energy efficiency and low carbon development.

Biodiversity, Ecosystem Services and Protected Areas

6. IDB Invest is committed to the protection, conservation, management and sustainable use of biodiversity, natural resources and ecosystem services in accordance with PS 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources). It seeks to ensure that the operations it finances include measures to safeguard critical habitats and to protect, and where feasible, enhance natural habitats, as well as the biodiversity and corresponding ecosystem services they support. Depending on project type and location, this may include specific cumulative impact analysis to determine potential synergistic and long-term effects of a project and management plans for protecting natural and critical natural habitats in accordance with this Sustainability Policy and its reference standards.

Social Aspects, Labor, Health and Safety

7. IDB Invest is committed to promote good international practice in the context of all social aspects of the projects it finances including human rights. This includes without limitation, requiring clients to practice:
 - (i) robust public consultation, outreach and communication to affected communities, implementation of grievance redress mechanisms commensurate with the nature of the social risks and impacts and the environmental and social risk category of the project in accordance with PS1 (Assessment and Management of Environmental and Social Risks and Impacts);
 - (ii) good labor relations and practices, including a worker grievance redress mechanism in accordance with PS 2 (Labor and Working Conditions)⁷;
 - (iii) good working conditions and health and safety practices and standards in accordance with PS 2;
 - (iv) gender equality, including the avoidance of gender-based exclusion, gender-based violence, including sexual exploitation or human trafficking and sexually transmitted diseases in the projects financed by IDB Invest (e.g. in the workplace, in public consultation)⁸;

⁷ PS 2 is guided by the core International Labor Organization (ILO) conventions.

⁸ Gender is an integral aspect that clients will be required to take into account when applying PS1 (Environmental and Social Assessments); guidance on gender related issues is included in PS1, PS2, PS4, PS5, PS6, PS7 and PS8.

- (v) participation and inclusion of persons with disabilities, including access to the physical environment, equality of opportunity in employment for persons with disabilities, and avoidance of discrimination⁹;
- (vi) participation and inclusion for indigenous peoples and other vulnerable¹⁰ groups, prevention or minimization of adverse impacts on indigenous peoples and other vulnerable groups in accordance with PS 7 (Indigenous Peoples)¹¹;
- (vii) preservation of Cultural heritage in accordance with PS 8 (Cultural Heritage); and
- (viii) fair compensation and livelihood restoration of any persons or groups physically displaced or restricted from their household, community or livelihood in accordance with PS 5 (Land Acquisition and Involuntary Resettlement).

III. CLIENT RESPONSIBILITIES

The identification, management and mitigation of environmental and social risks and potential impacts of activities financed by IDB Invest are the responsibility of the client in accordance with the Sustainability Policy. IDB Invest believes that the application of the Performance Standards helps clients manage and improve their environmental and social performance through a risk and outcomes-based approach.

IDB Invest requires its clients¹² to comply with the Sustainability Policy, which includes the requirements specified within such policy, as well as the following IFC standards and guidelines:

- (i) Performance Standards (dated January 2012), which include:
 - Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
 - Performance Standard 2: Labor and Working Conditions
 - Performance Standard 3: Resource Efficiency and Pollution Prevention

⁹ Inclusion of persons with disabilities is an integral aspect that clients will be required to take into account when applying PS1 and guidance on these issues is covered throughout other relevant PS.

¹⁰ The vulnerable status may be related to race, color, sex, sexual orientation, language, religion, political or other opinion, national or social origin, property, or other status. Clients should also consider factors such as gender, age, ethnicity, culture, literacy, sickness, disability, poverty or economic disadvantage, and dependence on unique natural resources.

¹¹ IDB Invest also strives to ensure that indigenous peoples and other vulnerable groups are not disadvantaged in sharing development benefits related to an IDB Invest financed project.

¹² The IFC's Performance Standards apply to IDB Invest's direct investment clients. IDB Invest's financial intermediary clients are required to apply the Performance Standards to the higher risk subprojects they support (as per Section IV. 5).

- Performance Standard 4: Community Health, Safety and Security
 - Performance Standard 5: Land Acquisition and Involuntary Resettlement
 - Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
 - Performance Standard 7: Indigenous Peoples
 - Performance Standard 8: Cultural Heritage;
- (ii) World Bank/IFC General Environmental, Health and Safety (EHS) Guidelines and the Industry Sector EHS Guidelines.

IV. IDB INVEST IMPLEMENTATION OF THE SUSTAINABILITY POLICY

Approach for Investment Projects

1. IDB Invest is responsible for implementing this Sustainability Policy through its environmental and social appraisal, supervision, and monitoring procedures. Environmental and social appraisal is an integral part of the IDB Invest appraisal process which covers relevant risks, including among others reputational risk and positive and negative impacts and risks. When carrying out appraisals, IDB Invest considers three primary aspects of a project:
 - (i) likely environmental and social risks and impacts;
 - (ii) client's capacity and commitment to meet the requirements of the Sustainability Policy; and
 - (iii) host country's institutional and regulatory framework.
2. IDB Invest will only finance operations that are expected to meet the Sustainability Policy's environmental and social requirements within a reasonable time frame. In certain cases, a project may not be in full compliance at the time of signing the legal agreement with IDB Invest, in which case approval of financing will be linked with the contractual obligation of achieving compliance within a designated timeframe. Persistent delays in meeting these requirements can lead to loss of financial support from IDB Invest.
3. IDB Invest's environmental and social due diligence is commensurate with the level of environmental and social risk and impacts of each project.

Direct Investments

4. Environmental and social appraisals for direct investments include the following:¹³

- (i) review of available information, records, and documentation related to the environmental and social risks and impacts, as well as environmental and social risk categorization of the project; if information gaps are identified request and review of any necessary additional information;
- (ii) a site visit and interviews with client staff and relevant stakeholders;
- (iii) evaluation of the project's environmental and social management plans and, if operational, its environmental and social performance in relation to the requirements of the IDB Invest Sustainability Policy and host country regulations;
- (iv) identification of gaps to define any areas of non-compliance with the requirements of the IDB Invest Sustainability Policy; and
- (v) development of an Environmental and Social Action Plan (ESAP) to close such gaps, if any. Once agreed upon with the client, the ESAP along with the project environmental and social management plans form an integral part of the subsequent legal agreements between IDB Invest and the client.

Investments through Financial Intermediaries

5. There is a separate procedure for Financial Intermediaries (FI) investments which includes:

- (i) a review of the FI's portfolio to ascertain sector exposure and contextual risks;
- (ii) categorization of the FI investment based on potential environmental and social risk (see section III, paragraphs 15 to 19);
- (iii) requiring IDB Invest FI clients to develop and implement an environmental and social management system (ESMS) that is commensurate with the level of environmental and social risks in its portfolio and prospective operations, and apply the IDB Invest Exclusion List and applicable national law;¹⁴
- (iv) providing capacity building to FI clients through IDB Invest's Environmental and Social Risk Management Training program, which aims to help FIs in the development and improvement of their ESMS.

¹³ In the case of some low risk investments involving IDB Invest's smallest clients, some elements, such as a site visit and ESAP may not always be necessary.

¹⁴ FIs with a portfolio and/or prospective subprojects that present moderate to high environmental and social risks (i.e., Category FI-1 and FI-2) will require the higher risk subprojects they support to follow the PS and the General EHS and Industry Sector Guidelines. In the case of FIs categorized as FI-3, the ESMS will consist of screening of business activities they support against the IDB Invest Exclusion List and applicable national law.

Approach for Technical Assistance Activities

6. Through its technical assistance (TA) activities, IDB Invest seeks to provide support to private sector companies in Latin America and the Caribbean with capacity-building programs and other forms of assistance to enhance the projects it finances.
7. IDB Invest is proactive in delivering TA to complement existing or proposed projects. IDB Invest focuses on providing technical assistance aimed at the following: promoting climate change mitigation and adaptation; supporting clients to advance gender equality and diversity through their employees, targeted markets and value chains; and contributing to strengthening public private partnerships in the region. Technical assistance may also cover activities, such as developing support for effective management systems, obtaining certification under various quality schemes, and assisting clients with identifying and applying best practices. IDB Invest seeks to increase the technical assistance provided to clients for third party certifications of soft commodities (e.g. agricultural products), such that clients involved in this sector may ensure that the supply chain is producing these commodities in an environmental and socially sustainable manner. In addition, IDB Invest provides technical assistance to companies that are not clients in order to enhance performance and to provide knowledge in different areas.
8. IDB Invest applies the following procedure for technical assistance approval:
 - (i) Each TA activity is screened against the IDB Invest Exclusion List.
 - (ii) IDB Invest also ensures that the technical assistance and advice provided to companies is consistent with host country laws and the IDB Invest Sustainability Policy.

Environmental and Social Risk Categorization

9. During appraisal, IDB Invest categorizes operations using a risk-based approach for direct investments and financial intermediary investments.

Direct Investments

10. For direct investments, IDB Invest categorizes operations as A, B or C based on type, sector, scale and likely magnitude and significance of potential environmental and social risks and impacts of the operation. The category indicates the appropriate extent of environmental and social impact assessment, information disclosure and stakeholder engagement required.
11. **Category A** projects could result in potentially significant and diverse, irreversible, or unprecedented environmental and/or social risks and impacts that often extend beyond the boundaries of the actual project site or facilities. In principle, Category A includes projects which have significant impacts on protected or sensitive areas¹⁵ and/or vulnerable groups.

¹⁵ Examples of sensitive areas may include critical natural habitat, indigenous territories, and/or cultural sites of spiritual, historical or archaeological significance.

12. **Category B** projects have potential environmental and/or social impacts and risks that are less adverse than those of a Category A and which are generally limited to the project site, largely reversible and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.
13. **Category C** projects are those that are likely to result in very limited or no adverse environmental or social impacts or risks.
14. The client carries out an environmental and social assessment of the environmental and social risks and impacts of a project. A variety of tools are available to conduct the environmental and social assessment depending on the type of project. Also, the breadth of the assessment is expected to be commensurate to the level of potential environmental and social risks and impacts. For Category A and B projects that are greenfield developments or large expansions with specifically identified physical elements, aspects and facilities that are likely to generate significant environmental or social impacts, the client has to prepare an environmental and social impact assessment (ESIA)¹⁶, and in the case of existing facilities, an environmental, social, health and safety audit (EHS Audit)¹⁷ unless the necessary information is otherwise available. For lower impact category B projects, such as those that include for example, modernization and upgrade of existing production facilities, not involving major expansion or transformations, a limited or focused environmental and social analysis¹⁸ may be sufficient.

Financial Intermediary Investments

15. When IDB Invest makes an investment in a financial intermediary such as a bank, investment fund or another specialized institution, such as a factoring company, a leasing company, or microfinance institutions, this is categorized as an FI investment. In FI operations, there are typically multiple “sub-projects” to which the FI provides financing using IDB Invest funds. In these cases, the FI is responsible for assuring the applicable requirements of this Sustainability Policy are met by the individual sub-projects.
16. Using the Direct Investment approach to categorization, IDB Invest further categorizes the operation as FI-1, FI-2 or FI-3 based on the type of financial institution, investment type with IDB Invest, the potential subproject environmental and social risks associated with the likely sector and the expected physical context and size of the sub-projects. In addition, IDB Invest considers the FI client’s reputation and management capacity for implementing the Sustainability Policy standards.

¹⁶ The ESIA may also be called an EIA and/or any other name depending on the country. This document consists of an instrument to identify and assess the potential environmental and social impacts of a proposed project, evaluate alternatives and design appropriate mitigation, management and monitoring measures.

¹⁷ An EHS audit is an instrument to determine the nature and extent of all environmental and social areas of concern at an existing project or activities and includes a description of the mitigation measures.

¹⁸ The term limited or focused environmental and social analysis refers to an assessment that is generally narrower in scope than a full-scale ESIA and is specific to potential environmental and social risks (including labor, health, safety and security) and/or impacts associated with the project. For some of these projects, confirmation and documentation of the application of environmental siting, pollution standards or construction standards should be appropriate.

17. FI-1 operations are those where the risk potential is high: the FI's current or future portfolio¹⁹ financed as part of IDB Invest investment includes or is expected to include substantial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse or mostly irreversible.
18. FI-2 operations are those where the risk potential is considered medium: the FI's current or future portfolio consists of or is expected to consist of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential adverse environmental or social risks or impacts that are diverse or irreversible.
19. FI-3 operations are those where the risk potential is considered low: the FI's current or future portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

Supervision

Supervision of Investment Projects

20. IDB Invest monitors the environmental and social performance of its investments as an integral part of its portfolio management program. In the legal agreements that document its operations, IDB Invest agrees with the client on a regular program of supervision of the management of environmental and social risks and impacts against the agreed requirements, the frequency and extent of which will be commensurate with the category assigned. Key components of the supervision program IDB Invest carries out include: review of the client's Annual Environmental and Social Monitoring Report; review of the implementation performance against the environmental and social conditions for the investment and the client's commitments; where relevant, the identification of opportunities for the client to improve its environmental and social performance and implement additional corrective actions, as needed; and site visits to the Project, depending on the level of environmental and social risk of the Project at any given time throughout the project cycle.²⁰ IDB Invest may take remedial measures under the financing documentation to promote compliance by its clients, who are responsible for managing environmental and social risks and impacts in a manner consistent with the Sustainability Policy.

Direct Investments

¹⁹ The term "portfolio" refers to the portfolio of subprojects financed through an IDB Invest investment, unless the IDB Invest investment is not to be used for subprojects, but rather for other general uses, such as institutional improvements. In the latter case, the term "portfolio" refers to the FI's overall portfolio.

²⁰ IDB Invest supervision may include visits at the FI level, as well as to recipients of the FI loans/investments, depending on the level of risk of the FI subproject.

21. For direct investments, IDB Invest will also review the client's Annual Environmental and Social Monitoring Reports and updates on the various environmental and social commitments included in the legal agreement including progress on implementation of the ESAP.²¹

Indirect Investments through Financial Intermediaries

22. In the case of FI investments, IDB Invest will review the client's Annual Environmental and Social Monitoring Report including progress on screening subprojects against IDB Invest exclusion list, compliance with national environmental and social laws and regulations, as well as effectiveness of the Environmental and Social Management System developed.

Supervision of Technical Assistance Activities

23. IDB Invest supervises the implementation of the environmental and social aspects of the relevant technical assistance activities to ensure that the technical advice offered to clients and other companies through the consultancy reports funded by IDB Invest TA program is in line with the Sustainability Policy. In addition, annual reports are prepared by IDB Invest and submitted to the relevant trust fund donors, detailing the use of the TA funds provided by donors for the year, and according to the IDB Invest's Disclosure of Information Policy (and any successor thereof).

Development Impact and Evaluation

24. IDB Invest uses various tools to assess the expected development impact of its operations, the Development Effectiveness, Learning, Tracking and Assessment (DELTA) system, the Annual Supervision reports (ASRs), and the Expanded Supervision Reports (XSRs). The DELTA system, which has environmental, social and corporate governance indicators, estimates a transaction's expected development impact prior to its approval and throughout its life. The XSRs evaluate a project's deliverables at the time the project matures²² and includes environmental, social and governance performance indicators to assess the project's overall performance in these areas. In addition to IDB Invest's internal evaluation of deliverables, the IDB Office of Evaluation and Oversight (OVE) reviews and validates the XSRs annually. OVE is independent from IDB Invest management and reports directly to the IDB Invest Board of Executive Directors.
25. Results of evaluations are incorporated in the IDB Invest internet-based Lessons Learned portal and applied to new investments to improve performance.

²¹ For Category C projects, an ESAP is not required and environmental and social management measures may be limited or inapplicable. Category C projects may not have any reporting requirements.

²² IDB Invest follows the criteria of the Multilateral Development Bank Evaluation Cooperation Group (MDB-ECG) for determining when an operation matures, which can include factors such as when the project has been substantially completed, when the final disbursement has been made by IDB Invest, or others depending on the type of project.

V. COLLABORATION AND LIAISON WITH PUBLIC AND PRIVATE SECTOR PARTNERS

1. As a multilateral financial institution that promotes economic development through the private sector, IDB Invest collaborates with a variety of private and public sector entities. As a member of the IDB Group, IDB Invest works closely with the IDB in its efforts to promote sustainable private sector development in its regional developing member countries. This currently includes the identification of sustainable projects, joint technical cooperation agreements to help companies benefit from technical assistance, coordination with the IDB Climate Change and Sustainable Development Sector to assist companies in developing and improving their climate change mitigation and/or adaptation projects, as well as the coordination with the IDB's environmental and social specialists on issues such as capacity building for clients.
2. Examples of IDB Invest's work with other public and private sector entities include:
 - (i) Collaborating closely with other financial institutions working on joint projects or co-investments and promoting close coordination and harmonization among participating institutions regarding the environmental and social actions required from a client.
 - (ii) Promoting sustainable financial markets in Latin America and the Caribbean through engaging in dialogue with Equator Principle banks and leading training programs for financial intermediaries in Latin America and the Caribbean on issues, such as Environmental and Social Risk Management for the financial Sector.
 - (iii) Engaging in dialogues with local nongovernment and government institutions as well as financial institutions in Latin America and the Caribbean in order to develop strategic partnerships to be able to implement technical assistance programs.
 - (iv) Liaising with multilateral development banks, as well as relevant bilateral development institutions and export credit agencies in order to support harmonization efforts related to environmental and social issues, policies, and procedures across institutions.
 - (v) Liaising with multilateral financial institutions, as well as relevant bilateral institutions and export credit agencies on integrating corporate governance into investment operations.

VI. GOVERNANCE

Corporate Governance

1. IDB Invest understands the strong correlation between a company's corporate governance culture and its commitment to sustainability. Good corporate governance helps businesses operate more efficiently, attracts capital, safeguards against corruption and mismanagement and improves the relationship with their stakeholders. It makes businesses more accountable and transparent and builds investor confidence in public and private companies. IDB Invest seeks to disseminate good governance practices and put effective and affordable governance tools and structures in the hands of businesses. IDB Invest has adopted the Corporate Governance Development Framework (CGDF), a common methodology amongst Development Finance Institutions for assessing corporate governance of investee companies. Under the CGDF, IDB Invest strives to: (i) integrate corporate governance in its investment operations, (ii) establish an internal corporate governance

function, (ii) provide training and capacity building, (iii) collaborate with other signatories, and (iv) report annually on implementation. Through its TA activities, IDB provides private sector companies in Latin America and the Caribbean with direct corporate governance support, capacity-building programs and other forms of assistance.

Governance for Projects in the Extractive Industry

2. In cases where IDB Invest finances an extractive project (oil, gas, and mining), it will assess the environmental, social and governance risks and the expected development impact in accordance with this Sustainability Policy and related IDB Invest tools, such as the Development Effectiveness, Learning, Tracking and Assessment (DELTA) system.
3. IDB Invest also promotes transparency of revenue payments from extractive projects to host governments. Accordingly, IDB Invest requires that clients publicly disclose their material project payments to the host government (such as royalties, taxes, and profit sharing).

VII. INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

IDB Invest's Independent Consultation and Investigation Mechanism provides a mechanism and process to investigate allegations of harm as a result of IDB Invest's failure to comply with its Sustainability or Access to Information Policies in accordance with the Policy of the Independent Consultation and Investigation Mechanism.

VIII. RELATED DOCUMENTS

In addition to the PS and the World Bank/IFC General Environmental, Health and Safety (EHS) Guidelines and the Industry Sector EHS Guidelines, the following policies, standards and guidance documents are applicable for compliance with the IDB Invest Sustainability Policy:

- IDB Invest Access to Information Policy
- IDB Invest Exclusion List
- Policy of the IDB Invest Independent Consultation and Investigation Mechanism
- IDB Invest Corporate Governance Development Framework

Annex A

