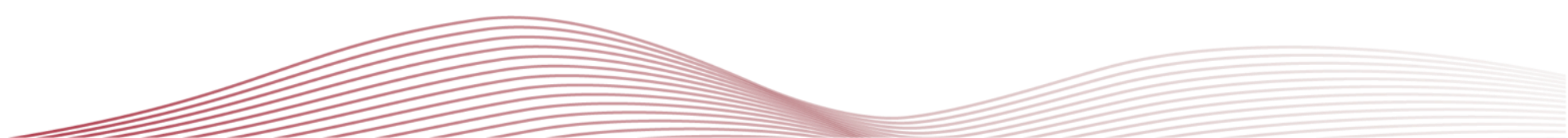


# ASIAN INFRASTRUCTURE INVESTMENT BANK

**Environmental, Social and Governance  
Credentials**



# AIIB'S COMMITMENT TO SUSTAINABLE GROWTH

## Elements and Objectives of the Environmental and Social Framework (ESF)

### Elements of the ESF

- Vision
- Environment and Social Policy (ESP)
- Environmental and Social Standards
- Environmental and Social Exclusion List

### Objectives of the ESF

- Provide a robust structure for managing operational and reputational risks of the Bank and its shareholders in relation to Projects' environmental and social risks and impacts.
- Ensure the environmental and social soundness and sustainability of Projects.
- Support integration of environmental and social aspects of Projects into the decision-making process by all parties.
- Provide a mechanism for addressing environmental and social risks and impacts in Project identification, preparation and implementation.
- Enable Clients to identify and manage environmental and social risks and impacts of Projects, including those of climate change.
- Provide a framework for public consultation and disclosure of environmental and social information in relation to Projects.

# ENVIRONMENTAL AND SOCIAL POLICY AT THE CORE OF AIIB'S BUSINESS

## Commitment to the Environmental and Social Policy (ESP)

The Bank recognizes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate.

The Bank:

- Screens and categorizes each proposed project based on its potential environmental and social risks and impacts.
- Requires environmental and social assessments.
- Identifies actions to avoid, minimize, mitigate and/or offset impacts.
- Includes provisions for disclosure of information and public consultation.
- Every project has a Grievance Redress Mechanism accessible to the general public.
- Mandatory requirements that apply to Clients and Operations are set out in 3 Environmental and Social Standards:
  - i. Environmental and Social Assessment and Management.
  - ii. Involuntary Resettlement.
  - iii. Indigenous Peoples.



- Ensure the environmental and social soundness and sustainability of each project.
- Support integration of environmental and social aspects of projects into the decision-making process by all parties.
- Provides for public consultation and disclosure
- Projects have Environment and Social Management Plans to support effective implementation of management and monitoring measures.
- Regular monitoring and reporting required by the Client on implementation of the environmental and social measures agreed with the Bank.
- The Bank also conducts periodic site visits and comprehensive field-based reviews to ensure compliance with the ESP and applicable ESSs.



**Every project is subject to AIIB's Environmental and Social Policy, Environmental and Social Standards, and Environmental and Social Exclusion List**

# AIIB'S COMMITMENT TO SUSTAINABLE GROWTH

## Project Screening and Classification

Projects financed by AIIB are screened and classified into four categories depending on scope, location, scale as well as potential environmental and social impact and risks. Given the category of a project, AIIB requires clients to undertake varying levels of environmental and social assessment.

### Category A

**Scope:** The project is likely to have significant adverse environmental and social impacts that are irreversible, cumulative, diverse or unprecedented.

**Requirements:** Mandatory Environmental and Social Impact Assessment (ESIA) or equivalent, and Environmental and Social Management Plan (ESMP) or Environmental and Social Management Planning Framework (ESMPF).

### Category B

**Scope:** The project is likely to have limited adverse environmental and social impacts which are not unprecedented. Few impacts, if any, are irreversible or cumulative, are limited to the project area and can be successfully managed using good practice in an operational setting.

**Requirements:** Mandatory initial review of the environmental and social implications of the project. Depending on the conclusions, AIIB, in consultation with the Client, can determine the assessment of the environmental and social impacts on a case-by-case basis. The scope of the assessment is narrower compared to the Category A mandatory ESIA.

### Category C

**Scope:** The project is likely to have minimal or no adverse environmental and social impacts.

**Requirements:** Mandatory review of the environmental and social implications of the project. The environmental and social assessment is not required.

### Category FI (Financial Intermediary)

**Scope:** The financing structure involves the provision of funds to - or through - a financial intermediary (FI).

**Requirements:** Mandatory selection, appraisal, approval and monitoring process of Bank-financed sub-projects. AIIB also requires the FI Client to screen and categorize sub-projects as Category A, B or C, and review, conduct due diligence, and monitor the environmental and social risks and impacts associated with any AIIB-financed sub-projects, all in a manner consistent with the AIIB's ESP.



**Environmental and Social Impact Assessment (ESIA)** examines the project's potential environmental and social impacts, evaluates the alternatives, and develops mitigation and monitoring actions.

**Environmental and Social Management Plan (ESMP)** details the measures to be taken during the implementation and operation of a project, to eliminate or offset adverse impacts.

**Environmental and Social Management Planning Framework (ESMPF)** when subprojects cannot be identified at time of project approval, provides the principles, rules, guidelines and procedures to assess the environmental and social impacts.

# AIIB'S COMMITMENT TO SUSTAINABLE GROWTH

## Use of Proceeds

- AIIB's Environmental and Social Framework (ESF) is the cornerstone of its commitment to supporting environmentally and socially sustainable infrastructure projects for both sovereign and non-sovereign clients.
- The Vision section of the ESF describes the Bank's aspirations in integrating environmental and social sustainability into its mission. It is part of our mission to help our members to address their commitments to the Sustainable Development Goals (SDGs) and to achieve their nationally determined contributions under the Paris Agreement, as demonstrated by our investment in projects related to climate mitigation, climate adaptation and other environmental objectives.
- AIIB has chosen to reflect its sustainable nature by adopting Use of Proceeds language for all future borrowings referencing its mandate and adherence throughout to its Environmental and Social Policy (ESP).
- AIIB project summaries contain environmental and social information on each project. These are posted on the AIIB Website under [Approved Projects](#) and [Proposed Projects](#).

# AIIB'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATINGS

In 2018, AIIB has been rated for the first time by rating agencies based on industry-specific social, environmental and governance (ESG) criteria. The bank was assigned a “Prime” rating by ISS-oekom and a score of 66 out of 100 points by Sustainalytics.



“The Asian Infrastructure Investment Bank (AIIB) has established an Environmental and Social Policy and Framework (ESF), which serves to manage and minimize risks associated with the activities it finances. It includes comprehensive standards on resource efficiency, climate change and labour rights and the protection of vulnerable populations, as well as reasonable standards on pollution prevention, ecosystems and biodiversity, resettlements, community health and safety, and security personnel.”

“As regards transparency and accountability, AIIB forms part of the more progressive development banks, publicly disclosing individual project financed on its website (including project overviews, financing information and project documents).”

**ISS-Oekom Corporate Rating**, November 2018 (available [here](#))

The Asian Infrastructure Investment Bank (AIIB) “is considered an average performer on ESG issues compared to its industry peers.”

“AIIB’s success relies on its ability to recruit and motivate a highly skilled workforce able to identify, invest in and monitor commercially sound projects with positive economic impacts.”

“The company’s ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.”

**Sustainalytics ESG Report**, November 2018

