Early Warning System

IDBI-12886-01

Sigma Alimentos

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Quick Facts

Countries	Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-12-13
Borrower	Sigma Alimentos, S.A. de C.V.
Sectors	Agriculture and Forestry, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million
Loan Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 50.00 million

Project Description

According to the Bank's website, this project finances a discount facility for IDB Invest's purchase of accounts that are confirmed by subsidiaries of Sigma Alimentos SA de CV.

This project aims to support Sigma's supplier base in countries in Latin America and the Caribbean that lack supplier finance programmes for the purchase of accounts payable to suppliers, including Small and Medium Enterprises.

People Affected By This Project

1. Scope of the Environmental and Social Review

IDB Invest's environmental and social review included meetings and telephone calls with Sigma Alimentos' management teams in Mexico, as well as with the persons responsible for the environment, sustainability, human resources, and the Company's supply chain. The review included an analysis of the Company's environmental and social management process and its approach to supply chain management.

The Due Diligence Process included a review of supplementary information, such as environmental management policies, plans, manuals, and procedures; the human resources (HR) policy; occupational health and safety (OHS) programs; information on waste management (both non-hazardous and hazardous or special management waste); monitoring and review of ambient conditions in the workplace (e.g. air emissions, noise, and effluents); and emergency response plans, among the most important

Given the nature of this financing, the review focused on: i) environmental and social management, and the labor and working conditions of Sigma; and ii) the evaluation of Sigma suppliers' management programs and their fulfillment of basic environmental and social requirements pursuant to the regulations of the country in which they are located.

2. Environmental and Social Categorization and Reationale

This is a Category B operation under the IDB Invest Environmental and Social Sustainability Policy, as its possible environmental and social (E&S) risks and impacts are, overall, limited, mostly reversible, and subject to being managed by measures that are readily available with current technologies and whose implementation is feasible within the context of the operation.

The Project will trigger the following Performance Standards (PS):

3. Environmental and Social Context

Sigma, a subsidiary of Grupo Alfa incorporated in 1971 in Mexico, is a leading multinational company in the food industry, which produces, markets and distributes quality brand-name foods, including cold meats, cheese, yogurt and other refrigerated and frozen food. Sigma has a diversified portfolio of leading brands and operates 69 plants in 18 countries in four key regions: Mexico, Europe, the United States of America (USA) and Latin America (LATAM).

Sigma distributes its products through: (i) a modern channel of supermarkets, hypermarkets, and convenience stores; (ii) a traditional channel of grocery stores, traditional butchers, and wholesalers; and (iii) a food service channel for hotels, restaurants, hospitals, etc. Globally, the Company has 69 manufacturing plants, 208 distribution centers, more than 640,000 points of sale, more than 7,900 reefer vehicles and a workforce of more than 45,000 employees from more than 60 nationalities, of which 39% are women.

Sigma has the following products categories: i) cold and matured meats (sausages and hot dogs, among others) whose principal raw materials are pork, beef, and poultry, which represented 77% of consolidated sales in 2018; ii) dairy products (cheeses, yogurt and other milk by-products), which are marketed mainly in Mexico, Central America, South America and the Caribbean, and which accounted for 18% of consolidated sales in 2018; and (iii) other refrigerated products, including pizzas, stuffed breasts, taquitos, etc., which represented 5% of consolidated sales in 2018.

4. Environmental Risks and Impacts and Proposed Mitigation aned Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a Environmental and Social Assessment and Management System

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Sigma Alimentos SA de CV	Client	-

Contact Information

Client Contact

Gerardo Guerra
Corporate Treasurer
[+52] 81 8748 9221

gguerraq@sigma-alimentos.com

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

Bank Documents

- SIGMA Alimentos-Environmental and Social Action Plan_0.pdf [Original Source]