

 Early Warning System

IFC-31999  
GTSF-Comerci

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



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### Quick Facts

<b>Countries</b>	Mexico
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Active
<b>Bank Risk Rating</b>	B
<b>Borrower</b>	COMERCIAL CITY FRESKO S.DE R.L.DE CV



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## Project Description

### OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC reviewed CCM's information publicly available including the current Company structure, Comerci's 2010 corporate social responsibility (CSR) and Sustainability Report and supplemental information provided by the Company's Deputy Procurement Director, who acts as CSR and Sustainability lead for Comerci. Of CCM's business lines Tiendas Comercial Mexicana represents 75% of its revenues, and similar percentage of its suppliers, which mainly involve food companies, but also home goods, apparel and footwear manufacturers. Potential adverse E&S impacts of the GTSF project arise at the level of the Suppliers. All Performance Standards are applicable to operations of potential suppliers to be supported by the Project. In supplier financing programs of this nature, IFC assesses environmental and social (E&S) risk at Suppliers to Buyers (such as Comerci in this proposed transaction) by assessing the Buyers' systems for management of E&S performance of their Suppliers. Therefore the Buyer (Comerci) assessment reported in this Environmental and Social Review Summary considers the application by Comerci of PS1 Social and Environmental Assessment and Management Systems as described below.

### PROJECT DESCRIPTION

This project is proposed under the Global Trade Supplier Finance program ("GTSF" or the "Program") approved by the IFC Board in September 2010. (Original Project Link #28723). Controladora Comercial Mexicana ("CCM" or "Comerci" or the "Company") is the fourth largest retailer in Mexico with 227 retail stores, 74 restaurants and 5 distribution centers under operation as of December 31 2011. It is listed on the Mexican Stock Exchange (BMV) and, as of January 20 2012, had a market capitalization of approx. US\$2.1 billion. It has 4 business lines (retail, restaurants, real estate management, and a 50-50 JV with Costco) with retail being the largest one as it represents 75% of its revenues (mainly food). Comerci has supplier finance (SF) program in place with NAFIN providing SF to 700 of its suppliers, the large majority of which are small of medium enterprises (SMEs). The Project will establish a Supplier Finance ("SF") program and make financing available to the suppliers of Commercial Controladora Mexicana ("Comerci" or "CCM" or the "Company"), through the discounting of receivables of the suppliers payable by Comerci. The SF program will have an IFC-funded, uncommitted credit line of US\$100mn to be split in: i) US\$85 million equivalent denominated in Mexican Pesos ("MXN") and targeted to CCM's Mexican SME suppliers and ii) US\$15 million denominated in USD and targeted to CCM's foreign suppliers based in emerging markets. The program will be implemented through PrimeRevenue, a Supply Chain Finance platform, and its local re-seller, E-Factor Network ("EFN"), and it is expected to reach 700 Suppliers the large majority of which will be SMEs.

### IDENTIFIED APPLICABLE PERFORMANCE STANDARDS

PS1: Social and Environmental Assessment and Management System

### ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE

E&S risks associated with Comerci's food suppliers are related to the production of raw materials, initial processing in situ, further manufacturing at industrial level, and distribution. Production of raw material, depending on the foodstuff, and the size and characteristics of the farm, commonly involves issues of labor and working conditions, pollution from fertilizers and pesticides, and management of agricultural waste. On occasion, there may also be impacts related to land acquisition and resource management (especially water). Food processing may also involve issues pertaining labor and working conditions



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### **Investment Description**

- International Finance Corporation (IFC)



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### **Contact Information**

#### ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>



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**Other Related Projects**

- IFC-28723 Global Trade Supplier Finance