

 Early Warning System

IFC-33956

GTSF Aldo

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



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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	Groupe Aldo Inc, Le



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Project Description

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 #28723). The proposed project (the "Project") is up to US\$30 million uncommitted, short term facility by IFC, subject to a participation by Export Development Canada ("EDC") of 50% of that amount, to support the suppliers of Aldo Group, Inc. ("Company" or "Aldo") in emerging markets. Aldo is a privately held Canadian corporation that produces footwear and operates a worldwide chain of over 1800 shoe and related accessory stores, including franchise stores, with a strong presence in the US and Canada. IFC will provide short term financing to the suppliers of the Company in exchange for their receivables owed by Aldo to help them better manage their cash flow needs as well as to provide them with a cheaper source of financing. The short term facility proposed by IFC is expected to be initially utilized by Chinese and Vietnamese suppliers, and can be expanded to include other emerging markets.

OVERVIEW OF IFC'S SCOPE OF REVIEW

In supplier financing programs of this nature, IFC's due diligence approach is to assess environmental and social (E&S) risk at supplier level by reviewing buyers' management system and procedures, especially as it relates to managing E&S performance of their Suppliers. IFC due diligence for this proposed transaction involved: (i) a review of Aldo's documentation pertaining to E&S management of the supply chain, including Aldo's Code of Ethics, Aldo Group Ethical Sourcing Policy and samples of compliance audits and action plans of selected suppliers; (ii) written responses to questionnaires regarding Aldo's management of E&S aspects in the supply chain; (iii) conference calls with Aldo's Ethics and Compliance Manager; and (iv) a review of publically available information on emerging issues on the footwear manufacturing supply chain with particular emphasis in China and Vietnam.

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards. PS 1 - Assessment and Management of Environmental and Social Risks and Impacts. If IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

Aldo's supplier systems consider potential impacts of the suppliers in the aspects related to PS1 (Assessment and Management of Environmental and Social Risks and Impacts) and PS2 (Labor and working conditions); some elements of PS3 (Resource Efficiency and Pollution Prevention) are considered in the audit process. Suppliers are expected to be established manufacturing facilities and therefore potential impacts related to PS5 (Land Acquisition and Involuntary Resettlement), PS6 (Biodiversity Conservation and Sustainable Natural Resource Management), PS7 (Indigenous Peoples), and PS8 (Cultural Heritage) are not expected. Impact of the suppliers activities in nearby communities is unlikely and therefore PS4 (Community Health Safety, and security) issues are not expected.

ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE



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Investment Description

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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. 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