

**AIIB Directive on the  
Environmental and Social Policy  
April 24, 2020**

**1. Overriding Objective**

- 1.1.** This Directive aims to facilitate the implementation of the Asian Infrastructure Investment Bank's (**AIIB** or the **Bank**) Environmental and Social Policy, including the Environmental and Social Standards and Environmental and Social Exclusion List (**Policy**). The Policy derives directly from the requirement in the Bank's Articles of Agreement that "[t]he Bank shall ensure that each of its operations complies with the Bank's operational and financial policies, including without limitation, policies addressing environmental and social impacts." The Policy constitutes one of AIIB's major policies, and is central to the design and implementation of projects supported by the Bank's financing.
- 1.2.** The interpretation and implementation of this Directive shall seek to give effect to this overriding objective.

**2. Definitions**

- 2.1.** The capitalized terms used in this Directive have the meanings set forth or referred to in paragraph 5 of the Policy, or as set forth below:
- (a) **Environmental and Social Advisor (ES Advisor)** means a staff member assigned by the Vice President, Policy and Strategy to perform the functions described in Section 3.2(b) below.
  - (b) **Environmental and Social Specialists (ES Specialists)** means staff members assigned to perform the tasks described in Section 3.3 below.
  - (c) **Financing** means the financing extended by AIIB for a Project, which may be a Sovereign-backed Financing or Non-sovereign-backed Financing.
  - (d) **Project Change** means a change to the Project or Financing, as described in Section 3.5.3 of the Operational Policy on Financing.
  - (e) **Project Team Leader (PTL)** means a staff member assigned to lead the preparation of the Financing and/or monitoring of Project implementation in accordance with the Operational Policy on Financing and its associated Directive (as applicable).

**3. Responsibilities**

- 3.1. Shared Responsibilities.** For purposes of this Directive, the Vice President Policy and Strategy and each Vice President, Investment Operations, share responsibility for application of the Policy. The Policy and Strategy Vice Presidency is responsible for environmental and social (**ES**) policy development, advisory support and policy

assurance functions under the Policy (see below, *Section 3.2*). Each Investment Operations Vice Presidency has primary responsibility for preparing and delivering Financings and monitoring Project implementation under the particular Vice Presidency's responsibility in accordance with the Policy (see below, *Section 3.3*). The relevant Manager within the Investment Operations Vice Presidency assigns a PTL to each Project. The Director General, Operational Services assigns ES Specialists to each Project to support the PTL on all ES matters under the Project. The Vice Presidencies coordinate and cooperate in carrying out their respective responsibilities.

### 3.2. Responsibilities of the Policy and Strategy Vice Presidency

- (a) **Policy Development.** This function covers all aspects of policy development including:
- (i) Interpreting the Policy and Directive.
  - (ii) Evaluating the application of the Policy and Directive across AIIB's Financing portfolio.
  - (iii) Formulating and recommending revisions to the Policy and Directive.
  - (iv) Preparing, issuing and revising, as needed, Administrative Guidance designed to support the efficient and proper implementation of the Policy and this Directive.
- (b) **Policy Assurance.** The Vice President, Policy and Strategy confirms that each Financing complies with the Policy. To that end, the ES Advisor performs the following tasks in relation to each Project for which a Financing is extended:
- (i) Approves the ES categorization (including re-categorization).
  - (ii) Approves the scope of the Project's ES assessment, including any additional assessments that may be required as a result of Project Changes.
  - (iii) Approves the proposed use of country or corporate ES systems under the Project, and ES documentation required for the use of such systems.
  - (iv) Approves the proposed application of a cofinancier's ES policies to the Project.
  - (v) Approves the ES aspects of project documents and project change documents.
  - (vi) Approves measures to address ES compliance issues that may be brought to the attention of the ES Advisor during Project implementation.
- (c) **Advisory Support.** This function includes:
- (i) Providing advice on ES issues to staff, especially in the context of complex and high-risk Projects.

- (ii) Providing inputs to the Communications Department on media outreach relating to ES issues.
- (iii) Undertaking internal and external training on ES matters.
- (iv) Representing AIIB both internally and externally on ES matters (including approaches to ES policies and standards).

**3.3. Responsibilities of the Investment Operations Vice Presidencies.** Each Investment Operations Vice Presidency is responsible for preparing and delivering Financings and monitoring Project implementation under the particular Vice Presidency's responsibility, in accordance with the Policy. More specifically, this responsibility includes:

- (a) Screening and proposing the ES category for the Project.
- (b) Conducting AIIB's due diligence assessment on the ES aspects of the Project.
- (c) Disclosing ES information on the Project in accordance with the Policy.
- (d) Monitoring implementation of the ES aspects of the Project and addressing any issues arising during Project implementation.

The tasks listed above are carried out by the PTL with the support of the ES Specialists assigned to the Project. At all stages of the Project, from preparation through implementation monitoring, the PTL and ES Specialists work together cooperatively in order to identify and address the ES issues arising under the Project. They keep each other informed of their respective work in this regard.

#### **4. Bank Disclosure of Environmental and Social Information**

**4.1.** Each Investment Operations Vice Presidency shall ensure that for every Project under its responsibility, ES information required to be disclosed pursuant to the Policy is disclosed through the Project summary information as early as possible.

**4.2. Sovereign-backed Financings.** In the case of Projects financed under sovereign-backed Financings:

- (a) A summary of the ES information related to the Project is disclosed promptly after the Financing has passed Concept Review; provided that if the Screening Committee has approved a single Appraisal Review in lieu of a Concept Review and Appraisal Review, this information is disclosed promptly after the Financing has been approved for inclusion in the investment pipeline.
- (b) The draft ES assessment report, ES management plan, ES management planning framework, resettlement plan, resettlement planning framework, Indigenous Peoples plan and/or Indigenous Peoples planning framework (as applicable) or other approved form of ES documentation, required of the

Client for the Project pursuant to the Policy, are disclosed as early as possible during AIIB's due diligence assessment of the Project, and in any event prior to the consideration of the Financing at Appraisal Review.

- (c) Other ES information required of the Client or AIIB for the Project under the Policy is disclosed as soon as such information becomes available, in accordance with the Policy.
- (d) Any material change or addition to the disclosed ES information for the Project is disclosed as soon as such information becomes available, and in any event prior to approval of such change.

**4.3. Non-sovereign-backed Financings.** In the case of Projects financed under non-sovereign-backed Financings:

- (a) The draft ES assessment report, ES management plan, ES management planning framework, resettlement plan, resettlement planning framework, Indigenous Peoples plan and/or Indigenous Peoples planning framework (as applicable) or other approved form of ES documentation, required of the Client for the Project pursuant to the Policy, are disclosed as early as possible during AIIB's assessment of the Project, and in any event no later than on the working day immediately following the date on which the Financing has passed Final Review.
- (b) Other ES information required of the Client or AIIB for the Project under the Policy is disclosed as soon as such information becomes available, in accordance with the Policy.
- (c) Any material change or addition to the disclosed ES information for the Project is disclosed as soon as such information becomes available, and in any event prior to the approval of such change.

**4.4. Deferral of Disclosure.** The Investment Committee may grant a deferral of the disclosure of the ES information referred to in Sections 4.2 and 4.3 above in special circumstances because of either:

- (a) legal or other regulatory requirements such as timing requirements relating to securities offerings, equity investments in publicly listed companies or purchases of shares in a private placement; or
- (b) a commercially sensitive nature of the transaction involving, for example, an acquisition or a financial restructuring, where premature disclosure would compromise the financial worth or competitiveness of a corporate entity or its assets.

## **5. Authority**

**5.1.** The President shall make all final decisions regarding the application of this Directive.

## **6. Replacement of Past Directive**

- 6.1.** This Directive replaces the AIB Directive on Environmental and Social Policy, dated March 2019.