

## PUBLIC DISCLOSURE

Original language of the document: Spanish  
Revision's cut-off date: June 8, 2020

### A. Investment Summary (provided by the Transaction Lead)

<b>Disclosed Date:</b>	June 26, 2020
<b>Project Name:</b>	Rassini
<b>Project Number:</b>	12522-01
<b>Investment Type:</b>	Supply chain financing
<b>E&amp;S Category:</b>	C
<b>Projected Board Approval Date:</b>	July 29, 2020
<b>Company:</b>	Rassini Automotriz, S.A. de C.V.
<b>Sector:</b>	Manufacturing
<b>Financing Requested:</b>	Up to US\$25 million
<b>Financing Currency:</b>	US dollars and/or Mexican pesos
<b>Project Country:</b>	Mexico
<b>Team Leader:</b>	Martha Fernandez

#### For inquiries about the Project, contact:

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#### Project Scope and Objective:

Rassini Automotriz, S.A. de C.V. ("Rassini" or "the Company") has asked IDB Invest for financial assistance (the "Project") in establishing an uncommitted revolving credit line (the "line") to finance Rassini's suppliers through acquisition of collection rights. The transaction includes accounts receivable whose payment will be deferred because of the exceptional measures taken by the Company to mitigate the impact of COVID-19 on its suppliers.

### B. Environmental and Social Review Summary

#### 1. Scope of Environmental and Social Review

Rassini is a global company that designs and manufactures components for suspensions, brakes, and antivibration equipment for the automotive industry. Rassini has eight production plants, five technology centers, and representative offices in Mexico, the United States, Brazil, Germany, and

Japan. It provides components to the leading automotive manufacturers in 10 countries. In 2018, the Company had more than 6,500 employees around the world.

The environmental and social analysis of the proposed transaction consisted of a documentary review of the Company's environmental and social track record over time, with emphasis on compliance with the following Performance Standards (PS): PS1: Assessment and management of environmental and social risks and impacts; PS2: Labor and working conditions; PS3: Resource efficiency and pollution prevention; and PS4: Community health, safety, and security.

## **2. Environmental and Social Categorization and Rationale**

This project has been classified in Category C in accordance with IDB Invest's Environmental and Social Sustainability Policy, as it will produce no or very limited adverse environmental or social risks or impacts.

## **3. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

### **3.1 Assessment and Management of Environmental and Social Risks and Impacts**

As it seeks to become the market leader on quality, standardization, continuous improvement, and innovation on environmentally-friendly productive processes and on occupational health and safety, Rassini has held an ISO 14001 certification for 15 consecutive years; an OHSAS 18001 certification for 12 consecutive years; and a clean industry certification for 14 consecutive years under the voluntary environmental self-regulation program of the Federal Government. It has also held Socially Responsible Company and Great Place to Work certifications in Mexico for five consecutive years.

As part of its environmental and social commitments, Rassini must provide the Secretary of the Environment and Natural Resources (SEMARNAT) and the National Water Commission (CONAGUA) with regular reports on its compliance with applicable environmental regulations with regard to its operations in the country. In this regard, as the environmental information review demonstrates, the Company has substantially and continuously been complying with the requirements of local environmental authorities and regularly secured the Environmental Operation Licenses for its facilities.

For external communications with stakeholder groups, the Company has a corporate communications policy under which it uses a variety of communications instruments as accountability tools, including: Annual reports, social reports, press releases and announcements, conferences, interviews, etc.

### **3.2 Labor and working conditions**

Rassini has a Code of Ethics and Conduct that seeks to ensure that all its employees, clients, and suppliers, regardless of position or the activity performed, follow ethical principles and the universally accepted values of interaction with society. In compliance with local laws and conventions, and with the international treaties on labor and human rights signed by Mexico, the code establishes dignified treatment, a healthy work environment, a good quality of life within the company, and optimal working conditions for employees addressing key areas

including: (i) prohibiting child labor; (ii) prohibiting forced labor; (iii) right to freedom of association; (iv) harassment and discrimination; and (v) health and safety.

Likewise, the Code of Ethics and Conduct establishes commercial practices for a healthy relationship with suppliers with the aim of ensuring that the work philosophy is in line with the Company's values. Suppliers are selected based on specific selection and contracting policy and procedures, with strict standards for competence, professionalism, quality, social responsibility, and cost-benefit. Each supplier is evaluated based on the requirements set forth in the "Potential Supplier Evaluation" and "Sustainability Evaluation" questionnaires and based on their quality certifications. The suppliers that comply with these requirements are added to the approved suppliers list. The Company conducts an annual on-site review of each approved supplier, analyzing the following characteristics: (i) status of the quality management system; (ii) the critical quality process; (iii) the critical environmental process; (iv) performance on its scorecard or from past visits; and (v) sales volume.

Rassini has a process in place for selecting and recruiting that follows principles of nondiscrimination, gender equity, social inclusion, human rights, and labor rights. The process is adapted to the cultural and legal characteristics of each country in which the Company operates. The Company also maintains effective communication between management and employees through the Rassini Leader Program and an open-door culture.

As regards complaint response, since 2017, Rassini has used "Integrity," an anonymous reporting platform for collecting complaints, grievances, and violations of its Code of Ethics and Conduct. This platform uses several communication channels, including mobile apps, a hotline, and a website where employees can submit complaints or suggest improvements anonymously.

### **3.3 Resource Efficiency and Pollution Prevention**

Rassini has systems for preventing and reducing pollution and for efficient use of resources, as well as certifications accrediting its good environmental and social management (for example: Clean Industry); in addition, it reports its emissions and production of hazardous liquids and solids to state and federal authorities through the Environmental Operation Licenses for each production plant. Additionally, because the transaction is a commercial one to provide financing to suppliers, it will not produce pollution or require the use of natural resources.

### **3.4 Community health, safety, and security**

The Company has a strong culture of support, empathy, and solidarity toward the communities surrounding its plants, contributing to their well-being and quality of life not only by creating jobs directly and indirectly, but also through: (i) its educational development programs in its Real del Norte Community Center in Piedras Negras, Coahuila; (ii) donations of computing equipment to schools; (iii) educational standards and applicability committees (of which it is a member), restructuring of plans and programs to meet the needs of the region's automotive industry labor market; and (iv) receiving young people to do their social service, as well as the training of teachers and students on the tools used in the industry.

Rassini has its emergency prevention and response plans in place and duly approved by the competent authorities (the National System of Civil Protection, the fire department, municipal mayors' offices, etc.). So far, they have not needed to be used because no situations have arisen that endangered the health or safety of the population. Additionally, in hazardous or emergency situations resulting from external factors (for example, natural disasters) that affect the communities surrounding its plants, the Company immediately acted to extend solidarity to those affected by offering financial or in-kind donations and providing support through its group of volunteers, who can help with cleaning, reorganization, or reparation of basic infrastructure that is damaged.

#### **4. Local Access to Project Documentation**

Additional information on sustainability and Rassini can be found through the following link: <https://www.rassini.com/index.php/socialmente-responsables-2/>

#### **5. Contact information:**

For questions about projects, including environmental and social issues associated with an IDB Invest transaction, please contact the client (see **Investment Summary**) or IDB Invest through e-mail [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, affected communities have access to IDB Invest's Independent Consultation and Investigation Mechanism through [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or by calling +1(202) 623-3952.

#### **6. Environmental and Social Action Plan**

In view of the characteristics of the transaction, the Environmental and Social Action Plan (ESAP) only provides for a single annual E&S compliance report, as set forth in [Annex 1](#).

**Annex 1: Environmental and Social Action Plan (ESAP)**

No.	Reference	Measure	End product/deliverable	Expected date of fulfillment
<b>PS 1: Assessment and Management of Environmental and Social Risks and Impacts</b>				
1.1	Project compliance with applicable regulations	1. Prepare, through an internal audit or an outside independent environmental and social expert (external audit) a consolidated annual report on the status of compliance with all national environmental, social, and workplace health and safety regulations applicable to the Project, including: (i) progress of the actions of the Environmental Management System (EMS) regarding the key performance indicators (KPIs) established in the ISO 14001 certification; and (ii) the status of compliance with the IDB Invest's Environmental and Social Sustainability Policy.	1. Environmental and social compliance report	1. Annually during the term of the loan.