

Environmental and Social Review Summary (“ESRS”)

Banco Finandina Financing / 14699-01 – Colombia

Original language of the document: Spanish
Issuance date: September 2023

- 1. Scope of Environmental and Social Review.** The Environmental and Social (E&S) review of the proposed transaction consisted of a desk review and conversation with Banco Finandina BIC S.A. (the “Bank” or “Finandina”). IDB Invest reviewed internal policies to assess its ability to manage E&S risks related to the loans granted by Finandina.
- 2. Environmental and Social Categorization and Rationale.** The sub-projects to be supported have a low-risk potential. The subloans which meet the eligibility criteria established by the project reference framework, include the following categories, among others: electric vehicles, hybrid vehicles or those applicable to the taxonomy approved in Colombia, as well as growth of Micro, Small, and Medium-Sized Enterprises (“MSMEs”) and Women MSMEs, and are expected to have an average value of US\$19,287 with an average tenor of 51 months and US\$15,756 with an average tenor of 56 months, respectively. Consequently, under the IIC’s Environmental and Social Sustainability Policy, Finandina has been categorized as FI-3. The Project is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach.
- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with Finandina’s capacity to identify and manage the E&S risks of its lending activities. The potential risks related to its main loan activities, loans for electric, hybrid vehicles, MSMEs and women-led MSMEs include impacts on the battery supply chain, mitigation of pollution and risks related to labor and working conditions.
- 4. Mitigation Measures.** Finandina has in place a Sustainability Policy allowing it to monitor basic compliance with local legislation and E&S issues in its lending business. Finandina publishes a management report on an annual basis which includes environmental, social and corporate governance aspects, is certified as a “B Corp” and is a member of the United Nations Global Compact, the chapter of UN Women and the Asobancaria Green Protocol. Moreover, Finandina measures and compensates the greenhouse gas emissions related to fuel consumption of its own vehicles, energy consumption, transport and products as assured by Bureau Veritas International. The goal of “promoting the financing of electric, hybrid vehicles or any other green means” is part of its sustainability strategy. Finandina shall keep its personnel trained to manage the transactions’ E&S risks and impacts. Finandina shall ensure that all the loans financed with IDB Invest funds comply with IDB Invest List of Excluded Activities and applicable local E&S regulations.
- 5. Environmental and Social Action Plan (“ESAP”):** N/A
- 6. Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.