

## Environmental and Social Review Summary (“ESRS”)

### Partnership for Productive Development with Progreso / 14346-01 – Chile

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review for the proposed transaction entailed desk work and calls with Progreso. IDB Invest reviewed the organization and internal policies to assess how well it can manage the E&S risks associated to the loans granted by Progreso. Progreso is a new client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** This transaction was classified as Category FI-3 given the low risk of the subprojects of Progreso’s current and future portfolio. The sub-transactions that will use IDB Invest’ loan are focused on financing through factoring operations for MSMEs (which account for 95% of Progreso’s full portfolio), with loans averaging US\$7,500 and a 60-day tenor.
- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with Progreso’s capacity to identify and manage the E&S risks of its lending activities. The potential risks derived from its main line of business include enforcing the local legal requirements among its borrowers. Progreso makes sure all local legislation is observed by means of a basic “Know your Client” (“KYC”) assessment in accordance with Chilean law.
- 4. Mitigation Measures.** Progreso will set up an Environmental and Social Management System (“ESMS”), which will include the use of the List of Exclusion and a review of the sub-loans in the light of the applicable local legislation. Progreso shall complete an online training course with IDB Invest on how to manage the E&S risks in order to enhance its ability to manage those risks and to know IDB Invest’s requirements more deeply. The E&S assessment is now carried out as per the new legislation introduced by the Chilean government for the financial sector. Observing such laws, together with Progreso’s E&S rating, shows it is suitably compliant with IDB Invest’s Sustainability Policy.
- 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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.