

Environmental and Social Review Summary (ESRS) Creditas Mexico - Structured Financing / 14339-01 – Mexico

Original language of the document: Spanish

Issuance date: March 2023

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction involved reviewing documentation (policies, plans and procedures) and the lending portfolio of LGF Occidente, S.A. de C.V. SOFOM ENR (“Creditas Mexico”), as well as holding conversations with management representatives.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction was categorized as FI-3 as per IDB Invest’s Environmental and Social Sustainability Policy, as the financing will support the micro, small, and medium-sized enterprise (MSME) segment, especially through secured home equity and auto equity loans, and automobile financing. Therefore, the sub-projects to be supported will have a low E&S risk. IDB Invest’s resources may not be used by Creditas Mexico to finance any category A subprojects (high risk) based on IDB Invest’s definition or any other involving activities in the sectors included in the IDB Invest Exclusion List.

The average amount and tenor of the underlying loans of this transaction are as follows: i) Home Equity: USD 51,300 for 149 months, ii) Auto Equity: USD 6,200 for 50 months, and iii) Automobile financing: USD 8,200 for 52 months.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction relate to Creditas Mexico’s ability to assess and manage any risks related to their investments. Creditas Mexico conforms to the requirements defined by the local law, and shall include IDB Invest’s Exclusion List into its lending process. These procedures are consistent with IDB Invest’s E&S Sustainability Policy. The environmental, social, health and safety risks and impacts associated with the underlying loans are considered low or minimal.
- 4. Mitigation Measures.** The loans to be granted by Creditas Mexico to the MSME segment should meet the provisions in IDB Invest’s Exclusion List, as well as applicable national laws. Creditas Mexico employs a compliance officer who, among other things, monitors compliance with the local regulations. For Creditas Mexico to better understand IDB Invest’s requirements, the personnel in charge of supervising and implementing business and credit policies should take IDB Invest’s online course for financial intermediaries.

Creditas Mexico has 119 employees, 46% of whom are women (55). It also has human resources policies in place, as well as a Code of Ethics that includes the principles of non-discrimination and equal opportunity, and a channel for employees to submit grievances.

- 5. E&S Action Plan (ESAP):** N/A

6. **Contact Information** For questions on the projects, including E&S issues related to IDB Invest's transactions, please contact the client (see **Investment Summary tab**) or IDB Invest by e-mail: requestinformation@idbinvest.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.