

Environmental and Social Review Summary (“ESRS”)
**Alliance with Finanzauto to Increase Financing for MSMEs and Sustainable
Mobility / 13993-01 – Colombia**

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- 1. Scope of the Environmental and Social Review:** The environmental and social ("E&S") analysis of the proposed transaction consisted of a desk review, as well as discussions with the client. IDB Invest reviewed internal policies to assess its ability to manage E&S associated with loans granted by Finanzauto S.A. BIC ("FZ"). FZ is an existing client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale:** The purported sub-projects have a low risk potential. The subloans, intended for vehicles, are expected to have an average value of US\$15,000 with an average tenor of 60 months. FZ was consequently categorized as FI-3 under IDB Invest's Environmental and Social Sustainability Policy.
- 3. Environmental and Social Risks and Impacts:** The project's main social and environmental risks relate to FZ's capacity to identify and manage the E&S risks associated with its loan activities. Potential risks related to its main lending activities, vehicle loans, include pollution prevention and mitigation.
- 4. Mitigation Measures:** In 2019, FZ implemented an Environmental and Social Management System ("ESMS") that has allowed it to monitor basic compliance with local legislation and exclusion list items in its lending business. The company publishes an annual Sustainability Report, is certified as a "B Corp", and has signed on to the United Nations Global Compact and the Women's Empowerment Principles. In addition, FZ offsets its greenhouse gas emissions related to its own vehicle gasoline consumption, energy consumption, and air travel through the Clean Development Mechanism managed by Climate Neutral Now. It also calculates the carbon footprint of vehicles financed by the company. FZ shall retain personnel trained to manage the E&S risks and impacts of its operations. FZ shall ensure that all loans financed with IDB Invest funds comply with the IDB Invest List of Excluded Activities and applicable local E&S regulations.
- 5. Action Plan:** Not applicable
- 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 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.