

Environmental and Social Review Summary (ESRS) Tienda Amiga - BOLIVIA

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1. General information of the Operation

This transaction consists of a revolving credit facility to finance working capital in favor of Tienda Amiga ("the Company"), a company located in Bolivia. The funds will be used to import durable household goods, household appliances and other electronics from foreign suppliers. Tienda Amiga is one of the largest retail operators in the Bolivian market, with five stores in the department of Santa Cruz.

2. Scope of the IDB Invest's Environmental and Social Review

The environmental and social analysis of the proposed operation consisted of a documentary review of Tienda Amiga's environmental and social performance, the application of the IDB Invest questionnaire for this type of operation, and interviews conducted during June and July 2021 with the Company's management and operational personnel. The review did not include physical visits to its facilities.

The emphasis of the review was on compliance with the following International Finance Corporation (IFC) Performance Standards (PS): PS1 Assessment and Management of Environmental and Social Risks and Impacts; and PS2 Labor and Working Conditions; PS3 Resource Efficiency and Pollution Prevention; and PS4 Community Health, Safety, and Security.

3. Environmental and Social Categorization and Rationale

The Project has been classified as a Category C operation according with BID Invest's Environmental and Social Sustainability Policy because the incremental impacts that the Project will generate are low or nonexistent and easily manageable from the perspective of the Project.

4. Environmental and Social Risks

4.1 Management of Environmental and Social Risks and Impacts

Tienda Amiga sells more than 3,000 products for the home, its main product lines are: electronics, cellular phones, home, and appliances. The Company has five branch stores and a warehouse in Santa Cruz. The stores are in busy urban centers, while the warehouse is in an industrial area. Both the stores and the warehouse are leased by Tienda Amiga under long-term leases (10 years or more). The company owns its own fleet of vehicles for transporting merchandise, which includes three 6-ton trucks and 15 motorcycles used to close sales and collect payments.

The main risks and impacts of this transaction are mainly related to compliance with labor, occupational health and safety standards; waste generation; management of the transportation fleet; and the proper functioning of fire prevention systems.

Tienda Amiga has an Integrated Management System (IMS) that was last revised in July 2021. The purpose of the IMS is to measure, manage and control the company's process performance. It comprises six areas: (i) goal definition (objectives), (ii) process management, (iii) indicator management, (iv) effective meeting management, (v) problem solving management, and (vi) operational risk management. Each area has documents specific to the Company's operations. For example, operational risk management includes a risk analysis document that identifies potential hazards that might be generated during the company's activities, weighs them, and proposes preventive measures by work area. Tienda Amiga also has an Occupational Health and Safety Program (OHSP), in effect since 2019, which includes an Occupational Health and Safety Policy and Objectives, the provision of PPE, an emergency plan, and metrics regarding light, noise, ventilation, etc.. Although Tienda Amiga has contact information on its website,¹ including its address, telephone number, and an electronic form, it does not have a formal mechanism for capturing and responding to external grievances. Tienda Amiga shall strengthen its IMS and OHSP to align its operations with IFC Performance Standard 1 - Assessment and Management of Environmental and Social Risks and Impacts.

Tienda Amiga has the respective operating permits issued by the Municipal Government of Santa Cruz, the Mandatory Employee Registration Certificate (ROE, for its acronym in Spanish) issued by the Bolivian Ministry of Labor, Employment and Social Welfare, and a Phytosanitary Registration Certificate issued by the National Agricultural Health and Food Safety Service (SENASAG, for its acronym in Spanish). The Company also has an Authorized Economic Operator (AEO) Certificate granted by the National Customs Agency, which supports Tienda Amiga's commitment, as an importer, to the security of the international logistics chain. In addition, Tienda Amiga has a permit and legal compliance tracking matrix that indicates the documents to be submitted for each norm, renewal dates, and the responsible personnel.

4.2 Labor and Working Conditions

Tienda Amiga has 147 permanent employees, 33 fixed-term employees (during mass campaigns) and 11 executive positions, of which 47% are held by women. Fixed-term employees have the same rights as regular employees.

In two years, Tienda Amiga reduced employee turnover by 40%; by May 2021, turnover was 14%. The Company attributes this progress, among other factors, to the implementation of four programs: (i) Talent Development - courses and workshops scheduled in the Training Plan; (ii) Caring - Extended maternity and paternity leave; (iii) Celebrating - Welcome Kit, birth, and anniversary congratulations, etc.; (iv) Sharing - organization of volunteering activities.

The Company has a Personnel Management Policy that describes the rights and obligations of employees, including the right to change their gender identity pursuant to Gender Identity Law No. 807. The Human Resources Deputy Manager's Office prepares and implements the Company's personnel development and training plan. Training is annual and the main topics include: occupational risk prevention, handling of fire extinguishers, use of PPE and safety signage, first aid and the Emergency Plan. Tienda Amiga has a robust Occupational Health and Safety Program (OHSP) to safeguard the health and safety of its employees. However, the Company does not have a formal internal grievance mechanism.

Tienda Amiga has an Occupational Health and Safety Program (OHSP) in place since 2019, which includes training and drills according to the assigned area. As part of its OHSP, Tienda Amiga has a Personal

¹ <https://www.tiendaamiga.com.bo/contacto/>

Protective Equipment (PPE) Matrix that details the type of PPE and replacement time per work area. In addition, during the COVID-19 pandemic, the Company implemented a Biosafety Protocol that includes the provision of PPE (mask, alcohol, etc.) and weekly monitoring through calls to personnel and the application of free rapid tests.

Tienda Amiga monitors and records injuries to its workforce and calculates the injury frequency rate and severity rate. Since 2018, both rates have decreased, except for 2020, relative to 2021. The injury rate per million hours worked dropped from 4.31 in 2018 to 4.10 in 2019 to 2.32 in 2021 (in 2020, it was 2.24). The severity rate also fell from 0.56 in 2018 to 0.41 in 2019 to 0.15 in 2021. Most of the injuries are recorded outside Tienda Amiga's facilities, during the collection process carried out by motorcyclists.

The Company has a Selection and Assessment Procurement Policy (PRO-CPR-004) and a New Supplier Selection and New Product Inclusion Policy (PRO-MKT-003). The evaluation criteria are product quality, delivery times, compliance with quantities, competitive prices, and the timely response to product requirements or complaints. However, the criteria for compliance with the relevant environmental and labor regulations are not explicit.

As part of its IMS, Tienda Amiga has a Fire Safety Procedure (PRO-CD-007) that includes a fire alarm system in all the Company's facilities. In May 2021, Tienda Amiga conducted a fire drill in its largest branch (Equipetrol), in which 15 employees participated. The Company's fire extinguishers are inspected annually by an external consultant accredited by the Bolivian Ministry of Labor. This inspection includes training on extinguishers use. Tienda Amiga shall conduct the same training and drill procedure in all its facilities and for all its personnel.

4.3 Resource Efficiency and Pollution Prevention

Water is supplied by the local company, Cooperativa de Servicios de Agua Potable (SAGUAPAC, for its Spanish acronym), with minimal consumption, mostly for cleaning and bathroom use. Electricity is provided by the local company Cooperativa de Electrificación Rural (CRE, for its Spanish acronym) and is mainly used for lighting, electronic equipment, and air conditioning. The Company has no alternative sources of energy.

As part of the IMS, the Company has adopted operating procedures aimed at promoting proper environmental and social management, such as the Inventory Disposal Procedure (PRO-CIS-006) and Waste Management (PRO-RH-013), among others. However, as part of the optimization of its IMS, Tienda Amiga is advised to develop a resource use management plan that provides information on the amount, source, and efficiency measures applicable to the use of resources. In the case of the transportation fleet, it will determine the amount of emissions and fuel consumption and establish improvement plans.

4.4 Community Health, Safety and Security

Tienda Amiga's warehousing center is in an industrial area in Santa Cruz, far from urban centers. Tienda Amiga has no outstanding safety, environmental or occupational health liabilities (including legal claims). The physical security of all its premises is provided by specialized companies whose guards are unarmed and whose main function is to control the entry of people to the premises and provide surveillance.

The Company has plans in place to prevent and respond to emergency situations, including personal accidents or illnesses, fire and/or explosions, spills, and natural disasters (thunderstorms and floods). The

review conducted has shown that, to date, there have been no situations that pose a risk to the health or safety of the population.

5. Proposed management measures

The reports that the Company periodically sends to the Ministry of Labor and the authority's random inspection visits to Tienda Amiga's operations indicate that the management measures contained in the plans and programs approved in the permits granted are being implemented as planned. In addition, Tienda Amiga conducts an annual performance review of its international supply chain security management system as part of its continuous improvement process and Authorized Economic Operator (AEO) certification, during which improvement opportunities are identified and management objectives are established and monitored monthly.

6. Additional Information

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Additionally and as a last resort, affected communities can access the IDB Invest Independent Consultation and Investigation Mechanism (ICIM) as follows:

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