

Environmental and Social Review Summary (ESRS)

Equirent Vehículos y Maquinaria S.A.S. BIC - Electric vehicles – COLOMBIA

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1. General information of the operation

This transaction (“the “Project”) consists of a total financing of up to US\$20 million for a term of up to 7 years to Equirent Vehículos y Maquinarias S.A.S. BIC (“Equirent”). The IDB Invest tranche will be up to US\$10 million, with US\$5 million committed and US\$5 million uncommitted. It will also include a US\$10 million tranche to be mobilized using resources from other financiers. The use of funds in both tranches will be directed to financing electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs), for subsequent leasing to companies and persons in Colombia.

2. Scope of the Environmental and Social Review

The environmental and social (“E&S”) analysis of the proposed Project consisted of a desk review of the Client's environmental and social performance over time, and discussions held with the Client, with an emphasis on compliance with the following Performance Standards (PS): PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; and PS 3: Resource Efficiency and Pollution Prevention.

3. Environmental and Social Categorization and Rationale

The Project has been classified as a Category C operation according to the IDB Invest Environmental and Social Sustainability Policy, given that the incremental impacts it will generate are low and because the Transaction will focus on small individual investments of no more than US\$60,000, which will be used to purchase EVs and PHEVs.

4. Environmental and Social Risks

4.1 Assessment and Management of Environmental and Social Risks and Impacts

This Project's main environmental and social risks, albeit very low, involve the following: (i) risks to the health and safety of workers; (ii) labor risks in the spare parts supply chain; and (iii) risks related to the storage and disposal of hazardous materials and other waste (including used batteries) in the maintenance workshops.

Equirent implemented an Environmental and Social Management System (“ESMS”) in 2019, which allows it to monitor compliance with applicable Colombian environmental, social, labor, and occupational health and safety legislation.

It is also certified as a BIC (Benefit and Collective Interest) company with a triple impact purpose (economic, social and environmental), as well as under ISO 9001:2015; 14001:2015; 14064-1:2018; 27001:2013 and 45001:2018. Another subsidiary of the same corporate group, Finanzauto S.A. BIC, is an existing client of IDB Invest.

4.2 Labor and Working Conditions

The Company has internal procedures governing labor relations that are aligned with the requirements of Colombian labor legislation. These procedures allow it to: (i) ensure equal opportunity and non-discrimination based on race, gender, political opinion, or religious belief; (ii) ensure that tasks are safe and healthy; (iii) promote job growth, generating a family impact; (iv) promote training, teamwork, and knowledge sharing with other staff members; (v) generate a work environment in which dialogue, innovation, creativity, and the ability to take the initiative are rewarded; and (vi) take into account employees' aspirations. On the other hand, the Company has established internal and external grievance mechanisms that allow complaints to be submitted anonymously.

In its Supplier Code of Conduct, the Company states that all its suppliers must commit to a strict rejection of underage employment and discriminatory practices in employee recruitment. The Company has a zero-tolerance policy against forced labor, both for adults and children, through compliance with Colombian legislation and the country's international agreements regarding the prohibition of forced labor.

In addition, the Company requires all its contractors to comply with local labor laws. To do so, the latter must submit a signed statement indicating that they are up to date with all their duties as stipulated in local legislation.

4.3 Resource Efficiency and Pollution Prevention

Equirent, through its Sustainability Report, discloses information related to its policies, strategy, and metrics according to the GRI index¹. It has been certified as a "B Corp" since December 2022.

Equirent periodically performs a carbon footprint calculation including emissions associated with the use of fuel in its own vehicles (Scope 1) and in leased vehicles that are outside the Company's operational control (Scope 3). The Project, due to its characteristics (leasing of electric vehicles), will contribute to reducing the carbon footprint and preventing and mitigating pollution when the vehicles are in use.

5. Proposed Management Measures

The monitoring reports that the Company periodically sends to the environmental, social, and occupational health and safety authorities, as required by law, together with the low intensity and magnitude of the risks and impacts associated with the Project, show that the management measures contained in the approved plans and programs are being implemented as planned and are achieving the desired goals. As such, no additional management measures are required.

¹ The Global Reporting Initiative ("GRI") is an organization whose purpose is to promote sustainability reporting in all types of organizations by applying international best practices to inform the general public of a variety of economic, environmental, and social impacts.

6. Additional Information

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For questions and comments to IDB Invest, please contact:

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Additionally, and as a last resort, affected communities can access the IIC's Independent Consultation and Investigation Mechanism (MICI) as follows:

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