

## Environmental and Social Review Summary (“ESRS”) Tanner SMEs Financing Partnership / 14033-01 – Chile

**Original language of the document:** Spanish  
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- 1. Scope of Environmental and Social (“E&S”) Review:** The proposed project seeks to support Tanner in its financing operations to Small and Medium-sized Enterprises (“SMEs”) in Chile; Tanner is a non-bank entity with which IDB Invest has previously worked. IDB Invest reviewed details of their Environmental and Social Management System (“ESMS”), a recent consultant’s report on the same, and had several client calls. Tanner’s E&S management and related policies and procedures are considered consistent with the requirements of the IDB Invest’s Sustainability Policy.
- 2. Environmental and Social Categorization and Rationale:** This operation is classified as a Category FI-3 given that the subprojects in Tanner’s current and future portfolio are low risk. Currently, the portfolio segmentation of their operations, which IDB Invest’s financing will support are focused on factoring (30%), automotive finance (42%), SME credit (22%), and leasing (6%). The average loan size is US\$80,000 and tenor length is roughly six months, though in some segments (leasing) this can be as high as three years.
- 3. Environmental and Social Risks and Impacts:** Tanner’s main business is automotive finance, factoring and financial leasing operations with SMEs to finance working capital and vehicle, machinery, and equipment leasing. Tanner offers a balanced distribution of all its products and services: factoring, financial and operational leasing, and other loans. Tanner’s total client base consists of approximately 3,900 SMEs, which demonstrates significant atomization. The main E&S risks of this projects are associated with Tanner’s capacity to identify and manage the E&S risks associated with its lending activities. Tanner’s capacity in this respect is considered satisfactory and no action plan is required to enhance E&S management has been defined. The Environmental Social Health and Safety (“ESHS”) impacts and risks associated with loans to its portfolio borrowers are likely to be minimal in nature. A review of Tanner’s HR policies demonstrates compliance with Performance Standard 2.
- 4. Mitigation Measures:** Tanner implemented its first ESMS in 2016, allowing it to monitor basic compliance with local legislation and exclusionary list items in its on-lending business. In 2020, with funding from another DFI lender, Tanner undertook an audit of its ESMS and is in the process of working with a consultant to implement the enhancements recommended. Priority areas include formalizing certain documentation processes, aligning E&S due diligence with credit procedures, and building capacity among staff on E&S issues. Tanner’s ESMS applies across its portfolio and is commensurate with the risk of its on-lending activities. Tanner will share with IDB Invest the final agreed recommendations prepared with the consultant and an update of its ESMS once those procedures have gone into effect. No additional actions are required.
- 5. Environmental and Social Action Plan 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 [requestinformation@idbinvest.org](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.