Environmental and Social Review Summary ("ESRS")

Eurocapital S.A. - Eurocapital Sustainable Financing Partnership /14876-01 – Regional

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1. **Scope of Environmental and Social Review**. The Environmental and Social ("E&S") review of the proposed transaction was carried out through desk research, a portfolio review, and a due diligence call with the client. Eurocapital S.A. ("Eurocapital") finances factoring and financial leasing operations in Chile, Peru, and Colombia. Eurocapital is an existing client for IDB Invest.

2. **Environmental and Social Categorization and Rationale**. The proposed operation is classified as an FI-3 per IIC's Sustainability Policy. The proposed project seeks to support factoring and financial leasing solutions to SMEs in Chile. The sub-transactions to be supported have low E&S risk. The average factoring loan size is US$120,000 with an average tenor of 60 days, and the average leasing loan size is US$110,000 with an average tenor of three years. The factoring portfolio represents 60% of Eurocapital's total portfolio, of which the service sector is the dominant segment. Category A sub-projects, per IDB Invest's definition, are excluded and not considered present in the context of this asset class.

   The project is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach.

3. **Environmental and Social Risks and Impacts**. The main E&S risks of this project are associated with Eurocapital's capacity to identify and manage the E&S risks associated with its lending activities. The potential risks associated with its main lending activities, factoring, include confirmation with local legislation requirements of sub-borrowers. Eurocapital ensures application of local law in these regards through a basic Know your Client ("KYC") evaluation in accordance with Chilean law.

4. **Mitigation Measures**. Eurocapital has a basic Environmental & Social Management System ("ESMS") in place whereby it screens at the level of sub-borrower to ensure compliance with the requirements of local law and an exclusion list. Under IDB Invest's loan to Eurocapital, the borrower will be required to comply with local legislation, IDB Invest's Exclusion List, and complete IDB Invest's online training course on how to manage the E&S risks to enhance its ability to manage those risks and to know IDB Invest's requirements more deeply. No action plan is required.

5. **Environmental and Social Action Plan ("ESAP")**. 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 divulgacionpublica@iadb.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.