

1. Scope of the Environmental and Social Review. The proposed operation's environmental and social ("E&S") analysis consisted of a review of portfolio documentation and E&S processes, as well as discussions with representatives of Banco Compartamos, over a three-day due diligence period with the management and risk teams.

2. E&S Categorization and Rationale. The proposed transaction is classified as IF-3 under IDB Invest's Sustainability Policy. The sub-projects to be supported are potentially low risk, i.e. sub loans from Banco Compartamos are expected to involve commercial activities whose adverse E&S impacts are low to nil. The sub loans to be granted by Banco Compartamos with IDB Invest funds will be entirely destined to microfinancing activities and in its majority target women entrepreneurs.

Banco Compartamos' loan size ranges from the equivalent in Mexican pesos of US\$277 to a maximum of US\$9,000 with a life of four months to two years. Banco Compartamos' portfolio is 100% comprised of productive loans—72% is destined to commerce—and many other minor portfolio activities, such as 3% services, 2% repair and maintenance, and 1% textiles. Agriculture accounts for less than 1% of exposure (0.88%).

Banco Compartamos may not use IDB Invest resources to finance category A (high risk) subprojects, nor projects within the sectors stipulated in the IDB Invest exclusions list.

E&SRisks and Impacts. This transaction's E&S risks relate to Banco Compartamos' ability to assess and manage the risks surrounding its investments.

Banco Compartamos adheres to the exclusion list used by Genera, S.A.B. de C.V. ("Genera"), its holding company, which includes several activities within IDB Invest's exclusions list. Due to the low E&S risk of its transactions, Banco Compartamos has neither an Environmental and Social Policy nor an Environmental and Social Management System. However, Banco Compartamos, as part of Genera, applies corporate policies such as Talent Recruitment, Compensation and Management of Personnel and Business Partners, a Code of Ethics and Conduct, and an internal and external grievance mechanism that includes a telephone line, an email address for reporting complaints, and transparency mailboxes. There is an assigned team to record and resolve grievances, which includes an Honor Committee where grievances are escalated for resolution.

Banco Compartamos, a subsidiary of Genera—a company listed on the Mexican Stock Exchange ("BMV")—, participates in the training and refresher courses provided by BMV's Sustainability Committee. The Sustainability Committee holds regular environmental and social refresher sessions on various topics, such as sustainability in banking and Responsible Banking Principles.

3. Mitigation Measures. The financing granted by Banco Compartamos shall comply with the provisions set forth in the IDB Invest Exclusions List, as well as those in local and national labor, environmental, and social legislation. In order for Banco Compartamos to better understand IDB Invest's requirements, the staff in charge of supervising and implementing labor and risk policies shall complete IDB Invest's online course for financial intermediaries.¹ The online course entitled "Environmental and Social Management Systems" will allow Banco Compartamos' staff to integrate good E&S practices into the Bank's risk management efforts.

4. Environmental and Social Action Plan ("ESAP"). This is not applicable.

5. Contact Information. For project inquiries, including E&S 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.

1. <https://cursos.iadb.org/es/indes/sistema-de-gesti-n-ambiental-y-social-una-oportunidad-de-negocio>