

## 1. Scope of Environmental and Social (“E&S”) Review

Tanner is an existing client of IDB Invest. The review was based on the evaluation of the latest information received (2019 - Annual Environmental and Social Performance Report) and on updating the E&S summary of the factoring transaction approved in 2017 (12218-01).

## 2. Environmental and Social Categorization and Rationale

The sub-projects/transactions to be supported have a low risk potential (factoring and leasing). Therefore, per the IIC Environmental and Social Sustainability Policy, the FI has been categorized as FI-3.

## 3. Environmental and Social Risks and Impacts

Tanner's main business is factoring and leasing operations with SMEs to finance working capital. Tanner's portfolio as of June 2020 comprises: 40% automotive, 26% traditional credit, 24% factoring, 7% leasing, and 3% other. The placement by economic sector in factoring comprises: 20% real estate, 14% commerce, 14% non-metallic manufacturing, 12% agriculture and livestock, 11% education, 10% construction, etc. The average amount of factoring loans is US\$80,000 and the average duration is 60 days.

## 4. Mitigation Measures

Tanner implements, since 2016, an Environmental and Social Management System (“ESMS”), called Environmental and Social Policy and Procedure, which allows it to identify and manage the E&S risks of its portfolio following local legislation. The ESMS includes the exclusion list, an E&S policy, categorization procedures, relevant national regulations, and compliance monitoring, and enforcement responsibilities. Tanner's staff has participated in IDB Invest (formerly IIC) trainings.

Tanner will not finance with IDB Invest resources companies with activities included in the Exclusion List, or transactions categorized as High Risk (category A) and will verify that the companies comply with Chilean environmental, labor and tax laws. In order for Tanner to update knowledge of the IDB Invest requirements, the personnel in charge of supervising and implementing the ESMS must take the IDB Invest online course for financial intermediaries.<sup>[1]</sup> The online course “Environmental and Social Management Systems” will help your staff to incorporate E&S practices into the Bank's risk management.

## 5. Environmental and Social Action Plan Not apply.

**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](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.

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