

1. **Scope of Environmental and Social Review.** The E&S due diligence included the review of client's internal documentation related to human resources, social and environmental aspects, procedures and policies to ascertain client capacity to identify and manage E&S risks and impacts of on-lending transactions with IDB Invest funds. The due diligence also involved interviews with Omni personnel focusing on the trucks finance portfolio as well as its associated fintech partner, Avante, for the microcredit finance portfolio.
2. **Environmental and Social Categorization and Rationale.** As per IDB Invest Environmental and Social Sustainability Policy, the FI has been categorized as an FI-3 operation. The on-lending portfolio of transactions to be supported have a low overall E&S risk potential, because they include financing for sectors that are typically low risk. IDB Invest portfolio with Omni will include two sectors: i) financing of pre-owned cargo vehicles (trucks) for mostly self-employed drivers; and ii) microfinance activities for individual entrepreneurs (e.g. small shops and stores, seamstresses, hairdressers, tailors, etc.). Omni's current total portfolio amounts to approximately USD 450 million, of which, approximately, 15% consists of financing for cargo vehicles (trucks) and 3% is microcredit loans. The largest subloans are for financing of trucks, and these have a mean value of USD 8,800. The microcredit subloans range in value from USD 30-200. Omni's microcredit portfolio includes predominantly (86%) low-income borrowers (< USD 1,500/month) who live in Northeastern Brazil, approximately 50% of whom are female.
3. **Environmental and Social Risks and Impacts.** The main E & S risks of this projects are associated with Omni's capacity to identify and manage the E & S risks associated with its lending activities. The potential risks associated with its main lending activities include pollution prevention and mitigation (i.e. increased emissions from older vs. newer trucks) and potential health and safety risks of small stores (fire prevention and preparedness). Both Omni and Avante have a dedicated system (on-line platforms) to evaluate all the risks and impacts of proposed transactions and individual borrowers - also allowing an aggregated view of portfolio risks. Their systems include adequate E&S procedures to comply with national legislation, which will be adjusted to include IDB Invest requirements. Omni plans to develop and assign a qualified team trained to manage E & S risks and impacts. Omni has in place a comprehensive corporate sustainability policy ('Manifiesto Omni') that covers the company's vision, values, culture and mission. The client also has a Human Resources policy that ensures compliance with national labor legislation (e.g. freedom of association), but which also goes beyond in terms of employee benefits (e.g. extensive training, comprehensive health insurance, profit sharing scheme, etc). The HR policy contains an Ethics Code and a confidential Grievance and Complaints mechanism (which is independent from management). Omni has approximately 400 employees and an additional 100 field 'credit agents', who are responsible for generating new businesses. Similarly, its microcredit service provider Avante also has adequate E&S and human resources policies and some 120 credit agents responsible for prospecting of new clients.
4. **Mitigation Measures.** Omni will be required to ensure that all loans supported comply with IDB Invest's Exclusion List and applicable E&S local laws^[1]. To enable the Borrower to better understand IDB Invest requirements, Omni will be required to designate a responsible officer to take the IDB Invest online training course on Environmental and Social Risk Management and submit annual reports indicating how it is complying with IDB Invest requirements.
5. **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. 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 /fax: +1 (202) 312-4057.

[1] However, there is very little likelihood that any current or future transaction/subloan in Omni's portfolio would ever trigger the list's excluded activities.