

1. **Scope of Environmental and Social Review.** The environmental and social review of the proposed transaction was carried out by reviewing the client information and portfolio on file and conducting phone calls with the team responsible for environmental and social issues. IDB Invest reviewed the internal information on the entity's Environmental and Social Management System (ESMS), its procedures, and its environmental policy with the aim of evaluating its internal capacity to manage the environmental and social risks that will be financed with the subordinated loan. The proceeds of the loan will go toward strengthening the financial entity's capital base and supporting SMEs.
2. **Environmental and Social Categorization and Rationale.** The proposed transaction is classified FI-3 based on IDB Invest's Sustainability Policy. The majority of the subprojects to be financed are expected to present low environmental and social risks. The main sectors in which these enterprises operate are provision of services, commerce, and industry at the national level (Colombia). Subprojects classified as Category A^[1] under IDB Invest's classification system will be restricted from receiving financing.
Environmental and Social Risks and Impacts. The environmental and social risks of the subprojects financed through the subordinated loan are mainly associated with subprojects related to SMEs. The subprojects to be financed with the subordinated loan are framed within the entity's overall environmental context—that is, risk management, ecoefficiency, and implementation of environmental products and programs all take place at the corporate level. The entity has an environmental and social risk management system ("ESRMS") in place that includes specific procedures for the housing portfolio to evaluate compliance with national legislation, licenses, and permits, as well as compliance with the Exclusion List. The monitoring and supervision process includes procedures requiring the submission of annual environmental management reports on the environmental and social aspects of the projects. The entity also has the internal capacity to identify and manage the environmental and social risks associated with its current portfolio. The subprojects will be aligned with the entity's policies and with the legal requirements in Colombia.
3. **Mitigation measures.** The entity must guarantee that all subprojects financed through the subordinated loan comply with the provisions of IDB Invest's Exclusion List, as well as national laws applicable to environmental and social matters.
4. **Environmental and Social Action Plan.** N/A
5. **Contact information.** For questions about projects, including environmental and social issues associated with an IDB Invest transaction, please contact the client (see **Investment Summary**) or IDB Invest through e-mail requestinformation@idbinvest.org. As a last resort, affected communities have access to IDB Invest's Independent Consultation and Investigation Mechanism through mecanismo@iadb.org or MICI@iadb.org, or by calling +1(202) 623-3952.

^[1] Category A projects are projects that could have environmental and social impacts that are potentially significant and varied, irreversible, or without precedent and that often extend beyond the physical boundaries of the project's physical site or facilities. In principle, Category A includes projects that significantly impact protected or sensitive areas and/or vulnerable populations.