

1. Project Description. The proposed project seeks to support factoring and financial leasing operations with SMEs in Chile originated by Tanner, a non-bank entity with which IDB Invest has previously worked. 2. Environmental and Social Categorization and Rationale. This operation is classified as a Category FI-3 given that the subprojects in the financial intermediary's current or future portfolio are low risk. 3. Environmental and Social Risks and Impacts. Tanner's main business is factoring and financial leasing operations with SMEs to finance working capital and vehicle, machinery, and equipment leasing. Tanner offers a balanced distribution of all its products and services: Factoring, financial and operational leasing, and other loans. Tanner's total client base consists of approximately 3,900 SMEs, which demonstrates significant atomization. 4. Mitigation Measures/Environmental and Social Action Plans. In order to better evaluate the labor and environmental aspects of its operations, Tanner took part in the environmental training workshop for financial intermediaries offered by IDB Invest. Tanner further developed a sustainable management system that includes a policy and procedures for assessing its clients from an environmental standpoint. Tanner is expected to be able to attend another training in this area. SMEs financed with IDB Invest proceeds will be subject to an environmental review and will have to comply with local environmental and occupational safety laws, rules, and standards, as well as with the IDB Invest environmental guidelines. Tanner will also be required to submit annual environmental reports to IDB Invest, detailing progress and any issues encountered during implementation of these practices.