

1. Project Description: The objective of this operation is to provide an A Loan of up to MX\$30 million to support Equipa T in scaling up a new financial product to finance home improvements for low-income families; as well as to increase the existing portfolio of group micro-loans to women entrepreneurs. 2. Environmental and Social Categorization and Rationale: This is a category FI-3 project according to the IIC's Environmental and Social Sustainability Policy because of the low risk of the subprojects in the financial intermediary's current or future portfolio. 3. Environmental and Social Risks and Impacts: The ESHS risks and impacts associated with home improvements are mainly related to the location of the property, the use of hazardous materials such as (lead-based paint, asbestos, polychlorinated biphenyl, etc.) and the potential discrimination and barriers for an equitable process of providing the credit. Equipa-T does not currently have a procedure to assess the environmental and social impacts and risks of its clients; however, it is committed to develop an environmental and social management system (ESMS) following IIC Sustainability Policy. Equipa-T has already adopted a Code of Ethics, a Human Resources Policy and Procedures for Training and Staff Competence, Evaluation and Recruitment for internal use. 4. Mitigation Measures/E&S Action Plan: Equipa-T will be required to develop an ESMS with a component to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental and occupational safety standards. In addition, Equipa-T will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS. To enable the borrower to better understand the IIC's requirements, Equipa-T will be required to attend the IIC's environmental training workshop for financial intermediaries. 5. E&S Action Plan