

1. Overview of Scope of IIC E&S Review

Internal documentation related to environmental processes, social procedures and policies was reviewed to evaluate Fedecredito's capacity to manage the E&S risk its lending activities that will be financed with the IIC's use of funds.

2. Environmental and Social Categorization and Rationale

The sub-projects/transactions to be supported have a low to medium risk potential. Therefore, per the IIC's Environmental and Social Sustainability Policy, the FI has been categorized as FI-2.

3. Environmental and Social Risks and Impacts

The main E & S risks of this projects are associated with Fedecredito's capacity to identify and manage the E & S risks associated with FDCS lending activities for low-income housing and MSMEs. The potential risks associated with its main lending activities include i.e. non-compliance with national law, pollution, biodiversity impacts, community impacts, etc.

Fedecredito has in place an Environmental and Social Management System to identify and manage the E & S risks of the portfolio. Its systems include adequate E & S procedures and has an Environmental and Social person to manage E & S risks and impacts. Additionally, Fedecredito has in place an internal Grievance Mechanism, an Ethic Code and different policies related to Human Resources activities for hiring staff, over time work, and compensation.

4. Mitigation Measures

Fedecredito will be required to ensure that all loans supported comply with the IIC Exclusion List, applicable E & S local laws, and the IIC's environmental and social guidelines. To enable the Issuer to better understand the IIC's requirements, Fedecredito will be required to attend the IIC's Environmental and Social Risk Management training workshop for financial intermediaries online training course on Environmental and Social Risk Management. IIC requires that its FI clients develop and implement an External Communication Mechanism to review inquiries or complaints from any interested party regarding the E & S risks and impacts of their operations.