

Environmental and Social Review Summary (“ESRS”) Credicorp Capital - Private Credit Fund / 13409-01 – Colombia

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) analysis for the proposed operation included a review of documentation (on environmental, and social/human resources issues), and remote meetings with Credicorp Capital’s management and sustainability team. The Fund has experience in working with multilateral development banks, although this is their first time with IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2, in accordance with the IIC Environmental and Social Sustainability Policy. The supported subprojects have a moderate risk potential. The financing that will be granted by the Fund will be allocated primarily to mid-market enterprises in multiple sectors operating exclusively in Colombia, with an average duration of four years per loan and an average loan amount of US\$5 million, which will generally be used for Capital Expenditure (“CAPEX”) or debt refinancing. The main sectors that will be considered for potential investments include: food processing (17%), real estate (11%), and logistics (6%).

The Fund may not invest in category A (high risk) sub-projects, or projects in sectors included in the IDB Invest Exclusion List.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction relate to the capacity of Credicorp Capital and the Fund to assess and manage the risks associated with its investments. The potential risks associated with its main investment activities relate to occupational health and safety issues, labor rights, and pollution prevention.

The Fund is in initial conversations to develop its Environmental and Social Management System (“ESMS”). However, Credicorp Capital, has a basic Exclusion List, a Responsible Investment Policy, a basic E&S self-reporting questionnaire, a Code of Ethics and Conduct that has been in effect since 2019, robust human resources policies, an internal grievance mechanism, and an external grievance mechanism ([Complaints System](#)). Both grievance mechanisms involve the anonymous receipt of grievances, which are handled by a third party. Credicorp Capital also has an annual training program which includes E&S issues. Its legal due diligence process includes a verification of compliance with E&S permits and licenses, in line with local legislation.

Credicorp Capital’s Sustainability Department is responsible for E&S issues. The department was created in 2020, the same year as that in which Credicorp signed its Responsible Investment Principles. The Office of the Vice President of Credit is responsible for assessing the Fund’s E&S risk.

Credicorp Capital is currently producing its first sustainability report using GRI Standards, to be published in the Third Quarter of 2022.

- 4. Mitigation Measures.** The Fund must prepare an ESMS, in accordance with the guidelines established in the International Finance Corporation (“IFC”) Performance Standard 1.¹ The Fund will also inform IDB Invest of its first three transactions to confirm ESMS implementation.

The financing granted by the Fund must comply with IDB Invest’s Exclusion List, applicable local and national E&S laws, and IFC performance standards, where applicable.² In order for Credicorp Capital to have a better grasp of IDB Invest’s requirements, personnel responsible for supervising and implementing the ESMS must attend IDB Invest’s Environmental and Social Risk Management Training Workshop for Financial Intermediaries.

5. Environmental and Social Action Plan (“ESAP”)

ITEM	TASK	ACTIVITY	DELIVERABLE	COMPLIANCE DATE
1	Appointment of a person responsible for E&S issues	Appoint a person in the Credicorp Capital Private Equity Fund Private Debt I who is responsible for supervising the implementation of the ESMS.	Letter of appointment.	Before disbursement.
2	Strengthening of existing policies to establish an ESMS	Develop an ESMS in accordance with the guidelines of the IFC Performance Standard 1, strengthening its procedures to assess compliance with Colombian regulations and the performance standards. In particular, E&S due diligence processes/procedures to identify and mitigate risks and impacts, and monitoring procedures.	ESMS. Proof of training provided to personnel.	6 months after signing the Contract.
3	Assessment of the first three transactions	Implement the ESMS for the selected clients/projects. Credicorp Capital will submit the Fund’s first three transactions for IDB Invest to review and comment on, in order to: (i) confirm their E&S categorization; and (ii) assess the proposed action plan.	Due diligence report for each transaction.	Upon completion of each of the first three transactions.
4	Strengthening of capabilities and training	Provide training to personnel responsible for implementation of the ESMS on the E&S requirements of national laws and the implementation of the IFC’s Performance Standards (“PS”). Ensure that all new personnel receive the same training.	Certificate of E&S training for personnel responsible for implementing the ESMS, as well as proof of E&S training for new personnel.	8 months after signing the Contract. And whenever new personnel responsible for implementing the ESMS are onboarded. Must be included in the Annual Monitoring Report submitted to IDB Invest.

- 6. 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 divulgacionpublica@iadb.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.

¹ Interpretation Note on Financial Intermediaries. November 2018. [IFC - Interpretation Note on Financial Intermediaries.](#)

² Investments above US\$5 million.