

## Environmental and Social Review Summary (“ESRS”) XLC Private Debt Fintech Investment Fund / 13606-01 – Chile

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- 1. Scope of the Environmental and Social Review.** The environmental and social (“E&S”) analysis for the proposed transaction consisted of a review of the Fund’s documentation, as well as conversations with XLC and Xepelin representatives. XLC is a new client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction was categorized as FI-3 under the IDB Invest Environmental and Social Sustainability Policy. The Fund will invest exclusively in factoring and other debt instruments for SMEs in Chile. Thus, the E&S risk of the sub-projects the Fund will support is considered low. The average sub-loan amount is US\$6,000.00, with a life of two months.

IDB Invest’s resources may not be used by the Fund to finance sub-projects classified by IDB Invest as Category A (high risk), nor those that involve activities included in the IDB Invest Exclusion List.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction relate to XLC’s capacity to assess and manage the risks associated with its investments. The Fund complies with the requirements stipulated by local legislation and must incorporate the IDB Invest Exclusion List in its investment process. These activities constitute procedures in line with the requirements of the IDB Invest Environmental and Social Sustainability Policy.

As of September 2021, the portfolio was composed primarily by four sectors: commerce 30%, services 19%, construction 18.5%, and transport 13%. Manufacturing accounted for 8.5%, forestry and fishing 8%, and mining 0.9%. The environmental, social, and health and safety impacts and risks associated with the factoring portfolio sub-loans are considered low or minimal.

- 4. Mitigation Measures.** The financing provided by the Fund must comply with the stipulations of the IDB Invest Exclusion List, and applicable Chilean E&S and labor legislation, through the implementation of a basic environmental and social management system. XLC must designate a social and environmental coordinator to supervise its performance on environmental and social affairs, in accordance with the IDB Invest Sustainability Policy. In order for XLC to better understand IDB Invest’s requirements, the social and environmental coordinator and personnel responsible for supervising and implementing business and credit policies must take IDB Invest’s virtual course for financial intermediaries.
- 5. Environmental and Social Action Plan (ESAP).** Not applicable.

**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 [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MIICI@iadb.org](mailto:MIICI@iadb.org), or calling +1(202) 623-3952.