

Environmental and Social Review Summary (ESRS) GoTrendier Project - REGIONAL

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1. General information on the transaction

GoTrendier is the largest second-hand clothes marketplace in Latin America, using a digital platform where users can sell their products to others. The company was founded in Mexico in 2016, and expanded to Colombia in 2017.

This transaction consists of a capital investment in GoTrendier (the “Company”) to support its operations in Colombia and Mexico, customer acquisition, and the implementation of a brand association model, where third-party clothing brands can sell used clothes through the Company’s platform.

The scope of IDB Invest’s environmental and social review included: i) an analysis of the Company’s information and documents; and ii) remote meetings via videoconference with its main representatives.

2. Environmental and Social Classification and its Justification

The Project has been classified as a Category C operation according to the IDB Invest Environmental and Social Sustainability Policy since it will generate limited or no incremental impacts, and these are easily manageable from the Company’s perspective. The Operation will trigger the following International Finance Corporation (IFC) Performance Standards (PS): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; and PS3: Resource Efficiency and Pollution Prevention.

3. Environmental and Social Risks

3.1 Assessment and Management of Environmental and Social Risks and Impacts

The Company operates in Mexico and Colombia, with an office in each of these countries and a support office in Spain. The transportation of merchandise is carried out by specialized contractors, providing users with drop-off points for their sold products, so they can be distributed to the end recipients. Under this operating model, the Company does not need its own warehouses.

The main risks and impacts of this Operation are related primarily to compliance with labor and occupational health and safety regulations; supplier management; and fire protection systems management.

The Company has not yet implemented a Sustainability Policy or an Environmental and Social Management System. However, since 2020, GoTrendier has participated in the “Carbon Neutral Colombia Program”¹ in partnership with the Colombian government. This program includes the creation of a

¹ The Carbon Neutral Colombia Program aims to provide guidance to public and private-sector organizations on the measurement and management of their greenhouse gas emissions, in order to support Colombia’s commitments established in its Nationally Determined Contribution (NDC). The program forms part of the Carbon Neutral Colombia Strategy, which seeks to further the efforts of the public and private sectors and civil society to curb climate change.

Corporate Environmental Management Plan, to be developed in 2022, as a pillar of its second phase of implementation.

On its digital platform, GoTrendier has two communication channels for grievances, suggestions, and queries, including: i) a pigeonhole to deliver messages; and ii) an online chat which provides immediate responses during working hours. The Company has a customer service team that is qualified to receive grievances, provide responses, and, when necessary, submit them to other areas internally. All grievances, suggestions, and queries are registered internally, as well as the responses and solutions provided by the Company.

GoTrendier has implemented a process (via email) to handle disputes (in general, disputes are related to the quality and conditions of the product purchased by one of the parties) that are generated between users of the platform.

In Mexico, merchandise transportation is managed primarily by the company Estafeta, and recently also by Pickit. In Colombia, the logistics service is provided by the company Servientrega.

GoTrendier has not yet implemented a Supplier Management Policy. However, the Company measures and monitors various service quality performance indicators provided by suppliers.

In Colombia, the Company's office is located in a building that has a fire protection system certified by a third-party company, and complies with NFPA 101² and NFPA 13-2007³ guidelines. The Company has not yet implemented an Emergency Preparedness and Response Plan.

3.2 Labor and Working Conditions

GoTrendier has 66 direct employees, located in Colombia, Mexico, and Spain. The Company has an employee in each office who is dedicated to ensuring compliance with local labor legislation. Despite the fact that the Company has not yet implemented a Human Resources Policy or Internal Work Regulations, all new employees are informed of the working conditions and their labor rights.

The Company uses the Naitled platform to receive grievances, complaints, comments, and suggestions from its employees anonymously, and responds to them by communicating with the employee, preserving their anonymity if this is requested by the employee. This platform is also used by GoTrendier to conduct weekly work environment surveys, the results of which are used to implement follow-up actions that are registered in the system.

The Company holds monthly meetings between employees and supervisors in order to promote communication between them and clarify various aspects, such as: working conditions, submitting grievances, or opinions on work issues. All grievances, responses, and follow-up actions agreed in these meetings are registered in Naitled.

The Company has not yet implemented an Occupational Health and Safety Policy. However, it has carried out health and safety promotion campaigns.

² The NFPA 101: Life Safety Code is the main international benchmark for protecting people in fire and emergency situations, based on the construction, protection, and occupancy features in all stages of the building's lifecycle.

³ The NFPA 13 establishes standards for the installation of sprinkler systems.

3.3 Resource Efficiency and Pollution Prevention

Under the guidance of the Carbon Neutral Colombia Program and the support of a specialized external consulting firm, the Company measured its carbon footprint for 2020. To do this, it used ISO 14064-1:2006⁴ methodology to calculate greenhouse gas (“GHG”) emissions from electricity and water use, waste generation, business travel, and employee commuting related to the Company’s activities in Colombia, Mexico, and Spain⁵. The Company’s CO₂e emissions in 2020 reached 30.39 tons, of which approximately 56% are related to business travel and 17% to employee commuting. The Company offset all of its emissions in 2020⁶ through carbon credits.

The Company measures its electricity and water consumption, but has not yet implemented an environmental management and efficient resource use plan. However, in 2022 it will develop a Corporate Environmental Management Plan for the second phase of the Colombia Carbon Neutral Program.

The amount of waste generated by the Company is modest, and is associated primarily with ordinary waste generated by employees, office supplies, and electronic devices. However, the Company will develop a Waste Management Plan.

4. Additional Information

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For questions and comments to IDB Invest please contact:

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Additionally, affected communities can access the IIC’s Independent Consultation and Investigation Mechanism (ICIM) as follows:

Phone number: +1 (202) 623-3952
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Address: 1300 New York Ave. NW Washington, DC. USA. 20577
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⁴ ISO 14064-1:2006 methodology establishes three scopes (Scope 1, Scope 2, and Scope 3) to be classified in the report, as well as requirements for the Company to develop its greenhouse gas inventory and accounting.

⁵ Scope 1 emissions, stationary fuel combustion—which in the case of GoTrendier would be associated with fuel consumption for heating or speakers in dining areas, as well as leaks from air conditioning or other sources—were not quantified, as the Company doesn’t have this information at present. However, the Company will define a strategy to obtain information on Scope 1 emissions for its next carbon footprint measurement.

⁶ The carbon offsetting through carbon credits was certified by Allcot, a company specialized in carbon markets, in accordance with the Verified Carbon Standard (VCS).