

Environmental and Social Review Summary (ESRS) CAMSA - BOLIVIA

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1. General Information of the transaction

This transaction (the “Transaction”) consists of a revolving credit facility to finance working capital for CAMSA Industria y Comercio S.A. (the “Company” or “CAMSA”), located in Bolivia. CAMSA sells household appliances, food, hygiene and cleaning products, and car and motorcycle care products (batteries, tires, lubricants). The Company, one of the largest players in the Bolivian wholesale market for more than 30 years, has nine operating centers in the departments of La Paz, Cochabamba, Tarija, and Santa Cruz. CAMSA is a long-standing client of IDB Invest

2. Scope of IDB Invest's Environmental and Social Review

The environmental and social analysis of the Transaction consisted of a documentary review of CAMSA's environmental and social performance, which was supplemented by interviews with the Company's management and operations personnel. The review, which did not include physical visits, focused on verifying compliance with the following Performance Standards (“PS”): PS1: Assessment and Management of Environmental and Social Risks and Impacts; and PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health, Safety, and Security.

3. Environmental and Social Categorization and Rationale

The Project has been classified as a Category C operation according with BID Invest’s Environmental and Social Sustainability Policy since the impacts it will generate are low or nonexistent and easily manageable from the Project's perspective.

4. Environmental and Social Risks

4.1 Assessment and Management of Environmental and Social Risks and Impacts

CAMSA markets products in four main lines: automotive (35%); household appliances and electronics (30%); pharmaceuticals (27%); and consumer goods (8%). The Company has two distribution and storage centers in industrial zones (one in Santa Cruz and one in La Paz), five stores (two in Santa Cruz, and one each in Cochabamba, La Paz, and Tarija) and two service centers in Santa Cruz (one focused on servicing its automotive fleet). It owns all these properties except for the one in La Paz, which is leased. The company has its own 19-vehicle fleet of trucks, minibuses, and vans to transport merchandise.

This Transaction’s main risks and impacts primarily relate to compliance with labor and occupational health and safety standards; waste generation; management of the transport fleet; and the proper operation of fire prevention systems.

The Company has been ISO 9001:2015¹ certified since 2019 and is scheduled for re-certification in August 2022. It also has a Quality Management System ("QMS") that is designed to comply with ISO 9001 requirements and has two guiding documents: Strategic Management and Quality Management, which in turn contain programs and procedures for its four lines of business. Responsibilities for the QMS, including occupational health and safety, lie with the Quality Management and Human Resources Unit.

CAMSA's Occupational Health and Safety Program ("OHSP") includes a work permit procedure (authorizations to carry out high-risk activities such as work at heights); produces incident data; secures the provision of personal protective equipment and work clothes for employees; includes the signs and demarcation of work areas; has ergonomic measures; and has an annual training and internal inspection schedule, among other things. Nevertheless, CAMSA will develop an Environmental, Social, and Occupational Health and Safety Policy and Management System to strengthen its existing QMS and policies.

The Company has the following credentials: (i) operating permits granted by the Municipal Governments; (ii) the Mandatory Employee Registration Certificate ("ROE", following Spanish designation) and the Occupational Health and Safety Sworn Statement Registration, granted by the Bolivian Ministry of Labor, Employment, and Social Welfare; (iii) the Sanitary Registration Certificate granted by the National Agricultural Health and Food Safety Service ("SENASAG"); and (iv) the Sanitary Authorization to Operate granted by the Departmental Health Service ("SEDES"). The Company also has an Authorized Economic Operator ("OEA") Certificate granted by the National Customs, which supports its commitment to the safety of the international logistics chain as an importer until 2024, and it has submitted the Environmental Categorization Level Form to the Secretary of the Rights of Mother Earth for category 3 (low impact) confirmation. The Company, however, currently lacks a matrix for monitoring permits and legal compliance that specifies, among other things, the documents to be submitted for each standard, renewal dates, and the persons responsible for this in the Company.

Although CAMSA has a procedure for handling complaints (including a form with a QR code) and contact information on its website²³ (address, telephone number), it lacks a formal mechanism for capturing and responding to external complaints that focuses on stakeholders other than its customers.

4.2 Labor and Working Conditions

CAMSA currently has 141 employees. Six women hold managerial and assistant managerial positions, and six additional women hold managerial and supervisory positions. This means that approximately 60% of management and leadership positions are held by women.

The Company has Human Resources Management procedures that explain employee rights and obligations. These procedures, however, do not include an internal grievance mechanism. The Human Resources area prepares and implements the annual training plan for CAMSA's staff.

The Company has an Occupational Health and Safety Program ("OHSP") that includes training events and drills by assigned area. As part of its OHSP, CAMSA has a Personal Protective Equipment ("PPE") Matrix that details the type of equipment needed and replacement time per work area. CAMSA's Work Incident Investigation Procedure monitors and records workforce accidents and incidents. The Company has not

¹ Certification granted by the International Organization for Standardization ("ISO") to quality systems.

² <https://www.camsa.com.bo/>

recorded any lost time accidents since 2018. Medical leaves were predominantly due to the COVID-19 virus.

While CAMSA's regular risk and context analysis considers suppliers, the Company lacks a formal policy to evaluate its suppliers or supply chain.

CAMSA has a Fire Load Study and an Emergency Plan that includes fires in the distribution center and warehouse in Santa Cruz. Nevertheless, it has not evaluated its firefighting systems and lacks procedures that specify minimum requirements at the other seven operating points. In this regard, the Company will develop a gap analysis (along with plans to close the gaps) of its current fire systems with regard to National Fire Protection Association ("NFPA") standards for each operating point.

4.3 Resource Efficiency and Pollution Prevention

Water is supplied by local companies. Average consumption at the points of sale is approximately 104 m³ per year, mostly for cleaning and restroom use. The highest water consumption is 951 m³/year at the distribution center and warehouse in Santa Cruz. Electric power is provided by local companies. The distribution center and warehouse in Santa Cruz have the highest annual consumption (117,033 KWh). The Company has no alternative energy sources.

4.4 Community Health, Safety and Security

The physical security of all CAMSA's operating points is provided by a specialized company (Nitro Grupo de Seguridad S.R.L) whose guards are unarmed and whose main role, in addition to providing surveillance, is to control people's access to the premises.

The Company has an emergency and contingency plan for the Santa Cruz distribution center that includes provisions for personal accidents, first aid, fire, and earthquakes. To date, there have been no situations that have put the health or safety of the Company's employees or customers at risk. Nevertheless, CAMSA will strengthen its emergency plan to: i) include other contingency scenarios (such as floods); ii) consider specific measures for each of the other operating centers; and iii) include the participation of the community and other stakeholders in contingency management.

5. Proposed Management Measures

The reports that the Company periodically sends to the Ministry of Labor and the authority's random inspection visits to CAMSA's operations indicate that the management measures contained in the plans and programs approved in the permits granted are being adequately implemented. Furthermore, the ISO 9001 certification requires periodic evaluations of its quality system. In addition, CAMSA conducts an annual review of its procedures as part of its continuous improvement process and certification as an Authorized Economic Operator ("OEA").

6. Additional Information

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

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