

Environmental and Social Review Summary (“ESRS”)

Comafi: Senior A/B Loan to Support SMEs in Argentina / 15962-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction was carried out through desk research, phone calls with the client, and a portfolio review. Comafi is an existing client to IDB Invest. Through a previous transaction with IDB Invest, Comafi has in place basic environmental and social policies and procedures, considered consistent with the requirements of IDB Invest’s Sustainability Policy.
- 2. Environmental and Social Categorization and Rationale.** The proposed operation is classified as an FI-2 according to the IDB Invest Sustainability Policy. Comafi will use the IDB Invest funds to finance SMEs in Argentina. The investments will help strengthen Comafi’s financing offering to its clients across a wide range of economic sectors. Within the SME segment, the average loan size to clients is US\$150,000 with an average tenor of less than one year.
- 3. Environmental and Social Risks and Impacts.** The environmental and social risks are considered low to moderate given the proposed use of proceeds. The primary risk relates to the commitment and capacity of Comafi to screen and manage for E&S risks associated with the end-beneficiaries. In the leasing segment with focus on the agricultural sector, environmental and social risks can also indirectly relate to the primary activities of their clients in terms of agricultural production. This can include land conversion, land contamination due to cultivation, occupational health and safety, among others. Comafi currently evaluates the legal compliance and standing of clients with regard to environmental impact in conformance with local law.
- 4. Mitigation Measures.** Through funding with another DFI, Comafi has developed and implemented an Environmental and Social Management System (“ESMS”), which is applied to corporate financing and lending associated with DFIs. The ESMS includes a definition of roles and responsibilities, categorization guide, exclusion list, and community consultation policy, among others. Comafi has appointed two individuals to oversee its further development and application, and is a member of Argentina’s Green Protocol initiative as defined at the level of the banking association. Comafi also has in place a comprehensive human resource policy, Customer Protection Policy, and internal grievance mechanism. Through this loan, Comafi will be required to enhance the application of its ESMS to the asset class financed (SME Segment) class with certain criteria for agricultural on-lending, and will apply local law and the IDB Invest Exclusion list at the level of the SME asset class financed. Comafi will be required to undertake (or provide evidence of) environmental and social risk management training, and report annually.

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

| # | Activity | Description | Compliance Indicator | Due Date |
|--|--|--|--------------------------------|---|
| Environmental and Social Management and Assessment System | | | | |
| #1 | Update of the ESMS | <ul style="list-style-type: none"> Develop and implement agricultural sector-specific forms and procedures for all SME sub-loans financing agricultural activities to verify compliance with applicable local regulations. Adjust the ESMS application to ensure that the agricultural sector E&S screening applies to all SME sub-loans in the agricultural asset class regardless of ticket size — including sub-loans below any de minimis financial threshold that may otherwise apply to the Bank's general ESMS. | Updated ESMS | 6 months after the 1 st disbursement |
| #2 | Natural habitat conversion risk management | <ul style="list-style-type: none"> The Bank shall incorporate into its ESMS a deforestation exclusion applicable to all sub-loans, prohibiting the use of IDB Invest proceeds to finance Sub-borrowers whose operations involve, or whose leased equipment supports, the conversion or degradation of natural habitat | Updated ESMS | As available |
| #3 | Update of legal contracts | <ul style="list-style-type: none"> Sub-loan agreements within the financed asset class will include specific provisions requiring borrowers to comply with applicable local E&S laws and regulations, particularly in the agricultural sector, including, but not limited to, requirements related to occupational health and safety, labor conditions, chemical storage, and deforestation-related restrictions. | Revised sub-loan contract | Six months post disbursement |
| Organizational Capacity and Competence | | | | |
| #4 | Capacity Building and Training | <ul style="list-style-type: none"> The Bank's E&S risk management team must complete the online course on environmental and social risk management, offered by IDB Invest. | Course completion certificates | <ul style="list-style-type: none"> i) Within 6 months after the first disbursement; and ii) As part of the ESMS, whenever new staff join the A&S team |

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.