

**Environmental and Labor Issues:**

This is a category FI-3 project according to the IIC's Environmental and Social Sustainability Policy because the subprojects in the financial intermediary's current or future portfolio are considered low-risk. FDL will be required to develop an environmental and social management system (ESMS) with a component to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental and occupational safety standards. In addition, FDL will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS. To enable the Borrower to better understand the IIC's requirements, FDL will be required to attend the IIC's environmental training workshop for financial intermediaries.