

1. **Scope of the environmental and social review:** During the due diligence process, IDB Invest reviewed the potential portfolio of projects to be financed and found that most of them present moderate environmental and social risk. IDB Invest reviewed internal information regarding the Environmental and Social Management System, procedures, and the environmental policy of the issuer in order to evaluate its internal capacity for addressing the environmental and social risks of the projects to be financed with the sustainable bond. It also reviewed the human resources policy and the ethics line available as an external communication mechanism and determined that the issuer's systems and capacity are adequate.
2. **Environmental and social classification, and its rationale:** Most of the subprojects to be financed are expected to present moderate environmental and social risks. Consequently, in accordance with the IIC Environmental and Social Sustainability Policy, the operation was categorized as FI-2. The subprojects classified as Category A[1] according to the IDB Invest classification will be excluded from financing.
3. **Environmental and social risks and impacts:** The environmental and social risks of the subprojects to be financed with the sustainable bond are primarily associated with social infrastructure, renewable energy, and industry subprojects and related to prevention and mitigation, workplace health and safety, impacts on biodiversity, noise, traffic, and community health. The issuer has an implemented Environmental and Social Management System (ESMS) and environmental and social procedures for identifying, managing, and mitigating environmental and social risks, which will be applicable to the subprojects to be financed with the sustainable bond. The issuer has a qualified and trained team for managing environmental and social risks and impacts.
4. **Mitigation measures:** The issuer will be required to ensure that all subprojects financed with the sustainable bond comply with the provisions of the IDB Invest List of Exclusions, national regulations applicable to environmental and social matters, the issuer's Environmental and Social Management System, and the IDB Invest environmental and social guidelines, including the Performance Standards of the International Finance Corporation (IFC) as applicable. The issuer will be required to develop a Training Plan focusing on the Performance Standards and to provide periodic training for its staff. In addition, it will be required to report annually to IDB Invest regarding management of the environmental and social risks of the subprojects financed with the sustainable bond.
5. **Environmental and Social Action Plan**

Activity	Action	Compliance Indicator	Compliance Date
Management of E&S aspects	Ensure compliance with IDB Invest List of Exclusions, national regulations applicable to environmental and social matters, the issuer's Environmental and Social Management System and the IDB Invest environmental and social guidelines, including the Performance Standards of the International Finance Corporation (IFC) as applicable.	Demonstrate compliance with the E&S requirements by providing information as requested by IDB Invest and collaborating and making best efforts so that IDB Invest or consultants representing IDB Invest can perform monitoring/supervision visits	For each financing

Training and creation of internal capacity	Develop a Training Plan focused on the Performance Standards, conducted by an experienced expert, and provide periodic training to internal staff so they can identify, evaluate, and manage the E&S aspects of financing operations.	Training plan and copy of the training program, including delivery dates and number of staff trained	3 months after contract is signed
Report prepared by the issuer	Gather information to prepare the IDB Invest Annual Environmental and Social Compliance Report on the management of environmental and social risks of subprojects financed with the sustainable bond	Annual Environmental and Social Compliance Report	Annual
Report prepared by external auditors	Guarantee compliance with the environmental and social requirements established for the sustainable bond.	External auditors' report	Annual

**6. Contact information:** For project inquiries, including environmental and social issues related to an IDB Invest transaction, please contact the client (see **Investment Summary** sheet), or IDB Invest via e-mail at [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism via e-mail at [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or by telephone at +1(202) 623-3952.

[1] Category A projects are those that could result in environmental and social risks and impacts that are potentially significant and diverse, irreversible, or unprecedented, and that often extend beyond the limits of the project's site or actual installations. In principle, Category A includes projects that have significant potential impacts on protected or sensitive areas and/or vulnerable populations.