

1. **Scope of Environmental and Social Review:** The environmental and social review of the proposed transaction was carried out through desk research, and an extensive review of the client's existing environmental and social management system. Daycoval is an existing IDB Invest client along with other DFIs, and has implemented an environmental and social management system in line with our policy requirements.
2. **Environmental and Social Categorization and Rationale:** The proposed operation is classified as an FI-2 per IDB Invest's Sustainability Policy. Underlying loans to be supported through the loan will support SME clients in the commerce and services sectors primarily, with some industrial and manufacturing as well. The sub-loans will be less than US\$500,000, and the tenor is on average six months. Category A sub-projects, per IDB Invest's definition, will be excluded.
3. **Environmental and Social (E&S) Risks and Impacts:** The main E&S risks of this projects are associated with the Financial Institution (FI) capacity to identify and manage the E&S risks associated with its lending activities. Daycoval's capacity in this respect is considered adequate based on previous work with IDB Group and other DFIs (see Mitigation Measures). The Environmental Social Health and Safety (ESHS) impacts and risks associated with loans pertain to the activities of individual clients in the given sector. Generally speaking occupational, health and safety, along with general waste management remain focus areas. Daycoval's requirement to oversee these issues is further supported by Brazilian Central Bank legislation.
4. **Mitigation Measures:** Daycoval will be required to ensure that all loans supported under the loan comply with IDB Invest's Exclusion List, applicable E&S local laws, and Daycoval's existing Environmental and Social Management System (ESMS). Daycoval will also be required to undergo a refresher training on E&S management offered by IDB Invest or another provider.
5. **Environmental and Social Action Plan:** Not Required.
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 requestinformation@idbinvest.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.