Environmental and Social Review Summary ("ESRS")

Resilient Industries & Natural Capital LAC Fund - Regional / 15433-01

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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 review, virtual meetings with the General Manager and Managing Director of Climate Finance, and an in-person due diligence session with the International Finance Corporation ("IFC") and IDB Invest deal teams held in February 2026. The review encompassed an assessment of the fund's Environmental and Social Management System ("ESMS"), investment process documentation, E&S due diligence tools and questionnaires, post-investment monitoring and reporting procedures, governance and organizational capacity for E&S risk management, grievance redress mechanisms, and relevant human resources and diversity and inclusion policies. The Fund is a new client for IDB Invest.

   Generation Investment Management LLP ("GIM") is a UK-based investment firm, authorized and regulated by the UK Financial Conduct Authority, with over 20 years of experience in sustainable investing and approximately US$25 billion of assets under management. The Latin America Fund II (the "Fund" or "Resilient Industries & Natural Capital LAC Fund") is the second vintage of GIM's Latin America strategy and builds on the Fund I track record.

2. **Environmental and Social Categorization and Rationale**. The proposed transaction is classified as FI-1 per IDB Invest's Environmental and Social Sustainability Policy. The Fund's expected portfolio is anticipated to consist primarily of business activities with limited potential adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. The Fund may also include a limited number of investments in Category A operations with potential adverse environmental or social risks that are more diverse in nature. Enhanced due diligence will be undertaken on a case-by-case basis with additional requirements as detailed in the action plan.

   The Fund will target climate solutions in Latin America and the Caribbean ("LAC") across three investment verticals: (i) low-carbon industry and energy, spanning energy storage and grid efficiency, industrial electrification, green steel and cement solutions, low-carbon transport and logistics, and the critical minerals value chain; (ii) waste-to-value and circularity, including recycling and treatment of urban and industrial waste, water and sanitation, biogas and biofuels, and biomass for energy; and (iii) land-use transition and food systems, spanning crop nutrition and protection, soil resilience, digital agriculture, livestock methane reduction, traceability, and the circular bioeconomy. Enabling technologies for the climate transition underpin all three verticals. The Fund expects to make investments across countries including, but not limited to, Brazil, Chile, Colombia, Mexico, Peru, Uruguay, and other LAC markets. Ticket sizes are expected to range from approximately US$10 million to US$50 million, and the Fund is expected to invest in approximately 12 companies. The transaction is considered Paris Agreement-aligned based on analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach, considering the Fund's climate-led investment mandate and its ESMS commitment to assess and manage climate-related physical risks across its portfolio.

The Performance Standards ("PS") triggered by the Project are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; and (ii) PS2: Labor and Working Conditions. IDB Invest's resources may be used by the Fund to finance category A (high risk) subprojects for which the Fund's existing ESMS will push down all applicable IFC PS in accordance with IDB Invest's Sustainability Policy.

3. **Environmental and Social Risks and Impacts**. The principal E&S risks of this transaction are associated with Fund's capacity to identify, categorize, and manage risks inherent in its underlying investments across a diverse set of climate solution sectors and LAC jurisdictions. The most salient risks at the sub-project level include biodiversity and ecosystem impacts—particularly relevant given planned investments in biodiversity-rich biomes such as the Amazon and Atlantic Forest—occupational health and safety across construction and operations phases, labor and working conditions (including supply chain human rights risks such as forced labor in solar photovoltaic supply chains), and land acquisition and community impacts. Risks related to Indigenous Peoples or affected communities may be a relevant consideration given the geographic scope of the Fund. The E&S risks associated with the expected sub-project pipeline are considered moderate in nature overall, with the potential for a limited number of projects with significant impacts.

4. **Mitigation Measures**. The Fund has developed a comprehensive ESMS aligned with IFC Performance Standards (PS 1-8, 2012) and has also implemented a Green Climate Fund ("GCF") Environmental and Social Policy (2021), an Indigenous Peoples and Gender Policies, and relevant ISO management system standards. The ESMS is publicly available and subject to at least annual review and approval by the Climate-led Investing Strategies' Executive Committee. A dedicated team of three professionals is responsible for implementation across all strategies. A qualified third-party E&S consultant is always engaged to conduct broad environmental and social due diligence alongside the deal team, ensuring full IFC Performance Standards coverage.

   All sub-projects undergo structured screening and pre-categorization against the Fund's trigger list and an Exclusion List before detailed due diligence proceeds. The Fund has an established track record managing high risk sub-projects. Category A sub-projects undergo extensive analysis and always with the support of external consultants. Due diligence is informed by the Fund's E&S Due Diligence ("DD") questionnaire, third-party technical reports, site visits, and location-based risk tools including the Integrated Biodiversity Assessment Tool ("IBAT") for biodiversity screening. E&S findings are synthesized into a materiality table and "tornado chart" for Investment Committee review, depicting performance relative to defined thresholds for each material outcome across affected stakeholder groups. Where gaps to IFC PS alignment are identified, an Environmental and Social Action Plan ("ESAP") is agreed with the portfolio company and embedded in the side letter. The Fund's ESMS includes specific provisions for Indigenous Peoples (including Free Prior and Informed Consent ("FPIC") requirements and red lines consistent with IFC PS7 and the GCF Indigenous Peoples Policy), gender, climate-related physical risk assessment, biodiversity (applying the mitigation hierarchy and tools such as IBAT and NatureMetrics for post-investment Monitoring, Reporting, and Verification ("MRV")), and supply chain assessment. Portfolio companies report annually against an integrated reporting template, with the Fund conducting variance analysis and reporting results to the Portfolio Management Committee and to LPs via an annual integrated report. The Fund maintains a publicly accessible Grievance Redress Mechanism; for this current Fund, affected stakeholders will also have recourse to the GCF's Independent Redress Mechanism. An action plan below has been agreed with the client and other Development Finance Institutions ("DFIs") lenders.

5. Environmental and Social Action Plan ("ESAP"):

Item #	Action	Deliverable	Deliverable Date
Performance Standard (PS) 1: Assessment and Management of Environmental and Social Risks and Impacts			
E&S Assessment and Management System			
1	Submit to IDB Invest, for prior review, the first three Environmental and Social Due Diligences ("ESDDs"), as well as all Category A ESDDs, in advance of investment decisions. Application of IFC PS applies to all investments.	ESDDs	As needed
2	Submit all Category A ESDDs at least 30 days prior to the investment decision, to allow IDB Invest sufficient time for review and comment.	Time-sensitive ESDD material	As needed
3	Agree with IDB Invest on opt-out provisions for all Category A sub-projects where the ESDD and/or ESAP do not meet IDB Invest policy requirements.	N/A	N/A
4	Engage qualified external E&S consultants to conduct Category A ESDDs and to support monitoring of the implementation of Category A ESAPs. Provide monitoring reports as part of annual reporting	External consultant report for due diligence. Monitoring reports as part of annual reporting.	As needed
5	Designate a local E&S focal point to support effective implementation and monitoring of the ESMS.	Letter of appointment / formal hire	6 months post disbursement
6	For Category A sub-projects, disclose the project Environmental and Social Impact Assessment ("ESIA") on the Fund's website no later than 60 days prior to its Investment Decision date.	Disclosed ESIA	60 days prior to the Fund's investment committee.
Stakeholder Engagement			
7	Enhance the External Communication Mechanism ("ECM") to ensure alignment with IDB Invest requirements under the IFC PS.	Revised grievance mechanism	6 months post disbursement
Performance Standard (PS) 2: Labor and Working Conditions			
8	Enhance the HR framework to establish a confidential worker grievance mechanism, including anonymous reporting channels and safeguards against retaliation, in line with IFC PS2.	HR Framework	6 months post disbursement
9	Continue to demonstrate compliance with PS2 on Labor and Working Conditions.	HR Policy	As needed

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.