Environmental and Social Review Summary ("ESRS")

Farmtech Feeder FIAGRO in Brazil / 16297-01

Original language of the document: Portuguese
Issuance date: November 2026

1. **Scope of Environmental and Social Review**. The Environmental and Social ("E&S") assessment was conducted during the 2nd semester of 2026, through a review of relevant documentation and discussions with the Management team. The reviewed materials covered E&S risk assessment and human resources management policies and procedures, as well as information on the financing portfolio of Farmtech Feeder FIAGRO ("Farmtech" or the "Fund"). Farmtech is a new client of IDB Invest.

2. **Environmental and Social Categorization and Rationale**. The proposed transaction has been categorized as FI-2 in accordance with IDB Invest's Environmental and Social Sustainability Policy, as the underlying activities financed by the Fund ("subprojects") are expected to present moderate E&S risks, with potential adverse impacts that are limited, few in number, generally site-specific, largely reversible, and can be readily managed through appropriate mitigation measures.

   The Fund will support rural producers, distributors, and input suppliers across Brazil's agribusiness value chain through investments in credit receivables associated with agricultural inputs, equipment, and working capital. Farmtech's portfolio consists of short-term financing, with an average financing amount of approximately US$40,000.00 and an average tenor of approximately seven (7) months. The Fund will not finance, directly or indirectly, Category A subprojects (high risk), as defined by IDB Invest, or any activities included on IDB Invest's Exclusion List.

   The Performance Standards ("PS") applicable to the transaction are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; and (ii) PS2: Labor and Working Conditions.

   The transaction is considered aligned with the provisions of the Paris Agreement based on the analysis in line with IDB Group's Paris Alignment Implementation Approach.

3. **Environmental and Social Risks and Impacts**. The main E&S risk associated with this transaction relates to the Fund's ability to assess and manage the E&S risks of the agribusiness activities it supports in Brazil. These risks and impacts may include occupational health and safety, labor rights, waste generation, water use and pollution, community health and safety, conversion of natural habitats, and climate-related risks. The E&S impacts and risks associated with sub-projects are expected to be moderate and will be managed through the Fund's existing procedures, strengthened by the measures outlined in Section 5 of this report.

4. **Mitigation Measures**. Farmtech integrates environmental and labor screening into its credit approval and compliance processes, including checks against IBAMA and ICMBio records, the Brazilian slave labor list, labor compliance certificates, restricted economic activities, and investor-specific exclusions. Findings are reviewed by Credit and Compliance before approval and disbursement, and screening is repeated for each new transaction and at renewal. However, Farmtech does not yet have a formalized Environmental and Social Management System ("ESMS"). As set out in the ESAP in Section 5, Farmtech will formalize and implement an ESMS, documented in an approved Manual and proportionate to the risks of the Fund's financed activities. The Manual will establish procedures, tools, and responsibilities to assess and monitor compliance with applicable local E&S requirements and IDB Invest's Exclusion List. It will include

a procedure to assess and monitor natural habitat conversion risks on associated farms using satellite-based analysis and verification of *Cadastro Ambiental Rural* ("CAR") records.

Credit and Compliance teams currently oversee E&S screening, escalating material findings to the Executive Committee. Farmtech will designate an E&S Officer with defined responsibilities, authority and resources. The E&S Officer and staff responsible for assessing and approving transactions will receive training on the ESMS and its procedures and tools.

Farmtech's HR-related policies, including its Code of Ethics, address non-discrimination, harassment prevention, and respectful workplace conduct. Employees and external stakeholders have access to an Ethics Channel administered by an independent third party through a website, mobile application, and telephone. The channel allows for anonymous reporting and follow-up with confidentiality. Farmtech also provides channels accessible to the public through its website for inquiries, suggestions, and complaints regarding its products and services.

The Fund will be required to ensure that the financed goods and activities comply with the IDB Invest's Exclusion List and the applicable local E&S laws and regulations. The designated E&S Officer will also complete IDB Invest's online E&S risk management course or participate in an equivalent IDB Invest workshop.

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

Item #	Action	Deliverable	Completion Date
Performance Standard (PS) 1: Assessment and Management of Environmental and Social Risks and Impacts			
E&S Assessment and Management System			
1	Formalize and implement an ESMS, commensurate with the risks of the Fund's financed activities and integrated into existing processes, to assess and monitor compliance with applicable local E&S regulations and IDB Invest's Exclusion List.	i) Approved ESMS Manual ii) Evidence of Implementation	i) Within Three days of first disbursement ii) As part of the E&S Monitoring Report (ESMR)
Management programs			
2	Develop and implement, as part of the ESMS, a procedure to identify, assess, and monitor natural habitat conversion risks on farms associated with the Fund's financed assets, using satellite-based analysis and verification of CAR records. The procedure shall define its scope, responsibilities, and risk-based criteria for screening, monitoring, and decision-making.	i) Approved procedure ii) Evidence of Implementation	i) and ii) Within three months of first disbursement ii) As part of the ESMR
Organizational capacity and competency			
3	Designate a staff member responsible for overseeing E&S risk management across the Fund's financing operations. Define the E&S Officer's responsibilities and authority, and provide adequate resources and access to specialized support when needed.	Designation letter with a description of responsibilities	Prior to First Disbursement
4	Conduct training on the ESMS, including the procedure for screening natural habitat conversion risks, selected tools, and interpretation of results, with the participation of the designated E&S Officer and staff responsible for assessing and approving operations.	Training materials and attendance records	Within three months of first disbursement
5	The designated E&S Officer shall complete the online course[1] on environmental and social risk management offered by IDB Invest.	Course completion certificate	i) Within six months after the first disbursement; and ii) As part of the ESMR, whenever new staff join the E&S team.

[1] Environmental and Social Management: ESMS in Practice.

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.