

Environmental and Social Review Summary (“ESRS”) Valor Digital Opportunity Fund / 13818-01 – Regional

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- 1. Scope of Environmental and Social Review:** The environmental and social (“E&S”) review of the proposed transaction consisted of a desk review of the E&S Management System (“ESMS”) applied to the Fund, as well as interviews with the Top Management of the Fund Manager (“Valor Capital Group”) and a pipeline discussion. Valor Capital Group has been the fund manager for other operations with IDB Invest and IFC. As part of a previous transaction with IDB Invest, Valor has enhanced its ESMS to align it with IDB Invest’s Sustainability policy.
- 2. Environmental and Social Categorization and Rationale:** The proposed transaction is categorized as IF-2 per IIC’s Sustainability Policy. Equity investments to be supported by the Fund for technology-enabled companies in Latin America and the Caribbean will be in sectors such as financial services, education, logistics, mobility, consumer & retail, and health. Investments are expected to be made in 10-15 companies ranging from US\$10-20 million per investment. Category A sub-projects, per IDB Invest’s definition, will be excluded.
- 3. Environmental and Social Risks and Impacts:** The main E&S risks of this transaction are associated with the Fund’s capacity to identify and manage the E&S risks associated with its investment activities. The Environmental Social Health and Safety (“ESHS”) impacts and risks associated with investments in the technology sectors and subsectors are likely to be minimal in nature.
- 4. Mitigation Measures:** Valor has an ESMS in place to identify and manage the E&S risks of its portfolio. Its systems include adequate E&S procedures. The Fund also has procedures for human resource management, as well as a grievance mechanism available for its employees. Stakeholder inquiries can be received through the email address disclosed at the fund manager website (<https://valorcapitalgroup.com>).

The Fund Manager will be required to ensure that all investments comply with IDB Invest’s Exclusion List, applicable E&S local laws, and its ESMS. The Fund Manager will be required to provide to IDB Invest an annual Environmental and Social (E&S) Compliance Report and E&S due diligence (“ESDD”) reports of the first three investments.

5. Environmental and Social Action Plan

Activity	Description	Compliance Indicator	Timeline
Review of the first three investments	Valor will provide E&S due diligence reports of the first three operations (prior to investment), in order to: (i) confirm E&S categorization; and (ii) assess the proposed action plan.	E&S due diligence reports and action plans	When the first three operations are made.

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.