

Environmental and Social Review Summary (“ESRS”) Pátria Amazônia Credit Fund / 15162-01 – Brazil

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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 review of E&S Management policies, Human Resources policies and procedures, and the investment pipeline of Pátria Crédito Amazônia (the “Fund”). It also included conversations with team members from Pátria Investimentos (the “Fund Manager” or “Pátria”).
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2, in accordance with IIC’s Environmental and Social Sustainability Policy, since the E&S risks associated with the financed subprojects are considered moderate. The Fund will focus on supporting companies operating in the Legal Amazônia across the following thematic investment areas: sustainable industrial development, sustainable agriculture, transportation efficiency, logistics and warehousing projects, and financial inclusion. The Fund will have a nine-year term and a seven-year investment period, and will invest in approximately 20 companies, with average investment amounts ranging from US\$10 million to US\$20 million. The Fund will not finance either Category A (high risk) subprojects as defined by IDB Invest or those involving activities included in IDB Invest’s Exclusion List.

The transaction is considered aligned with the Paris Agreement based on an analysis conducted according to the IDB Group's Paris Alignment Implementation Approach. The analysis considered the Fund’s commitment to enhance its Environmental and Social Management System (“ESMS”) by integrating procedures to assess and manage physical climate risks across its portfolio.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction are primarily related to Pátria’s capacity to assess and manage the E&S risks associated with its loan portfolio, particularly in industrial development and agricultural subprojects. These risks may include, among others, issues related to occupational health and safety, waste generation, land use change, hazardous materials management, community health and safety, labor rights, and supply chain risks. Overall, the E&S risks and impacts associated with the subprojects are considered moderate.
- 4. Mitigation Measures.** The Fund has an ESMS in place and has designated a staff member responsible for its implementation. As part of the Environmental and Social Action Plan (“ESAP”), the Fund will strengthen its ESMS by enhancing the procedures and tools used to identify, assess, and manage E&S risks and impacts across its portfolio. In addition, the Fund will increase its internal E&S capacity to support the effective implementation of the ESMS. These enhancements are intended to ensure that the ESMS remains proportionate to the nature, scale, and level of E&S risk associated with the Fund’s investments, and that it is implemented in line with the International Finance Corporation (“IFC”) Performance Standards (“PS”) and applicable local regulations, as the Fund expands its portfolio.

The Fund will be required to ensure that all supported investments comply with the IDB Invest Exclusion List, applicable local environmental and social laws, the ESAP detailed in Section 5 herein, the applicable World Bank Group Environmental, Health and Safety (“EHS”) Guidelines, and the applicable IFC PS.

5. Environmental and Social Action Plan:

N°	Activity	Description	Compliance Indicator	Delivery Date
1	Enhanced ESMS development and implementation	Engage an external consultant to support the development and initial implementation of the enhanced ESMS	i) Terms of Reference (“ToR”) for the External Consultant agreed with IDB Invest; ii) Evidence of consultant appointment; and iii) schedule of enhanced ESMS deliverables	Prior to subscription date
2		Hire an external consultant with experience in biodiversity and other relevant E&S topics, to oversee the development and implementation of any necessary action plan in accordance with the ESMS	Commitment documented in the Bylaws of the Fund	Prior to subscription date
3		Develop an enhanced ESMS with improved procedures for E&S Due Diligence (“ESDD”), risk screening, monitoring, and the integration of action plans for subprojects	i) Enhanced ESMS submitted; ii) The first three ESDD reports reviewed by IDB Invest; and	Within 6 months after subscription
			iii) Copies of Annual monitoring report of sub-investments.	As part of the ESMR ¹
4		Design and apply sector-specific and thematic risk screening tools (e.g., biodiversity, physical climate risks, occupational health and safety, others)	Questionnaires and screening tools submitted	Within 6 months after subscription
5		Establish a process to engage qualified consultants to carry out ESDD and monitoring of projects with complex E&S risk, in line with ESMS procedures	i) Enhanced ESMS submitted; and	Within 6 months after subscription
	ii) Evidence of implementation.		As part of the ESMR	
6	Integrate E&S requirements and ESAP actions into legal agreements of sub-investments, and establish procedures for managing non-compliance	Evidence of implementation	As part of the ESMR	

¹ ESMR stands for Environmental and Social Monitoring Report, which must be regularly submitted to IDB Invest.

N°	Activity	Description	Compliance Indicator	Delivery Date
7		Develop and implement a staff training program aligned with the enhanced ESMS and its monitoring procedures	i) Training program submitted; and ii) training schedule and records.	12 months after subscription
8	E&S Monitoring Committee	Establish an E&S Monitoring Committee, with participation from Development Financial Institutions (“DFIs”) investors, to oversee the implementation of the ESMS and the categorization of subprojects	Committee composition submitted to IDB Invest available to the public (following the Brazilian Regulation on investor information)	Prior to the first disbursement
9	Enhance the External Communication Mechanism (“ECM”)	Enhance the ECM to ensure full alignment with IFC PS1, including procedures for receiving, assessing, and responding to external communications	i) Copy of the updated ECM procedure and associated register/log templates; and	Within 6 months of subscription
			ii) Evidence of ECM implementation.	As part of the ESMR

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.