

Environmental and Social Review Summary (“ESRS”) responsAbility Sustainable Food - Latam I / 14526-01 – Regional

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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 remotely through desk research and consisted of a review of the E&S Management System (“ESMS”), Human Resources policies and procedures, the investment pipeline of the Fund, as well as conversations with members of responsAbility team, which manages the Fund.
- 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 associated E&S risks are considered moderate. All investments to be supported will be in the agriculture sector with a focus on fruit & vegetables producers throughout Latin America and the Caribbean (“LAC”). The Fund aims to promote sustainability, climate change mitigation (e.g., resource efficiencies), food security and regional integration in the agriculture & food Industry. The term of the Fund is ten years with a possible two-year extension. The Fund will invest in about 12 to 15 companies with an average investment of US\$10 million to US\$25 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 Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach. Through a Technical Assistance (“TA”) engagement, the Fund is demonstrating an alignment to improve analyzing its exposure to climate risk and to enhancing its ESMS to include a set of procedures for analyzing climate risk in its portfolio.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are related with the Fund’s capacity to identify and manage the E&S risks associated with its investments in the agriculture sector. Such risks and impacts may be linked to Occupational Health and Safety (“OHS”), labor rights, waste generation, handling of pesticides, emission of polluting gases, community health and safety, habitat conversion or degradation, among others. The potential E&S risks of the subprojects are likely to be moderate in nature.
- 4. Mitigation Measures.** The Fund has an ESMS that will apply to its entire portfolio, which is commensurate for the level of risk of the subprojects to be financed and complies with the requirements of IIC’s Sustainability Policy. The ESMS covers all aspects of the International Finance Corporation (“IFC”) Performance Standards (“PS”) and consider the local E&S laws and regulations. responsAbility has an experienced E&S team, which is primarily responsible for conducting E&S due diligence (always with the support of external consultants) and monitoring the implementation of the action plans for each subproject. An external grievance mechanism is available through responsAbility’s website (<https://www.responsability.com/en/contact>). responsAbility has Human Resources policies that integrate the principles of non-discrimination and equal opportunity, as well as a grievance mechanism for its employees.

The Fund will be required to ensure that all that all investments supported comply with the IDB Invest exclusions list, applicable local E&S laws, the Fund’s existing ESMS, the eligibility criteria established for this transaction, the applicable WBG EHS Guidelines and IFC PS. The Fund will establish minimum criteria to assess specific E&S risks that are relevant to agricultural subprojects during the due diligence process. The Fund will also develop a procedure to assess labor risks in the supply chain of solar panels in subprojects that incorporate photovoltaic systems.

As part of the transaction, TA will be provided with the objective of supporting the investment team or manager in the process of including a decarbonization and Paris Alignment approach in the Fund’s sustainable strategy, which among others includes an analysis of the portfolio climate risk.

5. Environmental and Social Action Plan (“ESAP”):

Reference	Action	Deliverable	Completion Date
Climate risk management	Through the TA consultancy, the objective is to enhance the Fund’s ESMS through the development of procedures to identify and mitigate climate risk in on-lending to productive sectors.	Approved procedure	As defined in the TA Agreement
ESMS Enhancement	Review of Manager’s list of E&S risks that are typical and relevant to the agriculture sector by the External Consultant during the E&S Due Diligence (“ESDD”).	Potential improvements to the Terms of Reference template for External Consultant	3 months after the commitment date
	Develop a template for Investee E&S monitoring report.	E&S monitoring report Template for Investees	3 months after the commitment date
Strengthening of labor risk assessment on the solar panels supply chain	Develop and implement a procedure to assess labor risks on the supply chain of solar panels in subprojects that incorporate photovoltaic systems.	Approved procedure	3 months after the commitment date
Review of the first three ESDD reports	Provide the E&S due diligence reports of the first three investments for verification of: (i) the E&S categorization; and (ii) the proposed action plan.	ESDD Report and action plans	When each ESDD report is generated

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.