

1. **Scope of the Environmental and Social Review.** The environmental and social (E&S) review of the proposed transaction consisted of a desk review of the Environmental and Social Management System (“ESMS”) of CASEIF IV (the "Fund"), as well as discussions with members of the Investment Committee and the Environmental and Social Officer of LIM, which is CASEIF IV's manager. This is a new client for IDB Invest; however, the Fund had already established relationships with other Development Finance Institutions, which fostered the development of its ESMS.
2. **Environmental and Social Categorization and Rationale.** The proposed transaction will support sub-projects in the SME segment, whose risk potential is moderate. Consequently, in accordance with IDB Invest's Sustainability Policy, the Fund has been categorized as IF-2. CASEIF IV will not finance Category A (high risk) subprojects as defined by IDB Invest, nor any that involve activities listed on the IDB Invest exclusion list. The Fund's investments will exclusively target SMEs in Central America, the Dominican Republic, and Colombia, for an average amount of US\$6 million and a maximum term of eight years. Funding will be provided to approximately 12 SMEs. CASEIF IV classifies SMEs in two brackets: (i) Lower Bracket: includes companies with less than 300 employees and annual sales or assets up to US\$25 million; and (ii) Upper Bracket: includes companies with 300 to 500 employees and annual sales or assets up to US\$40 million.
3. **Environmental and Social Risks and Impacts.** The E&S risks of this transaction related to CASEIF IV's ability to assess and manage the risks involved in its financing activities. The Fund seeks to develop a multi-sector SME portfolio, focusing on sectors such as food and beverage processing, agribusiness, technology and education. The E&S risks and impacts associated with the subprojects are likely to be moderate.
4. **Mitigation Measures.** CASEIF IV has an ESMS that applies to its entire portfolio, which is suitable 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 domestic environmental and social laws and regulations, and features an exclusions list in line with that of IDB Invest. All external communications will be received through LIM's website (www.lafiseinvestment.com), and will be recorded in the external communications database in order to resolve them in a timely manner according to their type. CASEIF IV has appointed an Environmental and Social Officer who is experienced in E&S risk management, and who will be primarily responsible for conducting E&S due diligence and following up on the implementation of each subproject's action plans. In instances of high E&S risk, the ESMS provides for the hiring of external consultants to carry out assessment and monitoring activities. LIM, CASEIF IV's fund manager, has 11 employees, four of whom are women. LIM has a Recruitment Policy, Internal Regulations, and a Code of Ethics that integrate the principles of non-discrimination and equal opportunity, as well as a Grievance Mechanism for its employees. CASEIF IV will be required to ensure that all subprojects implement the ESMS in compliance with the IDB Invest exclusions list, applicable local E&S laws, and corresponding IFC Performance Standards. CASEIF IV will also be required to submit the first three Due Diligence reports to review and approve: (i) the

E&S categorization; (ii) the risk assessment; and (iii) the proposed action plan. Members of the Investment Committee and the Fund's Environmental and Social Officer will be required to take Environmental and Social Risk Management training.

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

Activity	Description	Compliance Indicator	Term
Review of the first three E&S Assessments.	CASEIF IV will be required to submit the E&S Due Diligence reports for the first three transactions, to review and approve: (i) the E&S categorization; (ii) the risk assessment; and (iii) the proposed action plan.	Updated Due Diligence reports and Action Plans.	Upon the performance of each transaction.

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.