

1. Project Description: On December 2015, the IIC Board of Directors approved a US\$5,100,000 investment into Portland Caribbean Fund II, LP, in a multi-sector, growth capital investment fund. The proposed IIC commitment increase is for US\$10,200,000 to bring IIC's total investment to US\$15,300,000. 2. Environmental and Social Categorization and Rationale: This is a category FI-1 project according to the IIC's Environmental and Social Sustainability Policy because certain pipeline investee companies in the Fund's current or future portfolio are considered of high environmental and social risk. 3. Environmental and Social Risks and Impacts: Portland's current portfolio is composed of investments in a regional telecom company, a wind farm in Panama, and a Bank in Bermuda. There are some other potential projects in diverse sectors such as energy, insurance, manufacturing, trade finance, fast food restaurants and trade finance. Environmental risks and impacts associated with some sectors in the pipeline may include but are not limited to: i) environmental risks such as: air emissions, waste management, habitat alteration and fragmentation, ii) operational health and safety risks such as: chemical hazards, noise, fire and explosions, heat, and radiation, iii) community issues such as: land acquisition, health, safety and security, potential impacts on indigenous and other vulnerable communities, iv) biodiversity conservation and stakeholder engagement. 4. Mitigation Measures: The IIC evaluated the applicable E&S requirements for the Fund based on the profile of the potential investee companies. Each company in which the Fund invests must comply with the environmental laws, regulations, and standards of the respective applicable jurisdictions, as well as with applicable IIC environmental and social requirements of the Sustainability Policy. Each investment will be subject to an environmental, labor and security review by the Fund Manager and the ESG Sub-committee to the JAC. The Fund is also committed to introducing and improving ESG practices in its investee companies and therefore has established an ESG Sub-committee to the JAC on which the IIC's environmental engineer participates as an observer. The Fund will analyze the environmental, social and governance aspects of investee companies, and bring global best practices to companies that would otherwise not have the resources to implement such high standards. To enable Portland to better understand the IIC's requirements, Portland will be required to attend the IIC's environmental training workshop for financial intermediaries or another similar course, as approved by the IIC. In order for the IIC to finance operations categorized as high risk from an environmental and social perspective, the Fund will provide the IIC with an Environmental and Social Impact Assessment (ESIA) that complies with IIC's Environmental and Social Sustainability requirements 120 days before the final decision to invest. Portland currently has an Environmental and Social Management System (ESMS) in place for managing the environmental and social impacts and risks associated with its financial operations. Portland recently hired an Environmental and Social officer to manage the environmental and social aspects of the Fund. Additionally, the Fund will be required to hire external consultants with the necessary competence (education, training and experience) for due diligence, monitoring and supervision purposes.