

**1. Overview of Scope of IDB-Invest E&S Review** The environmental and social review of the proposed transaction was carried out through an E&S desk research of pertinent information from the client. This included a review of Stratus's environmental and social policies and procedures applied by Stratus.

**2. Environmental and Social Categorization and Rationale** The sub-projects to be supported are expected to have a medium risk potential. Therefore, per the IDB Invest's Environmental and Social Sustainability Policy, the Fund has been categorized as FI-2. The fund will be restricted from financing Category A sub-projects.

Stratus has environmental and social review procedures in place. In addition, it is developing a set of standardized operational procedures and a manual based on the United Nations' Principles for Responsible Investment, which will encompass an improvement in the current Environmental and Social Management System.

**3. Environmental and Social Risks and Impacts** The main Environmental and Social ("E&S") risks of these projects are associated with Stratus's capacity to identify and manage the E&S risks associated with its investing activities. The potential risks associated with its main investing activities include occupational, health and safety ("OHS") related themes for services companies and pollution prevention for utilities and manufacturing.

Stratus has in place an Environmental and Social Management System to identify and manage the E&S risks of its portfolio. Its systems include E&S procedures, and an assigned E&S Officer to manage E&S risks and impacts.

**4. Mitigation Measures** 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 IDB Invest Exclusion List, applicable E&S local laws, and the IDB Invest's environmental and social guidelines. High risk companies must comply with the International Finance Corporation ("IFC") Performance Standards.

To enable the investee companies to better understand the IDB Invest's requirements, Stratus will be required to attend the IDB Invest's Environmental and Social Risk Management training workshop for financial intermediaries. Companies in which the Fund invests will be required to provide evidence of compliance with all applicable laws, regulations, and standards regarding the environment and occupational health and safety.

IDB Invest requires that its financial intermediaries' clients develop and implement an External Communication Mechanism to review inquiries or complaints from any interested party regarding the E&S risks and impacts of their operations. Stratus will also be required to hire a qualified external consultant to assess the E&S risks of applicable transactions, to submit the E&S due diligence conducted prior to investment and submit an annual E&S monitoring report to IDB Invest.