

1. Project Description. The proposed operation entails financing of up to US\$5 million to Farmaenlace, a national pharmacy chain that with IIC's funding will finance permanent working capital (mainly inventory) to expand a franchise model that the Company is using to convert small independent pharmacies or open new point of sales throughout Ecuador. 2. Environmental and Social Categorization and Rationale. This operation is classified as an FI-3 under the IIC's Sustainability Policy. Based upon the nature of this transaction (i.e. financing to expand a franchise model of small pharmacies throughout Ecuador), there are likely to be minimal indirect environmental, social or health and safety (ESHS) and labor impacts and risks. IIC's proceeds will be used mainly to purchase permanent inventory that Farmaenlace will use in entering into agreement with new franchise stores in exchange for a fixed percentage of revenue resulting from sales. The funding will also permit pharmacy owners to have available from Farmaenlace branding materials, opening and promotional activities, inventories, customized training, back office support (logistics, market intelligence, IT systems, stocks controls), among others. The average Farmaenlace investment amount per pharmacy is estimated in US\$45,000. 3. Environmental and Social Risks and Impacts, and Management. Environmental and social risks will relate to minimal occupational health and safety issues. Farmaenlace manages these and other risks with a Franchise agreement and operations manual, and in accordance with local legislation. A visit to Farmaenlace's warehouse illustrated appropriate health and safety protocols and consistent use of personal protective equipment. This operation is a continuation of a previous FOMIN initiative and has benefited from technical capacity building related to good-management practices. As a standard on-boarding process, pharmacy owners are trained on issues related to administration, HR management, finance, legal issues, and pharmacology, receiving a certificate of completion at the end of training. All pharmacies are licensed and regulated by local authorities. Under this operation, Farmaenlace will expand its operations to 118 stores during 2016 and 2017, which 80% approximately will be under the franchise model.