

1. Project Description. Asesores Indigo Deuda Privada, S.C. is a Mexican Fund manager that is targeting to raise MXN3,500 million for Indigo 2 PD. Indigo 2 PD is a private debt fund that will provide debt financing to Mexican companies with annual revenues between MXN100 million and MXN500 million, in most cases, with proven business models, located in dynamic regions of the country and with high growth and profitability potential. The main niche for the Fund will be companies under-served by commercial banks that require customized financing solutions, primarily in sectors that can benefit from Mexican medium class growth in the next 10 years such as retail & services, financial services and telecom. The Fund will seek to provide debt products to up to 20 mid-sized companies operating in Mexico with tickets between MXN75 million to MXN250 million. The Fund will have a life of 10 years and an investment period of up to 4 years, extendable 2 additional years.

2. Overview of Scope of IIC E&S Review. The environmental and social (“E&S”) review of the proposed operation has been carried out between September and October of 2017 and included the review of Capital Indigo’s Environmental and Social Management System and its underlying policies and procedures, pipeline information, as well as examples of the environmental and social due diligence process carried out by Capital Indigo on previous investments.

3. Environmental and Social Categorization and Rationale. The sub-projects to be supported have a low to medium risk potential. Therefore, per the IIC’s Environmental and Social Sustainability Policy, the FI has been categorized as FI-2. The applicable E&S requirements include the IIC’s Exclusion List, national E&S laws and regulations and the International Finance Corporation (“IFC”) Performance Standards. Depending on the sub-loan, applicable IFC Performance Standards include Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts; Performance Standard 2: Labor and Working Conditions; Performance Standard 3: Resource Efficiency and Pollution Prevention; and Performance Standard 4: Community Health, Safety, and Security. The likely investment sectors include financial sector investments (leasing and renting of machinery and vehicles, micro-credits, among others), food and beverage, industrial and agriculture. The average sub-loan will be approximately US\$9 million (MXN175 million), with a sub-loan maximum value of about US\$13 million (MXN250 million). The categorization of FI 2 corresponds to investments of low to medium risk only. The Fund will not be permitted to invest in Category A sub-projects.

4. Environmental and Social Risks and Impacts. The main E&S risks of these projects are associated with Capital Indigo’s capacity to identify and manage the E&S risks associated with its lending activities. The potential risks associated with its main lending activities include occupational, health and safety, resource efficiency and pollution prevention. Capital Indigo has in place an environmental and social management system (“ESMS”) to identify and manage the E&S risks of its portfolio. Its systems include adequate E&S procedures and has a qualified team trained to manage E&S risks and impacts. Capital Indigo carries out an environmental and social due diligence on all its investments. Samples of this analysis have been reviewed and are adequate. The personnel currently in charge of E&S at Capital Indigo have participated in and certified by IFC’s Sustainability Training and E-Learning Program (“STEP”).

5. Mitigation Measures. Capital Indigo has in place a functioning ESMS including an E&S policy and procedures. It is recommended that Capital Indigo attend the IIC’s Environmental and Social Risk Management training workshop for financial intermediaries to enable its staff to continuously improve the ESMS and keep up with current trends and best practices in the application of E&S requirements for financial institutions. IIC requires that its FI 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.