

1. Overview and Scope of IDB Invest Environmental and Social Review The environmental and social review was carried out during November 2017 and included an update of the due diligence performed for the previous operation with Edilar (ME3886A-03), and a review of pertinent documentation and interviews with the client. Given that Edilar has already been a client of the IDB Group for several years, there is an existing record of monitoring and environmental reports that were included with this review.

2. Environmental and Social Categorization and Rationale This project is categorized as category C according to the Environmental and Sustainability Policy of IDB Invest because it entails minimal or no risks or adverse environmental or social impacts. The performance standards applicable in the framework of this operation are the following: Performance Standard 1: Evaluation and management of environmental and social risks and impacts; Performance Standard 2: Work and working conditions; Performance Standard 3: Efficiency of the use of resources and prevention of pollution.

3. Environmental and Social Context Edilar is a company that provides educational materials such as online courses and books with a focus on providing these services to public school teachers throughout Mexico. The company has developed a financing mechanism through which teachers can finance educational materials and services.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Evaluation and Management of Environmental and Social Risks and Impacts

a. Environmental and Social Management System Edilar has a management system to address environmental and social aspects related to its operations that allows the company to ensure compliance with applicable national and local regulations and to provide an adequate environmental and social annual report. The system mainly incorporates the following documents: 1) a broad set of environmental and social programs and initiatives for specific issues; 2) a recently revised and updated Code of Corporate Ethics and Human Resources Policy; 3) an Occupational Health and Safety Handbook; 4) a Risk Manual; 5) a set of several Programs for Civil Protection, 6) a Training Plan and an Induction Program for employees, among others. Edilar provides annual environmental and social monitoring reports to the IFC and the IDB Group, which are linked to operations within both institutions. The last report received and evaluated by IDB Invest was in 2016, in which the fulfillment of Edilar is shown with all the environmental and social requirements of IDB Invest.

b. Risk Identification and Impacts The main risks and potential impacts identified are related to the evaluation and management of environmental and social risks and impacts, work and working conditions, the efficiency of the use of resources and the prevention of pollution. The management system and the relevant procedures are considered adequate for the identification, management, and mitigation of these risks. The company complies with local and national laws. In 2016, Edilar carried out an update of the identification of its risks and environmental issues in order to expand its management, and has an updated Risk Assessment Manual whose implementation will be carried out within the framework of risk management described in ISO 31000: 2009. Edilar follows a continuous improvement plan following the guidelines of the "Best Mexican Companies" Initiative.

c. External Communication and Complaints Mechanism Edilar has established both Internal and External Complaint Mechanisms. For internal employees and collaborators, they use an intranet through which suggestions and complaints can be directed to company executives. For the external community, they apply a procedure described in the "Attention Manual to Teachers" with the purpose of attending to all the complaints and claims that are received by Edilar as a result of the commercialization activities of their products and/or services.

4.2 Work and Working Conditions The company complies with national and IFC requirements regarding fair, safe, and healthy working conditions for both construction and maintenance; and has a policy of equal opportunities. The company has an adequate human resources policy and has a series of induction, training, and improvement programs for working conditions. The occupational health and safety manual describes the treatment of environmental accidents and potential emergency situations in order to avoid and/or reduce the serious effects on the health of employees of Edilar. The manual prescribes detailed procedures for each of the following events: general emergencies, spills and emanations of hazardous substances, findings of suspicious objects, bursting of fluorescent lamps or saving bulbs,

earthquakes, fires, and the identification of the most relevant environmental and labor risks. 4.3 Efficient Use of Resources and Pollution Prevention Edilar implements several procedures for pollution prevention. Among them, they deliver their electronic waste to a recycler with authorization from Semarnat and/or Sedema. The waste coming from the warehouse is delivered to a duly authorized supplier for the proper handling of the same, as well as cardboard, paper, and wood waste, which are recycled. In terms of improving the responsible use of resources, the company carries out several initiatives, such as minimizing the use of electricity and purchasing environmentally friendly paper. 5. Environmental and Social Action Plan No Environmental and Social Action Plan is established given that Edilar is currently in compliance with the environmental and social requirements of IDB Invest.