

Environmental and Social Review Summary (“ESRS”)

Allianz Global Investors Private Sector Mobilization

Debt Fund / Regional / 13453-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of this transaction was carried out through interviews, a desk review, and an extensive assessment and analysis of the envisaged Fund’s environmental and social policies and procedures.
- 2. Environmental and Social Categorization and Rationale.** The sub-projects to be supported by the Fund are expected to have moderate and, in some cases, higher E&S impacts and risks as the Fund will be financing renewable energy, climate transition projects (such as climate resilient infrastructure or hospitals), resilient infrastructure, zero-carbon green public transport, financial institutions (green on-lending), sustainable agricultural practices, among others. Therefore, the transaction was categorized as FI-1 per the IIC Environmental and Social Sustainability Policy. Each individual investment is expected to average US\$30-45 million in size with an average tenor of 7-12 years, with certain investments ranging from 15-21 years. The Fund is likely to invest in approximately 8 to 12 investments in Latin America and the Caribbean. Within LAC, the Fund may invest in Cat-A sub-projects on the provision that IDB Invest is a co-investor.
- 3. Environmental and Social Risks and Impacts.** The Fund will mobilize private capital to finance transactions with considerable development impact. The Fund will (i) primarily source investments from DFIs and MDBs, leveraging their expertise, and market presence; and (ii) enhance and expand IDB Invest's ability to support and structure projects in LAC. The main E&S risks of this project are associated with the Fund’s capacity to identify and manage the E&S risks associated with its financing activities. The potential environmental, social, health and safety risks associated with its main financing activities are likely to be related to issues such biodiversity impacts, occupational health and safety, labor issues, amongst others. The Fund will be required to have in place an Environmental and Social Management System (“ESMS”) to identify and manage the E&S risks of its portfolio.

The ESMS for the Fund will be developed to establish E&S risk management procedures based on the Fund Manager’s existing internal Environmental, Social, Governance policies. However, the system of the Fund will require an update to include adequate E&S procedures in compliance with IDB Invest’s Sustainability Policy. Given the investments will be mainly sourced from DFIs or MDBs, these institutions will conduct detailed E&S risk analysis, which will be leveraged by the Fund manager for their investment process. The Fund Manager will therefore ensure it has sufficient capabilities in-house to manage E&S risks and impacts for the Fund’s portfolio.

- 4. Mitigation Measures.** The Fund will be required to adopt and implement policies requiring its investments in LAC to comply with IDB Invest’s Exclusion List, applicable E&S local laws, and the IDB Invest Environmental and Social Sustainability Policy, including the IFC Performance Standards. The Fund would have the ability to invest with or without IDB Invest. Investments in Cat-A projects in LAC will be made with the participation of IDB Invest; any investments outside of LAC in Cat-A will require a DFI or MDB as co-investor.

In most cases, the investments will be originated by DFIs and therefore they will be subject to the thorough E&S risk analysis followed by these institutions. In cases where IDB Invest or other MDBs are not carrying out the environmental and social due diligence, the Fund or the Fund Manager may also hire external

environmental and social consultants to support its internal team (as further detailed in the Fund's ESMS). The Fund Manager's staff will be required to undergo comprehensive Fund-tailored training directed to its E&S and Investment staff focusing on the requirements of the ESMS, the implementation of IFC Performance Standards, and the various roles and responsibilities. Given that there is a potential to finance renewable energy projects, including solar projects, IDB Invest is committed to providing the fund staff with capacity building on supply chain management and risks related to solar module suppliers, as well as guidance on mitigating these risks. The Fund will also implement a grievance mechanism following IFC Performance Standard 1 to review inquiries or complaints from any interested party regarding the E&S risks and impacts of their operations.

5. Environmental and Social Action Plan ("ESAP"):

Task	Action	Product	Completion Date
Development of ESMS	The Fund shall adopt and comply with IDB Invest Exclusion list and any other partner DFIs as appropriate. The Fund Manager shall develop a robust ESMS, and if necessary, with external support, to assess and ensure that originating partners (e.g. mainly DFIs and MDBs) require its projects to mitigate risks and impacts in line with IFC Performance Standards (PS) and to comply with applicable national environmental and social laws and regulations. To the extent projects do not involve DFIs or MFIs, the Fund may engage the support of an external consultant as detailed in the ESMS. The ESMS should include: (i) an Environmental and Social policy, (ii) internal organizational capacity and competency, (iii) Environmental and Social due diligence processes /procedures to identify risks and impacts of subprojects, (iv) monitoring and review of portfolio, (v) external communication mechanism; and (vi) emergency preparedness and response. The ESMS will include procedures for direct as well as indirect investments via Financial Institutions. The ESMS will also include procedures for climate risk screening and management.	ESMS	Before first close
Arrangement for co-financing alongside IDB Invest	The ESMS should indicate its procedures for financing projects with DFIs/MDBs and without. The ESMS will include a clear categorization guide, and various checks to confirm the exclusion of Category A sub-projects (unless it involves IDB Invest or a qualified DFI or MDB partner) throughout the Fund's investment (or the co- investment requirements with IDB Invest in the context of LAC).	ESMS	Before first close
Strengthening of labor risk assessment on the solar panels supply chain	Develop and implement a procedure as part of the ESMS to assess labor risks on the supply chain of solar panels in subprojects that incorporate photovoltaic systems.	Approved procedure in ESMS	Before first close
Capacity building and training	Maintain at least one person to oversee the implementation of the ESMS and designated as the E&S Coordinator. Undertake a comprehensive training for investment staff on the requirements of its ESMS, the analysis of/implementation of IFC Performance Standards and the various roles and responsibilities. Ensure that all new personnel receive the same training. The training will be given by an external consultant or organization, such as IDB Invest.	CV of appointed E&S Officer/ external consultant on retainer to oversee ESMS. Proof of E&S trainings	Before first close and every time new personnel are incorporated.
	The Fund or the Fund Manager shall retain additional E&S expertise (either internally or external consultants) beyond the efforts of the anchor investor to support its internal team as needed, in cases where a DFI or MDB is not already directly financing the project. These specifics will be detailed in the ESMS.	ESMS	The latter of (i) first close; and (ii) 3 months after first close. No non DFI- investment may be made by the Fund until this action is complete.

Task	Action	Product	Completion Date
Review of individual investments in LAC	The Fund will submit for IDB Invest's review: the first three investments within LAC for which IDB Invest is not present. In addition to the first three LAC, non-DFI supported investments, the Fund may use an external consultant (on its own account or from other partner financiers) in instances for which a DFI is not present in the investment for purpose of the ESG review. The Fund will submit to IDB Invest's review per the scheduling below under "Reporting".		Post first close
External Communication Mechanism	Subject to disclosure by the relevant DFI/MDB as applicable, implement an external grievance mechanism following IFC Performance Standard 1 to receive, register and process external complaints related to the Fund's activities.	Grievance Mechanism	Before first close.
Reporting	Submit to IDB Invest, as requested, and only for investments in LAC: - Available information to confirm pre- categorization (ESIA, Licenses, environmental studies, etc.) at an early stage, subject to confidentiality agreements - E&S Due Diligence report with accompanying action plan conducted prior to the approval of the investment committee of the relevant financing - Annual E&S monitoring report	E&S Reports	For every DFI investment in LAC upon request.

- 6. Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.