

Environmental and Social Review Summary (“ESRS”) Nazca LAC Digital Growth Fund / 14564-01 – Regional

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- 1. Scope of Environmental and Social Review.** The environmental and social (E&S) review of the proposed transaction consisted in reviewing the Environmental and Social Management System (ESMS), Human Resources policies and procedures, and information on the investment portfolio of Nazca C-Fund, LP (the “Fund”), as well as conversations with Nazca’s team, which manages the Fund.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-3 in accordance with IDB Invest’s Environmental and Social Sustainability Policy since the Fund’s investments will be focused on digital base companies, such as e-commerce, fintech, healthtech and edtech, which have a low E&S risk. The Fund will not finance either Category A (high risk) subprojects as defined by IDB Invest or those involving activities included in IDB Invest’s Exclusion List.

The term of the Fund is 5 years with two 1-year extensions and an investment period of 3 years. The Fund will invest in about 10 to 12 companies with an average investment of USD 4 million to USD 5 million.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction relate to the Fund’s ability to assess and manage any risks associated to its investments. The Fund’s portfolio is focused on digital base companies; consequently, the E&S impacts and risks related to the subproject are deemed low.
- 4. Mitigation Measures.** The Fund has in place an ESMS applicable to its entire portfolio, which is adequate for the risk level of the subprojects and meets IDB Invest’s Sustainability Policy requirements. The ESMS covers all the aspects of the IFC’s Performance Standards (PS) and the national E&S laws and regulations. The Fund has appointed an E&S officer in its team and she is the person in charge of performing the E&S due diligence, following up on action plan implementation and supervising the E&S performance of the portfolio.

Nazca has 16 employees, out of who half are women. Nazca has in place (i) recruitment, compensation and training policies, (ii) a Code of Ethics incorporating the principles of non-discrimination and equal opportunity and (iii) a grievance mechanism for its employees.

The Fund should implement the ESMS in all its investments meeting the provisions of IDB Invest’s Exclusion List and the applicable local E&S laws. In addition, the Fund will be required to submit the E&S due diligence reports of the two potential subprojects with pending E&S assessments.

The Project is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group’s Paris Alignment Implementation Approach.

5. Environmental and Social Action Plan (“ESAP”):

| Activity | Description | Compliance Indicator | Delivery Date |
|---------------------------------|---|--|--|
| Review of the E&S due diligence | The Fund should submit the E&S due diligence reports of the two potential investments with pending E&S assessments in order to confirm: (i) the E&S categorization and (ii) the proposed action plan. | Due diligence reports and updated action plans | Upon the launch of the investment process of each of the subprojects |

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.