

Environmental and Social Review Summary (“ESRS”)

Silvipar: Supporting the Development of the Forestry Industry in Paraguay / 15659-01

Original language of the document: English

Issuance date: January 2026

1. Scope of Environmental and Social Review. The Environmental and Social (“E&S”) review of the proposed transaction consisted of a review of SilviPar-Astarte Impact Forestry Fund I (hereafter SAIFF) documentation, the three SAIFF II Terms of Reference (“ToR”) for the update of the original Environmental and Social Impact Assessment (“ESIA”), Regional Biodiversity Assessment, and Biodiversity Net Balance Review. SAIFF II is currently identifying the first tranche of candidate properties for potential acquisition with negotiations expected to begin in December 2025. Because the two SAIFF funds are operated by the same fund managers and exist in the same geographic landscape with the same operational model, SAIFF I documentation including all E&S management policies and procedures is assumed to be an adequate representation of what would be adapted for SAIFF II.

The Fund manages E&S issues according to its Sustainability Policy, Environmental and Social Management System, and its Environmental and Social Management and Monitoring Plan (“ESMMP”). Within those frameworks, the documents developed for the property portfolio acquired under SAIFF I include the elements of the land acquisition process, Rapid Ecological Assessments of individual properties, the landscape scale Critical Habitat Assessment and Net Biodiversity Balance study, the Environmental and Social Impact Assessment documentation, hydrological studies, climate risk management and adaptation material, and thematic management plans (for example for landscape fire management and invasive species), the Biodiversity Net Gain Feasibility Assessment and site specific management plans, together with the three Terms of Reference outlining the expanded E&S work programme for SAIFF II. The review also included conversations with team members from SilviPar which manages the forestry operations in Paraguay. A due diligence visit to meet with SAIFF II staff was carried out in November 2025.

2. Environmental and Social Categorization and Rationale. The operation is categorized as an FI-2 (Moderate Risk) operation. Based on the evidence reviewed, the nature-related environmental and social risks of SAIFF II are considered manageable through existing and planned systems. The Fund’s existing exclusions combined with management safeguards have resulted in financing of exclusively Category B sub-projects. Nevertheless, IDB Invest is formalizing contractually and within the ESMS the exclusion of high-risk activities. As such, the Fund is prohibited from financing Category A sub-projects.

SAIFF II will expand SilviPar’s operations established under SAIFF I in the same broad landscape in south-eastern Paraguay, increasing both the total area under management, and, to a moderate extent, the geographic spread of activities. As with SAIFF I, SAIFF II will acquire properties previously used mainly for intensive cattle ranching to establish FSC-certified eucalyptus plantations for timber and pulp products. The total target operational area for SAIFF II is c.50,000 ha with a 30% target of Habitat conservation (minimum of 25%) through the restoration and protection of remnant degraded natural areas. SAIFF II plans to generate Climate Community and Biodiversity (“CCB”) certified carbon credits through an Afforestation Reforestation and Revegetation (“ARR”), methodology of Verra’s Verified Carbon Standard (“VCS”), counting the mosaic of native and exotic forestry ecosystems as integrated.

The key nature-related risks stem from the significant land-use change from establishing forestry operations on modified lands primarily used for cattle ranching, wherein much of the land cover is degraded savannoid ecosystems (with some areas of improved pasture through introduction of exotic grasses). The magnitude of the risk (and opportunity) is a function of the pre-acquisition ecological condition and landscape

configuration of new properties added to the forestry development portfolio. The risks are considered manageable through a robust property acquisition screening process, careful selection and active management of conservation areas, and management of risks to those areas' enhancement or permanence (e.g. fire and illegal access). Where feasible, the promotion of cumulative increases in connectivity between natural habitat blocks in the landscape through strategic property selections, combined with projected regeneration of these blocks' ecological condition presents a significant opportunity of positive ecological outcomes.

Importantly, the acquisition process includes an exclusion list, supported by a social checklist that screens for the presence of Indigenous Peoples and local communities, land tenure and land-use issues, and any risk of involuntary resettlement or displacement of people. The exclusion list states that land acquisition is prohibited if it would involve involuntary resettlement, contribute to social unrest due to land tenure issues and displacement of people, or cause any material adverse effects on Indigenous Peoples, including, but not limited to, impoverishment, loss of identity, culture, and traditional or customary land-use rights. Based on the current property acquisition criteria coupled with the incorporation of the same E&S management approaches, it is anticipated that SAIFF II will be fully aligned with IFC Performance Standard 6 ("PS6"). Additionally, it is anticipated that the magnitude of biodiversity benefit achieved by SAIFF II (versus either a declining or static counterfactual baseline) would exceed PS6 requirements through attainment of Net Gains for Natural Habitat

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

- 3. Environmental and Social Risks and Impacts.** The severity of nature-related risk from this transaction is linked to SilviPar's capacity to manage two primary risk pathways: (i) avoidance of large scale conversion of less degraded areas of modified habitats - either directly through forestry establishment operations or indirectly through 'leakage' (i.e., displacement of habitat conversion activities to other areas in the landscape); and (ii) management of bio-physical drivers of risks to social and environmental outcomes, including fire and changes in local water availability and quality, (which may be amplified by climate-change-driven variability and uncertainty). As described further below, these risks are assessed as low in likelihood.

Analyses completed for SAIFF I properties combined with broader landscape level land cover mapping indicate the presence of multiple Threatened species within the types and general location of properties under consideration, and it is likely that some areas of modified habitats (variously degraded) would qualify as Critical Habitat. That said, the Silvipar management team has also demonstrated the management plans and capacity to properly mitigate these risks. Regarding direct conversion risks, precise locations of SAIFF II properties are currently unknown yet remote sensing-based interpretation of Natural Habitat extent and condition is being continuously improved (a validated land cover layer done for SAIFF I already covers most of the SAIFF II potential acquisitions zone). This remote sensing data facilitates significant improvements to pre- and post-acquisition ecological assessment and restoration planning methods for SAIFF II.

Regarding indirect conversion risks, the leakage risk analysis for the four SAIFF I properties included in the first Verified Carbon Standard ("VCS") and Carbon and Community Standard ("CCB") Certification instance Project Description provides good justification for those risks to be low (they all sit within the Zero Deforestation Law present in the Eastern Region), and the Verra verification requirements expect continuous landscape level monitoring to confirm their absence. However, CCB Projects do not currently cover the complete set of properties.

In conclusion, the likelihood of direct or indirect (leakage) conversion of significant areas of higher conservation importance habitats is concluded to be low. The risk of fire spread damaging significant areas

of remnant native habitats, is reduced to low by robust fire monitoring and management regimes. Risks of changes to downstream water quality or quantity prove to be low based on the water data tracking and monitoring that the management team does across the properties. Although all these risks are assessed to be of low likelihood, because the consequence of any of these risks would be high, the overall assessment is of moderate risk.

4. **Mitigation Measures.** Silvipar has developed comprehensive mitigation measures in the form of an Environmental and Social Management System, including specific management plans, and robust capacity (both internal and with external consultants) to manage identified risks, which together are aligned to the requirements of IDB Invest's Sustainability Policy and the IFC Performance Standards. These management plans have been largely developed and applied through the SAIFF I Fund and were reviewed and revised regularly with the support of other Development Finance Institution lenders to the first Fund. Additionally, the Fund uses independent experts in conducting site-specific impact assessments as part of each property acquisition process.

In executing these management plans pertaining to biodiversity, water, fire, property-specific Environmental Impact Assessments ("EIA"), among others, SAIFF I engaged its in-house environmental and social experts as well as outside consultants both in Paraguay and internationally in delivering against stated requirements. The agreed action plan prepared under SAIFF I is considered largely complete. The Action Plan under SAIFF II detailed below therefore provides greater specificity to existing plans and adds some measures to provide greater assurance of alignment with PS6. For SAIFF II, SilviPar plans to update and consolidate the ESIA process. The updated ESIA will integrate new baseline data, lessons learned from SAIFF I, and updated legal and institutional frameworks, and will produce a single integrated ESIA document for SAIFF I and II that covers all properties and aligns with IFC Performance Standards.

The consolidated ESIA will assess the impacts of SAIFF II expansion, including biodiversity, Ecosystem Services, cumulative landscape effects, fire and water management, and land-use alternatives. It will apply the Mitigation Hierarchy to guide avoidance, minimization and restoration measures creating an impact assessment and management planning linkage between SAIFF I & II. SilviPar will also update the ESMMP to better develop biodiversity management and a monitoring framework with KPIs and responsibilities (including the integration of the Biodiversity Management Plan and Biodiversity Action Plan per the Action Plan here).

SilviPar's existing property acquisition process already applies important risk-reducing measures. It applies two phases of ecological screening, separated by decision-gates, to identify significant Natural Habitat areas for within property conservation and their value for connectivity to adjacent properties or existing reserves. It evaluates if sufficient areas of previously degraded or converted habitats exist to support eucalyptus planting targets without undue adverse ecological impacts, and if acquisitions would trigger significant risks of leakage from cattle ranching displacement. SAIFF II enhancements will formalize and strengthen these practices within the updated ESMS.

SilviPar is also improving a key data input to its site-level ecological screening and landscape-level biodiversity planning by expanding the validated land-cover mapping from 1 million to as much as 5 million hectares, including further refinements to the MapBiomass classification accuracy via additional validation.

SilviPar maintains fire prevention and preparedness measures, including 30-metre fire breaks along property boundaries (often extended through agreements with neighboring landholders), and operates an advanced fire-protection system incorporating satellite-based detection, camera monitoring, dedicated internal fire response teams, and 24/7 surveillance. SAIFF II commits to comply with, applicable local environmental and social regulations, the IDB Invest ESAP, the relevant World Bank Group Environmental,

Health and Safety Guidelines, and the applicable IFC Performance Standards. In addition to the above, for SAIFF I, SilviPar undertook the strategic property acquisitions of Santa Ana and Las Dos Marias, to secure additional landscape ecological connectivity opportunities even though these purchases were not individually commercially optimal.

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

Nº	Activity	Description	Compliance Indicator	Delivery Date
1	Enhanced ESIA implementation as per SAIFF II ToR and the activity description.	<p>Existing measures from SAIFF I to be formalised under SAIFF II:</p> <p>Formalise the entire multi-stage property acquisition due diligence framework (criteria, process steps, and decision-making approach) established under SAIFF I and ensure it is implemented consistently across all new investments. This includes application of acquisition exclusion criteria, pre-evaluation of degraded or converted land availability for plantation areas, and Rapid Ecological Assessments ("REA") to identify priority conservation areas and hydrological sensitivities.</p> <p>Required enhancements to the scope of work set out in the SAIFF II ToR:</p> <ul style="list-style-type: none"> The updated ESIA ToR requires baseline studies covering physical, biological, and socioeconomic factors. Strengthen implementation by completing ecological baselines for all new properties that explicitly verify habitat type and condition predicted by remote sensing, including mapping of Modified, Natural, and Critical Habitat and ensure baseline data explicitly guide the incorporation of the Mitigation Hierarchy within property land-use planning. 	i) Consolidated ESIA Report (Funds I & II) submitted. ii) Consolidated land acquisition framework submitted, including documented procedures, exclusion criteria, environmental and social screening tools, and a decision-making flowchart demonstrating how land price, technical feasibility, and E&S risk screening are integrated into acquisition decisions. iii) All deliverables prepared by consultants in accordance with the approved ToR to support the development of the ESIA, ESMMP, and associated management and monitoring, including the <i>Regional Biodiversity Assessment</i> and the <i>Biodiversity Management Support</i> , submitted in a consolidated and reviewable format acceptable to IDB Invest. iv) Ecosystem Services Review report.	i) 12 months post disbursement ii) 12 months post disbursement iii) 12 months post disbursement iv) 12 months post disbursement

	<ul style="list-style-type: none"> • The Regional Biodiversity Assessment ToR plans to improve the precision and consistency of land-cover mapping and habitat identification. The validated land-cover and habitat layer should be integrated into the early-stage property screening and selection process (replacing reliance on Google Earth imagery). • The Biodiversity Management ToR require a review and critical assessment of the existing SAIFF I Critical Habitat Assessment. It is recommended that the Critical Habitat Assessment also be updated to reflect the expanded SAIFF II footprint and incorporate newly collected baseline data. The updated assessment should explicitly apply IFC PS6 Critical Habitat criteria quantitative thresholds to determine the presence of Critical Habitat and identity of the triggering species/ecosystems to inform appropriate avoidance, mitigation, and management measures. <p>Additional actions to build on the planned SAIFF II approach:</p> <ul style="list-style-type: none"> • Conduct an Ecosystem Services Review (“ESR”) as per PS6. To determine any Indigenous Peoples or local community well-being dependencies on the Ecosystem Services which could be affected by the operations. • Ensure monitoring of potential impacts on surface water quality or quantity downstream of 		
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		<p>plantations to cover at least one complete rotational cycle. If monitoring finds a significant impact to any water resources upon which the ESR finds communities to be dependent upon then implement measures to maintain the Ecosystem Service or provide safe alternatives.</p>		
2	Enhanced ESMS development and implementation	<p>Existing measures from SAIFF I to be formalised under SAIFF II:</p> <ul style="list-style-type: none"> Develop and implement an updated ESMS and ESMMP that operationalise ESIA findings into site-level biodiversity management, monitoring, and adaptive management measures for SAIFF II. <p>Required enhancements to the scope of work set out in the SAIFF II Terms of Reference:</p> <ul style="list-style-type: none"> The Biodiversity Management Support ToR provides for updating the project Biodiversity Management Plan (BMP). Strengthen this by preparing and implementing Conservation Area Management Plans for each property, addressing detail of where and how to achieve protection, restoration and regeneration. The Biodiversity Management Support ToR requires definition of clear and tangible biodiversity indicators. Ensure this includes meaningful habitat condition metrics (covering at least composition & structure) to generate field-validated baseline Quality Hectares 	i) Updated ESMS and ESMMP for SAIFF II submitted. ii) Evidence of implementation across initial SAIFF II properties.	i) 12 months post disbursement ii) 12 months post disbursement

		<p>(“QH”) for tracking Net Gain status.</p> <ul style="list-style-type: none"> • Management Plans must explicitly address Net Gain outcomes for any Critical Habitat qualifying species/ecosystems found to be present in the SAIFF II landscape as per the planned CHA update. • The Biodiversity Management Support ToR requires targets based on SMART methodology for evaluating species conservation. Improve this through an adaptive management protocol for conservation and restoration areas with SMART indicators linked to monitoring results to ensure adequate progress towards Net Gain outcomes are being achieved (with a suggested maximum attainment timeline of 20 years). <p>Additional actions to build on the planned SAIFF II approach:</p> <ul style="list-style-type: none"> • Develop a statistically robust ecological sampling framework (e.g., stratified by habitat type and baseline condition, with clear justification for sample size, spatial distribution, and field methods) to ensure monitoring is representative of the landscape and that progress towards Net Gain outcomes can be reliably tracked. 		
3	Biodiversity Action Plan (“BAP”) development	<ul style="list-style-type: none"> • Create a single, funds-level BAP that summarises all biodiversity related management plans and monitoring frameworks (property- and landscape based) and aggregates outcome 	i) Fund-level BAP submitted.	i) 12 months post disbursement

		monitoring to demonstrate Net Gain at the landscape level.		
4	Annual Reporting	<ul style="list-style-type: none"> Submit annual monitoring reports in line with other DFI investors that present E&S performance details in line with WBG EHS Guidelines and the requirements under the ES MMP. 	i) Annual report in agreed format.	i) Annually
5	Community Grievance Mechanism	<ul style="list-style-type: none"> Ensure the community grievance mechanism aligns with IFC Performance Standard 1, including: (i) establishment of a clear and transparent grievance handling procedure; (ii) disclosure of the mechanism to all identified stakeholders; (iii) provision of accessible submission channels for stakeholders without access to technology, such as suggestion boxes at central locations including municipal offices; (iv) periodic analysis of grievances to identify recurring or systemic issues; and (v) implementation of a feedback process to communicate outcomes to affected communities. 	i) Formalised grievance mechanism in place.	i) 6 months post disbursement
6	Category A Exclusions	<ul style="list-style-type: none"> The Fund will be prohibited from investing in sub-projects that present characteristics of Category A sub-projects, including, but not limited to, significant, diverse, or irreversible environmental or social impacts, such as large-scale involuntary resettlement, impacts on Indigenous Peoples, or the conversion or degradation of critical habitats or ecosystems. 	i) Representation as part of the annual report	Annually

7	Review of first three acquisitions	<ul style="list-style-type: none"> The Fund will share with IDB Invest for information purposes the E&S due diligence material collected on the first three land purchases. The information will establish the absence of Cat A triggers, the EIA conducted, and any accompanying studies. 	Due diligence material	Upon close of the individual purchases.
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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.