

**INFORMATION SUMMARY FOR THE PUBLIC**  
**Root Capital**

<b>Host Countries</b>	Benin, Bolivia <sup>1</sup> , Burkina Faso, Colombia, Congo, Dem. Rep., Côte D'Ivoire, El Salvador, Ghana, Honduras, Indonesia, Kenya, Madagascar, Malawi, Mali, Nicaragua, Peru, Rwanda, Senegal, Tanzania, Uganda, and Zambia
<b>Name of Guaranteed Party</b>	Root Capital Inc. (“Root Capital”)
<b>Project Description</b>	A guaranty of qualifying loans to small and medium enterprises (SMEs) in the agricultural sector in certain DFC-eligible countries in Latin America, sub-Saharan Africa, and Southeast Asia. The guaranty structure will improve resilience by mitigating risk, enabling Root Capital to better absorb force majeure risk, such as COVID-19 and agricultural blight.
<b>Proposed DFC Guaranty</b>	\$35 million with seven-year guaranty availability with a three-year period for maturation of guaranteed loans (DFC Guaranty expires ten years from closing date).
<b>All-Source Funding Total</b>	\$46.8 Million
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a highly developmental impact in Latin America, sub-Saharan Africa, and Southeast Asia by supporting the agriculture supply chains that procure from small farmers. Many developing countries’ populations work primarily in agriculture, particularly within the low- and lower-middle income countries targeted by the Project. In contrast, agriculture as a share of GDP among these countries is generally low, suggesting poor farmer outcomes including low income. These farmers struggle to access markets and credit, areas Root Capital directly addresses by intervening at the supply chain level with loans to SMEs, including agribusinesses and cooperatives, that source from and are often closely linked to small farmers. Root Capital often facilitates these supply chain relationships and provides technical assistance to cement them, including financial management training and agronomic advisory services. Root Capital takes a generally robust approach to measuring the outcomes of its lending and has worked with leading impact measurement institutions to refine its approach to collecting, assessing, and acting upon data from its operations.

<sup>1</sup> DFC is currently closed in Bolivia. DFC will not authorize Root to include any loans in Bolivia in the DFC-supported portfolio until such time as DFC is open in Bolivia.

**Environment and Social Assessment**

The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. Loans for lending SMEs are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as Category C and further review and consent are not required for these investments.

To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC-guaranteed loans made to the Borrower will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards and strict policies to combat the growing prevalence of child and forced labor found within the cocoa, coffee, and general agriculture sectors where it operates.

Under the DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-review based due diligence assessment indicates that because the Project involves a loans for small agricultural businesses, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Borrower has its own Environmental and Social Policy, a Social and Environmental Due Diligence Detailed Methodology Guide and several other procedures that when taken as a whole, constitute an ESMS. Root Capital represents that it subscribes to the ESG Principles of the Council for Smallholder Agriculture Finance (“CSAF”) and is an active user and best-practice contributor to several ESG-related efforts within impact investing, including IRIS+ under the Global Impact Investing Network (“GIIN”) and the Aspen Network of Development Entrepreneurs.