

## Environmental and Social Review Summary (ESRS)

<b>Project Name:</b>	Agrolend – Financing small and medium farmers who feed the world
<b>Project Number</b>	BR-L1610
<b>Project Location:</b>	Brazil
<b>Executing Agency:</b>	Agrolend
<b>Type of Operation:</b>	Loan
<b>ESRS Issuance Date:</b>	March, 2023

### 1. General Information of the Project and Scope of IDB Lab's E&S Review

The proposed transaction consists of a loan in favor of Agrolend (the “Company”), a financial intermediary that finances the acquisition of seeds, fertilizers, crop protection, additives, machinery, etc., to small and medium farmers in Brazil. The capital of such financings is wired to a local ag-input supplier, who then gives farmers the products required for their crops. At harvest time, farmers pay Agrolend back and apply for new credit for the next crop. Crops served include soy, coffee, maize, fruits, sugarcane, livestock, and dairy.

The environmental and social (“E&S”) due diligence of the proposed transaction consisted of a desk review of policies provided by the Company as well as interviews with managers of Agrolend.

### 2. Environmental and Social Categorization and Rationale

This is a FI-2 category project, according to IDB's Environmental and Social Policy Framework (“ESPF”), given that the activities to be financed by the EA (agriculture) are expected to have potential medium adverse E&S risks or impacts.

IDB Lab's applicable E&S requirements for this transaction will be the IDB Exclusion List, relevant E&S laws, and regulations, and the IDB's Environmental and Social Performance Standards (“ESPS”), as applicable.

### 3. Environmental and Social Risks and Impacts

The main E&S risks inherent in the Transaction derive from Agrolends' capacity to identify, assess, and manage risks associated with its portfolio, composed of agribusiness activities. These risks typically include occupational health and safety issues, labor and working conditions, child and forced labor, resource efficiency and pollution control, the use/storage of chemicals banned under the WHO risk classification, significant conversion of natural and/or critical habitat through deforestation and habitat conversion for agricultural purposes.

In general, the production of soybean products in the Cerrado region and sugarcane can have specific E&S impacts including biodiversity issues, deforestation, labour, and land conflicts. Any medium and long-term investment in the sub-sectors noted above will need additional E&S due diligence, and if such determines A categorization, will be precluded from investment.

#### 4. Mitigation Measures

Agrolend's policies delineate the Company's commitment to minimizing the negative impacts associated with its business on the environment and the communities. Social commitments include the rejection of child and forced labor. Having that said, the Company has yet to develop an ESMS and nominate staff to address E&S risks. Internal and external stakeholders can submit their inquiries by telephone or through the form available at the following link: <https://agrolend.agr.br/contato>.

As part of this Transaction, Agrolend will be required to develop and implement an ESMS commensurate to the risk profile of its lending operations. The Company will also ensure adequate E&S staffing and capacity is put in place. Furthermore, the Company will submit examples of ESMS implementation (ESDD reports, E&S screening tools, E&S risk management procedures.) together with an annual report to IDB Lab.

#### 5. Environmental and Social Action Plan (ESAP)

No	Issue	Activity	Deliverable	Deadline
1	ESMS	Develop an ESMS as required by IDB's ESPF.	ESMS	Before the first disbursement
2	Organizational Capacity	Nominate E&S staff to develop and implement the ESMS.	Staff nomination.	Before the first disbursement