

## Environmental and Social Review Summary (ESRS) Report

<b>Project Name:</b>	Valor Venture Fund IV
<b>Project Location:</b>	Argentina; Brasil; Chile; Colombia; Ecuador; México; Perú
<b>Executing Agency:</b>	Valor Capital Group
<b>Type of Operation (EQU/LON/TCN):</b>	Equity
<b>ESRS Issuance Date:</b>	May, 2022

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

The project consists of an equity investment of \$5 million in the Valor Venture Fund IV (the "Fund"), which aims to support early-stage SMEs in Latin America with a focus in the following sectors: i) education technologies; ii) fintech and digital assets; iii) health-tech and wellness; iv) logistics; v) SaaS; and vi) digital marketing. The Fund will be managed by Valor Capital Group ("VCG"), one of the most active venture capital investment firms in Latin America.

The environmental and social ("E&S") review of the proposed transaction consisted of a desk review of the E&S Management System ("ESMS") applied to the Fund, as well as interviews with the Top Management of the Fund Manager and a pipeline discussion.

### 2. Environmental and Social Categorization and Rationale

The proposed transaction has been categorized as FI-2, given that the Fund's proposed portfolio is expected to be comprised of business activities, some of which may have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

IDB Lab's applicable E&S requirements for this project 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 of this transaction are associated with the Fund's capacity to identify and manage the E&S risks associated with its investment activities. VCG has been the fund manager for other operations with IDB Lab, IDB Invest and IFC. As a result of these transactions, VCG has enhanced its ESMS to align it with IDB's Environmental and Social Policy Framework.

The Fund Manager has an ESMS in place to identify and manage the E&S risks of its portfolio. The environmental and social due diligence (ESDD) for potential investments identifies E&S risks

through questionnaires done virtually or on-site visits, according to the risk level. All transactions are screened against the IDB exclusion list, legal, and categorized depending on the identified E&S risks. When the ESDD determines gaps vis a vis applicable laws and regulations and/or the Fund's requirements, an action plan is discussed and agreed upon with the investees. One of Valor's managing partners is directly responsible for overseeing the implementation of the ESMS and review of ESDD. Stakeholders can submit their inquiries through the email address disclosed at the fund manager website (<https://valorcapitalgroup.com>).

#### 4. Mitigation Measures

As part of this project, VCG will be required to update its ESMS manual to screen potential investees against the IDB Environmental and Social Performance Standards as applicable, in addition to the IDB Lab's Exclusion List and applicable E&S laws and regulations. The Fund Manager will be required to provide to IDB Lab an annual Environmental and Social (E&S) Compliance Report and E&S due diligence ("ESDD") reports of the first three investments.

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

##### Environmental and Social Action Plan

No	Issue	Activity	Indicator or Deliverable	Deadline
1	ESMS Manual	Update the ESMS manual to screen potential investees against the IDB Environmental and Social Performance Standards as applicable, in addition to the IDB Lab's Exclusion List and applicable E&S laws and regulations.	Updated ESMS Manual	Before closing
2	Review of the first three investments	Provide the E&S due diligence reports of the first three operations (prior to investment), in order to: (i) confirm E&S categorization; and (ii) assess the proposed action plan.	ESDD reports and action plans	When the first three operations are made.