U.S. International Development Finance Corporation

Board of Directors Meeting
Thursday, September 5, 2024, 2:00 PM
Agenda

I. CHAIRMAN OPENS MEETING

II. CEO's REMARKS

III. PROJECT APPROVALS

a. Nigeria Mortgage Refinance Company Plc
b. Enerjisa Enerji Üretim A.Ş.
c. First City Monument Bank Limited
d. Bank of the Philippine Islands
e. Copenhagen Infrastructure Growth Markets Fund II SCSp
f. Red Amigo Dal, SAPI de CV, SOFOM, ENR

IV. ADMINISTRATIVE APPROVALS

a. Minutes – June 5, 2024 Board of Directors

V. REPORTS TO THE BOARD

a. Risk Committee Report

VI. EXECUTIVE SESSION

VII. CHAIRMAN ADJORNS MEETING

Host Country	Nigeria.
Name of Borrower	Nigeria Mortgage Refinance Company Plc.
Project Description	The Borrower will use the proceeds of the Loan to make new loans to eligible primary lending institutions ("PLIs") by refinancing or prefinancing eligible mortgage loans to eligible mortgage borrowers across Nigeria with at least 20% of the Loan proceeds targeting mortgage borrowers in the informal and low-income market segments.
Proposed DFC Loan	$200,000,000.
All-Source Funding Total	$228,571,429.
Policy Review	
Developmental Objectives	With more than 236 million inhabitants, Nigeria has the largest population in Africa and is the sixth most populous country in the world, but has a home ownership rate of just 25%, and less than 33,000 outstanding mortgage loans in aggregate. The country's current macroeconomic environment of high inflation and interest rates has pushed millions of Nigerians into poverty and challenged the ability for most households to secure affordable financing to ensure their family members are adequately housed. This deficit disproportionately impacts women, who face considerable barriers in accessing land, property, and financial services. In Nigeria, men are more than three times as likely to own a house or land as women. This disparity consequently compromises a woman's ability to access credit facilities, among other financing products, due to lack of sufficient collateral. In response to these challenges, the Project seeks to provide liquidity to Nigeria's affordable mortgage market through supporting the only Central Bank of Nigeria-licensed mortgage refinance company. Proceeds from DFC's support will be used to on-lend to PLIs with the objective of refinancing or prefinancing mortgage loans on affordable and accessible terms for homeowners. As part of the Project, approximately 20% of the proceeds from DFC's loan will be allocated to informal and low-income borrowers and an estimated 40% of the mortgages to be refinanced or prefinanced will be those underwritten to women as borrowers or co-borrowers. Given the Project characteristics, the Project has received a score in the Highly Impactful tier of DFC's Impact Quotient.

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. DFC direct loans to financial institutions for mortgage lending 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 is not required for these investments. To ensure that the Borrower's investments are consistent with the DFC's statutory and policy requirements, the Loan 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. 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 will use DFC support for the expansion of its mortgage lending portfolio in Nigeria, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered at this time. The Borrower has an adequate environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies commensurate with its investment strategy. However, the Borrower will be required to provide the DFC evidence that private security guards are trained in accordance with requirements of IFC PS 4 to meet the DFC's 2020 Environmental Policy and Procedures.

Host Country	Türkiye / Upper Middle Income
Name of Borrower	Enerjisa Enerji Üretim A.Ş.
Project Description	DFC financing for the development, construction, ownership, operation, and maintenance of a portfolio of wind power plants located in the Republic of Türkiye
Proposed DFC Loan	$350,000,000
All-Source Funding Total	$1,124,000,000
Policy Review	
Developmental Objectives	Türkiye imports nearly three-quarters of its energy resources and relies heavily on fossil fuels to power its national grid. The combination of foreign and nonrenewable dependency has hindered Türkiye's energy security and heightened its greenhouse gas emissions, which have doubled in the past two decades. The Project is expected to have a positive development impact in Türkiye by fueling the government's energy diversification strategy, helping to decarbonize its grid through wind power, and improving Türkiye's energy independence. The wind farms are expected to generate approximately 2.51 TWh per year, propelling the Borrower's wind generation from 3% to 14% of its energy portfolio and boosting renewable energy installed capacity for the entire country by one percent. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ).
Environment and Social Assessment	**SCREENING:** The Project has been reviewed against DFC's July 2020 Environmental and Social Policies and Procedures (ESPP) and determined to be categorically eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented in the absence of adequate mitigation measures. **APPLICABLE STANDARDS:** DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards: • PS1: Assessment and Management of Environmental and Social Risks and Impacts; • PS2: Labor and Working Conditions; • PS3: Resource Efficiency and Pollution Prevention; • PS4: Community Health, Safety, and Security; • PS5: Land Acquisition and Involuntary Resettlement; • PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and • PS8: Cultural Heritage.

	The Project is not anticipated to impact any Indigenous Peoples as confirmed by the Project's Environmental and Social Impact Assessments (ESIAs) and the lenders' independent environmental and social consultant (IESC). Therefore, PS 7 is not triggered at this time. Applicable provisions of the IFC General Environmental, Health and Safety (EHS) Guidelines, the EHS Guidelines for Wind Energy, and the EHS Guidelines for Electric Power Transmission and Distribution also apply to the Project. **ESIA Disclosure:** The ESIAs on the proposed Project will be posted for public comment on DFC's website from June 20-August 19, 2024 for a 60-day period. To date, no comments have been received. **Environmental and Social Risks and Mitigation Measures:** Primary environmental and social risks associated with the Project include direct and cumulative biodiversity impacts, occupational health and safety, impacts to community health and safety, labor management, contractor management, resettlement, cultural heritage, and supply chain management. The Borrower developed Environmental Impact Assessments (EIAs) for the 9 sub-projects comprising the Project and is in process of obtaining environmental approval (three of the sub-project approvals have been challenged and supplemental studies and submissions are being submitted to address this). Supplemental ESIAs were completed for each sub-project to meet lender requirements and associated E&S Management Plans (ESMP) for all sites are currently being finalized. EIAs for the Energy Transmission Lines (ETLs) are underway where applicable with the aim of receiving all required approvals by the end of 2024. *Environmental and Social Management System/ Plans.* At the corporate level, the Borrower has an E&S Governance Framework and an integrated Quality, Health and Safety, Environment and Energy Management System (QHSEE-MS) in place certified to ISO 14001, ISO 45001, and ISO 50001. The Borrower is drafting sub-project specific E&S management plans and emergency response plans (ESMPs), which are currently under review with the lenders' IESC. The Borrower will be required to provide finalized sub-project ESMPs that reflect the risks and impacts identified in the final ESIAs. The Borrower has established a project team to support the development and construction of the sub-projects. This includes two CLOs and an Environmental Specialist assigned to each of the three main regions of the sub-projects. The Borrower will be required to hire a corporate-level Biodiversity Specialist and

ensure adequate staffing and resources to implement site-level plans.

Stakeholder Engagement and Grievance Handling
Substantial stakeholder engagement has been underway with regards to the various EIA and resettlement processes, permitting, and to meet lender requirements. The Borrower has drafted Stakeholder Engagement Plans for each sub-project including a grievance/request mechanism (GRM) to align with IFC PS1.

Biodiversity.
The sub-projects are primarily situated on forested and agricultural terrain, with some located closer to coastal areas and others nestled within mountainous landscapes. While none of the sub-projects fall within protected areas under Turkish or international conservation laws, several sub-projects were found to be located in Key Biodiversity Areas (KBAs).

As part of the national EIA, the Borrower carried out biodiversity surveys from August 2021 through May 2022, which did not encompass a year's worth of baseline data, as required by best practice. Based on the available information, high-level critical habitat assessments (CHAs) were conducted for each sub-project. Across five of the sub-project sites, the presence of four endangered avian species—the Dalmatian pelican, the short-toed snake eagle, the lesser spotted eagle, and the black stork—as well as a critically endangered plant species, *Verbascum hasbenii*, were identified.

To obtain a full year's worth of data, the Borrower enlisted a qualified third party to conduct supplementary flora and fauna surveys across all sub-projects from April to July 2024. The Borrower aims to present the results of these supplementary surveys by August 2024 and update all relevant documentation by the fourth quarter of 2024.

Additional work is underway to: a) verify the presence of species, particularly migratory birds, at each site; b) finalize CHAs for each sub-project and to undertake a cumulative CHA for migratory species that might be affected by several sub-projects; c) enhance the mitigation strategies in the project-specific biodiversity management plans (BMPs) and Biodiversity Action Plans (BAP), if needed; d) develop models for collision risk; and e) determine tailored shut-down-on-demand (SDOD) protocols for each sub-project.

The Borrower will be required to provide updated biodiversity management plans for each sub-project, including updated CHAs, BAPs, and a cumulative collision risk assessment that includes the ETLs and an updated organizational chart. The BMPs are to

	include commitments to adhere to SDOD protocols, and a timeline for appointing a specialist to develop a comprehensive Post-Construction Fatality Monitoring (PCFM) protocol for birds and bats, including a training program. *Community Health and Safety.* The Borrower has identified the primary community health and safety risks associated with the sub-projects as noise pollution, dust pollution, shadow flicker, blade and ice throw, electromagnetic interference, traffic accidents, and the transportation of abnormal loads. The ESIAs identify mitigation strategies to manage these risks. Some of the strategies include the identification of sensitive receptors, siting of turbines, distance to receptors, scheduled shut down of turbines when shadow flicker estimates exceed limits, and dust suppression. The IESC observed that a few sensitive receptors within 700 meters of the turbines were not adequately considered and therefore the Borrower will be required to update and provide a comprehensive list of sensitive receptors, including specific mitigation strategies (particularly for shadow flicker and blade/ice throw), and to update the traffic management plans to align with IFC PS 4. The Borrower anticipates using private unarmed security guards and the security risks are considered manageable. Nevertheless, each sub-project and associated ETLs will be required to have in place a security management plan. *Contractor Management.* The sub-projects will require a contracted workforce between 100-600 workers per site during construction, which is estimated to take approximately 10 months to complete. Each sub-project will require 4 or 5 contractors to complete civil works, electrical works, ETL construction, and turbine installation. The Borrower's human resources department is responsible for managing the labor performance of contractor and subcontractors. The Borrower has drafted a Human Resources and Worker Management Plan that is applicable to contractors. The Project will be required to finalize and fully implement this plan and ensure that contractor management aligns with IFC PS2, including monitoring and developing a code of conduct that is applicable to all contractors' and sub-contractors' workers and addresses Gender-based Violence and Harassment (GBVH). *Resettlement Impacts.* The establishment of sub-projects and the associated ETLs is anticipated to result in primarily economic, not physical, displacement. However, the Project is still assessing eight identified structures that are located near turbines to determine their use and status. Resettlement Action Plans (RAPs) for each sub-project are being developed to meet IFC PS 5 and national

	requirements. In total, the Project will require 1,257,858.32 m2 of privately owned lands affecting 853 PAPs who will be economically displaced. Land procurement is led by a Land Acquisition Manager while resettlement activities are led by the Social Manager with the support of the CLOs. The Project will be required to implement PS5 compliant RAPs for all sub-projects, including livelihood resettlement plans and ensure that land acquisition processes for ETLs align with IFC PS5. *Cultural Heritage.* The ESIAs indicate that the sub-projects have the potential to impact tangible and intangible cultural heritage. The Borrower is developing a Cultural Heritage Management Plan including a Chance Finds Procedure to mitigate impacts, with the support of a third-party consultant. *Supply Chain.* The Borrower has in place an agreement with Enercon Global GmbH, a German wind turbine manufacturer and service provider, and its Turkish subsidiary (collectively, "**Enercon**"), whereby Enercon would be the exclusive supplier and servicer of turbines for the Project. Enercon has a Human Rights policy that is reflected in its corporate Code of Conduct and Supplier Code of Conduct, which commits to respecting human rights, upholding anti-discrimination and equal opportunity, prohibiting forced and child labor, and providing adequate wage, working time and grievance mechanisms. The Project's ESMP will include a Supply Chain Management Plan.

Host Country	Federal Republic of Nigeria
Name of Borrower	First City Monument Bank Limited
Project Description	Direct loan to support the financing of a portfolio of small and medium enterprise ("**SME**") loans in Nigeria, with a focus on women-owned and women-led SMEs, and to support longer-tenor loans to SMEs.
Proposed DFC Loan	$100,000,000
All-Source Funding Total	$125,000,000
Policy Review	
Developmental Objectives	SMEs in Nigeria comprise up to 96% of businesses, 84% of jobs, and 50% of GDP, yet they face a financing gap of up to $156 billion. Limited banking history, a lack of collateral, and a perception of high repayment risk are significant barriers to SME finance in the country. Additionally, an estimated 35% of Nigeria's SMEs are women-owned/led, and these enterprises are estimated to face a financing gap of up to $22 billion. Women entrepreneurs face numerous barriers in accessing finance, including gendered social norms, inheritance trends, and marriage practices that promote male ownership of household assets. In addressing these challenges, the Project is expected to have a positive development impact in Nigeria by expanding lending to SMEs. The DFC Project will also provide access to finance for women-owned/led enterprises in Nigeria with a target that at least 20% of proceeds will support this segment. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient.

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. DFC loans to financial institutions for SME on-lending are screened as a Financial Intermediary C (FI-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 low risk and further review and consent is not required for these investments. To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan 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. 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 will use DFC support to finance on-lending to SMEs in Nigeria, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered. The Borrower has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening to meet the expectations listed in the ESPP and IFC PS 1.

Host Country	The Philippines
Name of Guaranteed Party	Bank of the Philippine Islands
Project Description	A loan portfolio guaranty to support lending to small and medium enterprises ("SMEs") outside Metropolitan Manila with a prioritization for agribusinesses.
Proposed DFC Loan/Guaranty	$75,000,000 maximum DFC liability. 8-year coverage period.
All-Source Funding Total	$150,000,000
Policy Review	
Developmental Objectives	SMEs, especially those working in the agricultural sector in the Philippines, face substantial challenges in accessing credit from commercial banks. The Government of the Philippines, through a central bank mandate, has sought to increase agribusiness lending by directing commercial banks to set aside 25% of total loanable funds for agriculture to address the $6.3 billion financing gap in this sector. However, many local financial institutions have difficulty in meeting these agribusiness targets, particularly given the sector's weak information infrastructure and lending institutions' limited risk appetites. In addressing these challenges, the Project is expected to have a positive impact in the Philippines by expanding SME lending to enterprises outside of Metropolitan Manila, with a particular focus on agricultural SMEs. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient.

Environment and Social Assessment	The Project has been reviewed against the DFC's 2024 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC LPGs to financial institutions for the expansion of lending to SMEs are screened as a Financial Intermediary C (FI-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 low risk and further review and consent is not required for these investments. To ensure that the Guaranteed Party's loans are consistent with the DFC's statutory and policy requirements, the DFC LPG 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. Under the DFC's ESPP, the Guaranteed Party 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 will use DFC support for an LPG to a financial institution for lending to SMEs outside of Metropolitan Manila with 25% of lending going to agribusiness in the Philippines, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does have an environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, to the extent the Guaranteed Party's policies do not align with DFC's 2024 Environmental and Social Policy and Procedures, the Guaranteed Party will be required to provide updates to its human resources policies and its Environmental and Social Policy to align with DFC's 2024 Environmental and Social Policy and Procedures.

Host Countries	Global, with a focus on the following countries: Asia: Indonesia (UMIC), Philippines (LMIC), Vietnam (LMIC), India (LMIC) Latin America: Brazil (UMIC), Colombia (UMIC), Mexico (UMIC) Central and Eastern Europe: Bulgaria (HIC), Estonia (HIC), Greece (HIC), Latvia (HIC), Lithuania (HIC), Poland (HIC), Romania (HIC) South Africa (UMIC)
Name of Fund	Copenhagen Infrastructure Growth Markets Fund II SCSp ("the "Fund"), domiciled in Luxembourg
Name of Fund Manager	Copenhagen Infrastructure Partners P/S ("CIP" or the "Fund Manager"), based in Copenhagen
Project Description	The Fund will invest in the development and construction of renewable energy infrastructure, with a focus on large-scale wind and solar PV greenfield projects.
Proposed DFC Equity Investment	Up to $75 million
Target Fund Size	$3 billion
Policy Review	
Developmental Objectives	Globally, investments in clean energy need to reach $4.5 trillion per year by 2030 to limit global warming to 1.5°C. In 2023, an estimated $1.7 trillion was invested in clean energy, representing a shortfall of $2.8 trillion. Investment needs vary across regions, and with energy comprising nearly three-quarters of greenhouse gas emissions globally, large investments are needed to reduce overall emissions and allow populations to adapt to increasingly climate-vulnerable environments. In response to these challenges, the Fund is expected to have a positive development impact in markets across Asia, Latin America, Africa, and Europe by providing much needed capital to greenfield renewable energy projects and platforms. The Fund Manager will build on its previous expertise to take primarily controlling stakes that allow for strategy and operating influence over its investments. Given the Fund's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient.

Environment and Social Assessment	Financial Intermediaries ("FIs") with downstream investments that pose high environmental and social risks are screened as Category FI-A for the purposes of environmental and social assessment. Downstream investments made by the FI will be screened for categorical prohibitions and subject to DFC's public disclosure requirements. Climate change resilience assessments for FI projects are not required under DFC's policies. However, the FI will be required to include climate change resiliency assessments for any Category A projects as part of the ESIA process. **Applicable Standards:** Under DFC's ESPP, the FI 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. An on-site and virtual due diligence assessment indicates that because the Project involves an investment in a financial intermediary, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered by DFC's investment; however, DFC's ESPP requires the FI to maintain an ESMS that appropriately identifies, assesses, manages, and monitors risks with respect to the IFC Performance Standards and the General and Sector-specific EHS Guidelines. It is anticipated that the FI's subprojects may trigger the following PS: 1, 2, 3, 4, 5, 6, 7, and 8. **Environmental and Social Risks and Mitigation:** Key risks associated with the FI include the need for rigorous E&S management system and organizational capacity at the FI to oversee a portfolio of high risk projects and the need for PS 2-complaint labor, workforce, and procurements policies to manage risks related to infrastructure construction and high risk supply chains. The FI has developed an ESMS but will require updates to fully align with DFC's requirements, including IFC Performance Standards. The FI's ESMS requires that E&S risks be monitored at subproject sites, with oversight by the FI. DFC's due diligence indicates that the FI's E&S Policies are generally aligned with requirements, and it maintains sufficient E&S capacity commensurate with the scale and nature of the FI's downstream investments. The FI will be subject to DFC monitoring to ensure compliance. The FI will be required to incorporate DFC's categorical prohibitions as part of their environmental and social screening procedures. The FI will be required to update its monitoring procedures and provide an annual E&S monitoring report throughout the DFC investment. The FI maintains a suite of HR policies; however, to further strengthen its workforce management, the FI will need to update aspects of these policies and procedures in line with IFC Performance Standards 1 and 2.

Host Country	Mexico
Name of Guarantied Party	Goldman Sachs Bank USA ("GS Bank")
Project Description	DFC will provide an 80% guaranty to GS Bank for a debt facility to Red Amigo Dal, SAPI de CV, SOFOM, ENR ("Konfio").
Proposed DFC Guaranty	$340,000,000
All-Source Funding Total	$385,000,000
Policy Review	
Developmental Objectives	In Mexico, small and medium enterprises ("SMEs") represent 98% of all businesses, 75% of employment and produce 50% of its GDP, yet they face an estimated $163 billion financing gap. Women-owned/led enterprises comprise 35% of the SME segment but face significant barriers to growth, particularly as it relates to access to finance. In particular, there is significant gender bias in lending in the country and many financial institutions see women-owned/led SMEs as higher-risk clients, leading to less favorable credit terms than their counterpart SMEs. In response to these challenges, Konfio will lend 100% of the loan proceeds to SMEs in Mexico with at least 30% of the loan proceeds earmarked for 2X eligible SMEs. Konfio also will leverage an innovative platform to efficiently qualify clients, disburse loans, and service loans digitally. Notably, the platform eliminates gender bias by using algorithms to make lending decisions based only on applicants' credit risk. DFC has qualified the Project as 2X based on Konfio's intent to meet the 2X criteria for leadership and investments through financial intermediaries. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ).

Environment and Social Assessment	The Project has been reviewed against the DFC's 2024 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. The DFC guaranty to GS Bank to increase its lending capacity to Konfio, which lends to SMEs in Mexico, is screened as a Financial Intermediary C (FI-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 low risk and further review and consent is not required for these investments. To ensure that the Project is consistent with DFC's statutory and policy requirements, Konfio will be subject to conditions regarding the use of proceeds of the GS Bank loan. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") of Konfio that meets the 2012 IFC Performance Standards. Under DFC's ESPP, Konfio 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. Significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; thus, PS 3, 5, 6, 7, and 8 are not triggered at this time. Konfio has environmental and social policies as described in IFC PS 1, grievance mechanisms, and human resources policies that are generally commensurate with their investment strategies. However, Konfio will be required to update its environmental and social policy and labor policy to fully align with DFC's 2024 Environmental Policy and Procedures, including strengthening its approach to client protection.