

## Public Information Summary

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| <b>Host Country</b>                      | Guatemala   |
| <b>Name of Borrower</b>                  | Destino Desarrollos Compañía Limitada   |
| <b>Project Description</b>               | The construction and sale of approximately 2,000 affordable homes in secondary Guatemalan cities by an existing real estate development company.  |
| <b>Proposed DFC Loan</b>                 | \$19,500,000 (Nine- and a half year term)   |
| <b>All-Source Funding Total</b>          | \$123,696,542   |
| <b>Policy Review</b>                     |   |
| <b>Developmental Objectives</b>          | The Project is expected to have a developmental impact in Guatemala with the construction of new middle-income housing. Habitat for Humanity states that the current housing deficit in Guatemala is over 1.8 million homes, and the country has one of the worst housing deficits in Latin America. An estimated 67 percent of Guatemalan families live in poor-quality homes, with homeowners often lacking legal claim to the land or living in inadequate shelters threatened by severe weather, theft, or eviction. There is also a significant geographic imbalance, as housing gaps occur mainly in secondary cities and regions where Destino is targeting for development.   |
| <b>Environment and Social Assessment</b> | <p><b>Screening:</b> The Project has been reviewed against DFC's environmental and social policies and determined to be categorically eligible. The Project has been screened as Category B because it involves mid-size real estate developments near urban and suburban areas.</p> <p><b>Applicable Standards:</b> DFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards (PS):</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts;<br/> PS 2: Labor and Working Conditions;<br/> PS 3: Resource Efficiency and Pollution Prevention; and<br/> PS 4: Community Health, Safety, and Security.</p> <p>The Borrower represents that all land will be acquired using voluntary transactions at market rates, and that no physical or economic displacement is anticipated. The Project sites are not located in or near</p> |

protected areas or sensitive ecosystems and significant biodiversity impacts are not anticipated. Additionally, the Borrower represents that the land is not near or within areas of indigenous populations or near areas of known cultural heritage, thus the Project is not expected to have adverse impacts on indigenous peoples or cultural heritage. Therefore, PS 5 through PS 8 are not triggered by the Project at this time.

In addition to the Performance Standards listed above, the IFC's April 30, 2007 Environmental, Health, and Safety (EHS) General Guidelines are applicable to the Project.

**Environmental and Social Risks and Mitigation:**

In addition to typical impacts from construction activities, the primary environmental and social issues associated with the Project include the need for a robust Environmental and Social Management System (ESMS), appropriate Occupational Health and Safety (OHS) measures, solid and liquid waste management, Life and Fire Safety, human resources management, contractor management, effective grievance mechanisms, and security management.

The Borrower has an ESMS that is consistent with the requirements of PS 1.

The Borrower provides a healthy and safe work environment by complying with all national occupational health and safety laws and regulations. The Borrower will submit an Occupational Health and Safety Plan to DFC prior to construction.

The local municipality will provide solid waste and sewage disposal services to the housing development. Solid wastes will be removed by a licensed third-party subcontractor who will dispose of the wastes at municipal trash collection locations. Portable chemical toilets will be used during construction and will be serviced by licensed contractors. Once the homes are occupied, the Project will use on-site wastewater treatment plants to treat sanitary wastewater and stormwater to acceptable levels.

The Borrower will provide adequate fire protection systems, including smoke detectors in the homes and fire hydrants throughout the developments. The Project will generate less than 1,000 tons of carbon dioxide equivalent emissions per year.

The Borrower has implemented a Human Resources Policy that partly aligns with IFC Performance Standards. The Borrower will be required to revise its policies regarding forced labor, child labor, non-discrimination, minimum wage, freedom of association, and sexual

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|  | <p>harassment, and internal grievance mechanism. The Borrower has an appropriate stakeholder engagement policy and external grievance mechanism. The Borrower has established a management system for its contractors. However, the Borrower will need to update it to ensure that it covers all aspects of IFC PS2. Additionally, the Borrower will be required to establish a management system for security guards utilized at its properties.</p> |
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