

Environmental and Social Review Summary (“ESRS”)

Banco Múltiple Caribe Internacional, S.A. – Banco Caribe: Support to Women-Led MSMEs and SMEs Financing in the Dominican Republic 15016-01 – Dominican Republic

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- 1. Scope of Environmental and Social Review.** The proposed transaction’s Environmental and Social (“E&S”) assessment involved reviewing documentation (policies, plans and procedures) and the lending portfolio of Banco Múltiple Caribe Internacional, S.A. (“Banco Caribe” or the “Bank”), as well as discussions with Bank representatives.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction has been classified as FI-3 as per the IIC’s Environmental and Social Sustainability Policy, given that the financing will be exclusively directed to Micro, Small, and Medium Enterprises (“MSMEs”) and Small and Medium Enterprises (“SMEs”) led by or owned by women (WSMEs) in the Dominican Republic, and their subprojects are deemed as of low E&S risk. Banco Caribe will not finance either Category A (high risk) subprojects as defined by IDB Invest or those involving activities included in IDB Invest’s Exclusion List.

Banco Caribe defines MSMEs as companies with annual revenue of up to US\$2.2 million. The underlying loans in the SMEs portfolio amount in average to US\$55,000 and have an average tenor of 58 months. The four most significant sectors in this portfolio are: trade (25.07%), real estate (21.46%), construction (9.74%), and financial activities and insurance (8.56%).

The Project is deemed as aligned with the provisions of the Paris Agreement based on an analysis in line with IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Banco Caribe’s ability to assess and manage the risks associated with its financing activities. These E&S risks may be related to the workers’ health and safety, waste generation, hazardous materials management, community health and safety, labor rights and climate change, among others. The E&S risk level of the subprojects is considered low.
- 4. Mitigation Measures.** Banco Caribe has in place an Environmental Policy establishing the principles and guidelines for E&S management in its operations and financing activities. As part of its credit process, the Bank verifies compliance with the applicable local laws and its Exclusion List which is mostly consistent with IDB Invest’s Exclusion List. In addition, Banco Caribe will develop its Environmental and Social Review Summary (“ESRS”) over the coming year with the support and coordination of the Asociación de Bancos Múltiples de República Dominicana (“ABA”).

Banco Caribe has several Human Resources policies incorporating a series of fundamental principles to manage human capital fairly, ethically and productively. These policies include an accessible grievance mechanism for all employees. In 2023, Banco Caribe endorsed the Women Entrepreneurs Finance Code (“WEFI CODE”), an initiative that seeks to foster financing opportunities for women-led SMEs. The Bank currently has a headcount of 877 employees: 56% of them are women and 44% are men; women account for 50% of its 12 executive committee positions.

It shall make sure that all the underlying loans of the type of asset class that IDB Invest will finance comply with IDB Invest’s Exclusion List and the applicable local laws. Moreover, Banco Caribe will need to appoint an E&S coordinator and complete an IDB Invest e-learning training session on E&S risk management.

5. **Environmental and Social Action Plan (“ESAP”).** N/A
6. **Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.