

Environmental and Social Review Summary (“ESRS”)

Finabank N.V. – Debt Financing Finabank N.V. /15068-01 – Suriname

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) analysis of the proposed operation consisted of a desk review and conversations with management. Finabank N.V. (“Finabank”) has been an existing IDB Invest client since 2017 and has developed its Environmental and Social Management System (“ESMS”) following IDB Invest requirements. Finabank’s performance has been satisfactory.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2 under IIC’s Sustainability Policy. The potential E&S risks of the subprojects requiring support are low to moderate. The sub loans will focus entirely on Micro, Small, and Medium-Sized Enterprise (“MSME”) portfolio.

Finabank defines Small and Medium-Sized Enterprises (“SMEs”) as companies with annual sales of up to US\$1.5 million. The underlying loans in the SME portfolio have an average amount of US\$200,000.00, and an average tenure between three to five years. The five most representative sectors in the SME portfolio are: commerce (86%), transport (12%), agriculture, and fisheries (2%).

Finabank’s current portfolio is mostly in Suriname, by December 2023, was composed 20% by SMEs and 80% of corporate loans, following major sectors: commercial 52%, mortgages 11%, services 10%, construction 11%, transport, storage and communication 7%, among others.

Subprojects in Category A (high-risk) and those that undertake activities listed under IDB Invest’s Exclusion List shall not be able to procure financing by IDB Invest.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction are related to Finabank’s capacity to assess and manage the risks associated with its loans. These E&S risks may be related to labor rights, waste generation, health and safety, among others.

Finabank has an exclusion list and a credit risk assessment system that is applied to all its transactions and covers the risk of fire, difficulties in recruiting qualified personnel, and personnel turnover. During 2021, Finabank has developed, with the aid of an external consultant and IDB Invest, an Environmental and Social Management System (“ESMS”) with procedures and forms for the entire portfolio and the application for Performance Standards for all loans. In 2022, the ESMS and its screening forms were approved by its Board.

Finabank has developed a sustainability strategy, which was approved in 2024 by its Sustainability Committee. The Strategy is executed by the Sustainability Team (responsible for the implementation of actions, creating awareness, and managing progress), the Green Team (responsible for roll-out the green financing), the Social Team (responsible for roll-out of community financing), and the Financial Inclusion Team (responsible for training team members, managing and planning financial inclusion sessions). Finabank has already adapted the International Financial Reporting Standards to disclose its performance.

Finabank has 243 employees, around 69% are women and 31% are men. Employees are distributed among five offices: three in Paramaribo, one in Nickerie (second city) and one in Wanica, and all have fire prevention systems. Finabank has a human resources policy that includes a code of ethics and a whistle-blower procedure.

4. Mitigation Measures. Finabank will be required and is dedicated to continuing to implement its ESMS to assess the E&S risk of its transactions. As part of the implementation of the ESMS, it must comply with IDB Invest’s Exclusion List, applicable E&S local and national laws, and—in moderate-high risk operations—the International Finance Corporation (“IFC”) Performance Standards. For Finabank personnel to better understand IDB Invest requirements, those involved in the implementation of the ESMS should complete online¹ training for financial intermediaries, available in English the first quarter of 2025.

5. Environmental and Social Action Plan (“ESAP”):

Nº	Task	Action	Deliverable	Completion Date
1	ESMS implementation. Review of the first three transactions	Finabank will provide detailed E&S due diligence reports of the first three transactions (prior to investment), for IDB Invest to: (i) confirm E&S categorization and level of analysis undertaken; and (ii) review the proposed action plans, if any.	E&S due diligence reports and action plans	As available
2	Capacity building and training	Annually, train personnel responsible for implementing the ESMS on E&S requirements of national laws and the implementation of IFC’s Performance Standards (“PS”). Ensure that all new personnel receive training.	Proof of Environmental and Social Risk training for employees responsible for ESMS implementation and new personnel.	Annually as part of the Annual Environmental and Social Monitoring Report
3	Socialization and Implementation of Internal grievance procedures	The grievance procedures must be disclosed to all employees, including indirect employees, in a clear and comprehensive manner.	Internal Grievance Mechanism. Evidence of implementation and socialization.	3 months after financial closure.

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.

¹ <https://cursos.iadb.org/es/temas/gestion-riesgo-ambiental-y-social/gestion-riesgos-ambientales-sociales-saras-accion>.