

Environmental and Social Review Summary (“ESRS”)

Banco Múltiple Ademi S.A. – Banco Ademi: Partnership to Finance MSMEs and Women-Led MSMEs, and the Green Portfolio /15184-01 – 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 and procedures) and the lending portfolio of Banco Múltiple Ademi, S.A. (“Banco Ademi” or the “Bank”), as well as conversations with Bank representatives.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction has been classified as IF-3 as per the IIC’s Environmental and Social Sustainability Policy, given the Facility will be exclusively earmarked for the MSME segment, with subprojects deemed as of low E&S risk. As part of this segment, a portion will be targeted to women-led MSMEs and the green portfolio (to finance solar panels). Banco Ademi 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 Ademi defines MSMEs as companies with annual revenue of up to US\$671,000.00. The underlying loans in the MSME portfolio amount in average to US\$1,690.00 and have an average tenor of 23 months. The most widely represented sectors in this portfolio are: commerce (40%); agriculture, livestock farming, hunting and forestry (13%); transport and storage (10%); real estate (9%) and community services (8%).

The transaction 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 Ademi’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, labor rights, waste generation, hazardous materials management, community health and safety, and climate change, among others. The E&S risk level of the subprojects is considered low.
- 4. Mitigation Measures.** Banco Ademi has no Environmental and Social Management System (“ESMS”) in place; however, in 2023, the Bank created the Sustainability Committee, responsible for promoting, developing and implementing actions, policies and programs to manage the E&S risks.

Banco Ademi has a Human Resources Policy Rulebook comprising a wide variety of key topics, like personnel recruitment and selection, work contracts, etc., supported by a Code of Ethics and Conduct that includes the equal opportunity and non-discrimination principles to promote an inclusive, respectful work environment. Also, the Bank has a grievance mechanism accessible to all employees. In 2023, Banco Ademi decided to endorse the Women Entrepreneurs Finance Code (“WE FI CODE”), an initiative that seeks to foster financing opportunities for women-led MSMEs. The Bank currently has a headcount of 1,697 employees: 53% of them are men and 47% are women; women take four out of its 10 senior management positions.

It shall make sure that all underlying loans to the MSME segment that IDB Invest will finance comply with IDB Invest’s Exclusion List and the applicable local laws. Moreover, Banco Ademi shall appoint an E&S officer and complete a training course on IDB Invest’s 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.