

**1. Overview of Scope of IIC E&S Review** The environmental and social review of the proposed transaction was carried out through desk research of pertinent information from the client. This included a review of basic credit procedures applied by Multibank.

**2. Environmental and Social Categorization and Rationale** The portfolio of SME loans is considered low to medium risk, given the concentration in commerce and services (54%,) with some investments in higher risk sectors, such as small-scale manufacturing (25%) and construction (5%). Therefore, per the IIC's Environmental and Social Sustainability Policy, this Financial Intermediary ("FI") operation has been categorized as FI-2.

**3. Environmental and Social Risks and Impacts** The environmental and social risks relate to activities undertaken in higher risk sectors, namely small-scale manufacturing, construction, and agriculture. These risks can relate to occupational, health and safety, water, land and air pollution, land conversion, generation of wastes, use of hazardous substances, and transport-related impacts, among others. Multibank has not previously evaluated environmental and social risks in its credit process.

**4. Mitigation Measures** Multibank will be required to evaluate, manage and monitor environmental and social risks through the application of an Environmental and Social Management System ("ESMS"). The ESMS will contain a policy statement, the IDB Invest Exclusion List, a matrix for categorizing risk, procedures for undertaking environmental and social due diligence, an action plan template for remedying high risks identified, specific legal clauses for incorporating into a loan agreement, and monitoring procedures. Multibank will additionally assign responsibility for management of E&S risks to a given manager, and will take part in an IDB Invest (or equivalent) training on environmental and social risk management.

**5. E&S Action Plan** The below E&S Action Plan will be a requirement of IDB Invest's financing.