

Environmental and Social Review Summary (ESRS) Applaudo El Salvador Digital transformation financing

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1. General operation information

This transaction (the "Operation" or the "Transaction") consists of long-term financing for App Solutions International Inc. (the "Client," the "Company," or "Applaudo"), a company dedicated to providing digital solutions and digital transformation services, with operations in El Salvador and an international presence; to cover capital expenditures, drive the development of new products, implement operational efficiency improvements, carry out technology upgrades, hire additional staff, and restructure its existing debt.

2. Scope of IDB Invest's environmental and social review

The environmental and social (E&S) analysis of the Operation consisted of a documentary review of the Client's environmental and social performance over time, with emphasis on compliance with the following Performance Standards ("PS"): PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; and PS4: Community Health and Safety.

3. Environmental and social classification and justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Operation has been classified as Category C, given that the incremental impacts it will generate are practically negligible.

Based on an analysis conducted in accordance with the IDB Group's Paris Alignment Implementation Approach, and given the nature of the financed activities (digital services), it was determined that the operation is compatible with the country's low-carbon and climate-resilient development and is consistent with the objectives of the Paris Agreement.

4. Environmental and social risks

4.1 Assessment and management of environmental and social risks and impacts

Applaudo's activities primarily correspond to professional technology services developed in office environments and remote work settings. The Company, which has various management instruments related to labor, ethical, and Occupational Health and Safety (OHS) matters, has obtained ISO 27001 certification for¹ data protection.

¹ISO 27001 is the leading international standard for managing information security, enabling organizations to protect the confidentiality, integrity, and availability of their data.

With the aim of strengthening its commitment to sustainability, the Company will adopt an Environmental and Social Management System ("ESMS"), which, among other aspects, will reflect its commitment to the responsible management of risks and impacts, and will incorporate clear and measurable objectives, supported by targets² and KPIs, that will allow for a quantitative assessment of the organization's progress and achievements.

4.2 Labor and working conditions

Applaudo has 529 employees on its team (128 women, of whom 7% are in senior leadership positions), composed primarily of 500 permanent employees and 29 temporary workers, distributed across 25 countries. ³The Company has an Internal Work Regulations ("IWR") approved by the Ministry of Labor of El Salvador, a Code of Conduct, a Harassment Policy, and a formal Disciplinary Process, which establish clear guidelines on working conditions, non-discrimination, equal opportunity, prohibition of child and forced labor, an internal grievance mechanism⁴, and an Ethics Committee Policy. These instruments constitute the regulatory framework governing labor relations within the organization, establishing, among other aspects: i) the working conditions of employees; ii) the need to guarantee a fair and safe work environment; iii) principles of non-discrimination and equal opportunity (regardless of origin, gender, or other personal condition); and iv) the strict prohibition of child and forced labor, in line with international regulations. Additionally, the Company has a Training Program to build capacity in the region, providing local employment opportunities.

Applaudo will include as part of its ESMS a Grievance and Complaints Management Protocol that will incorporate the guidelines of the Ethics Committee Policy, as well as an annual Training and Awareness Program for all staff, with specific actions on workplace and sexual harassment.

4.3 Resource efficiency and pollution prevention

Applaudo has a Sustainability Strategy that, within its Environmental Pillar (*Sustainable Technology*), includes explicit references to resource consumption under a circular economy approach for water, energy, and paper. It has also defined KPIs to evaluate the objectives sought in terms of: i) reduction in water consumption; ii) reduction in electricity consumption; iii) reduction in paper consumption; and iv) the effectiveness of internal campaigns to reduce resource consumption and promote environmental awareness among employees.

4.4 Community health and safety

While the Operation will not generate material impacts on community health and safety, Applaudo has an Emergency Plan and an Occupational Risk Prevention Management Program updated for 2026, as well as unarmed private security services.

²Key Performance Indicator, from its acronym in English.

³El Salvador, Dominican Republic, Colombia, Peru, Brazil, Guatemala, Honduras, Nicaragua, Argentina, Venezuela, Mexico, Costa Rica, Bolivia, Chile, Spain, Ecuador, Paraguay, United States, Nigeria, France, Italy, South Africa, India and Uruguay.

⁴ ethicscontact@applaudostudio.com

5. Proposed management measures

To improve environmental and social aspects and close the identified gaps, the Company will carry out the following actions:

No.	Aspect	Action	Output	Delivery date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management System (ESMS)	1. Prepare an ESMS that includes: i) an Environmental Policy; ii) integration of procedures for the identification and management of E&S risks; iii) a grievance and complaints mechanism protocol; iv) defined roles and responsibilities; and v) monitoring and continuous improvement.	1. ESMS.	1. Six months after the first disbursement.
		1. Implement the ESMS.	1. Evidence of its implementation.	1. As part of the Environmental and Social Compliance Report (ESCR).
PS 2: Labor and Working Conditions				
2.1	Grievance and Complaints Mechanism	1. Develop, as part of its Grievance and Complaints Protocol, an annual Training and Awareness Program (TAP) for all staff, with specific actions on workplace and sexual harassment.	1. Annual TAP.	1. Three months after the first disbursement.
		2. Implementation of the TAP.	2. Evidence of its implementation.	2. As part of the ESCR.

6. Additional Information

For questions about the Project, please contact Applaudo:

Name: Karla Rivas
 Title: Head of Communications and Corporate Affairs
 Phone number: +503 2550 4161
 Email: krivas@applaudo.com

For questions and comments to IDB Invest, contact:

Name: IDB Invest Communications Group
 Email: requestinformation@idbinvest.org

Additionally, and as a last resort, affected communities may access the IIC's Independent Consultation and Investigation Mechanism (MICI) as follows:

Phone number: +1 (202) 623-3952
 Fax number: +1 (202) 312-4057
 Address: 1300 New York Ave. NW Washington, DC. USA. 20577
 Email: mecanismo@iadb.org or MICI@iadb.org