

Environmental and Social Review Summary (“ESRS”) Stone Instituição de Pagamentos S.A. (“Stone”) – Stone: Amazônia MSME Loan / 14850-01 – Brazil

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction consisted of an analysis of the investment process; environmental, social and compliance risk and impact management and policies, human resources procedures and information on the credit granting portfolio, as well as meetings with the environmental management, credit, human resources and Sustainability teams.
- 2. Environmental and Social Categorization and Rationale.** This operation was classified in the FI-3 category in accordance with the IIC’s Environmental and Social Sustainability Policy. The subprojects in Stone’s current and future portfolio are low risk. The suboperations that will be financed by IDB Invest focus on financing credits for Micro, Small and Medium-Sized Enterprises (“MSMEs”) with a focus on the legal Amazonia region. Micro-enterprises are defined according to the Total Payment Volume (“TPV”)¹ established at up to R\$15,000 per month, while Small and Medium-Sized Enterprises (“SMEs”) have a TPV between R\$15,000 and R\$100,000 per month. The main investment sectors are in commerce and services. The credits provided are, on average, worth between R\$35,000 to R\$41,000 and have a tenure of 18 months.

Category A sub-projects, per IDB Invest definition,² are excluded and not considered in the context of this asset class.

The transaction is considered Paris Agreement aligned based on an analysis conducted following the IDB Group Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with Stone’s ability to identify and manage the E&S risks of its lending activities, risks that may be related to employment conditions and health and safety of workers; waste generation; and potentially polluting activities. As the transaction will only support MSMEs, these risks are expected to be of low level.
- 4. Mitigation Measures.** Stone has a Social, Environmental and Climate (“SAC”) Responsibility Policy and a SAC Risk Management Procedure that establishes general guidelines, responsibilities, procedures for identifying and classifying SAC risks, and record procedures. The Procedure also has an Exclusion List, which includes sectors considered to be of very high SAC risk.³

The E&S risks and impacts assessment is based on checking official national lists⁴ that inform on occurrences of forced labor and of embargoes or other environmental penalties. If any irregularity or

¹ Total Payment Volume refers to the total gross value of payments processed by the respective Company through StoneCO payment systems.

² *Em conformidade com a [Política de Sustentabilidade Ambiental e Social do BID Invest](#), os Projetos de Categoria A se referem a projetos que poderiam resultar em riscos e impactos ambientais e/ou sociais possivelmente significativos que seriam diversificados, irreversíveis ou sem precedentes e poderiam ultrapassar os limites do local ou instalações do projeto propriamente dito. Em princípio, a categoria A abrange projetos que têm impactos significativos sobre áreas sensíveis ou de proteção e/ou grupos vulneráveis.*

³ Among them: Extraction and processing of precious metal ore; production of nuclear fuels; gambling and betting; manufacture of firearms, other weapons and ammunition; and others.

⁴ The first known as the “Dirty List” of the Ministry of Labor of Brazil; and List of Environmental Actions and Embargoes of the Brazilian Institute of the Environment and Renewable Natural Resources (“IBAMA”, in its original acronym in Portuguese)

significant SAC risk is detected, a specialized analysis is carried out which may include requesting new documents and clarifications from the respective client.

Stone has a qualified team to manage environmental and social risks, which includes employees dedicated to these activities in the Sustainability and Impact division (1 Director; 1 Sustainability and ESG Manager; and 1 ESG Analyst) and in the Risk division (1 Director; 1 Operational Risk Manager; and 1 Operational Risk Specialist).

Stone's Code of Ethics establishes, among other topics, the guidelines and commitment of the company and its employees to comply with environmental and health and safety regulations in the workplace; equal opportunities and non-discrimination; non-tolerance to moral and sexual harassment; and non-tolerance of any type of retaliation due to grievances or complaints.

The Ethics Channel ("*Orelhão*", as it is referred to in Portuguese) receives complaints and grievances through an online form available on the Stone website or via a toll-free telephone line. Complaints and grievances are investigated by a specialized third-party company, guaranteeing confidentiality and impartiality. The channel also accepts the anonymous complaints and grievances.

Stone must ensure that all credits provided comply with the IDB Invest Exclusion List and applicable local E&S legislation. In order for the Borrower to better understand IDB Invest requirements, Stone must participate in the IDB Invest online training course on Environmental and Social Risk Management ("ESRS").

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.