

Environmental and Social Review Summary (ESRS) RecargaPay Series C – Brazil

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1. Overview of the operation

RecargaPay Holdings Inc. (the “Client” or the “Company”) is a Brazilian entity that developed a mobile money platform fully integrated into Brazilian payments and banking systems. Such platform has experienced a significant growth and currently has about 1.0 million transacting users and Annualized Recurring Revenues (“ARRs”) of more than US\$36 million. The Client is in the process of raising capital to scale up the business. Therefore, proceeds will be used to enable: (i) Customer acquisition, and (ii) new products launch. (“the Project”).

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

The environmental and social analysis of the proposed operation consisted of a documentary review of the Client's environmental and social performance over time, with an emphasis on compliance with the following Performance Standards (PS): (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS2: Labor and Working Conditions; (iii) PS3: Resource Efficiency and Pollution Prevention; and (iv) PS4: Community Health, Safety, and Security.

3. Environmental and social classification and its justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified in Category C because its incremental impacts are practically negligible and easily manageable from the perspective of the Project.

4. Environmental and social risks

4.1. Assessment and Management of Environmental and Social Risks and Impacts

The Client’s operations in Brazil and Argentina are entirely office based. The main environmental aspects linked to the operation include energy and water consumption, and the generation of office waste and sewage linked to office activities. Under both country’s regulations, these operations do not require environmental permits.

The Client has an Environmental and Social Responsibility Policy (“ESRP”) that is currently under implementation. The ESRP contains objectives, scope, legal basis, general dispositions, principles and

directives, governance structure, management of environmental and social risks, conformity, training, and penalties. Under the ESRP, the responsibility for assessment, identification and control of environmental and social risks was allocated to the Compliance and Risk Direction.

4.2. Labor and Working Conditions

The Client has offices in Brazil, Argentina, and the United States of America. Currently, the Company has 320 employees distributed in the three countries from which 186 (58%) are male and 134 (42%) are female. The Company complies with all employment regulations in the countries where it operates. Salaries, working hours, benefits and other employment conditions comply with national regulations and are formalized in contracts.

The Client has a Code of Conduct (“CoC”) whereby a compliance program is detailed. The CoC presents the company’s history, mission, principles, and seven policies including: Internal Control and Compliance Policy, Client Relationship Policy, Privacy and Data Management Policy, Cybersecurity Policy, Hiring Policy for Providers, Grievance Reception and Management Policy and Environmental and Social Responsibility Policy. The CoC also details expected behaviors in (i) the working environment, including equal opportunity, no discrimination, no harassment, and avoidance of illegal substances, and (ii) business operations, including management of company’s property, privacy rules, home-office rules, and conflicts of interest. In addition, the CoC covers regulations on events, gifts, and hospitality as well as fight against bribery and corruption.

The CoC describes the existing channels for grievances and the composition and functions of a Conformity Committee. Such committee (composed of three members) is responsible for investigating grievances using the existing communication channels, and to provide guidance on the use of the CoC. The CoC also covers dispositions regarding training and penalties for non-compliance.

The Grievance Reception and Treatment Policy specifies the channels available for employees to present grievances. This policy describes how grievances can be received, treated, and responded, and establishes the obligation of preparing semestral reports covering all grievances reported. However, no grievances have been presented to date and therefore no reports have been prepared. Currently the grievances channel is being restructured to include complaints from external public.

The Client fosters diversity and inclusion in its workforce. The Company promotes auto declaration from their employees whereby they can define their standing in terms of gender, sexual and emotive orientation, and disability status. Based on the latter, the workforce composition is: 30% afro, indigenous and Asian descendants, 23% of LGBT, 3% are people with disabilities, 5% are above 45 years of age, and 5% are foreigners.

The Client promotes active engagement of its employees to discuss diversity and inclusion issues and has in place an action plan, and a Representativity Committee whereby regular debates, training, procedure review and goal review are maintained to foster representativity in the Company. Diversity and inclusion are used proactively in the Client’s employee selection process. In addition, it actively selects business partners who also foster diversity and inclusion along the supply chain.

The Company provides freedom of association to all employees. Following local legislation, child and forced labor are not tolerated.

4.3. Resource Efficiency and Pollution Prevention

The Client's main office is in Brazil, where most of its workforce is (73.5%), is part of the Leed Certified¹ Building program. This means that the Company's installations have been designed to promote energy economy and reduce the use of water. The building has also an advanced fire safety system.

Wastewater is conducted to the municipal sewerage collection, treatment, and disposition system. Solid waste, restricted basically to office and electronic waste (out of date notebooks, servers, screens, and other electronic equipment), is collected, and managed through the municipal waste services. No hazardous substances are used in the Client's operation.

4.4. Community Health, Safety, and Security

The Client operations have very small potential to affect external community. Traffic generated by the Company, considered to be not material, is absorbed, and mixed with urban traffic. The buildings provide parking services and public transportation services are available to all workers. Noise levels are low and compatible with office activities. No hazardous waste is generated during the Company's operations.

The Client is in the process of implementing an external grievance channel to be able to capture potential complaints from the community.

5. Proposed management measures

The proposed management measures include: (i) by the end of 2021, ensure full implementation of the Environmental and Social Responsibility Policy; (ii) before the end of 2021 prepare and disseminate a channel for reception and treatment of grievances from the external public, (iii) before December 31st 2021, create a dissemination campaign for workers to promote awareness and use of the existing grievance channel, (iv) maintain monthly records and adopt measures to promote reduction in waste generation in all company offices.

6. Additional Information

For questions about the Project contact [Client's name]

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¹ LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system in the world. Available for virtually all building types, LEED provides a framework for healthy, highly efficient, and cost-saving green buildings. LEED certification is a globally recognized symbol of sustainability achievement and leadership.

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In addition, as a last resource, affected communities can access IDB Invest's Independent Consultation and Investigation Research (ICIM) in the following way:

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