

Environmental and Social Review Summary (“ESRS”)

ANSA Merchant Bank Limited Partnership / 13089-01 – Trinidad and Tobago

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1. **Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction was carried out remotely through desk research, conference calls with the risk management and finance teams and a portfolio review.
2. **Environmental and Social Categorization and Rationale.** The proposed transaction is classified as an FI-2 per IDB Invest’s Environmental and Social Sustainability Policy since the E&S risks related to the sub-projects to be financed are considered moderate in nature. The financing will be divided in two tranches, a committed subordinated loan (1st Tranche), and an uncommitted subordinated loan (2nd Tranche). The sub-loans granted by AMBL with IDB Invest’s financing will be focused on:
 - (i) 1st Tranche: supporting AMBL’s Tier 2 capital aimed to SME on-lending (companies and sole-traders with annual revenues up to US\$ 1.5 million) after the first disbursement of the 1st Tranche by AMBL, and the implementation of AMBL’s digitalization program, and
 - (ii) 2nd Tranche: supporting AMBL’s Tier 2 capital aimed at AMBL’s green portfolio that will meet IDB Invest’s eligibility criteria for green financing.

AMBL exposure to the Oil & Gas Sector in Trinidad and Tobago through corporate on-lending is about 35% in midstream and downstream subprojects. AMBL does not finance any upstream O&G subprojects in Trinidad and Tobago. IDB Invest will engage AMBL in a climate advisory services project to launch a sustainable finance strategy that will include, among others, the development of green products and awareness building of the negative climate, biodiversity and environmental impacts of the emissions-intensive sectors in their portfolio, including oil and gas. As part of this climate advisory, IDB Invest will provide AMBL with technical support for capacity building and to facilitate AMBL meeting deliverables on launching green products such as green and blue bonds and climate transition risk.

Sub-projects in upstream oil and gas exploration and development, activities included in IDB Invest’s Exclusion List, as well as Category A sub-projects (per IDB Invest’s definition) will be excluded from IDB Invest’s use of proceeds.

3. **Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are related with AMBL’s capacity to identify and manage the E&S risks associated with its lending activities. Such risks and impacts of its lending may be linked to Occupational Health and Safety (“OHS”), waste generation, emission of polluting gases, handling of hazardous materials, community health and safety, labor rights, among others. The E&S risks of the sub-projects are likely to be moderate in nature. The proposed climate advisory work defined in the Client Beneficiary Agreement (“CBA”) seeks to produce a sustainable finance strategy that includes an action plan for introducing green financing lines and also builds awareness on the climate risk associated with

fossil fuel financing. Additionally, IDB Invest will offer supervision and guidance over AMBL's Environmental and Social Management System development.

- 4. Mitigation Measures.** AMBL's credit review process includes verification of compliance with all local regulations. AMBL does not have an Environmental and Social Management System ("ESMS") in place but will develop and implement one as part of the Environmental and Social Action Plan (see section 5). AMBL has a Human Resources Policy that integrates the principles of non-discrimination and equal opportunity, as well as a grievance mechanism for its employees. A Health and Safety Risk Management Policy is implemented in all AMBL Branches, and it incorporates local requirements and best practices for workplace.

AMBL shall develop and implement an ESMS aligned to the requirements of IDB Invest's Sustainability Policy and commensurate with the risk level of the asset class (SME and corporate portfolios) financed by IDB Invest. The ESMS will be developed in stages and with the support of an external consultant that will be hired by AMBL and will be coordinated with IDB Invest. It will include the application of IDB Invest's Exclusion List, applicable E&S local laws and IDB Invest's E&S Requirements (including the IFC Performance Standards for corporate on-lending with sub-loans greater than 36 months and US\$10 million in project cost); through the incorporation of processes, procedures, guidelines, and forms which should, in turn, consider E&S risk categorization and assessment, as well as the contractual requirements for sub-loans, including the incorporation of individual action plans, as necessary. AMBL will designate a qualified person, who will act as the E&S officer to oversee and manage the ESMS developed by an external consultant. The ESMS will be developed in stages and per the disbursement timeline of each tranche, as described in section 5. IDB Invest will require a more mature and robust ESMS prior to approving the disbursement of the 2nd Tranche Loan per the below:

- (i) 1st Tranche: the ESMS will be applied to the SME segment after the first disbursement of the 1st Tranche by AMBL per the E&S action plan timeline defined in section 5.
- (ii) 2nd Tranche: For commitment of the 2nd Tranche, IDB Invest will require that the ESMS be applied to the Corporate and Project Finance sub-loans granted by AMBL from IDB Invest funds. The specific timeline for development and implementation of the ESMS will be agreed between IDB Invest, AMBL and the nominated consultant, considering the E&S action plan timeline below.

5. Environmental and Social Action Plan (“ESAP”)

Item #	Reference	Action	Compliance Indicator/Deliverable	Completion Date
1.1	Environmental and Social Management System (ESMS)	Develop and Implement an ESMS aligned with IDB Invest Requirements ¹ and IFC Performance Standard 1, and with the support of a consultant specialized in this area. The ESMS will apply at a minimum to all loans in the SME portfolio granted after the first disbursement of the 1 st Tranche under the committed subordinated loan, and to the corporate and project Finance sub-loans granted by AMBL from IDB Invest funds under the uncommitted subordinated loan (2 nd Tranche)	(i) Hire Consultant (ii) Draft ESMS and timeline for application to the portfolio (iii) Final ESMS	(i) Two months after disbursement of 1 st Tranche (ii) 12 months after disbursement of 1 st Tranche (ii) 16 months after disbursement of 1 st Tranche and prior to disbursement of 2 nd Tranche
1.2		As AMBL develops its on-lending capabilities for E&S due diligence screening, it will share with IDB Invest the first three due diligence reports for sub-projects of the corporate and project finance segments prepared with the support of an external consultant. For sub-loans granted under the 2 nd tranche, IDB Invest will review the adequacy of the ESMS, which shall include the application of the IFC Performance Standards into sub-projects greater than 36 months and US\$10 million in project cost.	(i) IDB Invest Review of ESMS and adequacy for the 2 nd Tranche (ii) First three E&S Due Diligence reports for sub-loans of the corporate and project finance segments with corresponding action plan	(i) Two months prior to disbursement of 2 nd Tranche (ii) When each of the three sub-loans is generated
1.3	Organizational Capacity and Competency	Designate an E&S Manager with adequate training in environmental and social risk management, who will conduct sub-project due diligence, oversee implementation of the ESMS and monitor the subsequent performance in connection with the contractual requirements and any applicable action plan in the sub-loans.	Designation Notice and CV of the E&S Manager	Four months after disbursement of 1 st Tranche
1.4		The consultant hired to develop the ESMS shall provide training to AMBL (including senior management, credit & investment officers along with the ESMS	Certificates of training completion.	18 months after disbursement of 1 st Tranche and prior

¹ See the IFC Interpretation Note for Financial Intermediaries for a detailed scope surrounding the development and implementation of the ESMS.

		manager). The scope of the training will focus on the ESMS, roadmap for implementation and IFC Performance Standards.		to disbursement of 2 nd Tranche
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- 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.