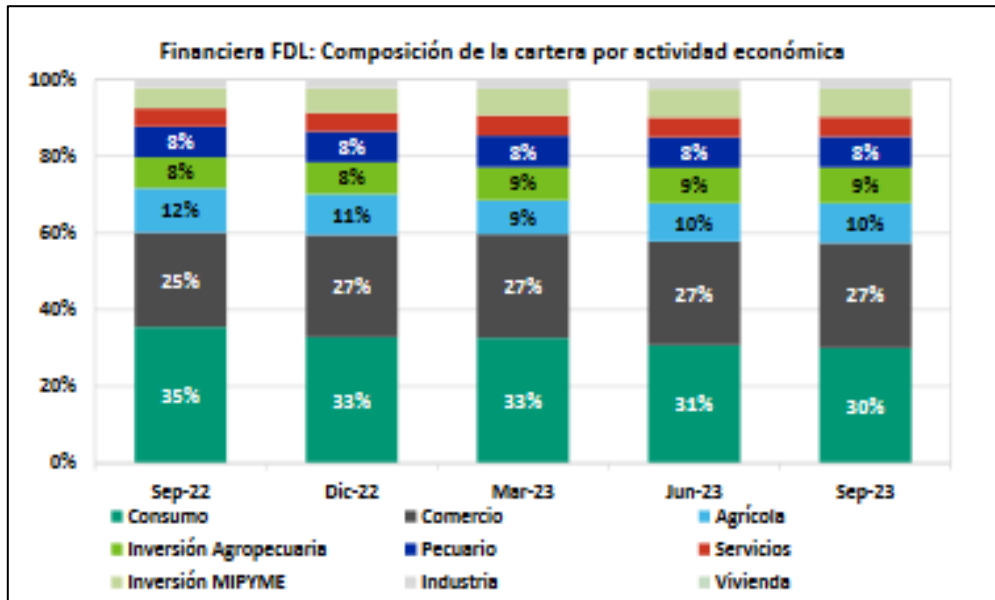
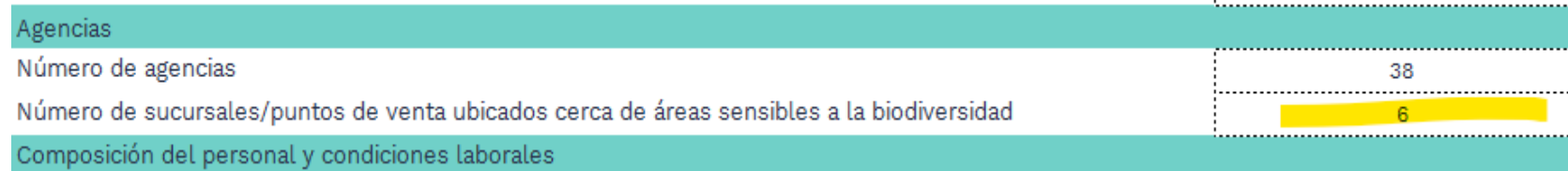


Good practices

The MFI FDL in Nicaragua has reported 6 Branches near to biodiversitysensible areas in the ESG Risk tool (SPI Online):



Source: SCR FINANCIERA FDL Informe de mantenimiento de calificación de riesgo, Diciembre 2023

Gross loan portfolio composition:

The main economic activity of FDL GLP corresponds to consumer loans (according to the banking superintendency SIBOIF classification), which represents around 30% of the total portfolio (18.5% corresponds to housing improvement and 11.6% to consumption).

Secondly, there are loans intended for the commerce sector with a share of 27%.

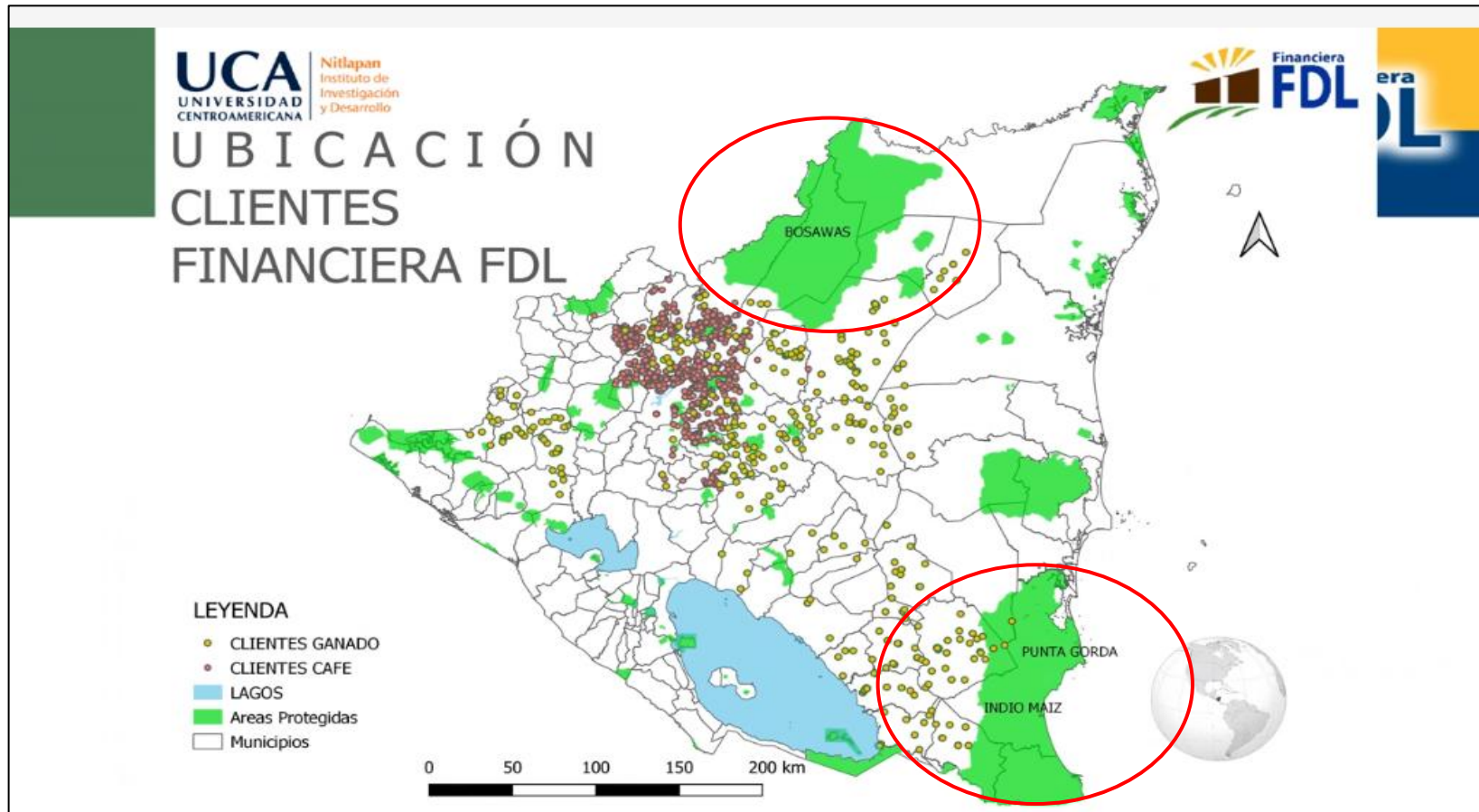
Finally, **the agricultural sector and livestock investment with 10%, 9% and 8% (totally 27%)** respectively, are the most representative economic activities.

None of the total 38 branches has more than 5% of the GLP each.

Good practices

Nicaragua has 74 protected areas, covering approx. a territorial extension that is equivalent to more than 57% of the national territory.

FDL branches are defined by their proximity to the core of the natural reserves or by being located near the buffer zones of the Bosawas and Indian Corn natural reserves. These areas are enacted by the state:



Findings (Bosawa):

- 1) Good access roads with partly paved roads, stretches of road in the 19 km range.
- 2) Communities in the 10 km buffer zones – these are growing and developing
- 3) Farms are more than 20 years old
- 4) Impressive business development
- 5) Active collection centers indicating that dairy and breeding livestock grew in the core.

FDL has defined in its policy not to finance activities in the core of the reserves that are „theoretically“ protected

Good practices



Location Indian Corn:
 3 branches identified near this natural reserve:

- FDL Juigalpa (3% of GLP)
- FDL Nueva Guinea (4% of GLP)
- FDL San Carlos (4% of GLP)

- Goal of the project on biodiversity (2024-2026) > Technical Assistance (TA) by environmental/agricultural technicians (consortium with the Research and Development Institute of Nitaplan) for small farmers (livestock/coffee) to implement a sustainable producer model and avoid damage of these areas.
- Share of TA cost for farm diagnostics (30% / 70%)
- Three-year FDL project > More than 7.000 farmers
- Basis for implementation of green products (lower interest rate, incentives)

Good practices

- Results of the project (first year):

- In 2024, FDL supported 1773 coffee and livestock producers with technical training to promote environmentally friendly practices.

- FDL is placing green products with environmental incentives in buffer zones of the country's two main reserves with a total of 32 clients to promote environmentally friendly practices. One of the objectives is to make these farms served as reference farms and in this way motivate them not to migrate to the core areas of the nature reserves where in some areas they are affected by the entry of farmers without any control from the state.

- For 2025 FDL is aiming to achieve 2049 clients with loans and technical support, 161 producers with products with special incentives in reserve areas and as something new FDL will do a pilot with 104 clients from the non-agricultural MSME sector (in planning). The other components will be enhanced as resources become available.

Good practices

- Good practices:
 - Integration of exclusion list (high risk activities for environmental) in lending policy.
 - Definition in policy not to finance activities in the core of the reserves that are theoretically protected.
 - FDL is providing voluntary awareness raising and capacity building to borrowers to improve transition to sustainable agricultural practices, through external partners (internal knowledge limited). Cost split between FDL, borrowers, subsidies.

Good practices

The MFI CreditAccess Philippines has reported 67 branches near to biodiversity-sensitive areas in the ESG Risk tool (SPI Online):

Branches	
Number of branches	244
Number of branches/point of sales located near biodiversity-sensitive areas	67

BASIC PORTFOLIO INFORMATION	
Gross Loan Portfolio (GLP)	
Amount of Gross Loan Portfolio in the currency used in the report	6,616,865,580
Gross Loan Portfolio to women	6,616,865,580
Gross Loan Portfolio for green products and technologies	
ADVANCED PORTFOLIO INFORMATION	
Loan portfolio by sector (GLP)	
1 - AGRICULTURE, FORESTRY AND FISHING (NACE A) (please fill in details below if 1 represents more than 5% of GLP)	656,555,132
2 - MINING AND QUARRYING (NACE B) (please fill in details below if 2 represents more than 5% of GLP)	
3 - MANUFACTURING (NACE C) (please fill in details below if 3 represents more than 5% of GLP)	225,284,322
4 - ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY (NACE D) (please fill in details below if 4 represents more than 5% of GLP)	
5 - WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES (NACE E) (please fill in details below if 5 represents more than 5% of GLP)	
6 - CONSTRUCTION (NACE F)	
7 - WHOLESALE AND RETAIL TRADE (NACE G)	5,113,660,251
8 - TRANSPORTATION AND STORAGE (NACE H)	54,551,343
9 - FINANCIAL AND INSURANCE ACTIVITIES (NACE K)	
10 - REAL ESTATE ACTIVITIES (NACE L)	
11 - HEALTH (NACE Q)	
12 - WASHING AND CLEANING OF TEXTILE AND FUR PRODUCTS	
13 - OTHER SERVICE ACTIVITIES (NACE S)	566,814,532
14 - NON PRODUCTIVE LOANS	

Gross loan portfolio composition:
 The main economic activity of CreditAccess corresponds to loans to the wholesale and retail trade sector, which represents the majority with 77% of the total portfolio. **The agri-farming, fishery, livestock and poultry-farming sectors with totally 10%** are the second most representative economic activity in the portfolio.

Source: ESG Risk tool, Organizational Information, September 2024

Good practices

A total of 228 Key Biodiversity areas (KBAs) were identified in the Philippines, covering approx. a territorial extension that is equivalent to around 35% of the national territory. The country is one of the 34 global biodiversity hotspots, meaning that the nation’s high biodiversity and endemism is under a high level of threat.

CreditAccess Philippines’ 67 reported branches are defined by being located in the municipalities/cities where the Key Biodiversity Areas (KBAs) are located.

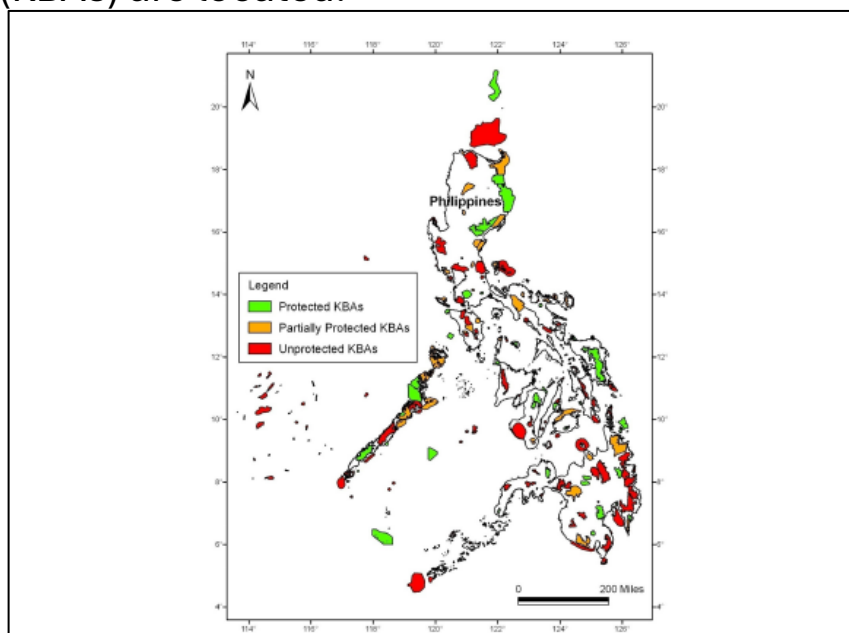


Illustration of Philippine KBAs per protection, adapted from Ambal RGR, et al (2012). (Click the image to view the map in full resolution.)

KBAs by Ecosystem Coverage	Area (sq.km)	# of KBAs	% of KBAs	Protected KBAs	Partially Protected KBAs	Unprotected KBAs
Terrestrial only	51,249	101	44%	27	25	49
Marine only	19,601	77	34%	8	6	63
Terrestrial and Marine	35,702	50	22%	15	10	25
TOTAL	106,552	228	100%	50	41	137

This table summarizes the number of Key Biodiversity Areas identified in the Philippines as of 2009. It is worthy of note that nearly 80% of the total number remains inadequately covered by conservation-related legislation. Adapted from Ambal RGR, et al (2012).

Source: 2.06.1 - _ KBAs-Integrated.jpg (3107x4484)

Notes:

- These KBAs cover over 106,000 square kilometers and are home to 855 species, including 396 globally threatened, 398 restricted-range, and 61 congregatory species.
- KBAs are recognized as priority conservation areas But not all of them are covered by proper legislative measures or are enacted by the state as protected.
- The majority of KBA remain unprotected or at least only partially protected.

Good practices

After the release of CreditAccess' 2023 ESG Baseline Report, the MFI has continued to implement various initiatives and acknowledges that environmental issues critically could impact its operations and client outcomes. Therefore CreditAccess started to identify the clients' adverse impacts on the environment related to biodiversity loss by mapping their branches to KBAs.

Key steps done for the Key Biodiversity Areas mapping of CreditAccess' branches:

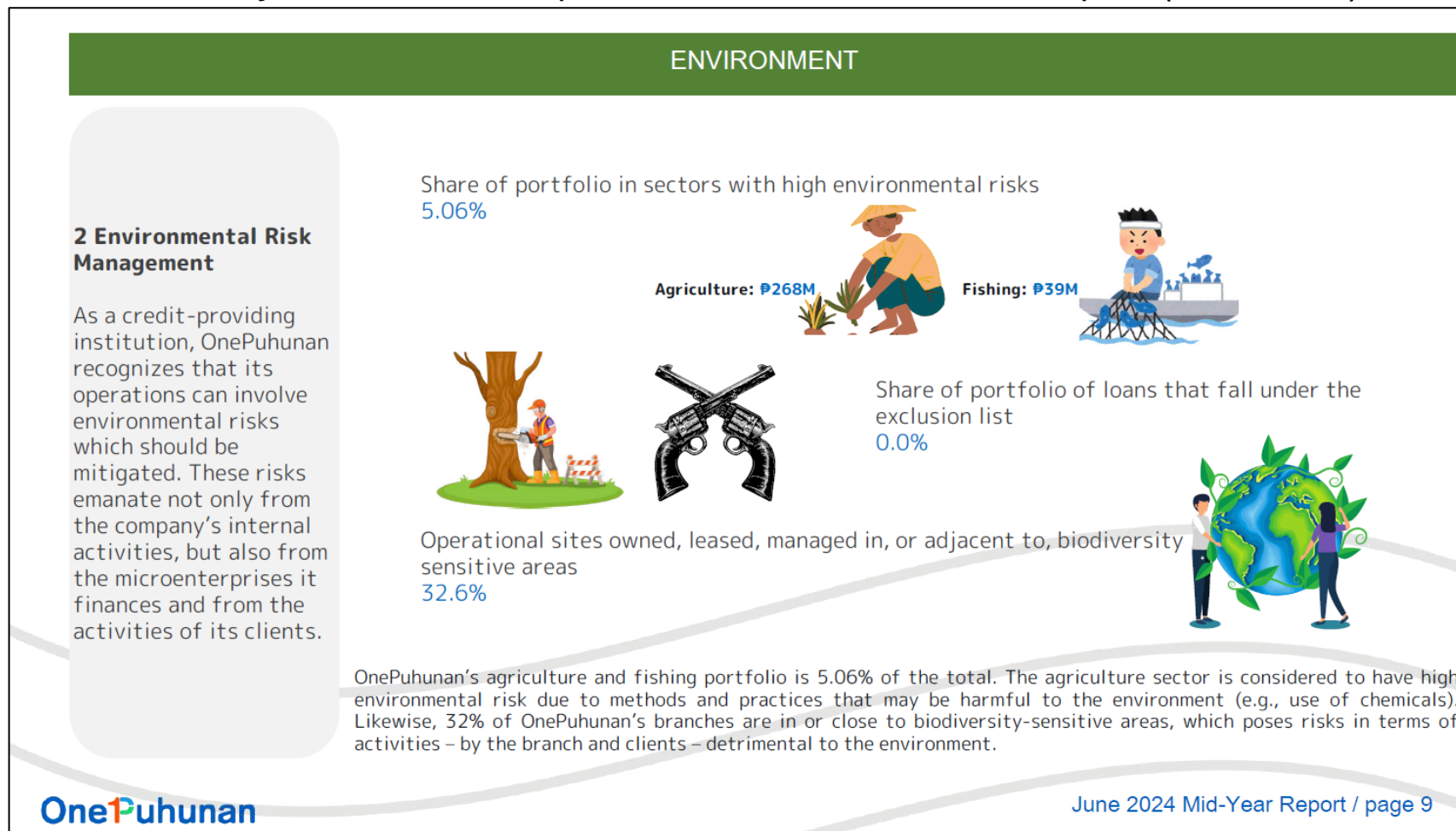
1. The Risk Management Department of CreditAccess referred to the website: [228 Key Biodiversity Areas Philippine Clearing House Mechanism](#) showing the 228 KBAs in the Philippines which has been used as the basis for the mapping of branches.
2. The Risk Management team cross-checked the municipalities/cities where the Key Biodiversity Areas (KBAs) are located versus the cities/municipalities where the branches are located. Then the team has generated from CreditAccess' core-banking system the branch portfolio data that were identified to be within or adjacent to the KBAs as the example below:

KBA-Cod	KBA-Name	Branch Cod	Branch Name	City/Municipality Location	% of Portfolio in Agri-Farming	% of Portfolio in Fishery	% of Portfolio in Livestock & Poultry	% of Portfolio in Manufacturing	% of Portfolio in Services	% of Portfolio in Trading	% of Portfolio in Transportation & Communication
KBA-21	Zambales Mountains	0071	Guagua	DINALUPIHAN	0,50%	0,19%	0,00%	2,87%	4,20%	92,25%	0,00%
KBA-21	Zambales Mountains	0072	Floridablanca	DINALUPIHAN	1,05%	0,03%	0,23%	0,58%	3,96%	94,15%	0,00%
KBA-21	Zambales Mountains	0224	Olongapo 02	DINALUPIHAN	0,22%	0,11%	0,09%	1,69%	12,20%	85,31%	0,38%
KBA-21	Zambales Mountains	0225	Subic	SUBIC	0,81%	3,56%	0,39%	0,58%	13,28%	80,40%	0,99%
KBA-21	Zambales Mountains	0242	Dinalupihan	DINALUPIHAN	2,71%	0,44%	0,00%	0,00%	17,39%	77,86%	1,61%

Good practices

3. The team has analyzed and identified the percentage of high risk activities that could damage the environment and these KBA's.

The results of the last analysis have been reported in the ESG Mid-Year Report (June 2024):



Good practices

4. Based on these results CreditAccess have undertaken a qualitative survey in 2024 for the % of high risk activities on:

- Agriculture clients to understand type of farming practice
- Main crops produced by the clients
- Reasons for using the current agri practice (i.e. organic, inorganic)

The main goal of the qualitative survey is to identify and evaluate the risk factors associated CreditAccess's agricultural clients by gaining a deeper understanding of their farming practices, the types of crops they produce, and the reasons behind their choice of agricultural methods.

This information will help CreditAccess assess any environmental risks, including the environmental vulnerability and potential adverse impacts of specific farming practices, enabling the company to adjust its lending strategies and mitigate exposure to high-risk activities.

Good practices

Other ESG strategies that were already implemented:

1. Tree planting activities for the past 2 years. In 2024, CreditAcess has planted 10,000 seedlings in Luzon and Mindanao, in areas that were identified by the Department of National Resources. Participation of CreditAcess staff and management and of some of the clients.
2. Conversion of old airconditioning units into inverter-types (68% of the branches were covered last year).
3. Measurement of carbon emission and achievement of a 7% reduction from the previous year.
4. Implementation of exclusions list in client onboarding.