



Portland Caribbean Fund II

Summary Environmental and Social Review

of Clarien Bank Limited

Portland Private Equity conducted an environmental and social review prior to investment. The project's management team is committed to implement the identified environmental and social corrective measures and is working closely with Portland on its implementation. A summary of the environmental and social review is provided herewith.¹

Contact information

The Chief Risk Officer Stephen Kelly is the Environmental and Social Officer at Clarien Bank Limited. Should you wish to know more or have concerns regarding Clarien Bank's environmental and social performance, please use the contact details below.

Stephen Kelly
Chief Risk Officer
19 Reid Street, Hamilton HM 11
Bermuda
Tel: + 1441.296.6969/Fax: + 1441.294.3162
Email: skelly@clarienbank.com

Portland's Environmental and Social Officer is Douglas Hewson whom you can also contact concerning the project's ESG performance.

1. General information

Clarien Bank Limited (CBL) is one of Bermuda's most important banks with 2 locations in Bermuda and about 100 employees. The majority of its operations consist of retail loans and mortgages and it has approximately USD 800 million in assets under management. Its non-retail business amounts to USD 2.6 million, a relatively small portion of the whole business operation. The environmental and social risk assessment was conducted on CBL's non-retail client portfolio. According to information acquired, CBL and non-retail clients do not operate in sensitive areas, nor do their operations affect negatively local communities or biodiversity.

2. Non-retail client portfolio and categorization

CBL's non-retail client portfolio consists of commercial mortgage loans. No major environmental and social risks were identified in the screening of these loans. Accordingly, the investment was rated category FI-C/FI-3 and IFC Performance Standards 1 and 2 did apply.

3. Exclusion List

CBL confirmed in a written statement to on-going screening of their non-retail loans against the Exclusion List.

4. Local laws and regulations

Compliance with local laws and regulations was verified by reviewing permits and licenses. Bermuda has a strong legal system and rule of law that lead to high standards, including on the environmental and social level. Additionally, CBL uses the

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Bermuda Banking Code of Conduct, a set of standards for good banking practice in Bermuda, as guidelines for its operations.

5. IFC Performance Standard 1

CBL has no formal environmental and social policies, procedures, management systems or organizational capacities within its corporate structures. In order to ensure compliance with IFC Performance Standard 1 corrective actions were developed and detailed in the Environmental and Social Action Plan. Main actions CBL agreed on are

- Develop and implement an environmental and social policy
- Develop and implement environmental and social policy review procedures
- Assign environmental and social responsibilities
- Ensure systematic compliance screening on non-retail loans

6. IFC Performance Standard 2

CBL has a comprehensive Human Resources division dedicated to the support of employee welfare, training and development, and payroll activities. The main document is an Employee Handbook defining policies and procedures applicable to all employees and consultants being employed at the Clarien Group of Companies. It is complemented by other policies and additional information. Compliance with IFC Performance Standard 2 was verified through the review of all relevant documentation and the due diligence questionnaires. For identified risks (such as external communication) actions were developed and included in the Environmental and Social Action Plan.

7. Monitoring and reporting

PPE will ensure the ongoing monitoring of the implementation of the Environmental and Social Action Plan according to the timeline. By the end of the year a final implementation report will be due.