

Environmental and Social Review Summary (“ESRS”) Banking Institution - 13790-01 – Colombia

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- 1. Scope of Environmental and Social Review:** The environmental and social (E&S) assessment of the proposed transaction was conducted through a desk review and a discussion with the Bank's Sustainability Management staff on the E&S risk analysis. The Bank under evaluation is a new client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale:** The potential (E&S) risks of the sub-projects included in the issue are low, as they are mainly focused on financing the retail and service sector. Consequently, in accordance with IDB Invest's Environmental and Social Sustainability Policy, this transaction was categorized as IF-3 (low risk).

The underlying loans that will be part of the issuance will focus on loans to women-led and/or women-owned microenterprises, with an average loan amount of US\$2,000 and an average term of three years. The loan portfolio of women-led microenterprises consists of loans to retail sector 49%, service sector 24%, industry 17%, diverse sectors of self-employed population 8%, agricultural and livestock 3%, and mining 0.01%. The use of IDB Invest funds will exclude Category A sub-projects, as defined by IDB Invest.

- 3. Environmental and Social Risks and Impacts:** The project's main social and environmental risks relate to the Bank's capacity to identify and manage the E&S risks associated with its loan activities. Potential risks related to its main lending activities include occupational accidents and contamination, among others.

As part of its credit policies, the issuing Bank has an Exclusion List, and since 2019, a Sustainability Policy aligned with the Global Compact Principles, ISO 26000, and ISO 14001, which sets out the obligation to comply with local environmental regulations. The Bank currently lacks an Environmental and Social Risk Management System (ESRMS).

The Bank produces an annual public Sustainability Report and is affiliated with the Colombian Bank Association (ASOBANCARIA) and the Microfinance Association (Asomicrofinanzas). As part of ASOBANCARIA, it is developing a guide for the preparation of an ESRMS.

- 4. Mitigation Measures:** The Bank must ensure that all loans backed by the Social Bond comply with the IDB Invest Exclusion List and applicable local E&S laws. It must also appoint qualified and trained personnel to manage E&S risks and impacts. For the Bank to have a deeper understanding of IDB Invest's requirements, all personnel responsible for implementing the Sustainability Policy should take IDB Invest's online training course on Environmental and Social Risk Management for Financial Intermediaries.
- 5. Environmental and Social Action Plan (ESAP):** Not applicable

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 requestinformation@idbinvest.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.