

Environmental and Social Review Summary (“ESRS”)

Alliance with Banco Bolivariano for Sea Conservation – Blue Bond / 14183-01 – Ecuador

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- 1. Scope of Environmental and Social Review:** The environmental and social (“E&S”) review of the proposed transaction consisted in a visit to the production plants of some of Banco Bolivariano’s blue portfolio (fishing, aquaculture, etc.) clients, who are located in Guayaquil, Ecuador. The visit to the plants involved going around different areas within the production process, holding conversations with management and the operations employees, as well as reviewing the information related to their environmental and social management actions. Likewise, discussions were held with the E&S Risk Officer and the Bank business officers. Banco Bolivariano is a current IDB Invest client.
- 2. Environmental and Social Categorization, and Rationale:** The proposed Blue Bond issuance is classified as FI-2 in the terms of the Inter-American Investment Corporation’s (“IIC”) Environmental and Social Sustainability Policy, as the potential E&S risks of the subprojects included in the transaction are moderate. The sub-loans will be used to fund blue portfolio projects that suit the eligibility criteria established in the Blue Bond framework of reference. Banco Bolivariano’s blue portfolio is mainly comprised by corporate clients in the fishing and aquaculture (shrimp) sectors and, to a lesser extent, agricultural and manufacturing businesses. The average blue portfolio loan amounts to US\$4.1 million with an average tenor of four years.

Banco Bolivariano will not fund Category A (high risk) subprojects as defined by IDB Invest or any other involving activities within IDB Invest’s exclusion list.

- 3. Environmental and Social Risks and Impacts:** The main E&S risks of the transaction are related to Banco Bolivariano’s ability to identify and manage the risks associated with its blue portfolio financing activities. These E&S risks may be linked to the workers’ health and safety, solid waste and wastewater generation, polluting gas emissions, bad odor generation, changes in the use of the land, the community’s health, safety, and security, etc. The E&S impacts and risks associated with the subprojects are considered moderate.
- 4. Mitigation Measures:** Banco Bolivariano has an E&S Management System (“ESMS”) in place for all its portfolio, which is suitable for the level of risk of the subprojects to be financed and complies with all the requirements in IDB Invest’s sustainability policy. The Bank’s ESMS includes a policy, an exclusion list, an E&S risk categorization, an E&S risk assessment, and procedures to manage and mitigate the E&S risks. It also considers triggering the International Financial Corporation’s (“IFC”) Performance Standards (“PSs”) in connection with: (i) high risk operations; and (ii) loans for an amount equal or higher than US\$5 million and for a term equal or longer than 36 months.

The Bank employs an E&S Risk Officer, who is mainly in charge of enforcing the ESMS; however, Banco Bolivariano shall strengthen its organizational capacity by adding experts to support the E&S risk management activities. Additionally, the Bank shall complete the E&S due diligence processes for the first two blue portfolio eligible subprojects with the support of a specialized external consultant.

Banco Bolivariano shall assure that all subprojects funded with the Blue Bond comply with the provisions in the framework of reference, IDB Invest’s exclusion list, the local applicable E&S regulations, the ESMS and the IFC’s PSs (when applicable).

5. E&S Action Plan (“ESAP”):

Activity	Description	Compliance Indicator	Delivery Date
Strengthening of the organizational capacity	Hiring an additional E&S specialist to support the Bank’s E&S risk management activities	Employment contract of the new E&S specialist	12 months
Update of the E&S categorization procedure	Updating the E&S categorization procedure in the ESMS to differentiate it from the applicable E&S due diligence.	Updated categorization procedure in the ESMS	6 months
Independent E&S assessment for the first two projects eligible for the Blue Bond	Carrying out the first two E&S due diligence processes with the support of an external consultant specialized in PSs and the type of projects in the blue portfolio.	E&S due diligence reports and action plans	During the credit assessment period (before approval) of each subloan
Internal E&S assessment in which the PSs are observed	Submitting the first three E&S due diligence reports that have been prepared internally and in which the PSs are observed	E&S due diligence reports and action plans	During the credit assessment period (before approval) of each subloan

6. **Contact Information:** For questions on the projects, 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.