

Environmental and Social Review Summary (“ESRS”)

Banco Galicia: A/B Loan for Sustainable Project Financing in Argentina / 15357-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social review (“E&S”) of the proposed transaction consisted of a review of the Environmental and Social Risk Analysis System (“SARAS”, by its Spanish acronym), the Human Resources policies and procedures, information on the loan portfolio of Banco de Galicia y Buenos Aires S.A.U. (“Banco Galicia” or the “Bank”), as well as discussions with the Bank’s officers and management team. The Bank maintains a prior relationship as a client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as an FI-2 per IIC’s Sustainability Policy, given that it will finance subprojects with moderate E&S risks. The underlying loans will support projects included in the green and social portfolios, which will be aligned with Banco Galicia’s Sustainable Finance Taxonomy and will be required to comply with IDB Invest’s eligibility criteria. Both portfolios include projects in the corporate segment as well as in the Small and Medium-Sized Enterprise (“SME”) segment. In the case of the green portfolio, it is primarily concentrated in the corporate segment and includes, among others, the following eligible categories¹: (i) Renewable Energy;² (ii) Energy Efficiency; (iii) Sustainable Mobility; (iv) Waste Management and Recycling; (v) Water and Sanitation; and (vi) Sustainable Agricultural Production. For its part, the social portfolio includes, among others, categories such as: (vii) Education; (viii) Healthcare; (ix) Information and Communication Technology; and (x) Financial Inclusion. Banco Galicia will not finance category A subprojects (high risk), as defined by IDB Invest, nor those involving activities included in IDB Invest’s exclusion list.

The transaction is considered aligned with the Paris Agreement, based on an analysis conducted in accordance with the IDB Group’s Paris Alignment Implementation Approach. The analysis took into account the strengthening of the Bank’s SARAS through the incorporation of procedures to manage physical climate risk in its portfolio.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Banco Galicia’s capacity to identify and manage the risks associated with its financing activities, primarily in the subprojects within the green portfolio. These E&S risks may be related to worker health and safety, waste generation, land-use change, handling of hazardous materials, community health and safety, labor rights, among others. The E&S impacts and risks associated with the subprojects are considered to be of a moderate level.
- 4. Mitigation Measures.** Banco Galicia has an SARAS, which includes an exclusion list, a process for categorizing and assessing E&S risks, as well as guidelines for the design and implementation of environmental and social action plans. This system incorporates the International Finance Corporation (“IFC”) Performance Standards (“PS”), the Equator Principles, and local E&S laws and regulations. The Bank has two analysts specialized in E&S risks, who are primarily responsible for conducting E&S assessments, monitoring the implementation of action plans in subprojects, and managing the overall administration of SARAS, with support from staff in other operational areas.

¹ Mining is excluded from the eligible categories for this transaction.

² Eligible Renewable Energy projects will include, among others, hydroelectric plants with an installed capacity of up to 5MW, as well as wind power projects with an installed capacity of up to 20MW, and solar energy projects, subject to specific considerations.

Banco Galicia also has Human Resources policies based on the principles of equal opportunity and non-discrimination, and it provides a grievance mechanism for its employees.

Banco Galicia must ensure that all underlying loans within the asset class financed by IDB Invest comply with local E&S laws, IDB Invest's exclusion list, IDB Invest's eligibility criteria, the applicable SARAS, and the IFC PS (when applicable). As part of the E&S action plan described in Section 5, the Bank must develop procedures to strengthen the management of environmental, social, and climate risks. In addition, the Bank's E&S team must complete an online course on E&S risk management offered by IDB Invest.

5. Environmental and Social Action Plan ("ESAP"):

N°	Activity	Description	Compliance Indicator	Timeline
1	Update of the SARAS	Strengthen the initial E&S risk assessment process by incorporating documented guidelines and forms that define possible outcomes and subsequent actions, including the need for site visits by the E&S team or external consultants.	a) SARAS updated b) Standard Terms of Reference ("ToR") for external consultant	Within 6 months after disbursement
2	Climate risk management	Develop and implement a procedure for the management of physical climate risks and incorporate it into SARAS.	Approved procedure	Within 12 months after disbursement
3	Natural habitat conversion risk management	Document and implement a procedure for identifying and managing natural habitat conversion risks in agricultural subprojects within the eligible portfolio, using satellite monitoring tools, and integrate it into SARAS.	a) Approved procedure b) Evidence of implementation	a) Within 6 months after disbursement b) As part of the ESMR, ³ information on implementation shall be reported starting from the disbursement date.
4	Skills strengthening	The Bank's E&S risk management team shall complete the online course on E&S risk management ⁴ offered by IDB Invest.	Final course certification	(i) Within 12 months after disbursement (ii) whenever new staff is incorporated into the E&S team
5	Review of the first three transactions applying the PS	Submit the Environmental and Social Due Diligence ("ESDD") reports and the action plans of the first three eligible financed projects applying the PS, in order to verify the E&S categorization and the associated E&S action plans. .	ESDD reports and Action plans	At the time of the issuance of each ESDD report.

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.

³ ESMR, meaning "Environmental and Social Monitoring Report", which must be presented regularly to IDB Invest.

⁴ Available on: [Gestión de Riesgos Ambientales y Sociales: SARA en Acción](#).