

Environmental and Social Review Summary (“ESRS”)

Bancamia: Amazonia Bond to Increase Financing in Colombia’s Amazonia Region / 15692-01

Original language of the document: Spanish
Issuance date: October 2025

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction was conducted through documental review and a presentation delivered by Banco de las Microfinanzas S.A. (“Bancamia” or the “Bank”) Sustainability Management and Green Finance Specialist, outlining their E&S risk analysis. Bancamia has been an existing client of IDB Invest since 2019, with a satisfactory E&S performance record.
- 2. Environmental and Social Categorization and Rationale.** The proposed Amazonia bond issuance has been classified as FI-2 under IIC’s Sustainability Policy. The potential E&S risks associated with the subprojects financed through the bond are considered moderate. Meaning that the sub-loans are expected to support activities with limited adverse E&S impacts or risks, typically with lower tickets, site-specific, mostly reversible, and manageable through appropriate mitigation measures. The sub-loans will finance green and socially impactful projects that meet the eligibility criteria outlined in the bond’s Use of Proceeds Framework and the Amazonia Bond Issuance Guidelines developed by the Inter-American Development Bank (“IDB”) and the World Bank.¹

The proposed bond issuance aims to support Bancamia’s social and green portfolio, specifically targeting micro and small enterprises located in Colombia’s Amazon region. Eligible subprojects are structured around five strategic pillars that address the region’s economic, environmental, and social challenges, contributing to its sustainable development: (i) Employment, Education, Health, and Human Rights; (ii) Sustainable Cities, Infrastructure, and Connectivity; (iii) Bioeconomy and Creative Economy; (iv) Sustainable and Low-Carbon Agriculture, Livestock, and Forestry; and (v) Combating Deforestation and Strengthening Environmental Governance.

Bancamia defines a microenterprise as an individual with an economic activity generating annual income of up to 23,563 Tax Value Units (“UVT”, for its acronym in Spanish), and a small enterprise as one generating up to 240,955 UVT.² Bancamia’s loan portfolio is composed of loans focused on: raw material transformation 13%, commerce 43%, services 28%, and agriculture 16% (mainly cattle and pig farming, coffee cultivation, and poultry farming). Of this portfolio, only 7% of micro and small enterprises are located in the Amazonia region. The microenterprise sub-loans included as part of the issuance have an average amount of US\$1,500 (COP5,823,078) and an average duration of two years. The majority of the portfolio (92%) is dedicated to the microenterprise segment, and 6% to small enterprises.

Subprojects classified as Category A, high risk, according to IDB Invest’s definition, and those involving activities listed in IDB Invest’s Exclusion List will be excluded from this issuance.

This issuance is considered universally aligned with the mitigation and adaptation objectives of the Paris Agreement, based on the analysis conducted following the IDB Group’s Paris Alignment Implementation Approach. Bancamia will include measures for identifying and mitigating land-use change risks in its Environmental and Social Risk Management System (“ESMS”).

¹ <https://publications.iadb.org/en/amazonia-bond-issuance-guidelines-guidance-labeled-bonds-dedicated-financing-economic-environmental>.

² Definitions aligned with Decree 957 of 2019.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this issuance are related to Bancamía's ability to identify and manage risks associated with its lending activities. Potential risks linked to the Bank's core lending activities include appropriate use of resources (water, energy, materials), land-use change, emissions generation, waste generation, child labor, legal non-compliance. These risks will be managed through the implementation of ESMS and the actions proposed in Section 5 of this report.
- 4. Mitigation Measures.** Bancamía has an Exclusion List, a Sustainable Management Policy, a Policy and a Manual for its ESMS. Bancamía's ESMS includes an E&S characterization form applied by commercial officers, which collects information about permits for the use of natural resources, climate risk, waste management and labor conditions.

The Bank has a Statement of Commitments tailored to Bancamía's needs and provided as part of the ESMS Guide developed by the Colombian Banking Association ("Asobancaria"). Through this certification, clients declare that they do not engage in activities that contribute to deforestation or the exploitation of forest products without the proper permits from the environmental authority.

Bancamía has a Sustainability Management Office under the Vice Presidency of Client Productive Development, which is responsible for implementing and strengthening the ESMS. The Bank also has a Green Finance Specialist who conducts the E&S risk assessments.

Bancamía must ensure that all sub-loans financed through the Bond comply with IDB Invest Exclusion List, applicable local E&S laws, including verification through its ESMS, and that personnel assigned to E&S risk management must complete the IDB Invest online training course on Environmental and Social Management, ESMS in Practice—extended pathway.

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

Item	Task	Activity	Deliverable	Timeline
1	Strengthen the ESMS	Strengthen ESMS to: (i) implement the current IDB Invest Exclusion List; ³ (ii) enhance the analysis and mitigation of land-use change risk due to deforestation; and (iii) ensure that all agribusiness projects in the Amazon region exceeding COP32.5 million are included in the ESMS analysis.	Strengthened ESMS	Eight (8) months after issuance
2	Evaluation of the first three transactions in the agribusiness sector	Bancamía will submit the first three transactions for IDB Invest's review and comments to: (i) verify ESMS application in risk identification and mitigation; and (ii) assess compliance with local regulations related to deforestation.	Due Diligence Report	Upon completion of each transaction report
3	Capacity building and training	1. Train Sustainability Management personnel in ESMS implementation—extended pathway. 2. Train regional and territorial managers in the Amazonia region in ESMS implementation—general pathway.	1. ESMS in Action course badge—extended pathway. ⁴ 2. ESMS in Action course badge—general pathway. ⁵	1. Eight (8) months after issuance and whenever new personnel are incorporated into risk management. 2. Eight (8) months after issuance and whenever new personnel are incorporated into risk management.

³ [Exclusion List ENG.pdf](#).

⁴ Registration available: <https://cursos.iadb.org/es/temas/gestion-riesgo-ambiental-y-social/gestion-riesgos-ambientales-sociales-saras-accion> (cuarta versión disponible desde febrero 2026).

⁵ Registration available: <https://cursos.iadb.org/es/temas/gestion-riesgo-ambiental-y-social/gestion-riesgos-ambientales-sociales-saras-accion> (cuarta versión disponible desde febrero 2026).

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.