

## Environmental and Social Review Summary (“ESRS”)

### BAC Guatemala – Sustainable Bond Series 2 in Guatemala / 15759-01

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

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) analysis of the proposed transaction consisted of a review of documentation and an information update conversation with the Corporate Credit Management and the staff responsible for environmental and social risk assessment at the Banco de América Central S.A. (hereinafter referred to as the “Bank”). The Bank is an existing IDB Invest client with satisfactory E&S performance.
- 2. Environmental and Social Categorization and Rationale.** The proposed issuance is classified as FI-2 according to the IIC Sustainability Policy. The sub-loans to the segments that will be supported have a moderate potential risk, meaning the sub-loans granted by the Bank include or are expected to include activities with potentially limited adverse environmental and social impacts or risks. These are relatively few, generally site-specific, mostly reversible, and manageable through mitigation measures.

Proceeds from the issuance will be used to finance sub-loans aimed at Micro, Small, and Medium Enterprises (“MSMEs”), as well as larger corporate enterprises. The sub-loans intended for social projects will focus on financing MSMEs, MSMEs led by women, or those located in vulnerable departments, and possibly education and job creation. Tentative green projects will focus on nine of the following categories: (1) Clean transportation, (2) Renewable energy (including hydroelectric plants up to 10MW and solar energy up to 20MW), (3) Energy efficiency, (4) Sustainable construction, (5) Waste management, (6) Sustainable agricultural production, (7) Sustainable water and wastewater management, (8) Sustainable fishing and aquaculture, and (9) Circular economy. The specific sectors and segments to be included in this issuance will follow the guidelines established in BAC Guatemala's Sustainable Financing Framework.

The portfolio of Grupo Financiero BAC Credomatic<sup>1</sup> is composed of personal banking (51%), corporate (31%), Small and Medium Enterprises (“SMEs”) (8%), project financing (8%), and microenterprise (2%). The Bank's portfolio is primarily concentrated in the services sector (39%), commerce (22%), manufacturing industry (16%), and real estate activities (8%).

On average, loans to the microenterprise segment are around US\$60,000, while SMEs segment loans average US\$375,000, and loans to larger corporate enterprises average US\$2.8 million. These three segments typically offer loans with durations ranging from three to eight years. The most representative sectors in these segments are manufacturing industry (27%), commerce (15%), real estate activities (16%), energy supply (12%), and agriculture (12%).

The transaction is considered aligned with the Paris Agreement, based on the analysis conducted following the IDB Group's Paris Alignment Implementation Approach.

IDB Invest resources may not be used by the Bank to finance Category A (high-risk) subprojects as defined by IDB Invest, or projects that fall within the sectors listed in IDB Invest's exclusion list. The issuance will follow the eligibility criteria described in the Use of Proceeds Framework of the Issuance and the International Capital Market Association (“ICMA”) guidelines for Green Bonds, Social Bonds, and the Sustainability Bond Guidelines.

---

<sup>1</sup> Grupo Financiero BAC Credomatic includes Banco de América Central, S.A. and Credomatic de Guatemala, S.A.

- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction are related to the Bank's capacity to assess and manage the risks associated with its investments. The main risks associated with this issuance include worker health and safety, waste generation, land use change, handling of hazardous materials, community health and safety, labor rights, among others.

The Bank has had an Environmental and Social Risk Management ("ESRM") Policy for Corporate Credit (SMEs, Business, Corporate) since July 2023, as part of its triple value strategy—demonstrating value in environmental, social, and economic areas. The Policy establishes general principles, environmental and social requirements (exclusion list, national legislation, and the Performance Standards ("PS") of the International Finance Corporation ("IFC")), as well as roles and responsibilities. The Bank has also developed an Operational Risk Management Policy Manual, updated in August 2025, which describes the aspects and actions related to operational risk management, including supplier risk.

The Bank has a Policy and an Operational Manual for the Environmental and Social Risk Management for corporate credit ("ESMS")<sup>2</sup>, effective since September 2023 in a pilot phase and implemented starting in December of the same year. Additionally, it has various templates and guidelines for system implementation. The ESMS applies to all corporate loans<sup>3</sup> and consists of five stages integrated into the credit cycle, with different forms used at each stage: Prospecting, Evaluation, Approval, Formalization, and Monitoring. For corporate loans under US\$1 million, the exclusion list is applied, and a declaration of compliance with national legislation is required. For loans over US\$1 million and under US\$5 million, regardless of the sector, identification of applicable permits and licenses is required. Due diligence is also conducted for loan applications that meet the following criteria: Scope 1: An evaluation of the eight IFC PS is conducted when the loan is for project finance or a corporate loan associated with a project where the loan is equal to or greater than US\$5 million, or the total project cost exceeds US\$10 million, and the term is longer than 36 months. Scope 2: Evaluation is conducted in relation to IFC PS 1 and 2 when it is a corporate loan equal to or greater than US\$5 million, with a term longer than 36 months, not associated with a project. Each scope has a specific form, which includes a climate risk assessment and environmental context evaluation.

The ESMS categorization is based on the intrinsic environmental and social risk of the economic activity and the context in which it is located. The ESMS includes contractual clauses and the development of Action Plans in case gaps are identified with the requirements: Exclusion List, national environmental legislation, and IFC Performance Standards.

The Bank has an Environmental and Social Risk Management Department within the Corporate Credit Management Division. This area is responsible for implementing the ESMS. The Bank has an External Communication Mechanism, under implementation since July 2023. During 2024-2025, the Environmental and Social Management team has conducted a series of training sessions for non-specialist staff on ESMS and its implementation within the Bank.

The Bank presents its semiannual results to the comprehensive risk committee. Staff responsible for implementing ESMS and conducting general risk assessments receive annual training.

As part of Grupo Financiero BAC Credomatic, the Bank adopts the Principles for Responsible Banking, the Women's Empowerment Principles, the UN Global Compact, and the Financial Alliance for Women. Additionally, the Group has a strategic commitment to becoming a Net Positive bank, participating in initiatives such as the Partnership for Carbon Accounting Financials ("PCAF") and the Net-Zero Banking Alliance ("NZBA"). Furthermore, the Financial Group publishes an annual integrated report following the Global Reporting Initiative disclosure framework, the Task Force on Climate-

---

<sup>2</sup> ESMS is used as a standard acronym at the Grupo Financiero Credomatic level, as described in its 2022 Integrated Annual Report.

<sup>3</sup> Excluding personal banking and credit cards.

related Financial Disclosures (“TCFD”), and the Sustainability Accounting Standards Board (“SASB”) standards.

4. **Mitigation Measures.** The Bank must continue strengthening its ESMS as part of the continuous improvement process during its implementation. Due diligence assessments related to this issuance will be carried out through the implementation of ESRM. Bank staff responsible for implementing ESRM and conducting general risk assessments will continue to receive training on its implementation, as established in ESMS.

To ensure a better understanding of IDB Invest’s requirements, the staff responsible for supervising and implementing ESMS must attend IDB Invest’s ESRM training workshop for financial intermediaries.

#### 5. Environmental and Social Action Plan (“ESAP”):

Activity	Description	Deliverable	Compliance date
<b>Performance Standard 1: Assessment and Management of E&amp;S Risks and Impacts</b>			
<b>1. Environmental and Social Assessment and Management System</b>	Support from a specialized consultant in identifying E&S risks for (i) hydroelectric; (ii) geothermal; and (iii) oceanic (marine or sea energy) projects. As part of this issuance, all corporate projects in these renewable energy subsectors where IFC PS apply will require to share with IDB Invest a tentative categorization and indicative transaction summary, the involvement of an external consultant, and IDB Invest’s review of the Due Diligence Report prior to the credit committee meeting.	Due Diligence Report for each transaction involving (i) hydroelectric; (ii) geothermal; and (iii) oceanic projects.	Prior to the credit committee meeting, when the report for each transaction becomes available.

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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.