

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

### Banco Bolivariano: Biodiversity Bond / 15404-01 – Ecuador

**Original language of the document:** Spanish  
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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) analysis of the proposed transaction consisted of a review of Banco Bolivariano’s Environmental and Social Management System (“ESMS”), as well as its portfolio of loans eligible for the issuance of a Biodiversity Bond. In addition, discussions were held with the Bank’s E&S risk management team and members of senior management. The Bank is an existing client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed issuance of the Biodiversity Bond is classified as FI-2 under IIC’s Environmental and Social Sustainability Policy, as the financing will be directed toward sub-projects with moderate E&S risk. The underlying loans will finance projects included in the eligible portfolio, which must meet the eligibility criteria established in the Biodiversity Bond framework, aligned with the International Capital Market Association (“ICMA”) thematic bond principles. The Bank will not finance Category A (high-risk) sub-projects as defined by IDB Invest, nor those involving activities included in IDB Invest’s exclusion list.

The projects eligible for the Bank’s Biodiversity Bond are primarily focused on corporate segment companies engaged in activities within the fishing, aquaculture, and agriculture sectors, as well as forestry and forest plantation sectors.

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 takes into account the Bank’s commitment to strengthening its climate risk management, as outlined in Section 5 of the Environmental and Social Action Plan (“ESAP”).

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Banco Bolivariano’s capacity to identify and manage the risks associated with its financing activities within the eligible portfolio of the biodiversity bond. These E&S risks may be related to worker health and safety, wastewater and solid waste generation, emission of pollutants, land use change, community health and safety, labor rights, climate change, among others. The E&S impacts and risks associated with the sub-projects are considered to be of a moderate level.
- 4. Mitigation Measures.** BThe Bank has an ESMS that applies to its entire portfolio and is aligned with the requirements of IDB Invest’s Sustainability Policy. The ESMS includes an environmental management policy, an exclusion list, an E&S risk categorization process, E&S risk assessment procedures, and management mechanisms. It also incorporates the International Finance Corporation (“IFC”) Performance Standards, where applicable.

The Bank has a team composed of two specialists primarily dedicated to the implementation of the ESMS, with support from staff of other operational areas. It also has Human Resources policies and a grievance mechanism available to its staff.

The Bank must ensure that all sub-projects financed by the issuance of the biodiversity bond comply with the bond framework, IDB Invest’s Exclusion List, local E&S regulations, the current ESMS, and the IFC Performance Standards, where applicable. Additionally, the Bank will develop and implement procedures to strengthen the application of Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), which will be integrated into the ESMS, in accordance with the provisions of the ESAP.

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

#	Activity	Description	Compliance Indicator	Delivery Date
1	Update of the ESMS	Incorporate into the ESMS procedures to verify that projects located within or adjacent to Protected Areas or internationally recognized areas comply with legal, conservation, and consultation requirements, in accordance with IFC Performance Standard 6.	(i) Updated and approved ESMS procedures and guidelines  (ii) Copy of the first three E&S due diligences related to sub-projects of the Biodiversity Bond	3 months after the issuance or prior to new Biodiversity Bond investment
2		Develop and implement, as part of the ESMS, procedures to detect the conversion of natural habitats and identify areas with potential presence of Endangered or Critically Endangered species (according to the International Union for Conservation of Nature or “IUCN”), using Geographic Information System (“GIS”)-based tools and, where appropriate, third-party verification mechanisms.		
3		Develop and implement procedures to ensure that agribusiness projects apply sustainable practices in accordance with IFC Performance Standard 6, including traceability and assessment of primary suppliers to prevent the conversion of natural or critical habitats.		
4		Define in the ESMS the guidelines for the involvement of relevant experts, based on the sector or type of financial product, in order to ensure adequate E&S due diligence and the timely identification of risks and mitigation measures.		
5	Capacity building	Develop a training plan on the updated ESMS, aimed at the staff involved in its implementation.	Training Plan on ESMS	3 months after the issuance or prior to new Biodiversity Bond investment
6		Develop an internal training plan on the Bank’s Sexual Harassment Prevention Policy (“SHPP”).	Training Plan on the SHPP	6 months after the issuance
7	Climate risk management	Develop and implement procedures for managing physical climate risks across the entire portfolio and integrate them into the ESMS.	Approved Procedure	6 months after the issuance

**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.