

Environmental and Social Review Summary (“ESRS”)

BGR: Senior Loan to Expand Financing Social Projects in Ecuador / 15720-01

Original language of the document: Spanish
Issuance date: October 2026

- 1. Scope of the Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction consisted of a review of relevant documentation, including policies, plans and procedures, as well as the credit portfolio of Banco General Rumiñahui S.A. (“Banco General Rumiñahui”, the “Bank” or “BGR”), hereinafter referred to as the Financial Intermediary (the “FI”), and communications with BGR representatives from the Sustainable Finance area.
- 2. Environmental and Social Categorization and Justification.** The proposed transaction is classified as IF-3 in accordance with IDB Invest's Sustainability Policy. The financing will support BGR in the development of its social interest housing, public interest housing, and Small and Medium-Sized Enterprises (“SMEs”) portfolio. BGR is positioned as a specialized bank focused on serving selected market segments, particularly military personnel and housing products. Consequently, sub-projects associated with this financing are expected to present low or no adverse environmental and social risks and impacts.

BGR will not finance sub-projects classified as Category A (high risk) as defined by IDB Invest, nor those involving activities included on IDB Invest's exclusion list.

BGR classifies small enterprises as those with annual sales between US\$300,000 – US\$1,500,000 and medium enterprises as those with annual sales greater than US\$1,500,001 and up to US\$7,000,000. SMEs loans have an average amount of approximately US\$180,000 with an average term of 24 months.

The sectors with the largest share of the portfolio are consumer credit (77%), real estate (12%), productive (10%), and social and public interest housing (1%). BGR has 25 branches nationwide, with 97% of its portfolio concentrated in the Quito and Guayaquil offices. As part of its growth strategy, BGR wishes to expand its green portfolio, especially focused on construction and the health segment by financing equipment and medical offices.

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

- 3. Main Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with the FI's capacity to identify and manage risks related to its financing activities. These E&S risks may be related to labor rights, waste generation, among others. The level of E&S risk associated with the sub-projects is considered low.
- 4. Mitigation Measures.** BGR has an Exclusion List and an Environmental and Social Risk Management Manual, last updated in September 2025. This Manual incorporates tools for the identification and categorization of E&S risks, as well as sector-specific questionnaires, among other assessment instruments.

As part of its credit process, BGR verifies compliance with local laws and regulations applicable to assets financed under this transaction. It also has Human Resources policies that include mechanisms for employees to raise grievances and submit complaints.

The FI must ensure that all sub-loans originated under the eligible asset classes financed under this transaction comply with IDB Invest's exclusion list and applicable local regulations. Additionally, the FI will designate a staff member responsible for overseeing E&S matters, who will complete the online training provided by IDB Invest on E&S risk management.¹

5. Environmental and Social Action Plan (“ESAP”). N/A

- 6. Contact Information.** For inquiries about the project, including environmental and social questions related to an IDB Invest transaction, please contact the client (see Investment Summary tab) or IDB Invest at requestinformation@idbinvest.org or by calling +1(202)-566-4566. Individuals or communities may file complaints and concerns related to environmental, social, or corporate governance matters with the Management Grievance Mechanism by emailing mgm@iadb.org or calling +1 202 312 4040. As a last resort, affected communities have access to IDB Invest's Independent Consultation and Investigation Mechanism (MICI) by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952. [mailto: mecanismo@iadb.org](mailto:mecanismo@iadb.org).

¹ <https://knowledge.iadb.org/en/course/environmental-and-social-management-esms-practice> or <https://knowledge.iadb.org/en/course/environmental-and-social-management-system-business-opportunity>