Environmental and Social Review Summary (“ESRS”)

Global Bank: Secured Loan for SMEs and Social Housing in Panama / 16336-01

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1. **Scope of Environmental and Social Review**. The Environmental and Social (“E&S”) assessment was conducted during the third quarter of 2026 and included a review of Global Bank Corporation (“Global Bank” or the “Bank”) relevant policies and procedures related to E&S and human resources risk management, as well as information on its loan portfolio. Global Bank is an existing IDB Invest client that has maintained satisfactory E&S performance.

2. **Environmental and Social Categorization and Rationale**. The proposed transaction is classified as FI-2 pursuant to IDB Invest’s Environmental and Social Sustainability Policy, as the financing will be used for subprojects in the Small and Medium-Sized Enterprise (“SME”) portfolio, with a particular emphasis on women-owned/led SMEs (“Women SMEs”), as well as mortgages for the acquisition of new homes eligible under the preferential interest regime, in accordance with the legal framework[1] currently in force in Panama.

   The Performance Standards (“PS”) applicable to the transaction are: (i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; and (ii) PS2: Labor and Working Conditions. IDB Invest resources may not be used by the Bank to finance subprojects classified as Category A (high risk), as defined by IDB Invest, or subprojects related to activities included on IDB Invest’s Exclusion List.

   Global Bank defines SMEs as companies with annual revenues of up to US$5 million. Loans in the SME portfolio have an approximate average amount of US$250,000.00 and an average tenor of five years. Currently, the five sectors with the largest shares of the SME portfolio are: Agriculture (27.0%), Commerce (17.7%), Real Estate (14.0%), Services (12.2%), and Transportation and Logistics (7.2%).

   The transaction is considered aligned with the Paris Agreement based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach.

3. **Environmental and Social Risks and Impacts**. The transaction’s main E&S risks and impacts relate to Global Bank’s capacity to identify and manage the risks associated with its financing activities, linked to the asset class being financed. These E&S risks may be related to worker health and safety, wastewater and solid waste generation, emission of air pollutants, land-use change, community health and safety, labor rights, among others. The E&S impacts and risks associated with the subprojects are expected to be moderate and will be managed through the Bank’s existing procedures, strengthened by the measures described in Section 5 of this document.

[1] *Ley 468 de abril de 2025*, modified by *Ley 481 de septiembre de 2025*.

4. **Mitigation Measures**. Global Bank has an Environmental and Social Risk Management System ("ESRMS") that includes an exclusion list, an environmental and social risk categorization and assessment process, and guidelines for the design and implementation of environmental and social action plans. The ESRMS incorporates the International Finance Corporation ("IFC") Performance Standards and applicable local E&S legislation. In addition, the ESRMS includes a dedicated framework for identifying and managing natural habitat conversion risks arising from agricultural sector subprojects.

   The Bank has a team of four E&S risk specialists who are primarily responsible for conducting the relevant assessments and monitoring implementation of the action plans for subprojects, with support from other operational areas. The Bank also has Human Resources policies that incorporate equal opportunity and non-discrimination principles, as well as a grievance mechanism for its employees.

   The Bank also has a governance structure to oversee its sustainability strategy and climate-related risks and opportunities. As part of this approach, Global Bank has assessed its loan portfolio's exposure to physical risks, identifying the most relevant exposures by economic sector and geographic location and estimating the associated potential economic losses.

   Global Bank must ensure that all subprojects in the asset class financed by IDB Invest comply with applicable local environmental and social legislation, IDB Invest's Exclusion List, and the ESMS in force. In addition, the Bank's E&S team must complete an online course on environmental and social risk management offered by IDB Invest.

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

#	Activity	Description	Compliance Indicator	Delivery Date
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts				
Organizational Capacity and Competency				
1	Capacity building and training	The Bank's E&S risk management team must complete the online course[2] on environmental and social risk management offered by IDB Invest.	Course completion certificates	(i) Within 6 months after the first disbursement; and (ii) As part of the Environmental and Social Monitoring Report (ESMR),[3] whenever new personnel join the E&S team
2	Natural Habitat Conversion Risk Management	Implement the procedure for identifying and managing natural habitat conversion risks in agricultural subprojects within the SME portfolio.	Evidence of Implementation	As part of the ESMR information on the implementation of this procedure will be reported at the beginning on the date of the first disbursement.

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.

[2] Registration is available at the following link: *SARAS en acción*.

[3] ESMR stands for **Environmental and Social Monitoring Report**, which must be submitted regularly to IDB Invest.