

Environmental and Social Review Summary (“ESRS”)

Banco BBVA Peru – BBVA Peru: Social Bond /14655-01 – Peru

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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 relevant documentation, such as the Environmental and Social Management System (“ESMS”) and Human Resources policies, as well as the loan portfolio of Banco BBVA Peru (“BBVA Peru” or the “Bank”). Additionally, discussions were held with representatives of the Bank. BBVA Peru is part of the BBVA Group, whose subsidiaries, in some countries, are clients of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-3 according to IIC’s Environmental and Social Sustainability Policy, given that it consists of the issuance of a Social Bond exclusively directed to financing Micro and Small Enterprises (“MSEs”) led and/or owned by women. It is expected that all subprojects will meet the eligibility criteria established in the Social Bond framework. BBVA Peru will not finance subprojects of the transaction classified as category A (high risk) according to IDB Invest’s definition, nor those involving activities included in IDB Invest’s exclusion list.

BBVA Peru has aligned with the criteria established by the regulatory body, considering MSEs as those companies with annual sales of up to US\$2.1 million. The underlying loans in the microenterprise women portfolio have an average amount of US\$13,000.00 and an average duration of 43 months, while the underlying loans in the small enterprise women portfolio have an average amount of US\$19,000.00 and an average duration of 54 months. The five most representative sectors in the small enterprise portfolio led and/or owned by women are: commerce (45%), manufacturing (12%), transportation and communications (11%), other services (9%), and business services (6%).

The transaction is considered aligned with the Paris Agreement, based on an analysis conducted by IDB Invest according to the IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with BBVA Peru’s capacity to assess and manage the risks associated with its financing activities. These E&S risks may be related to worker health and safety, labor rights, waste generation, community health and safety, climate change, among others. IDB Invest considers the level of E&S risk associated with the subprojects to be low.
- 4. Mitigation Measures.** BBVA Peru has an ESMS developed in early 2024 with the support of technical advisory services provided by a development financial institution. Currently, the ESMS is in its initial implementation phase, focused on certain credit products; however, its application is expected to progressively expand to cover most of the Bank’s loan portfolio. BBVA Peru’s ESMS incorporates local regulations, the International Finance Corporation (“IFC”) Performance Standards, and the Equator Principles. BBVA Peru has an environmental and social risk management unit that is primarily responsible for the implementation of the ESMS, with support from other work units.

BBVA Peru has Human Resources policies that incorporate fundamental principles for the fair, ethical, and productive management of human capital. These policies include, among other elements, an accessible grievance mechanism for all employees. As of 2023, BBVA Peru had a total of 7,388 employees, of which 54% were women. At the executive committee and unit manager level, of the 340 existing positions, 42% were occupied by women.

The Bank must ensure that all underlying loans of the Social Bond comply with IDB Invest's exclusion list, the eligibility criteria of the Social Bond framework, and applicable local laws. Additionally, BBVA Peru's E&S risk unit must complete an online training course provided by IDB Invest on environmental and social risk management.

5. **Environmental and Social Action Plan ("ESAP").** N/A.
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.