

Environmental and Social Review Summary (“ESRS”) Global Bank - Climate Financing Partnership / 14505-01 – Panama

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction involved reviewing Global Bank Corporation’s documentation (policies, plans and procedures) and lending portfolio, as well as interviewing managers and operational staff. Global Bank is currently a client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction has been categorized as FI-2 as per IIC’s E&S Sustainability Policy, because the facility will support projects focused on the mitigation of and adaptation to climate change in Panama, mainly in the renewable energy (solar, biomass, etc.) and sustainable farming portfolios, and to a lesser extent in the energy efficiency and sustainable building portfolios. The sub-loans in the sustainable farming portfolio are mainly concentrated in the Small- and Medium-Sized Enterprise (“SME”) segment, whereas the renewable energy portfolio mainly involves the corporate segment. Global Bank defines SMEs as companies with annual sales of up to US\$2,500,000.00.

All the subprojects in the abovementioned portfolios will meet IDB Invest’s eligibility criteria for climate and green financing. Global Bank will not finance either Category A (high risk) subprojects as defined by IDB Invest or those involving activities included in IDB Invest’s Exclusion List.

The Project is considered Paris Agreement aligned based on the analysis conducted in accordance to IDB Group’s Paris Alignment Implementation Approach. The technical assistance provided will help Global Bank to analyze its exposure to climate risk and to strengthen its E&S Management System (“ESMS”) through procedures to assess climate risk in its portfolio.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Global Bank’s ability to assess and manage the risks associated with its financing activities, mainly the renewable energy and agricultural subprojects. These E&S risks may relate to occupational health and safety, waste generation, land use change, hazardous materials management, community health, and safety, labor rights, climate change, etc. The E&S impacts and risks associated with the subprojects are considered moderate.
- 4. Mitigation Measures.** Global Bank has an ESMS in place that includes a policy, an exclusion list, an E&S risk categorization, an E&S risk assessment, and procedures to manage the E&S risks. The ESMS considers the local E&S regulations and the International Finance Corporation (“IFC”) Performance Standards. The Bank has a team dedicated to E&S risk assessment in charge of E&S assessments on loans and monitoring the implementation of the action plans in the subprojects. The Bank has in place Human Resources policies, which include non-discrimination and equal opportunity principles, as well as an employee grievance mechanism. Global Bank also has an external grievance mechanism.

The Bank will ensure that all the sub-loans of the asset class to be financed by IDB Invest comply with IDB Invest’s Exclusion List, local E&S applicable regulations, the existing ESMS, the eligibility criteria established for the transactions and the IFC’s Performance Standards (as applicable).

During the E&S risk assessment process, Global Bank must use a satellite imaging monitoring system to detect deforestation, especially in the subprojects within the agriculture portfolio. The Bank must also prepare and implement a procedure to assess labor risks in the solar panel supply chain in solar energy subprojects.

As part of this transaction, technical assistance will be provided to help Global Bank in planning and executing the implementation of the recommendations from the TCFD, including a climate risk assessment of the portfolio.

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

Activity	Description	Compliance Indicator	Delivery Date
ESMS update	Include in the ESMS the option to use third-party consultants for an E&S due diligence for facilities that present high E&S risk or have potentially complex E&S components (i.e. biodiversity, etc.).	Updated ESMS	6 months after the disbursement
Zero deforestation	Develop and implement a procedure for the use of the satellite monitoring system to detect deforestation in the agricultural subprojects.	Approved procedure	9 months after the disbursement
Climate risk management	Through Technical Assistance (“TA”), Global Bank will strengthen its ESMS by developing procedures to analyze climate risk in the subprojects.	Approved procedure	As per technical assistance agreement
Strengthening of the labor risks assessment in the supply chain for solar energy subprojects	Prepare and implement a procedure to assess labor risks in the solar panel supply chain in solar energy subprojects.	Approved procedure	3 months after the 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.