

Environmental and Social Review Summary (“ESRS”)

Banco Bilbao Vizcaya Argentaria Colombia S.A. – Biodiversity Fund / 14787-01 – Colombia

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction consisted in reviewing the documentation such as BBVA Group’s General Sustainability Policy and BBVA Colombia’s General ESMS Policy, and holding discussions with BBVA Colombia’s Sustainability and E&S Risk Management teams. BBVA Colombia is a new client to IDB Invest, although IDB Invest has had other clients that are subsidiaries of BBVA Group.
- 2. Environmental and Social Categorization and Rationale.** The proposed biodiversity bond issuance is classified as an FI-2 per IIC’s Sustainability Policy. The E&S impacts associated to the subprojects to be financed are moderate. The sub-loans will be used to finance businesses and projects that prevent losses in biodiversity and/or protect nature in sectors such as climate smart agriculture, freshwater and marine habitat conservation, freshwater or marine sustainable production, waste and plastic management, forestry and plantations, tourism or ecotourism services, and nature-based solutions. The average value of the biodiversity portfolio sub-loans is US\$178,000.00 with an average tenor of five years.

Category A sub-projects, per IDB Invest’s definition, are excluded and not considered in the context of this asset class.

The issuance is considered Paris Agreement aligned based on an analysis conducted following the IDB Group Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this transaction are associated with BBVA Colombia’s capacity to identify and manage the E&S risks related with its biodiversity portfolio sub-loans. Such risks may include the following environmental and social issues: biodiversity impacts, workers’ health and safety, water management, land degradation, waste generation, amongst others.
- 4. Mitigation Measures.** Since the beginning of 2024, BBVA Colombia has implemented an Environmental and Social Management System (“ESMS”) that is consistent with the requirements defined in IDB Invest’s Sustainability Policy. This ESMS includes an E&S Policy approved by the Board of Directors, an exclusion list, an E&S risk categorization and assessment procedures, as well as procedures to mitigate and monitor E&S risks. BBVA Colombia’s ESMS is compliant with local E&S regulations including Colombia’s Green Taxonomy, as well as with BBVA Group’s Standard for the Financing of Sustainable Activities. Moreover, the ESMS is aligned to the International Finance Corporation’s (“IFC’s”) Performance Standards and the Equator Principles.

As part of the ESMS implementation, BBVA Colombia provides E&S risk trainings for all employees. In addition, BBVA Colombia has Human Resources policies in place including the BBVA Group Remuneration Policy, General Diversity and Inclusion Policy, amongst others, which is consistent with the requirements under the IFC Performance Standard 2.

BBVA Colombia will enhance its ESMS to strengthen its compliance to the IFC Performance Standards, more specifically PS6 “Biodiversity Conservation and Sustainable Management of Living Natural

Resources”. This will also include strengthening existing E&S risk screening procedures, assessment and management procedures as well as training personnel responsible for the implementation of the ESMS.

BBVA Colombia will ensure that all subprojects funded with the Biodiversity Bond comply with BID Invest’s exclusion list, the local applicable E&S regulations, the ESMS, and the IFC PS (when applicable). To better disseminate IDB Invest’s requirements, the personnel in charge of supervising and implementing the ESMS should attend IDB Invest’s E&S Risk Management online training for financial intermediaries.

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

Activity	Description	Compliance Indicator	Delivery Date
Enhanced ESMS	1. The ESMS will incorporate procedures to verify that projects located in Legally Protected Areas and/or Internationally Recognized Areas comply with PS6 requirements (e.g. No Net Loss or Net Gain requirements). 2. BBVA Colombia will develop and implement procedures to screen against recent (approx. 5 years) or future Natural Habitat conversion and to identify relevant IUCN Endangered and Critically Endangered Species. 3. BBVA Colombia will develop and implement procedures to verify that any agribusiness project (including animal husbandry) implements sustainable management practices to one or more relevant and credible standards as demonstrated by independent verification or certification as per IFC’s PS6 and its related guidance in Guidance Note 6. 4. To ensure adequate identification of risks and mitigation measures, enhance internal capacity with relevant experts (when applicable).	Enhanced ESMS	July 31 st , 2024
Organizational capacity and training	BBVA Colombia will develop a Training Plan to be provided to staff involved in the implementation of the enhanced ESMS, including project review and approval procedures.	Post-training certificate of the personnel in charge of implementing the ESMS.	September 30 th , 2024

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.