

Environmental and Social Review Summary (“ESRS”)

Sicredi – Women-Led SMEs / 14658-01 – Brazil

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction consisted of a desk review of the E&S Management System (“ESMS”) of Banco Cooperativo Sicredi S.A. (“BanSicredi” or the “Bank”), as well as conference calls with the Bank’s E&S risk team. The Bank is an existing client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is categorized as FI-2 per IIC’s Sustainability Policy, given that the financing will be exclusively to support women-led Micro, Small and Medium-Sized Enterprises (“MSMEs”). BanSicredi definitions for MSME based on annual sales are: (i) Micro: up to US\$73,000; (ii) Small: from US\$73,000 to US\$204,000; and (iii) Medium: from US\$204,000 to US\$1,223,000. Category A (High Risk) sub-projects, per IDB Invest’s definition, will be excluded from the transaction, as well as those sub-projects involving activities included in IDB Invest’s Exclusion List.

The main economic sectors within the MSME segment are: (i) Trade (41%); (ii) Manufacturing (14%); (iii) Transport, Storage and Communications (8%); (iv) Accommodation and Food Services (6%); (v) Construction (6%); (vi) Administrative and Support Services (4%); (vii) Professional, Scientific and Technical Services (4%); (viii) Human Health and Social Work Services (3%); (ix) Real Estate (3%); (x) Education (2%); and (xi) Others (9%).

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

- 3. Environmental and Social Risks and Impacts.** The main E&S risk of this transaction is associated with BanSicredi capacity to identify and manage the E&S risks associated with its lending activities, where risks can be related to labor and working conditions, and waste generation, among others. Since the transaction will support sub-loans to MSMEs, these risks are expected to be moderate-low to low in nature.
- 4. Mitigation Measures.** BanSicredi has an ESMS in place and an E&S Risk Coordinator supported by three people that oversee the ESMS implementation. The ESMS includes a policy, an exclusion list, an E&S risk categorization procedure, an E&S risk assessment process and follow up procedure. The Bank’s ESMS is considered in line with the requirements of IIC’s Sustainability Policy. The Bank has procedures in place for human resource management and a grievance mechanism available for its employees. Stakeholder grievances or inquiries can be received through BanSicredi’s website (<https://www.sicredi.com.br/html/denuncia/>).

BanSicredi will be required to ensure that all sub-loans supported under the asset class financed (MSME segment) comply with IDB Invest’s Exclusion List, applicable local laws, and Bank’s existing Environmental and Social Management System.

- 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 requestinformation@idbinvest.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.