

Environmental and Social Review Summary (“ESRS”)

Banco Pichincha / 11762-06 – Ecuador

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- 1. Scope of Environmental and Social Review:** The environmental and social (E&S) review of the proposed transaction was carried out through desk research, and an extensive review and audit of the client’s existing environmental and social management system. Banco Pichincha is an existing IDB Invest client with strong environmental and social management capacity and policies.
- 2. Environmental and Social Categorization and Rationale:** The proposed operation is classified as an FI-2 per IDB Invest’s Sustainability Policy. Underlying loans to be supported through the gender bond issuance will be directed to SME enterprises led by women. The sub-loans will average US\$19,000. Category A sub-projects, per IDB Invest’s definition, will be excluded and do not fall within the use of proceeds of sub-loans supported.
- 3. Environmental and Social Risks and Impacts:** The main E&S risks of this projects are associated with the Financial Institution (FI) capacity to identify and manage the E&S risks associated with its lending activities. Banco Pichincha’s capacity in this respect is considered high based on previous work with IDB Group and other DFIs (see Mitigation Measures). The Environmental Social Health and Safety (ESHS) impacts and risks associated with loans to SMEs investments are likely to be low to moderate in nature. Eligible investments will include women-led enterprises and are across the following sectors: services, transport and storage, agricultural production, restaurants and hotels, and others, and will be limited to a sub-loan value not to exceed US\$1,000,000. The bank has committed to being carbon neutral and is evaluating participation in Net-Zero. Pichincha is a member of the Carbon Disclosure Project (CDP).
- 4. Mitigation Measures:** Banco Pichincha will be required to ensure that all loans supported under the bond issuance comply with IDB Invest’s Exclusion List, applicable E&S local laws, Banco Pichincha’s existing Environmental and Social Management System (ESMS), and defined eligibility criteria. Banco Pichincha’s recent update in 2021 to its ESMS incorporated further integration with its legal, risk, and corporate strategy departments, strengthening of analysis for higher value /risk sub-loans, and integration with IT systems. The eligibility criteria are defined and establish all conditions that potential sub-loans must meet in order to be considered as gender-related under the bond. These criteria are in line with the ICMA standards, and further align with IDB Invest’s Sustainability Policy requirements.
- 5. Environmental and Social Action Plan (ESAP):** Not required.
- 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 MIICI@iadb.org, or calling +1(202) 623-3952.