

Environmental and Social Review Summary (“ESRS”) Mibanco: Senior Loan Supporting MSMEs Owned by and/or Led by Women / 14807-01 – Peru

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) analysis of the proposed project consisted of a review of Mibanco’s documentation on the management of E&S risks, human resources policies, and its project portfolio. Finally, virtual meetings were held with environmental, social, and sustainability management at Mibanco (“Mibanco Peru”). Mibanco Peru is part of the Credicorp Group, whose subsidiaries, in some countries, are clients of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed operation is classified as FI-3 according to IIC’s Sustainability Policy. The subprojects to be supported, Micro, Small, and Medium-Sized Enterprises (“MSMEs”) owned by and/or led by women, have a low E&S risk.

As of July 2024, the average loan size was US\$3,460. The average loan size for microenterprises was ~US\$1,100 and for small-medium enterprises was ~US\$8,730; both with a duration in a range from one to three years. Mibanco’s portfolio is composed mainly of Small and Medium-Sized Enterprises (“SMEs”) at 74%, followed by microenterprises at 20% and personal loans at 6%. The most important sectors are commerce (53%), followed by transportation and storage (11%), real estate activities (9%), and manufacturing industries (8%).

Mibanco will not finance category A subprojects (high risk) as defined by IDB Invest, nor those involving activities on IDB Invest’s exclusion list.

The project is considered universally aligned with the Paris Agreement based on the analysis conducted following the IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this project are related to Mibanco’s ability to identify and manage the E&S risks associated with its lending activities. The potential risks related to Mibanco’s main lending activities, in commerce and services, include pollution prevention and mitigation.

Mibanco has a Sustainability Policy at the corporate level of Credicorp, an integrated 2023 Report, and a sustainability strategy, as well as an exclusion list and an Environmental Requirements Assessment Questionnaire that verifies compliance with local law and the exclusion list. These last two documents are part of Mibanco’s credit policies. The exclusion list is applied as a first filter to all loans, while the Questionnaire is applied to loans greater than US\$40,000 (PEN 150,000), which comprise the majority of the SME portfolio. Additionally, Mibanco Peru conducts a social performance evaluation every two years developed by MicroFinanza Rating (“MFR”), which evaluates the bank in four dimensions: social performance management, client protection and responsibility, outreach compared to a benchmark, and quality of services. The 2023 evaluation concludes that Mibanco Peru has good social performance management and client protection systems.

Mibanco is part of several associations and industry initiatives such as the Association of Microfinance Institutions of Peru (“ASOMIF”), the Association of Banks of Peru (“ASBANC”), Acción Internacional (“Action Network”), Women’s World Banking, the Association of Good Employers (“ABE”) - Entrepreneurial Partners, Peru Sostenible, among others.

Mibanco has several procedures to protect labor rights and ensure good workplace relations, such as a code of ethics and an internal work regulation, among others. Mibanco also has a supplier evaluation that takes into account labor and occupational health and safety policies, as well as a crisis communication plan. However, Mibanco does not have an Environmental and Social Management System (“ESMS”), which will be developed as requirement of this transaction.

4. **Mitigation Measures.** Mibanco must ensure that all supported loans comply with the current IDB Invest Exclusion List and applicable local environmental and social laws. To this end, it must develop and implement an ESMS. Mibanco must take IDB Invest’s online training course in Environmental and Social Risk Management in order to recognize IDB Invest’s requirements.
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.