

## Environmental and Social Review Summary (“ESRS”)

### St. Georges Bank – Subordinated Loan to Strengthen its Green Financing Strategy / 14095-01 – Panama

**Original language of the document:** Spanish  
**Issuance date:** July 2022

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction consisted in a review of the E&S Management System (“ESMS”) of St. Georges Bank & Company Inc. and of the green loan portfolio information. In addition, discussions were held with the Bank’s officials and Management Team. The Bank is a current IDB Invest client.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2 as per the Environmental and Social Sustainability Policy of the IIC since the financing will provide support to the green portfolio, with subprojects entailing a moderate E&S risk. At present, the Bank’s green portfolio accounts for about US\$40 million in all its segments or business lines.

The green portfolio includes mainly the following categories: (i) renewable energies (solar, wind, etc.); (ii) energy efficiency; (iii) sustainable construction; and (iv) sustainable mobility. All the subprojects in the green portfolio will meet IDB Invest’s eligibility criteria for green financing.

St. Georges Bank & Company Inc. will not fund Category A (high risk) subprojects as defined by IDB Invest or any other involving activities within IDB Invest’s exclusion list.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to the Bank’s ability to identify and manage the risks associated with its financing activities, mainly the renewable energy and construction subprojects. These E&S risks may be related to the workers’ health, safety and security, labor rights, waste generation, changes in the use of the land, and the community’s health, safety and security, among others. The E&S impacts and risks associated with the subprojects are considered moderate.
- 4. Mitigation Measures.** St. Georges Bank & Company Inc. has an ESMS in place applicable to the corporate loans segment and including an exclusion list, E&S risk categorization and E&S risk assessment process. The ESMS is being updated so that it applies to other credit segments and to define the criteria to apply the International Finance Corporation’s (“IFC”) Performance Standards (“PS”), among others.

St. Georges Bank & Company Inc. will be required to ensure that all the subloans of the asset class to be financed by IDB Invest comply with IDB Invest’s Exclusion List, local E&S applicable regulations, the Bank’s ESMS, the eligibility criteria established for the transaction and the IFC’s Performance Standards (as the case may be). In the event of higher risk subloans or Project costs exceeding US\$10 million and the tenor being over 36 months, St. Georges Bank & Company Inc, shall apply the IFC’s Performance Standards.

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

Activity	Description	Compliance Indicator	Delivery Date
ESMS update	(i) Including an SME segment within applicable scope; (ii) Improving the E&S categorization procedure; (iii) Including the application of all the IFC’s PS for relevant transactions (project financing and corporate loans related to projects) with loans of ≥36 months tenor and projects with a total cost of US\$≥10 million; and (iv) Considering involving external consultants to perform the due diligence in high-risk transactions.	Updated ESMS	6 months after the disbursement
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.	Procedure to assess the labor risks in the solar panel supply chain	3 months after the disbursement
Review of the first two E&S assessments of renewable energy projects	The Bank will need to send the E&S due diligence reports for the first two renewable energy financings of the corporate segment for verification of: (i) the E&S categorization, (ii) the risk assessment, and (iii) the proposed action plan.	Due diligence reports and updated action plans	When each sub-loan is generated

- 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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.