

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

### Banco Sicoob – Green Financing /14881-01 – Brazil

Original language of the document: English  
Issuance date: March 2025

- 1. Scope of Environmental and Social Review:** The Environmental and Social (“E&S”) analysis of the proposed transaction consisted of a review of documentation (policies, plans, and procedures), as well as information on the green credit portfolio of Banco Cooperativo Sicoob S.A. and the Sistema de Cooperativas de Crédito do Brasil (“Sicoob”). In addition, conversations were held with management representatives and operational staff.
- 2. Environmental and Social Categorization and Rationale:** The proposed transaction has been categorized as FI-2 in accordance with IDB Invest’s Environmental and Social Sustainability Policy. The financing will support the growth of Sicoob’s green portfolio, within the Micro, Small, and Medium Enterprises (“MSMEs”) segment. Additionally, a portion of this financing will be directed specifically to MSMEs in the Amazon region. The green portfolio to be financed consists of subprojects in photovoltaic energy (up to 10 MW) and sustainable agriculture.

Sicoob defines MSMEs as companies with annual gross revenues of up to approximately US\$52 million. Within the MSMEs segment, green portfolio sub-loans include solar energy projects with an average loan amount of USD \$7.100,00 and an average tenor of 56 months, as well as sustainable agriculture projects, with an average loan amount of US\$8.900,00 and an average tenor of 105 months. All sub-loans financed through IDB Invest’s financing will be for amounts under US\$5 million. Sicoob will not finance Category A subprojects (high-risk), as defined by IDB Invest, nor those involving activities listed on the IDB Invest exclusion list.

The transaction is considered aligned with the Paris Agreement, based on an analysis conducted in accordance with the IDB Group’s Paris Alignment Implementation Approach. The analysis considers that Sicoob will strengthen its climate risk management as described in the E&S action plan section.

- 3. Environmental and Social Risks and Impacts:** The main environmental and social risk of this transaction is related to Sicoob’s ability to assess and manage the E&S risks and impacts associated with its financing activities. These E&S risks and impacts may involve worker health and safety, labor rights, waste generation, community health and safety, climate change, land use change, among others. The E&S risk level associated with the subprojects is considered moderate.
- 4. Mitigation Measures:** Sicoob has an Environmental and Social Management System (“ESMS”) in place that applies across its entire network and is supported by a dedicated team for its implementation. The ESMS is primarily based on requirements established by Brazil’s Central Bank regulations for environmental, social, and climate (“ESC”) risk management and incorporates information systems and databases to facilitate the identification, assessment, classification, and monitoring of ESC risks. Furthermore, loans related to agriculture are eligible for monitoring through satellite data to assess deforestation risk, using a centralized platform and supported by an external provider for data analysis.  
Sicoob has human resource management policies that establish principles and guidelines related to transparency, equality, and non-discrimination, promoting a fair and safe work environment. These include a diversity policy and a Code of Ethics that includes a grievance mechanism available

to employees. Stakeholder grievances or inquiries can be submitted through various channels listed on Sicoob's website.

Sicoob will be required to ensure that all sub-loans within the asset class supported by IDB Invest financing comply with IDB Invest's Exclusion List, applicable local E&S laws, Sicoob's existing ESMS, and IDB Invest's eligibility criteria. Additionally, all agriculture subprojects financed in the Amazon region shall undergo deforestation risk monitoring through satellite data. For solar energy subprojects, Sicoob will develop and implement a supplier code of conduct that aligns with the International Labor Organization ("ILO") fundamental conventions<sup>1</sup>.

## 5. Environmental and Social Action Plan ("ESAP"):

Activity	#	Description	Compliance Indicator	Delivery Date
Climate Change Risk Management	1	Enhance the procedure for assessing and managing physical climate change risks in subprojects and integrate it into the ESMS.	Approved enhanced procedure	12 months after disbursement
	2	Conduct training on the enhanced procedure for physical climate change risks.	Training records	14 months after disbursement
Zero Deforestation	3	Develop a written procedure to formalize the implementation of a satellite-based monitoring system for assessing and managing deforestation risk across all agriculture subprojects financed in the Amazon region, with the goal of promoting zero deforestation. This procedure will also outline the inclusion of a no-deforestation requirement in the formal legal documentation for all sub-loans financed in the Amazon region.	i) Approved procedure	6 months after subscription date
			ii) Evidence of procedure implementation	As part of the ESCR, <sup>2</sup> reporting on the implementation will begin from the disbursement date.
Field Verification	4	Require an on-site and documentary inspection report for each agriculture subproject to verify the implementation of SPSABC <sup>3</sup> in accordance with the ABC Plan.	An inspection report for each agriculture subproject	Within 12 months after the sub-loan disbursement
Establish a supplier code of conduct for solar energy subprojects	5	Prepare and implement a supplier code of conduct for solar energy subprojects, incorporating the ILO fundamental conventions, such as ban on child labor and forced labor.	i) Approved suppliers' code of conduct ("SCC")	12 months after disbursement
			ii) Evidence of SCC Implementation	12 months after disbursement

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

<sup>1</sup> See ILO Fundamental Conventions [here](#)

<sup>2</sup> ESCR means the Environmental and Social Compliance Report, which is to be delivered to IDB Invest on a regular basis.

<sup>3</sup> SPSABC means Sustainable Production Systems, Practices, Products and Processes.