

Environmental and Social Review Summary (“ESRS”)

Cooperativa Central de Crédito com Interação Solidária Central Cresol Sicoper (“Cresol Sicoper”) - Cresol Sicoper Sustainable Finance Partnership / 14331-01 – Brazil

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction involved reviewing Cresol Sicoper’s documentation (policies, plans and procedures) and lending portfolio, as well as interviewing managers and operational staff. Cresol Sicoper is one of the three central cooperatives of Sistema Cresol. Cresol Sicoper is a new client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** As per IDB Invest’s Environmental and Social Sustainability Policy, the transaction has been categorized as FI-2. The subloans funded with IDB Invest’s loan will support low-income individuals and Micro-, Small- and Medium-Sized Enterprises (“MSMEs”) with loans for working capital of between an average of US\$6,000 and US\$26,000, and with an average four-year tenor. The subloans in Cresol Sicoper’s portfolio are mainly focused on the agricultural sector (over 50%). Cresol Sicoper will not finance Category A (high risk) subprojects as defined by IDB Invest nor those involving activities included in IDB Invest’s Exclusion List.

The Project is deemed as aligned with the provisions of the Paris Agreement in accordance with IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Cresol Sicoper’s ability to assess and manage the risks associated with its financing activities. These E&S risks can be related to the workers’ health and safety, waste generation, soil degradation, etc. Given the transaction will be used for the subloans for working capital for low-income individuals and MSMEs, the associated E&S impacts and risks are considered to be moderate to low.
- 4. Mitigation Measures.** Cresol Sicoper has in place Sistema Cresol’s Environmental and Social Management System (“ESMS”). It includes an Environmental, Social and Climate (“ESC”) risk policy, an exclusion list, and an ESC risk assessment and monitoring process. Sistema Sicoper’s ESMS complies with all the applicable local E&S regulations. Cresol Sicoper shall make sure that subloans for the type of asset to be financed by IDB Invest comply with IDB Invest’s and any other lending DFI’s (Development Financial Institution) exclusion lists, the applicable local E&S laws and the existing ESMS. In order to better disseminate IDB Invest’s requirements, the personnel in charge of supervising and implementing the ESMS should attend IDB Invest’s E&S Risk Management training for financial intermediaries.

On the other hand, about 37% of Cresol Sicoper’s agricultural-sector portfolio is part of governmental programs and is financed by funds from Brazil’s Central Bank. The subloans comply with the local E&S regulations, are aligned with FEBRABAN’s taxonomy and are monitored with a satellite system. As part of this loan, a technical assistance package will be developed to help strengthen the climate finance strategy, among other things.

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

Activity	Description	Compliance Indicator	Delivery Date
Enhancement of skills and training	1. Cresol Sicoper will train the personnel in charge of the implementation of the ESMS on the climate risks the agricultural sector portfolio is exposed to.	1. Training certificate of the personnel in charge of implementing the ESMS	1. 18 months after the disbursement
Environmental, social and climate risks management	1. Submit evidence of the use of procedures to identify and manage environmental, social and climate risks in the first two transactions within the agricultural sector portfolio.	1. Due diligence reports and mitigation measures	1. Upon each transaction report
Exclusion List	1. Apply IDB Invest’s and any other DFI’s exclusion list.	1a. Letter from the Central Cooperative Manager stating the funds from IDB Invest will comply with the provisions in IDB Invest’s Exclusion List 1b. E&S policy updated including the Exclusion List	1a. 1 month after the disbursement 1b. 12 months after the disbursement
ESMS update	1. Update the ESMS to include actions to monitor the transactions triggered by IFC’s Performance Standards (financing projects and project-related corporate loans involving loans with a ≥36-month tenor and for USD ≥5 million), in which they will have to be applied and with external support when needed.	1. Updated ESMS	1. 12 months after the 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 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.