

## Environmental and Social Review Summary (“ESRS”) Banco PAN – Microfinance Long Term Facility / 13429-01 – Brazil

**Original language of the document:** English  
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- 1. Scope of Environmental and Social Review.** The environmental and social (E&S) assessment of the proposed transaction involved reviewing Banco PAN documentation of its microfinance portfolio, as well as discussions with its Upper Management, including the Risk Manager. Banco Pan is a new client for IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-3 per IDB Invest’s Environmental and Social Sustainability Policy. The sub-loans granted by Banco PAN are expected to involve commercial activities from low-income segments of the population, such as, among others, the purchase of new motorcycles, and purchase of goods and services corresponding to the needs of older people, whose adverse E&S impacts are low. The sub-loans will be entirely destined to individuals within the microfinance segment, targeting (i) low-income retirees, (ii) microentrepreneurs and (iii) low-income individuals for financing of new motorcycles. Loans for retirees will average US\$1,100.00 with a tenor of 36 months, while the invoice factoring for microentrepreneurs will average US\$300.00 with a tenor of 1 month, and the loans to individuals for financing of new motorcycles will average US\$2,700.00 with a tenor of 36 months. Banco PAN may not use IDB Invest resources to finance category A (high risk) subprojects, nor projects involving activities included in the IDB Invest exclusions list.
- 3. Environmental and Social Risks and Impacts.** The E&S risks of this transaction are related to Banco PAN’s ability to assess and manage any risks associated with its sub-loans. The E&S impacts and risks link with sub-loans to be granted to individuals (retirees, microentrepreneurs, etc.) are likely to be low in nature.
- 4. Mitigation Measures.** Banco PAN has a Corporate Social and Environmental Responsibility (CSER) Policy, which includes commitments related to compliance with environmental and social laws, respect for human rights, guidelines for management of E&S risk, among others. These are together representative of an ESMS and considered in line with the requirements of IDB Invest’s Sustainability Policy. Banco PAN has an ESG Committee (approved and overseen by the Board of Directors) whose main purpose is, among other functions, to oversee the implementation of the CSER Policy. The Bank also has a code of conduct and ethics that integrates the principles of non-discrimination and equal opportunities, as well as a grievance mechanism available for its employees.

The financing granted by Banco PAN shall comply with the provisions set forth in the IDB Invest Exclusions List, and with those in local labor, environmental, and social legislation. In order to disseminate IDB Invest’s requirements better, Banco PAN’s staff in charge of implementing and

supervising the ESMS and risk policies shall complete IDB Invest's online course for financial intermediaries.

5. **Environmental and Social Action Plan (ESAP).** Not Applicable.
  
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.