

Environmental and Social Review Summary (“ESRS”) Sustainable Bond with Itaú Unibanco in Brazil / 15011-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction consisted in reviewing documentation such as the Sustainability Policy, Human Rights Policy, existing E&S policies, and coordination calls with Itaú Unibanco Holding S.A., Grand Cayman Branch (“Itaú” or the “Bank”) and other Development Financial Institutions (“DFIs”) lenders. Itaú is an established bank with an established track record in E&S management. Its policies in this respect are aligned to the requirements of IIC’s Sustainability Policy.
- 2. Environmental and Social Categorization and Rationale.** The project consists of a US\$250 million Bond divided in two series (being one green and other social) subscription to support Itaú’s Small and Medium-Sized Enterprises (“SMEs”) and biodiversity portfolios and has been categorized as FI-2.

The project is considered Paris Agreement aligned based on an analysis conducted following the IDB Group Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The E&S risks and impacts of the project derive from the Bank’s capacity to assess and manage E&S risks associated with the targeted portfolios, which include regenerative agriculture farmers for the biodiversity component. For the SMEs component risks are mostly associated with labor/working conditions and pollution prevention and are expected to be of a medium nature. As for the biodiversity component, the targeted portfolio will be composed of selected producers from the Reverte Program (<https://www.itaubr.com.br/sustentabilidade/produtos-esg/>) located in the Cerrado Biome. E&S risks associated with regenerative agricultural activity in the region include land use change and deforestation, Occupational Health and Safety (“OHS”), and pollution prevention (including use of pesticides).
- 4. Mitigation Measures.** Itaú is an Equator Principles signatory, with an Environmental and Social Management System (“ESMS”) with procedures and capacity continuously strengthened since 2007. In January 2021, the Group launched its Sustainability Finance Framework, applicable to Social, Green, or Blue bonds or loans to be issued by Itaú to finance existing or future investments that meet the Framework Criteria. This Framework has been updated in April 2024, to be aligned with more recent market practice. For the SME portfolio, procedures are in place and include screening against Itaú’s prohibited activities list, which matches the IDB Invest’s list, screening against host country laws through legal claims and affirmative E&S covenants in the sub-loan agreements. As for the biodiversity related portfolio, the Bank will be required to enhance its E&S risk screening procedures against PS6 (“Performance Standard”) requirements. This will entail additional Geographic Information System screening to confirm the selected farmers are not located in UNESCO World Heritage Site or Alliance for Zero Extinction sites. Itaú will also be required to: (i) train relevant staff; and (ii) provide periodic E&S reports. These requirements are incorporated in the corresponding legal clauses of the Bond.
- 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.