Luxembourg, 10 September 2024

Environmental and Social Data Sheet

Overview

Project Name:	*BANCOMEXT GREEN AND SOCIAL MBIL*
Project Number:	*2023-0802*
Country:	*Mexico*
Project Description:	*Loan to Mexican state-owned bank BANCOMEXT to finance their portfolio of climate, environmental and gender investments, led mainly by private entities, supporting the Global Gateway Investment Agenda priorities in Mexico.*
EIA required:	*Multi-scheme operation. Depending on the technical characteristics and environmental and social impacts of the investments, sub-projects may be subject to an ESIA.*

Project included in Carbon Footprint Exercise[1]: *No*

Environmental and Social Assessment

Environmental Assessment

The proposed operation will finance through Bancomext, as Financial Intermediary (FI), a portfolio of climate action, environmental sustainability, and social investments led by SMEs and Mid-caps. Targeted sectors will include renewable energy generation (purchase of a wind power generation plant) and other climate mitigation projects (manufacture of low carbon technologies in transport). All project allocations will have an individual total investment cost below EUR 25m.

The operation will support the Global Gateway Investment Agenda priorities in Mexico, enhance the access to finance for SMEs and Mid-Caps in Mexico and will contribute to the EIB's transversal objective of Climate Action and Environmental Sustainability (CA&ES) by channelling the funds into eligible projects in line with the applicable MBIL green eligibility criteria.

Some sub-projects may carry environmental and social risks, including potential impacts on biodiversity, vulnerable communities, community and occupational health and safety, labour standards in SMEs, among others. The Bank will require the FI to take all the requisite measures, including adequate due diligence procedures, to ensure that the sub-projects receiving Bank financing will comply with the EIB List of Excluded activities, national E&S legislation and the EIB Environmental and Social Standards. Due to their technical characteristics, some sub-projects to be proposed under this operation may be subject to an

[1] Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

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Environmental and Social Impact Assessment (ESIA) process due to national requirements or as determined by Bancomext or the Bank on a case-by case basis (in order to comply with EIB's environmental and social standards).

For sub-projects which are subject to an ESIA, the FI shall collect the relevant ESIA documentation, retain and provide a copy to the Bank, and confirm that the sub-project incorporates all mitigating measures recommended as a result of the ESIA.

The FI will be required to verify that none of the sub-projects has a significant adverse impact on any site of nature conservation or high biodiversity value. The national requirements for ESIA include identification of legally protected areas and mitigation measures. Sub-projects with significant negative impacts on areas with high biodiversity value, nature conservation areas, including bird migration routes, will not be eligible. Similarly, sub-projects that involve involuntary resettlement of persons or have a potentially adverse impact on indigenous or traditional communities and/or peoples will be excluded.

The Project is aligned with the Paris Agreement according to Annex 2 of the EIB Climate Bank Roadmap (2020). The Project provides a substantial contribution to Climate Mitigation according to Annex 4 of EIB's Climate Bank Roadmap and a substantial contribution to Environmental Sustainability.

Social Assessment, where applicable

In line with the Bancomext operational plan, special emphasis will be given to investments in the South & Southeast regions to promote inclusive growth and jobs in less developed geographies. Furthermore, Bancomext expects that a minimum of 20% of sub-allocations under this operation will meet EIB's Financing for Gender Equality (F4GE) Criteria. The promoter intends to further develop the pipeline of gender investments, building on its MujerEs initiative which provides access to finance for female-owned exporters. At institutional level Bancomext has a gender strategy and targets, zero-tolerance policy on gender-based violence and harassment and systems for collecting gender-related data at the company level.

The FI will be required to undertake reasonable efforts to ensure that the projects it finances are screened for any labour issues in the solar PV supply chain, and will endeavour where possible to cascade down similar requirements in its finance contracts. In line with this, Bancomext, inter alia and on a best efforts basis, will require the promoters to obtain, where practically achievable, certificates from suppliers certifying no violations of labour rights for the production of solar PV panels.

Public Consultation and Stakeholder Engagement

For sub-projects which are subject to an ESIA process, the FI and the Bank will verify that adequate public consultations, including for local consultation with the indigenous population when relevant, and disclosures have taken place and appropriate grievance redressal mechanisms are in place.

Other Environmental and Social Aspects

The main ECS risks and impacts of this operation relate to the ability of the FI to adequately assess and manage the ECS risks associated with their investments in line with the EIB's E&S requirements.

Bancomext has a well-developed Environmental and Social Management System (ESMS) in place since 2017, which comprises policies and procedures to identify, assess, manage and

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monitor environmental and social related risks and impacts, in accordance with the Equator Principles and Performance Standards in Environmental and Social Sustainability of the International Financial Corporation (IFC-PS). Based on the internal methodology, when investment projects are not subject to Equator Principles and IFC-PS, the guidelines are developed in accordance with the Mexican environmental and social regulations, which require sub-projects to comply with the process and requirements of the ESIA approved by competent authority[2]. Bancomext has integrated the E&S risk assessment into its overall risk management procedures and decision-making process, with responsibilities for implementation assigned in different departments. When the financing of the projects is authorized, E&S contractual requirements are established to monitor during the term of the credits, including Environmental and Social Action Plans (ESAPs) for the construction and operation phases, the development of Environmental and Social Management Systems (ESMS) and Environmental and Social Management Plans (ESMP) by the project promoter.

Conclusions and Recommendations

The social and environmental risks and impacts and mitigation measures for the sub-projects will be assessed by the financial intermediary and, when relevant, will be reviewed by the Bank as part of the ex-ante approval process. Considering that Bancomext's ESMS is deemed adequate, and that it will be required to

- Integrate E&S considerations into the financing decision-making and monitoring processes in compliance with: (i) EIB list of excluded activities, (ii) national legislation, and (iii) EIB E&S Standards;
- Not commit any EIB funds against projects that require an ESIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the ESIA having been made available to the public.
- Verify that the sub-projects obtain, maintain and comply with the requirements of environmental and social permits or authorisations provided by competent authorities, including the mitigating measures resulting from the ESIA process.
- Ensure access to the Bank to all relevant documents related to the sub-project upon request, including environmental and social studies and plans related to the ESIA process, where applicable, such as Resettlement Action Plans (RAP), Livelihood Restorations Plans (LRPs) and Stakeholder Engagement Plans (SEP) and that those are in line with EIB's E&S standards;

Under these conditions, it is considered that the assessment, management and monitoring procedures carried out for individual sub-projects will appropriately address environmental and social risks and impacts and ensure that the sub-projects to be financed under this operation are implemented in accordance with the Bank's requirements.

[2] Secretaría de Medio Ambiente y Recursos Naturales, in Spanish