

Environmental and Social Review Summary (“ESRS”)

Banco de Bogotá – Subordinated Sustainable Bond / 14338-01 – Colombia

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction consisted in reviewing the Environmental and Social Management System (“ESMS”), Human Resources policies and procedures, Banco de Bogotá’s loan portfolio information, as well as holding discussions with the Credit Risk Management Area and other members of Top Management. Banco de Bogotá obtained its first financing from IDB Invest in 2011 and it is a part of Grupo Aval, with which IDB Invest is engaged in several transactions.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2 per IIC’s Environmental and Social Sustainability Policy, as the potential E&S risks of the subprojects included in the financing are moderate. The underlying loans will be used to finance the green portfolio, mainly focused on the Corporate, Business and Individuals (consumer and mortgage) segments, as well as the social portfolio, mainly focused on the SME, Microcredit and Individuals segments, which meet the eligibility criteria established by the framework of the Sustainable Bond; including the following categories, among others: (i) Renewable Energy: solar, biomass and SHEP (small hydroelectric plants of ≤ 5 MW); (ii) Energy Efficiency; (iii) Sustainable Construction and Infrastructure; (iv) Sustainable Transportation; (v) Waste Management (recycling); (vi) Water and Sanitation; (vii) Use of the Soil (sustainable agriculture); (viii) Gender; (ix) Social Housing; (x) MSMEs; and (xi) people and businesses under the poverty line.

IDB Invest’s resources shall not be used by Banco de Bogotá to finance any category A subprojects (high risk) based on IDB Invest’s definition or those involving activities in the sectors included in the IDB Invest Exclusion List.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the transaction are related to Banco de Bogotá’s ability to identify and manage the risks associated with its financing activities, mainly in subprojects related to the categories of renewable energy, use of the soil, sustainable construction and infrastructure, and water and sanitation. These E&S risks may be related to the workers’ health and safety, waste generation, changes in the use of the soil, hazardous materials management, community health, safety and security, labor rights, among others. The E&S impacts and risks associated with the subprojects are considered moderate.
- 4. Mitigation Measures.** Banco de Bogotá has in place an ESMS including a policy, exclusion list, E&S risk categorization, E&S risks assessment process, E&S risk management and mitigation (as the case may be), and the related functions and responsibilities for the implementation thereof. The ESMS incorporates local E&S regulations. The Bank has a team qualified and trained to manage E&S risks and impacts. It also has in place a Human Rights Policy including non-discrimination and equal terms principles, as well as guidelines on inclusion, diversity and gender equality, among others. External and internal communications are received through the Grupo Aval ethics line, which is available through a link on the Bank’s web site.

The subprojects to be financed by Banco de Bogotá with resources from the Sustainable Bond shall meet the provisions of the IDB Invest’s Exclusion List (including, among others, the exclusion of the subprojects related to carbon activities), national E&S regulations, the ESMS and the IFC’s Performance Standards (as the case may be). In the case of high risk subprojects or when the amount and tenor of the underlying sub-loans is equal to or larger than US\$5 million and 36 months, respectively, the Bank will apply the IFC’s Performance Standards (PS); in addition, Banco de Bogotá will develop and implement the following for solar energy subprojects: (i) a procedure to evaluate forced labor and child labor risks along the supply chain and (ii) a code of conduct to be followed by suppliers, incorporating the International Labor Organization’s (“ILO”) standards.

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

Activity	Description	Compliance Indicator	Delivery Date
ESMS update	<ul style="list-style-type: none"> (i) Establish the application of the IFC’s PSs to finance (i) high-risk projects and (ii) underlying loans with total amounts and tenor of: US\$≥ 5 million and ≥ 36 months. (ii) Develop procedures and forms related to the application of the IFC’s PSs and incorporate them into de ESMS. (iii) Include the option of using external consultants to prepare the E&S due diligence (“ESDD”) of E&S high-risk financing or with potentially complex E&S components (i.e., biodiversity, among others). (iv) Establish the application of the exclusion list and verification of compliance with local laws for all the underlying loans of the Sustainable Bond. 	Updated ESMS	9 months after disbursement
Training on updated ESMS	Provide training sessions to all Bank personnel involved in implementing the ESMS on new criteria incorporation and procedures and forms related to the application of the IFC’s PSs.	Evidence of training	9 months after disbursement
Review of the first 3 transactions to which PSs apply	Provide the ESDD reports on the first 3 eligible financings in the portfolio applying PSs to verify: (i) the E&S categorization and (ii) the proposed action plan.	E&S Due diligence reports and updated action plans	When each sub-loan is generated

Strengthening of the labor risks assessment in the supply chain for solar energy subprojects	Prepare and implement a procedure to assess child labor and forced labor risks in the solar panel supply chain in solar energy subprojects.	Procedure to assess the labor risks in the solar panel supply chain	9 months after the disbursement
Establish a supplier code of conduct for solar energy subprojects	Prepare and implement a supplier code of conduct for solar energy subprojects , incorporating ILO standards, such as ban on child labor and forced labor.	Approved and disclosed suppliers' code of conduct	9 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.