

Banco de Bogota Sustainable Bond Framework

1. Introduction

Purpose

This document has been prepared to inform about the issuance process of Banco de Bogota's Sustainable Bonds. The objective of Sustainable Bonds is to finance projects that generate environmental and social benefits, in line with the *Green Bond Principles* (GBPs), the *Social Bond Principles* (SBPs), and the *Sustainable Bond Guidelines* (SBGs) published by the *International Capital Market Association* (ICMA)¹, and its four main components: (1) Use of proceeds; (2) Process for project evaluation & selection; (3) Management of proceeds; and (4) Reporting & Monitoring.

The Financial Intermediary

Banco de Bogota is a leading financial institution in Colombia, providing a broad range of products and services. It represents Colombia's oldest financial institution (founded in 1870) and constitutes the main subsidiary of Grupo Aval, the leading financial group in the country. It is listed in the Colombian Stock Exchange (BVC) with a market capitalization of 16.3 trillion pesos as of June 2022. At year-end 2022, Banco de Bogota had at least one banking services channel in 913 municipalities in Colombia, which represents coverage of 82% of the national territory, facilitating access to its products and services, in line with its strategy for inclusion in the banking system. The institution's loan portfolio focuses on the commercial and consumer segments, representing 66.25% and 23.27%, respectively, as of June 2022, followed by the mortgage (11.16%) and microcredit (0.32%) segments.

Banco de Bogota's experience has positioned it as a strong and recognized entity, committed to all stakeholders, offering comprehensive solutions that anticipate the financial needs of its clients. The digital strategy has played an essential role in providing cutting-edge financial services that contribute to generating a positive impact on the sustainability and efficiency of its operations. In this way, the institution also contributes to the prosperity and inclusion of society. Banco de Bogota is recognized for the consistency of its financial performance in terms of profitability, risk management, administrative efficiency, and its broad funding base. Over the years, it has become a brand that generates trust and confidence.

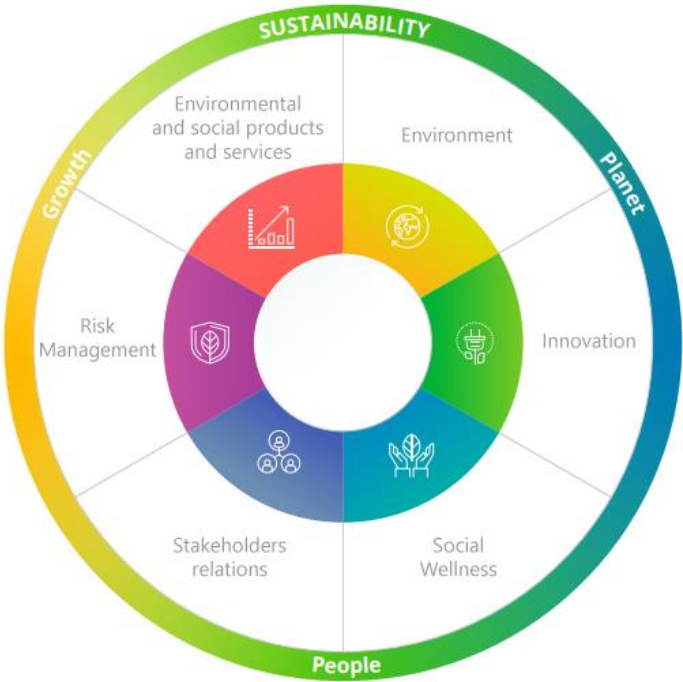
Through its Sustainable Business Model, the bank has made a commitment to managing its activities in a responsible and innovative manner, striving to improve the quality of people's lives, contributing to the economic prosperity of society and to the mitigation and reduction of its negative impact on the environment, by incorporating economic, environmental, and social criteria in the business model/decision making process. In this way, Banco de Bogota consolidates its main commitments to sustainability based on the design of environmental and social products and services, identifying and prioritizing the risks that impact its business, addressing the expectations of its stakeholders and working together to generate shared value and a sustainable culture in the organization. The model is aligned with the best national and international practices, such as: The Global Compact, the Sustainable Development

¹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks>

Goals, the Equator Principles, the Dow Jones Sustainability Index (DJSI) and the Green Protocol of the national banking association Asobancaria.

Banco de Bogota's sustainability strategy has three perspectives - prosperity, planet, and people - around which six strategic fronts have been outlined: sustainable businesses; risk management; environmental and climate change management; innovation; impact on people; and stakeholder engagement.

The sustainability strategy seeks innovative and responsible management with a long-term vision



The alignment of the bank's sustainability strategy with the global climate change agenda has made it possible to refine those Sustainable Development Goals that are priorities, as the following: *no poverty; decent work and economic growth; gender equality and reduction of inequalities; sustainable cities and communities; and climate action.*

Sustainable Development Goals prioritized in the bank's sustainability strategy



The bank has enriched the implementation, monitoring and evaluation of its sustainability strategy through the adoption of national and international principles and best practices.

Since 2017, Banco de Bogota has been part of **Asobancaria's "Green Protocol"**, a voluntary agreement between the financial sector and the national government, through which banks join forces for the development of green portfolios, eco-efficiency plans and the development of environmental and social

risk management systems. In 2022, the bank signed the renewal of this protocol in which new commitments on Integral Climate Risk Management were included.

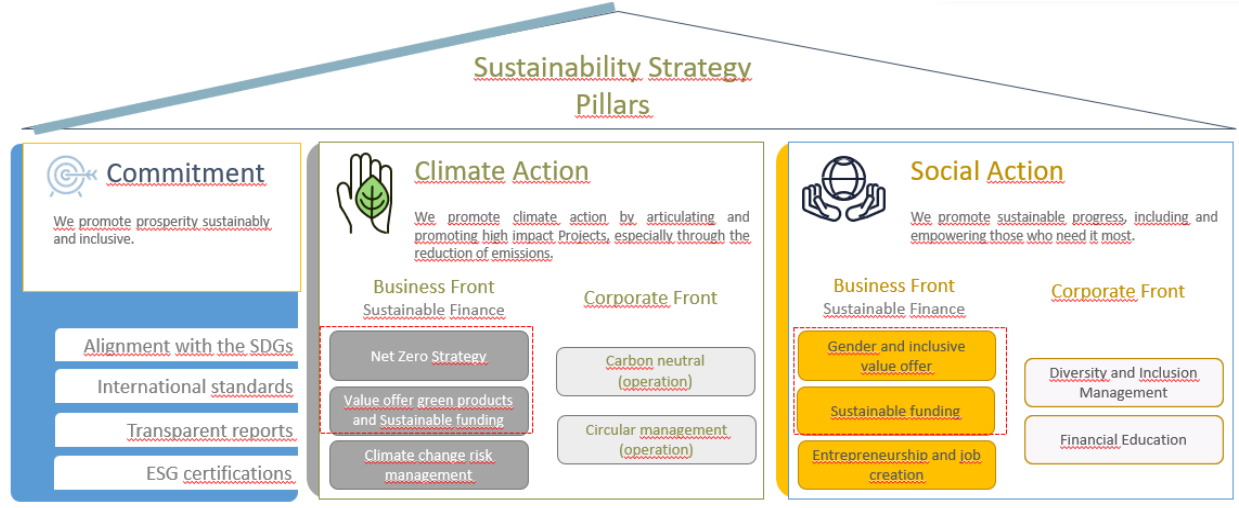
In the same year (December 2022), Banco de Bogota adhered, together with the other banks of the Group Aval, to the **Principles for Responsible Banking (PRB)**, which have been developed through a partnership between several banks around the world and the United Nations Environment Programme Finance Initiative (UNEP FI). The signing of the six PRBs ratifies the bank's commitment to guiding its strategy, in coherence with the Sustainable Development Goals and the Paris Agreement. At present, more than three hundred (300) banks globally, which is about 50% of the industry, have joined the PRBs.

Also in 2022, the bank joined the "**Net Zero Banking Alliance**" (NZBA) as part of its commitment to reducing the carbon footprint derived from its financing activity. In 2023, the bank will define the decarbonization commitments for 2030 and 2050 of the most emissions-intensive industries of the portfolio and publish annually the progress of their implementation.

In terms of disclosure, since 2019 the bank has aligned its sustainability management report with the GRI (Global Reporting Initiative), published its first TCFD report in 2022 and is implementing the accounting standards from the Sustainability Accounting Standards Board (SASB) for sustainability reports for the end of 2022.

The bank annually evaluates its progress in sustainability through the "Dow Jones Sustainability Index DJSI" questionnaire, which analyzes the world's leading environmental, social and governance companies. Since 2015, when the bank began its first evaluation, it has climbed positions in the ranking, positioning itself in the top 8% of the 243 banks evaluated worldwide, in the Sustainability Yearbook of S&P Global, for two consecutive years (2021-2022).

Sustainable strategy pillars:



Banco de Bogota's sustainability strategy has two pillars, the first defined as climate action and the second one as social action. For each pillar, the bank has developed an internal management framework (the "corporate front") covering the bank's operating activities, and a business management framework ("the Sustainable Finance front").

The climate action pillar: for the business front, the bank has determined a plan to articulate and promote businesses with positive environmental impact with an emphasis on reducing emissions from the financed portfolio. For this reason, the entity has defined in its roadmap the Net Zero commitments for 2050 and began with the adherence to NZBA in December 2022, which will allow it to set its goals in line with international standards, starting with the most carbon-intensive sectors within its portfolio. Likewise, the bank's climate action is strengthened through a wide range of financial products such as the sustainable line, sustainable financial leasing, sustainable construction, structured finance, sustainable housing, housing leasing, and electric and hybrid vehicles.

The social action is focused on (business front) creating a gender and inclusive value proposition that allows serving a large part of the underserved or unbanked population with credit lines. The range of products comprises social and affordable housing as well as micro, small and medium enterprises. These credit lines aim to support and enhance their clients' productivity and competitiveness and promote job creation with a positive impact on the country's economy.

In line with the aforementioned paragraphs, sustainable funding is a requirement to make the bank's sustainability ambition viable and contribute to economic and social development in Colombia. The bond is a vehicle to diversify sources of funding, foster the active use of financial services, contribute to the bank's portfolio growth, strengthen its climate change management, and help boost the inclusion agenda with a lens on gender and vulnerable groups, contributing to the reduction of inequalities.

In 2023, Banco de Bogota will define the commitments and targets for each pillar of the sustainability strategy, as well as the expected results for the final beneficiaries and stakeholders. For the following three strategic fronts - sustainable business, environmental and climate change management, and impact on people - the Bank will set targets in terms of outstanding portfolio, number of beneficiaries and expected positive outcomes/impacts. These will be monitored annually or at the frequency set for each target. As mentioned above, Banco de Bogota is fully committed to the achievement of net zero, the contribution to the country's NDC, the reduction of social inequalities and the fulfilment of the PRB. To this end, the current bond issue is one of the tools to demonstrate this commitment and future achievements in the implementation of the strategy. Finally, Banco de Bogota will compare, where feasible and relevant, the sustainability targets with the development impact indicators established in section 5.2 of the Bond Framework.

2. Use of Proceeds

2.1 Eligible Portfolios

In line with the guidelines of the GBPs, SBPs and SBGs the proceeds of the Sustainable Bond issuance will be used exclusively to finance projects in Banco de Bogota's Social and Green Portfolios, according to the following definitions:

I. Social Portfolio²

1. Micro, small and medium enterprises (MSMEs)

Financing for productive purposes such as working capital, investment in fixed assets, and other types of financial services. MSMEs are defined according to Banco de Bogota's internal eligibility criteria (natural persons or legal entities) that are also aligned with the country's MSME definition³:

MSME classification based on annual sales

Size	Annual Sales (COP)
Micro	Up to 299,000,000
Small	From 300,000,000 to 4,999,000,000
Medium	From 5,000,000,000 to 73,300,000,000

a) Women-led/owned MSMEs:

- Microenterprises (natural person): Woman with productive activities, whose ownership and management of the business is verified by Banco de Bogota as part of the credit assessment.
- Small and Medium Enterprises:
 - Ownership: More than 50% of the shares are owned by women, and/or
 - Leadership: More than 20% of the shares are owned by women, have at least one woman as CEO/COO/President/Vice President, and have at least 30% of the board of directors comprised of women (where applicable)⁴.

b) MSMEs in vulnerable areas:

MSMEs that operate in municipalities with an incidence of multidimensional poverty above 50% according to DANE⁵.

² Banco de Bogota has a proven track record in assessing the repayment capacity of its clients across the different segments currently served. The bank is aware of the importance of the financial well-being of its clients and how this has a positive outcome on their access to financial services and the good management of their financial obligations to improve their business and their lives. In this sense, Banco de Bogota's credit methodology is fully in line with this objective, allowing the bank to carry out a thorough assessment of repayment capacity, with the aim of avoiding the risk of over-indebtedness, by reviewing the debtor's credit history, assessing the cash flow (or payroll in the case of consumer loans), deducting the installments of the current debt and determining the debt service coverage. In addition, Banco de Bogota follows the best practices and local regulations to communicate transparently to its clients: the terms of the credit, the financial obligations assumed, and the consequences of over-indebtedness. Finally, Banco de Bogota regularly monitors NPLs by sector and customer. Thanks to these mechanisms, Banco de Bogota is confident that its lending activities have no negative impact on its clients.

³ <https://www.mincit.gov.co/getattachment/555adb9d-8a48-45f3-a2a5-1ee9b35b2d09/Decreto-957-Por-el-cual-se-adiciona-el-capitulo-13.aspx>

⁴ [We-Fi and IFC definition for women owned businesses](#)

⁵ DANE: Medida de pobreza multidimensional municipal de fuente censal 2018;

<https://www.dane.gov.co/index.php/estadisticas-por-tema/pobreza-y-condiciones-de-vida/pobreza-multidimensional>

2. Affordable Housing⁶

Residential mortgages originated under the Colombian government housing subsidy program Mi Casa Ya⁷, which encompasses two specific affordable housing programs: “Vivienda de Interés Prioritario”⁸ and “Vivienda de Interés Social”⁹. Furthermore, the “Vivienda de Interés Social” program also comprises a housing subsidy program to reach young adults. The characteristics and conditions of each subsidy program are as follows:

Mi Casa Ya	
Common eligibility criteria:	
<ul style="list-style-type: none"> • Monthly Income: individuals or families with a monthly household income of up to four legal monthly minimum wages (4 SMMLV). • Not being a homeowner in Colombia (the beneficiary does not own a home when applying for the government subsidy). • Not having been a beneficiary of a family housing subsidy granted by the Colombian government. • Have an approved credit loan for a home that complies with the conditions of the government subsidy programs. • Fixed interest rate applicable throughout the life of the loan and regulated by the Colombian Government (IR Cap)¹⁰. • Instalments must not exceed 40% of net cash flow¹¹ (This CAP is set by the local regulation). 	
Vivienda de Interés Prioritario	Vivienda de Interés Social
Specific eligibility criteria and characteristics of the subsidy	
<p><u>Property eligibility criteria:</u></p> <ul style="list-style-type: none"> • A maximum property value of ninety legal monthly minimum wages (90 SMMLV). <p><u>Characteristics of the Subsidy:</u></p> <ul style="list-style-type: none"> • Monthly household income from 0 to 2 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 30 SMMLV. ○ Interest rate coverage: 5% (Annual effective interest rate) – COP 8.9 million for the first 7 years. • Monthly household income from 2 to 4 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 20 SMMLV. ○ Interest rate coverage: 5% (Annual effective interest rate) – COP 8.9 million for the first 7 years. 	<p><u>Property eligibility criteria:</u></p> <ul style="list-style-type: none"> • A maximum property value from ninety legal monthly minimum wages (90 SMMLV) to one hundred and thirty-five legal monthly minimum wages (135 SMMLV). • Exceptionally, properties with a maximum value from one hundred and thirty-five legal monthly minimum wages (135 SMMLV) to one hundred legal monthly minimum wages (150 SMMLV) and located in municipalities established by the Colombia Ministry of Housing. <p><u>Characteristics of the Subsidy:</u></p> <ul style="list-style-type: none"> • Monthly household income from 0 to 2 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 30 SMMLV. ○ Interest rate coverage: 4% (Annual effective interest rate) – COP 15 million for the first 7 years. • Monthly household income from 2 to 4 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 20 SMMLV.

⁶ <https://www.minvivienda.gov.co/sites/default/files/normativa/1537%20-%202012.pdf>

⁷ <https://micasaya.minvivienda.gov.co/que-es-mi-casa-ya>

⁸ <https://micasaya.minvivienda.gov.co/que-es-mi-casa-ya>

⁹ <https://micasaya.minvivienda.gov.co/que-es-mi-casa-ya>

¹⁰ Local regulation: Resolución 003 - 2012 launched by Banco de la República

¹¹ Net cash flow: income at the level of the individual and/or the household (mainly wages and salaries or income from an independent micro-enterprise or small enterprise) minus expenditure (individual, household, and business expenditure), including debt repayments in the financial system.

	<ul style="list-style-type: none"> ○ Interest rate coverage: 4% (Annual effective interest rate) – COP 15 million for the first 7 years. <p>Jóvenes Propietarios¹²</p> <p><u>Beneficiary eligibility criteria:</u></p> <ul style="list-style-type: none"> • Age: from 18 – 28 years. • Monthly Income: individuals or families with a monthly household income of up to four legal monthly minimum wages (4 SMMLV). • Not being a homeowner in Colombia (The beneficiary does not own a home when applying for the government subsidy). • Not having been a beneficiary of a family housing subsidy granted by the Colombian government. • Have an approved credit loan for a home that complies with the conditions of the government subsidy programs. <p><u>Property eligibility criteria:</u></p> <ul style="list-style-type: none"> • Property value from one hundred and thirty-five legal monthly minimum wages (135 SMMLV) to one hundred legal monthly minimum wages (150 SMMLV) <p><u>Characteristics of the Subsidy:</u></p> <ul style="list-style-type: none"> • Monthly household income from 0 to 2 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 30 SMMLV. ○ Interest rate coverage: 4% (Annual effective interest rate) – COP 15 million for the first 7 years. • Monthly household income from 2 to 4 SMMLV: <ul style="list-style-type: none"> ○ Down payment – subsidy: 20 SMMLV. ○ Interest rate coverage: 4% (Annual effective interest rate) – COP 15 million for the first 7 years.
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3. Social Housing

This category includes mortgages with the same characteristics of the Colombian government housing subsidy program (eligibility criteria, property value, etc.) as category 2 (affordable housing). However, the subsidy granted by the government has not been received by the individual or family. The latter may occur during the government's evaluation of the need if the maximum number of beneficiaries is reached or other conditions. Banco de Bogota will offer these housing loans at market conditions without any subsidy (APR, down payment, collateral, etc.). These loans apply a fixed interest rate that remains fixed throughout the life of the loan¹³. The Colombian government regulates the interest rate

¹²https://www.vivendo.co/actualidad/financiacion-de-vivienda/subsidio-jovenes-proprietarios?campaignid=353257231&adgroupid=141634048015&adid=621756732229&gclid=Cj0KCQjwteOaBhDuARIsADBQRe gy6ci-P9SqWuOW4EsKl0tf2c1kZDDUJ24h8JQBywde9LsHEOxpEg0aAuznEALw_wcB

¹³ Local regulation: Resolución 003 - 2012 launched by Banco de la República.

for social housing by capping the maximum interest rate. In addition, instalments must not exceed 40% of net cash flow¹⁴ (This CAP is set by the local regulation).

II. Green Portfolio

White List

The following White List items, presented by general category, are assumed to meet minimum criteria for Eligible Green Projects, requiring no analytical or other justification in order for the issuance's proceeds to be applied to these projects.

1. Special Sustainability Businesses/Projects

- Certified sustainable cities or components of it that create, or support measurable results aligned with the Sustainable Development Goals. The corresponding required certification is "LEED for Neighbourhood Development"
- Tourism projects/businesses certified under the eligible sustainability certification listed in Annex 1.

2. Green Buildings

- Green Buildings, including housing and social housing and commercial buildings, certified under the eligible sustainability certifications list in Annex 1 (Note: requires post-completion check that plans were followed, and certification was obtained).

3. Renewable Energy

- Wind power (residential, commercial, and industrial) in distributed applications (non-grid supplying), direct mechanical applications, or grid supplying.
- Solar PV under 10MW (residential, commercial, and industrial) in distributed applications (non-grid supplying), or grid supplying.
- Solar thermal under 10 MW. All except grid-supplying applications.
- Solar or wind-driven pumping systems under 10MW.
- Ocean power including ocean currents, waves, and ocean thermal energy¹⁵.
- Small scale hydroelectric generation for fuel substitution, direct supply, or grid supply under 5 MW of installed capacity. In case of reservoirs, power density needs to be >4W/m². This should be accompanied by an environmental and social impact assessment and should not be surrounded by any controversy.
- Biodigesters or biomass plants for direct thermal use or distributed applications using crop waste material (from food and fiber production) or processing by-products such as bagasse, timber waste, animal manure, or others from agro-processing plants/mills.
- Retrofits of all the above. In the case of hydropower, this will not include the increase of dam/reservoir size.

Note: Energy investments considered as Eligible Green Projects are: a) those that may require a formal power purchase agreement (PPA) in order to produce energy, b) those that could depend primarily on sales to the grid as the primary revenue source, or c) those projects that substitute own use, or provide off-grid limited distribution. Projects that sell excess production back to the grid under net-metering or similar arrangements are acceptable. Seeks to finance virtual PPAs that were entered into before the related facilities became operational.

¹⁴ Net cash flow: income at the level of the individual and/or the household (mainly wages and salaries or income from an independent micro-enterprise or small enterprise) minus expenditure (individual, household, and business expenditure), including debt repayments in the financial system.

¹⁵ Must achieve an 80% reduction in gCO₂e/kwh compared to fossil fuel alternative

4. Energy Efficiency

- Heat recovery for hot water (from A/C, heat pumps or refrigeration systems).
- Repair/replacement of leaking steam traps.
- Automation and control of electrical and mechanical systems: upgrade of lighting controls (e.g. occupancy sensors); upgrade of heating controls (e.g. timers); variable speed drives on motors; install auto turn-off switches; switch to induction heating, and critical related system components related to any of the above).
- Lighting upgrades from incandescent to LED or from fluorescent to LED or T8/T5.
- A/C and refrigeration equipment upgrades¹⁶ introducing very low GWP refrigerants in energy efficient equipment.
- Changing of electric motors 8hp or less from those that rewind and/or with efficiency equal or below NEMA17 Standard Efficiency, IEC18 IE1, CEMEP19 EFF3 to motors with premium efficiency (IEC IE3).
- Gas-powered freight vehicles²⁰.

5. Electric Vehicles

- New vehicles intended for business fleets.
- Public electric vehicles.
- Personal electric vehicles.

6. Agriculture/Aquaculture/Fisheries

- Financing to companies certified under one of the sustainability certifications listed in Annex 1 below. Note: In the case of a company with certified and uncertified production/processing, the financing has to be targeted specifically at the certified operations in order to be eligible.
- Conversion of non-certified production to third-party certified production in one or more of the certification systems listed in Annex 1 below. (Note: requires post-completion verification of certification or agreed-upon plan advances.)
- Acquisition of equipment and other investments that permit the elimination of soil tillage.
- Investments to promote the use of native or traditional crops, as well as silvopastoral systems, if no conversion of natural land is involved and applicable certifications from Annex 1 below is secured.
- Investments to promote climate adaptation measures such as silvopastoral systems, vertical farming, rotational grazing, drought resistant crops, forage crops, reduction of soil erosion, adoption of sustainable aquaculture techniques and reduction of on-farm waste, if no conversion of natural land is involved.

7. Water Efficiency

- Rainwater harvesting, storage, and distribution.

¹⁶ Free of ozone depleting substances subject to international phase out. Kigali

¹⁷ US National Electrical Manufacturers Association.

¹⁸ International Electrotechnical Commission.

¹⁹ European Committee of Manufacturers of Electrical Machines and Power Electronics.

²⁰ Aligned to Colombia's NDC - "Measures to be implemented" Modernization Program for Automotive Cargo Transportation: The measure seeks the modernization of the cargo vehicle fleet of more than 10.5 tons gross vehicle weight and more than 20 years old. It was regulated by Resolutions 7036 of 2012, 332 of 2017 and 5304 of 2019 and CONPES 3759 of 2013 and 3963 of 2019. This category is included due to the relatively large difficulties posed by the electrification of the category of vehicles normally used in interurban routes and for cargo transportation.

- Water recovery systems with treatment for 100% reuse (industrial, agricultural, or commercial).
- Conversion from open and canal irrigation systems to drip irrigation systems, related system components and installation. Note: Advice by a technical expert on suitable technical specifications and dimensions of the system, correct installation and use is recommended to avoid malfunctioning of the system.

8. Circular Economy²¹

- Waste valuation: Resource recovery models that recycle waste into secondary raw materials, thus preventing its final disposal and avoiding the extraction and processing of virgin natural resources.
 - Initiatives for the collection, cleaning, transport and transformation of recovered materials and reverse logistics. (e.g., recycling of plastic, paper and cardboard, glass, etc.). Hazardous materials²², those restricted in international trade, and lead-acid batteries are exempt.
 - Biomass composting initiatives (nutrient recycling).
 - Symbiosis between companies for the use of by-products (waste) and resources (water or residual energy) and/or shared infrastructure.
 - Packaging design (sustainable packaging design) with the possibility of reuse/recycling.
 - Initiatives that transform inedible food by-products and human waste into inputs for new products (e.g., bagasse dishes).
- Circular Models: Circular models that, by substituting traditional material inputs derived from virgin resources with biobased, renewable, or reclaimed materials, reduce the demand for extraction of virgin resources in the long term.
 - Eco-design initiatives, cleaner production, and process optimization (e.g., efficient use of raw materials, efficient use of water). Excludes hazardous materials.
 - Initiatives for reuse of treated water (e.g., treatment and reuse in irrigation or cooling systems).
 - Conservation of water sources (e.g., reforestation of basins).
 - Regenerative production of food and biomaterials, including agroecology, conservation agriculture and agroforestry.
 - Value chains of biomaterials that support the regeneration of ecosystems, taking advantage of the knowledge of traditional and indigenous communities and discouraging deforestation.
 - Development of circular food products with diverse ingredients, lower impact ingredients, recycled ingredients and regeneratively produced ingredients.
 - Reverse logistics for the reuse of materials.
 - Smart buildings. Buildings that optimize consumption, usability, and accessibility and that have been designed to favor the life and the circulation of materials: modular and flexible building designs that use safe materials and allow deconstruction for the reuse of the parts that compose them, (e.g., models that promote the efficient use of building spaces, such as flexible and shared spaces).

²¹ Aligned with the Colombian National Circular Economy Strategy (ENEC). Also refer to the document: Financiando la Economía Circular Experiencia Colombia: <https://bit.ly/3Fs4Rno>

²² Hazardous materials are defined as materials that represent a risk to human health, property, or the environment due to their physical or chemical characteristics. Hazardous materials can be classified according to the hazard as explosives; compressed gases, including toxic or flammable gases; flammable liquids; flammable solids; oxidizing substances; toxic materials; radioactive material; and corrosive substances.

- Systems for the reuse of products and packaging.
- Life Extension Models: Extend the useful life of existing products, thus slowing the flow of constituent materials through the economy and reducing the resource extraction rate and waste generation.
 - Initiatives for returnable packaging systems.
 - Re-manufacturing initiatives (e.g., cars, computers, machinery).
 - Second-hand market initiatives (e.g., clothing, furniture, bicycles).
 - Initiatives that contribute to the restoration of strategic ecosystems (watersheds, wetlands, reforestation of mountain slopes, restoring of deteriorated soils).
 - Modular design that facilitates the repair, re-manufacturing and updating of products.
- Products as a Service: Commercialization of services instead of products, thus transferring the risks of product performance from users to providers, promoting maintenance and ecological design (feasible to be dismantled for improvement, maintenance and/or reuse/remanufacturing of materials at the end of the product's life).
 - Rental of means of electric or non-motorized transport (cars, bicycles), household appliances, clothes, and/or lighting systems.
 - Public transport infrastructure.
 - Chemical leasing (sale of the dosing service).
 - Services of cooling using low GWP refrigerants or heating chains.
 - Steam supply services based on renewable energy.
- Technology Platform: Sharing models that make it possible to increase the use of normally underutilized products and, therefore, can reduce the demand for new products and the raw materials they require. Platforms that contribute to resource efficiency should be aligned with circular economy principles (elimination of waste, circulation of materials, or support for regenerative systems).
 - Consumer intelligence systems.
 - Virtual energy power plants.
 - Virtual warehouses (use of digital tools to manage the inventories of the different sites to transfer surpluses between them and minimize losses).
 - Platforms that enable the sourcing of regeneratively grown ingredients, market circular food products, and redistribute surplus edible food for human consumption.

9. Climate Resilience

- Investments in climate resilience of industrial facilities such as flood barriers, protection of equipment during heat waves or water supply due to droughts, as well as upgrade technology that withstands hurricanes, floods, or droughts.

Grey List (Green Portfolio)

Items that are not specifically included in the White List items described above may still be considered Eligible Projects provided that the activities to be financed pass certain thresholds as demonstrated by a professional analysis, audit, or other verifiable sources of information (hereafter "Grey List"). To be considered eligible, proposed investments must demonstrate at least a 20% improvement in energy efficiency, water efficiency, resource efficiency, reduction in greenhouse gas emissions, particulate matter emissions or soil conservation; or must be wastewater treatment solutions whereby treated wastewater

and reclaimed water are beyond dedicated national quality standards. These investments must be aligned to the green categories of the use of proceeds of this framework.

This should be confirmed by a professional analysis, an audit or any other source of verifiable information (Banco de Bogota's Grey List) and Banco de Bogota shall make sure that a study, revision or audit be carried out which is specially designed to assess and project the ex-ante vs. ex-post impact of the proposed investment. If the proposed investment includes several components and, on the aggregate, they (logically, financially and environmentally) contribute to a reduction of 20% or more in at least one of the environmental variables described above, the investment shall be deemed eligible for financing (For example, in upgrading refrigerating equipment, there will be a combination of investments in motors, insulation, seals and controls. It is possible that one or more of the individual components alone may not meet be able to demonstrate a 20% threshold. However, the entire bundle of related investments may achieve a goal of 20% of energy efficiency savings and leaving out any component would jeopardize the overall goal. In such a case, all the components required to achieve the end goal shall be considered an Eligible Green Project).

Applicable green certifications for the grey list²³:

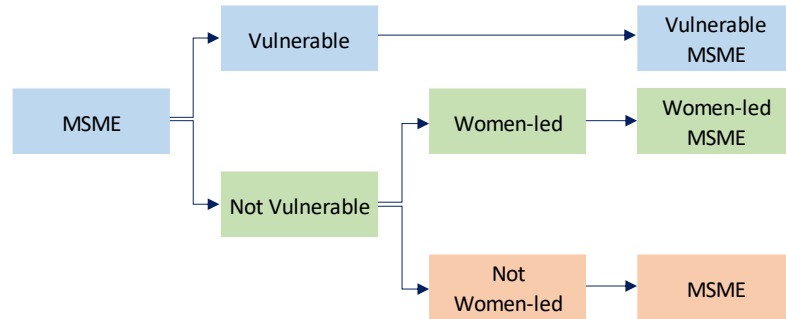
- Better Cotton Initiative (BCI) – Request their risk assessment plan and check if this prevents deforestation
- Fairtrade Hired Labour – confirm if the following practices are adopted – (i) addition of organic material to soil (manure, crop residues/waste), (ii) cover cropping, (iii) agroforestry/regenerative practices, (iv) change to reduced or no-tillage, and (v) reduced burning of crop residues/waste.
- Friend of the Earth – confirm if the following practices are adopted (i) reduced fertiliser use, (ii) addition of organic material to soil (such as manure, crop residues/waste), (iii) cover cropping, (iv) reduced burning of crop residues/waste, (v) use of precision agriculture technology on-farm (drones, sensors) (vi) use of nitrogen inhibitors/biological fertilisers.
- Global Gap – confirm if the following practices are adopted (i) reduced fertiliser use, (ii) addition of organic material to soil (such as manure, crop residues/waste), (iii) cover cropping, (iv) reduced burning of crop residues/waste, (v) change to reduced or no-tillage (vi) use of precision agriculture technology on-farm (drones, sensors) (vii) use of nitrogen inhibitors/biological fertilisers (viii) agroforestry/regenerative practices (ix) low fuel use in farm machinery.

2.2 Classification Hierarchy for the Social Portfolio

Given that a loan can simultaneously fulfill the eligibility criteria of more than one of the social categories described, and in order to avoid any double counting of transactions, a hierarchy for the portfolio segmentation has been established according to the following chart:

²³ Banco de Bogota will verify the eligible criteria in the applicable green certifications for the grey list of at least a 20% of improvement according to the defined grey list categories.

- Apply Hierarchy:**
- Group 1: Vulnerable MSME
 - Group 2: Women-led MSME
 - Group 3: MSME



2.3 General Criteria


All projects or loans must comply with applicable national E&S regulations, and, when applicable, with the IFC Performance Standards. Moreover, projects that meet one or several of the following criteria are not eligible for the use of proceeds of these Bonds:

- Clients or projects considered Category A in terms of E&S risk. Category A projects are those that could result in potentially significant and diverse, irreversible, or unprecedented environmental and/or social risks and impacts that often extend beyond the boundaries of the actual project site or facilities. For an indicative list of Category A activities see Annex II.
- Clients or projects on the exclusion list (Annex II).

2.4 SDG Alignment




The 2030 Agenda for sustainable development defines 17 global objectives with 169 goals that seek to promote sustainable development: economic, environmental, and social, with a focus on equity and inclusion. In particular, the projects financed through these Bonds are aligned with the United Nations Sustainable Development Goals (SDGs), as well as with the GBPs, SBPs and SBGs outlined in Table 1. It also includes the indicators that will be used to monitor and evaluate the alignment during the Bonds’ lifetime.

Table 1: SDG Alignment

SDG	Categories	SDG Goal	Indicators
 1 NO POVERTY	<ul style="list-style-type: none"> • Access to essential services • Affordable housing • Socioeconomic advancement and empowerment 	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	<ul style="list-style-type: none"> • Value of outstanding loans – Microenterprises • Number of clients financed – Microenterprises • Value of outstanding loans – Affordable Housing • Number of houses financed – Affordable Housing • Value of outstanding loans – Social Housing • Number of houses financed – Social Housing

 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> • Environmentally sustainable management of living natural resources and land use 	<p>2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Agriculture/Aquaculture/ Fishery • Number of projects financed – Agriculture/Aquaculture/ Fishery • Food waste avoided – Circular Economy
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> • Access to essential services • Socioeconomic advancement and empowerment 	<p>5.A Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Women-led Microenterprises • Number of clients financed - Women-led Microenterprises • Value of outstanding loans – Women-led SMEs • Number of clients financed - Women-led SMEs • Value of outstanding loans – Women-owned Affordable Housing • Number of houses financed – Women-owned Affordable Housing • Value of outstanding loans – Women-owned Social Housing • Number of houses financed – Women-owned Social Housing
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> • Sustainable water and wastewater management 	<p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Water Efficiency • Number of projects financed – Water Efficiency • Water savings – Water Efficiency • Wastewater treated – Water Efficiency • Water savings – Circular Economy • Wastewater treated – Circular Economy
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> • Renewable Energy • Energy Efficiency 	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Renewable Energy • Number of projects financed - Renewable Energy • Energy generated • Value of outstanding loans – Energy Efficiency • Number of projects financed – Energy Efficiency • Energy Savings
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • Access to essential services 	<p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>	<ul style="list-style-type: none"> • Value of outstanding loans – SMEs • Number of clients financed – SMEs • Value of outstanding loans – Microenterprises • Number of clients financed – Microenterprises

	<ul style="list-style-type: none"> • Access to essential services • Renewable Energy • Energy Efficiency • Sustainable water and wastewater management 	<p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p> <p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Microenterprises • Number of clients financed - Microenterprises • Value of outstanding loans – SMEs • Number of clients financed - SMEs • Value of outstanding loans – Renewable Energy • Number of projects financed - Renewable Energy • Value of outstanding loans – Energy Efficiency • Number of projects financed – Energy Efficiency • Energy Savings • Value of outstanding loans – Water Efficiency • Number of projects financed – Water Efficiency • Water savings – Water Efficiency • Water savings – Circular Economy
	<ul style="list-style-type: none"> • Access to essential services • Affordable housing • Socioeconomic advancement and empowerment 	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<ul style="list-style-type: none"> • Value of outstanding loans - Affordable Housing • Number of houses financed – Affordable Housing • Value of outstanding loans – Women-owned Affordable Housing • Number of houses financed – Women-owned Affordable Housing • Value of outstanding loans - Social Housing • Number of houses financed – Social Housing • Value of outstanding loans – Women-owned Social Housing • Number of houses financed – Women-owned Social Housing

	<ul style="list-style-type: none"> • Access to essential services • Affordable housing • Socioeconomic advancement and empowerment 	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<ul style="list-style-type: none"> • Value of outstanding loans - Affordable Housing • Number of houses financed – Affordable Housing • Value of outstanding loans – Women-owned Affordable Housing • Number of houses financed – Women-owned Affordable Housing • Value of outstanding loans - Social Housing • Number of houses financed – Social Housing • Value of outstanding loans – Women-owned Social Housing • Number of houses financed – Women-owned Social Housing
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<ul style="list-style-type: none"> • Green buildings • Clean transportation 	<p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Green Buildings • Number of Green Buildings financed • Number of Green Dwellings financed • Number of Smart Buildings financed • Value of outstanding loans – Electric Vehicles • Number of electric vehicles financed • Greenhouse Gas Emission Reduction – Electric Vehicles • Waste reduced • Waste recycled or reused
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<ul style="list-style-type: none"> • Eco-efficient and/or circular economy adapted products, production technologies and processes 	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Circular Economy • Number of projects financed – Circular Economy • Waste reduced • Waste recycled or reused
<p>13 CLIMATE ACTION</p> 	<ul style="list-style-type: none"> • Climate change adaptation • Renewable energy • Energy efficiency • Green buildings 	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.A Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible</p>	<ul style="list-style-type: none"> • Value of outstanding loans – Climate Resilience • Number of projects financed – Climate Resilience • Value of outstanding loans – Renewable Energy • Number of projects financed - Renewable Energy • Greenhouse Gas Emission Reduction - Renewable Energy • Value of outstanding loans – Energy Efficiency • Number of projects financed – Energy Efficiency • Energy Savings

			<ul style="list-style-type: none"> • Greenhouse Gas Emission Reduction – Energy Efficiency • Value of outstanding loans – Green Buildings • Number of Green Buildings financed • Number of Green Dwellings financed
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3. Process for Project Evaluation & Selection

3.1 Client acquisition and information request

The Bank provides commercial, microcredit and housing loans to natural persons and legal entities.

- Customers are assigned to a commercial branch or cost center for SME, Medium or Corporativo Empresarial Oficial Institucional y Social (CEOIS)
- The commercial manager or executive is responsible for carrying out the process of selling credit products to customers.
- The commercial manager conducts a visit to or an interview with the client to get to know the financing needs.
- If the client requests a credit operation, he/she contacts his/her account manager and provides the documents requested by the bank.
- For the commercial portfolio, if the debt proposed to the client is greater than or equal to the outstanding value in the ESMS policy, the Formulario de Identificación de Riesgos Ambientales y Sociales –FIRAS format containing the information on environmental and social risks is requested to perform the ESMS analysis.
- The Commercial Manager files copies of the documents and sends them to the operations area for validation.
- If the operation corresponds to housing loans, it is filed according to the massive banking process.
- Documents are reviewed for completeness by the operations department according to bank's checklists.
- If the documents are incomplete, the operations department returns the request to the commercial manager to complete the information.
- If the documents are complete and legible, the application is filed with the corresponding credit teams.

3.2 Credit Analysis

Banco de Bogota has two distinct processes for its credit analysis, one for the commercial and microcredit segments, and one for the consumer, housing, and massive commercial segments.

a) Credit analysis for the commercial and microcredit segments

- Once the document review is completed, the application is assigned to a credit analyst from the commercial portfolio team for evaluation, in the form of a credit project.
- The credit analyst carries out the evaluation with the documents filed by the commercial manager, such as financial statements of the last 3 years, income statements, certificates of

incorporation and management, consultation in the credit bureaus and guarantee documents if applicable.

- In the credit project, the client's proposed credit lines, amounts, terms, guarantees, co-signers, and reciprocities are recorded.
- Likewise, the income statement, balance sheet, equity, cash flow, financial indicators and evolution of the client's economic activity are analyzed.
- For cases that require an ESMS analysis, the credit analyst records the *Formulario de Identificación de Riesgos Ambientales y Sociales – FIRAS* format information in the credit project and the corresponding ESMS category is obtained.
- The established ESMS categories are: A – High Risk, B – Medium Risk, C – Low Risk.
- The credit analyst sends the credit project and the *Formulario de Identificación de Riesgos Ambientales y Sociales - FIRAS* format to the Technical Asset Management Unit, so that the environmental engineers can carry out the technical ESMS study.
- If the ESMS category is A or B, a technical study is carried out and special conditions are established for the client to mitigate the environmental and social risks that were identified. If the category is C, no technical study is carried out and no special conditions are established.
- The Technical Asset Management Unit sends the result of the ESMS technical study to the credit analyst to record the special conditions in the credit project.
- After the analysis, the application is submitted to the respective credit committee in accordance with the established authorizations.
- The credit committee reviews the application and makes the decision to approve or reject it, based on the customer's credit risk situation.
- If the application is approved, the credit committee signs the credit project, and it is activated in the Central Debt Application (CEC) to proceed with the disbursement.

b) Credit analysis for the consumer, housing, and massive commercial segments

The credit analysis process for the housing portfolio is similar to the one outlined in the previous paragraph. However, the following special conditions apply:

- Housing loan applications are made to salaried, independent, or retired individuals through the massive banking process.
- For housing credit, no technical ESMS study is carried out.
- Automatic hard filters such as arrears, indebtedness in the financial system, embargoes, defaults, and prevention lists, among others are applied. With this information, a pre-approval is generated for the client, who then decides whether or not to continue with the request.
- The credit analysis takes into account the client's income and exposure, maintenance expenses, and the parameters of the housing law.
- The credit analyst validates the consistency of the documents and financial information with the request filed.
- With this information, the credit analyst decides whether approval is within his authority or presents it to the respective credit committee.

3.3 Credit Approval

- For commercial loans, the approval is made by the respective credit committee and the credit project is signed electronically and subsequently activated in the Central Debt Application (CEC).

- The limits approved for the credit projects are valid for up to one year to process the disbursements. Each year the corresponding credit project must be renewed.
- For housing loans, after the credit analysis has been carried out, the approval is documented in the massive banking process and is available for disbursement to be made. The validity of the approval is 180 days for used housing and 18 months for new housing.

3.4 Formalization and Disbursement

- The client requests the disbursement to the commercial or executive manager.
- If the operation requires guarantees, the constitution of the corresponding guarantees must be formalized before disbursement.
- The commercial manager obtains the signatures of the debtor and co-signer on the promissory note and corresponding letter of instructions.
- Subsequently, the commercial manager files the request for disbursement with the operations department.
- For the disbursement, the signed promissory note, identification document for natural persons, and the certificate of constitution and management with 90-day validity for legal entities are attached.
- The operations department validates the documents filed with the disbursement request and the corresponding approval. For commercial loans, the approval of the credit project is validated in the Central Debt Application (CEC), and for housing loans the validation is done with the massive banking process.
- If information is missing, the operations department returns the request to the commercial manager to complete what is pending.
- If the operation requires exceptions, the commercial manager obtains the corresponding approvals for the authorization of the disbursement. For housing loans, the exemption rule does not apply.
- If the operation has special ESMS conditions, its compliance is validated, or an exception is processed if deemed necessary.
- Once all the validations have been carried out and the required approvals are obtained, the disbursement is carried out.

3.5 Monitoring and Portfolio Management

- The commercial manager has the responsibility of permanently monitoring the quality of his portfolio.
- If there is a payment delay in the operations, the commercial manager must carry out the early recovery management of the portfolio. If the operation's delay increases, the recovery management is transferred to the Normalization Management Unit for commercial loans or National Collection Directorate for housing loans.
- Additionally, the Vice Presidency of Credit and the Credit Risk Directorate perform a general monitoring of the bank's portfolio.
- Early warning committees are set up to identify the causes of portfolio deterioration of clients who present credit risk situations.
- Through the portfolio monitoring process, the actions to be followed to control credit risks are established and, if necessary, the policies or processes for the provision of loans are adjusted.

3.6 Selection of Projects to be financed by the Sustainable Bonds

The project evaluation and selection process will be led by the Sustainable Bonds Committee, an interdisciplinary committee chaired by the ALM Department and the Sustainable finance Department, with the participation of delegates from the Treasury Department, the Credit Risk & Treasury Department, the Asset Technique Department, the Credit Policy Department, the Product Placement Department, Corporate Development & Investor Relations Department, and other areas that will be required by the Committee. The Sustainable Bonds Committee members have sufficient technical capacities and professional experience to review the loans identified and determine whether the loans comply with the eligibility criteria to be allocated in the different categories of the sustainable bond issuance.

The following activities will be carried out during this process:

- **Identification of projects and Review of project eligibility:** The Commercial Vice Presidencies and the Product Area, will carry out the identification of disbursed loans through the credit lines that apply to the green and social categories and the corresponding eligibility criteria defined in this framework.
- **Review of project eligibility:** The Commercial Vice Presidencies and the Product Area will analyze the loans identified in the previous step in order to determine whether or not they meet the eligibility criteria established in *Section 2. Use of Proceeds*.
- **Approval:** The Sustainable Bonds Committee will validate compliance with the eligibility criteria for credits presented by the corresponding areas and will select the eligible green and social loans.

The Sustainable Bonds Committee will meet at least once every quarter, or whenever it deems appropriate, for the purpose of reviewing the selected loans and guaranteeing compliance with the eligibility criteria.

4. Management of Proceeds

The Bank's Treasury Department will monitor the allocation of resources and will keep a record of each asset marked as eligible and assigned to the respective issuance, in order to guarantee that they are not used as a source of financing in other transactions.

The proceeds of the Sustainable Bonds will be used to finance new social or green projects that meet the eligibility criteria described above. Banco de Bogota will disburse the resources within a period of 24 months from the issuance date. In addition, part of the proceeds may be allocated to green projects originated up to six months before the bond issuance date, provided that they meet the eligibility criteria and that the total value of the bond resources allocated to these refinanced green projects does not exceed 20% of the total value of the bond resources allocated to green projects.

Similarly, part of the proceeds may be allocated to affordable and social housing projects originated up to three months before the bond issuance date, provided that they meet the eligibility criteria and that the total value of the bond resources allocated to these refinanced social and affordable housing projects does not exceed 20% of the total value of the bond resources allocated to affordable and social housing projects. Those resources that have not yet been assigned to finance eligible green or social projects will be kept in Banco de Bogota's treasury exclusively in cash or other highly liquid and low-risk instruments, according to its criteria and, in any case, will not be used to finance projects other than those established in this framework.

During the life of the Sustainable Bonds, if circumstances warrant it, eligible loans may be added or removed from the list of such loans. This may occur, among others, in the event of full payment or

prepayment of the loan, or if the loan no longer meets the initial eligibility criteria. In these cases, the equivalent of the resources that have become available will be reassigned to new eligible loans within a maximum period of 6 months.

Banco de Bogota will hire an external auditing firm on an annual basis from the year following the issuance of the Sustainable Bonds and until its expiration, to prepare a verification report aligned with the guidelines and criteria established by the ICMA, on the allocation of funds from its Sustainable Bond issuance in line with the criteria and processes defined in this framework.

5. Reporting

At the date of the sustainable bond issuance, Banco de Bogota will make available to the investors this framework and the second party opinion issued by an SPO provider recognized by ICMA which will cover all the Bonds' characteristics.

Moreover, Banco de Bogota will produce annual reports on the Bonds' use of funds as well as its development impact, which will be published on the bank's website for the investors and any other interested parties. The first report will be published within 90 days following the end of the calendar year of the bond issuance and on an annual basis thereafter until final maturity.

5.1 Use of Funds Report

Banco de Bogota will provide information on the use of funds on an annual basis until all the funds have been fully assigned, which will include:

- A confirmation of the adequate use of the issuance's proceeds, in line with the criteria established in this document.
- The total amount of funds assigned to eligible projects, disaggregated by eligible category. For social projects the classification hierarchy outlined in section 2.2 shall be applied.
- The shares of funds assigned to the financing of new vs. existing projects (refinancing).
- The total amount of funds pending assignment to eligible projects as well as a description of the temporary investment portfolio in which these funds are being kept.

5.2 Development Impact Report

Throughout the Bonds' lifetime, Banco de Bogota will produce an annual report on the development impact of the projects financed with the proceeds on the financial intermediary's overall portfolio. The bank's impact reporting will adhere to the methodology established by the ICMA in the *Harmonized Framework for Impact Reporting (Green Bonds)* and the *Harmonized Framework for Impact Reporting for Social Bonds*. The report will include results on the indicators outlined in Table 2 as well as details on their respective calculation methodologies. Likewise, Banco de Bogota will, on an annual basis, report the results of the value of outstanding loans of its social and green portfolios in comparison to the annual budget established for these portfolios at the beginning of each year. Banco de Bogota's sustainability strategy will set targets for social and green portfolios, the latter in line with its net-zero strategy, aligning its portfolio with decarbonization scenarios while capturing growth opportunities. These targets will be compared, where feasible and relevant, to the indicators set out in the table below (refer to Section 1 Introduction).

Table 2: Development Impact Indicators

Indicator	Definition	Unit
Social Portfolio Indicators		
Value of outstanding loans - Social Portfolio	Total value of the Financial Intermediary's portfolio of outstanding loans to social projects at the end of the reporting period.	COP
Number of outstanding loans - Social Portfolio	Total number of outstanding loans in the Financial Intermediary's portfolio of loans to social projects at the end of the reporting period	#
MSMEs		
Value of outstanding loans – Microenterprises	Total value of the Financial Intermediary's portfolio of outstanding loans to Microenterprises at the end of the reporting period.	COP
Number of clients financed – Microenterprises	Number of Microenterprise clients that receive loans from the Financial Intermediary during the reporting period.	#
Value of outstanding loans – SMEs	Total value of the Financial Intermediary's portfolio of outstanding loans to SMEs at the end of the reporting period.	COP
Number of clients financed – SMEs	Number of SME clients that receive loans from the Financial Intermediary during the reporting period.	#
Share of clients reporting annual sales – MSMEs	Number of MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, as a percentage of the total number of MSME clients with an active loan outstanding, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Share of clients with increased annual sales – MSMEs	Number of MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods and that increased their annual sales during this timeframe, as a percentage of the total number of MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Women-led MSMEs		
Value of outstanding loans – Women-led Microenterprises	Total value of the Financial Intermediary's portfolio of outstanding loans to women-led Microenterprises at the end of the reporting period.	COP
Number of clients financed – Women-led Microenterprises	Number of women-led Microenterprise clients that receive loans from the Financial Intermediary during the reporting period.	#
Value of outstanding loans – Women-led SMEs	Total value of the Financial Intermediary's portfolio of outstanding loans to women-led SMEs at the end of the reporting period.	COP
Number of clients financed – Women-led SMEs	Number of women-led SME clients that receive loans from the Financial Intermediary during the reporting period.	#
Share of clients reporting annual sales – Women-led MSMEs	Number of women-led MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, as a percentage of the total number of women-led MSME clients with an active loan outstanding, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Share of clients with increased annual sales – Women-led MSMEs	Number of women-led MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods and that increased their annual sales during this timeframe, as a percentage of the total number of women-led MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Vulnerable MSMEs		

Value of outstanding loans – Vulnerable Microenterprises	Total value of the Financial Intermediary’s portfolio of outstanding loans to Microenterprises that operate in vulnerable areas of the country at the end of the reporting period.	COP
Number of clients financed – Vulnerable Microenterprises	Number of Microenterprise clients that operate in vulnerable areas of the country and that receive loans from the Financial Intermediary during the reporting period.	#
Value of outstanding loans – Vulnerable SMEs	Total value of the Financial Intermediary’s portfolio of outstanding loans to SMEs that operate in vulnerable areas of the country at the end of the reporting period.	COP
Number of clients financed – Vulnerable SMEs	Number of SME clients that operate in vulnerable areas of the country and that receive loans from the Financial Intermediary during the reporting period.	#
Share of clients reporting annual sales – Vulnerable MSMEs	Number of vulnerable MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, as a percentage of the total number of vulnerable MSME clients with an active loan outstanding, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Share of clients with increased annual sales – Vulnerable MSMEs	Number of vulnerable MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods and that increased their annual sales during this timeframe, as a percentage of the total number of vulnerable MSME clients with an active loan outstanding that reported information on annual sales for the last two reporting periods, at the end of the reporting period. This indicator will be reported annually from the 2024 reporting period onwards, within 180 days following the end of the calendar year.	%
Affordable Housing		
Value of outstanding loans - Affordable Housing	Total value of the Financial Intermediary’s portfolio of outstanding loans to affordable housing projects at the end of the reporting period.	COP
Number of houses financed – Affordable Housing	Total number of affordable housing projects financed by the Financial Intermediary during the reporting period.	#
Value of outstanding loans – Women-owned Affordable Housing	Total value of the Financial Intermediary’s portfolio of outstanding loans to women-owned affordable housing projects, that is, where women represent the exclusive debtors and homeowners, at the end of the reporting period.	COP
Number of houses financed – Women-owned Affordable Housing	Total number of women-owned affordable housing projects, that is, where women represent the exclusive debtors and homeowners, financed by the Financial Intermediary during the reporting period.	#
Social Housing		
Value of outstanding loans - Social Housing	Total value of the Financial Intermediary’s portfolio of outstanding loans to social housing projects at the end of the reporting period.	COP
Number of houses financed – Social Housing	Total number of social housing projects financed by the Financial Intermediary during the reporting period.	#
Value of outstanding loans – Women-owned Social Housing	Total value of the Financial Intermediary’s portfolio of outstanding loans to women-owned social housing projects, that is, where women represent the exclusive debtors and homeowners, at the end of the reporting period.	COP
Number of houses financed – Women-owned Social Housing	Total number of women-owned social housing projects, that is, where women represent the exclusive debtors and homeowners, financed by the Financial Intermediary during the reporting period.	#
Green Portfolio Indicators		
Value of outstanding loans - Green Portfolio	Total value of the Financial Intermediary’s portfolio of outstanding loans to green projects at the end of the reporting period	COP
Number of outstanding loans - Green Portfolio	Total number of outstanding loans in the Financial Intermediary’s portfolio of loans to green projects at the end of the reporting period	#
Special Sustainability Businesses/Projects		
Value of outstanding loans - Special Sustainability Businesses/Projects	Total value of the Financial Intermediary’s portfolio of outstanding loans to special sustainability businesses and projects at the end of the reporting period.	COP

Number of projects financed – Special Sustainability Businesses/Projects	Total number of Special Sustainability Businesses/Projects financed by the Financial Intermediary during the reporting period.	#
Green Buildings		
Value of outstanding loans – Green Buildings	Total value of the Financial Intermediary’s portfolio of outstanding loans to green building projects at the end of the reporting period.	COP
Number of Green Buildings financed	Total number of green buildings financed by the Financial Intermediary during the reporting period.	#
Number of Green Dwellings financed	Total number of green dwellings financed by the Financial Intermediary during the reporting period.	#
Renewable Energy		
Value of outstanding loans – Renewable Energy	Total value of the Financial Intermediary’s portfolio of outstanding loans to renewable energy projects at the end of the reporting period.	COP
Number of projects financed – Renewable Energy	Total number of renewable energy projects financed by the Financial Intermediary during the reporting period.	#
Energy generated	Total amount of energy generated by the renewable energy projects financed by the Financial Intermediary, during the reporting period.	MWh
Greenhouse Gas Emission Reduction - Renewable Energy	Total reduction in CO2 equivalent emissions that was reached by the renewable energy projects financed by the Financial Intermediary, during the reporting period.	tons
Energy Efficiency		
Value of outstanding loans – Energy Efficiency	Total value of the Financial Intermediary’s portfolio of outstanding loans to energy efficiency projects at the end of the reporting period.	COP
Number of projects financed – Energy Efficiency	Total number of energy efficiency projects financed by the Financial Intermediary during the reporting period.	#
Energy Savings	Total amount of energy savings resulting from the projects financed by the Financial Intermediary, during the reporting period.	MWh
Greenhouse Gas Emission Reduction – Energy Efficiency	Total reduction in CO2 equivalent emissions that was reached by the energy efficiency projects financed by the Financial Intermediary, during the reporting period.	tons
Electric Vehicles		
Value of outstanding loans – Electric Vehicles	Total value of the Financial Intermediary’s portfolio of outstanding loans to electric vehicles at the end of the reporting period.	COP
Number of electric vehicles financed	Total number of electric vehicles financed by the Financial Intermediary during the reporting period.	#
Greenhouse Gas Emission Reduction – Electric Vehicles	Total reduction in CO2 equivalent emissions that was reached by the electric vehicles financed by the Financial Intermediary, during the reporting period.	tons
Agriculture/Aquaculture/ Fishery		
Value of outstanding loans – Agriculture/Aquaculture/ Fishery	Total value of the Financial Intermediary’s portfolio of outstanding loans to agriculture, aquaculture, or fishery projects at the end of the reporting period.	COP
Number of projects financed – Agriculture/Aquaculture/ Fishery	Total number of agriculture, aquaculture, and fishery projects financed by the Financial Intermediary during the reporting period.	#
Water Efficiency		
Value of outstanding loans – Water Efficiency	Total value of the Financial Intermediary’s portfolio of outstanding loans to water efficiency projects at the end of the reporting period.	COP
Number of projects financed – Water Efficiency	Total number of water efficiency projects financed by the Financial Intermediary during the reporting period.	#
Water savings – Water Efficiency	Total volume of water savings resulting from the water efficiency projects financed by the Financial Intermediary, during the reporting period.	m ³
Wastewater treated – Water Efficiency	Total volume of wastewater treated as a result of the water efficiency projects financed by the Financial Intermediary, during the reporting period.	m ³
Circular Economy		
Value of outstanding loans – Circular Economy	Total value of the Financial Intermediary’s portfolio of outstanding loans to circular economy projects at the end of the reporting period.	COP

Number of projects financed – Circular Economy	Total number of circular economy projects financed by the Financial Intermediary during the reporting period.	#
Waste reduced – Circular Economy	Total amount of waste avoided as a result of the projects financed by the Financial Intermediary, during the reporting period.	tons
Waste recycled or reused – Circular Economy	Total amount of waste recycled and/or reused in production process to substitute virgin materials as a result of the projects financed by the Financial Intermediary, during the reporting period.	tons
Food waste avoided – Circular Economy	Total amount of food wasted avoided by using technology platform for market circular food products and redistribute surplus edible food for human consumption.	tons
Water savings – Circular Economy	Total volume of water savings resulting from the circular economy projects financed by the Financial Intermediary, during the reporting period.	m ³
Wastewater treated – Circular Economy	Total volume of wastewater treated as a result of the circular economy projects financed by the Financial Intermediary, during the reporting period.	m ³
Number of Smart Buildings financed	Total number of smart buildings financed by the Financial Intermediary during the reporting period.	#
Climate Resilience		
Value of outstanding loans – Climate Resilience	Total value of the Financial Intermediary's portfolio of outstanding loans to climate resilience projects at the end of the reporting period.	COP
Number of projects financed – Climate Resilience	Total number of climate resilience projects financed by the Financial Intermediary during the reporting period.	#
Grey List		
Value of outstanding loans – Grey List	Total value of the Financial Intermediary's portfolio of outstanding loans to grey list projects at the end of the reporting period.	COP
Number of projects financed – Grey List	Total number of grey list projects financed by the Financial Intermediary during the reporting period.	#

5.3 External Verification Report

As indicated in Section 3, Banco de Bogota will hire an external auditing firm on an annual basis from the year following the issuance of the Sustainable Bonds and until its expiration, to prepare a report verifying the allocation of funds from its Sustainable Bonds issuance in line with the criteria and processes defined in this framework.

Likewise, the external auditing firm will verify the matrix of annual report indicators and will review the value of outstanding of its green and social portfolio versus annual budget of that portfolio as defined in numeral 5.2.

The Banco de Bogota is negotiating with one of the four largest audit firms to carry out the annual audit process, as required by ICMA guidelines. The external verification will audit compliance with all requirements established within this framework and ICMA principles.

Annex I: List of Eligible Certifications

Agriculture

- IFOAM
- Rainforest Alliance 2020 Sustainable Agriculture Standard
- UTZ Certified (“UTZ”)²⁴
- ProTerra
- Roundtable on Responsible Soy (“RTRS”)
- Bonsucro EU Production Standard
- Roundtable on Sustainable Biomaterials (“RSB”)
- Fairtrade Standard for Small-Scale Producer Organizations
- Flor Verde Sustainable Flowers²⁵

Forestry

- Forest Stewardship Council (“FSC”)
- Program for the Endorsement of Forest Certification (“PEFC”)

Aquaculture

- Aquaculture Stewardship Council (“ASC”)
- Aquaculture Stewardship Council Tilapia (“ASC Tilapia”)
- GlobalGAP Aquaculture

Wild Catch Fisheries

- Marine Stewardship Council (“MSC”)

Tourism

- Rainforest Alliance

Green Buildings

- IFC EDGE (officially certified, or IFC EDGE compliance confirmed by CPML)
- LEED Gold or high levels. that demonstrate 20% energy efficiency
- LEED for Neighborhood Development

²⁴ Farms and companies with an UTZ certification are transitioning over to the Rainforest Alliance 2020 certification program. New companies looking to work with this certification no longer register for the UTZ certification program, but sign up for the Rainforest Alliance 2020 certification program instead

²⁵ The Florverde® Sustainable Flowers Certification Scheme affords the necessary standards and framework for independent and third-party certification of flowers and ornamentals based on the ISO/IEC guide 65G <https://florverde.org/en/home/>

Annex II: Exclusion Criteria

a) List of excluded activities

Investors will not knowingly finance, directly, or indirectly through FIs, projects involved in the production, trade, or use of the products, substances or activities listed below. Additional exclusions may apply in the context of a specific operation.

1. Prohibited Activities

- a) Activities that are illegal under host country laws, regulations or ratified international conventions and agreements, or subject to international phase out or bans, such as:
 - i. Polychlorinated biphenyl compounds (PCBs).
 - ii. Pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans.²⁶
 - iii. Persistent Organic Pollutants (POPs).²⁷
 - iv. Ozone depleting substances subject to international phase out.²⁸
 - v. Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora CITES.²⁹
 - vi. Transboundary trade in waste or waste products,³⁰ except for non-hazardous waste destined for recycling.
 - vii. Lead paint or coatings in the construction of structures and roads.³¹
 - viii. Destruction³² of High Conservation Value areas³³
- b) Activities that are illegal under host country laws, regulations or ratified international conventions and agreements relating to the protection of biodiversity resources or cultural heritage.

²⁶ Reference documents are: Council Regulation (EEC) No 2455/92 of 23 July 1992 Concerning the Export and Import of Certain Dangerous Chemicals, as amended from time to time; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard, World Health Organization Pharmaceuticals: Restrictions in Use and Availability.

²⁷ Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009

²⁸ Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes.' The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (www.unep.org/ozone/montreal.shtml).

²⁹ www.cites.org

³⁰ As defined by the Basel Convention (www.basel.int)

³¹ Paints or coatings with a total lead concentration great than 90 ppm or the concentration limit set by the host country, whichever is lower.

³² "Destruction" refers to any severe or irreversible deterioration, degradation, or modification of an area's value (biological, ecological, social, or cultural) caused by a change in the land or water use. This exclusion applies to investments in infrastructure and green portfolio projects, in which the potential for having an adverse effect on High Conservation Value areas is high.

³³ "High Conservation Value (HCV) areas" refers to natural habitats considered to be of outstanding significance or critical importance at the national, regional, or global level due to its biological, ecological, social, or cultural value pursuant to Applicable Laws currently in effect and all such new Applicable Laws in effect in the future as promulgated by an Authority in Colombia, including but not limited to the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*) and the Ministry of Culture (*Ministerio de las Culturas, las Artes y los Saberes*). An HCV Area can possess one or more of six attributes [HCV Approach | HCV Network](http://www.hcvnetwork.org) (see <http://www.hcvnetwork.org>).

- c) Production or activities involving harmful or exploitative forms of forced labor³⁴/harmful child labor³⁵.

2. Other Activities

- a) Activities that, although consistent with a country's legal and/or regulatory framework, may generate particularly significant adverse impacts on people and/or the environment.
 - i. Weapons, ammunitions, and other military goods/technology.
 - ii. Pornography and/or prostitution
 - iii. Tobacco³⁶
 - iv. Gambling, casinos, and equivalent enterprises³⁷
 - v. Radioactive materials³⁸
 - vi. Unbonded asbestos fibers or asbestos-containing products.
 - vii. Blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
 - viii. Production or trade in alcoholic beverages (excluding beer and wine)³⁹
 - ix. Commercial logging operations for use in primary tropical moist forest.
 - x. Production or trade in wood or other forestry products other than from sustainably managed forest.
 - xi. Racist and/or anti-democratic media⁴⁰

- b) Activities that are inconsistent with IDB and IDB Invest's commitments to address the challenges of climate change and promote environmental and social sustainability.
 - i. Thermal coal mining or coal-fired power generation and associated facilities⁴¹
 - ii. Upstream oil exploration and development projects.

³⁴ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions

³⁵ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

³⁶ This does not apply to projects whose primary objective is not related to the production, trade, or use of tobacco.

³⁷ This does not apply to projects whose primary objective is not related to the construction and operation of gambling, casinos and equivalent enterprises.

³⁸ This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded.

³⁹ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

⁴⁰ Racist and/or anti-democratic media can be defined as a media outlet systematically disseminating content advocating for national, ethnical, racial, political, religious, gender or identity-based hatred that constitutes incitement to discrimination, hostility, social unrest, or violence. Based on article 20, paragraph 2 of the International Covenant on Civil and Political Rights (ICCPR) - ratified by Colombia in 1969. "Disseminating" refers to broadcasting (audible, visual, or audio-visual) or publishing (print or electronic) content. "Media outlet" refers to any publication or broadcast program that provides news and feature stories to the public through various distribution channels, and includes (without limitation) newspapers, magazines, radio, television, and web sites. "Hatred" and "hostility" refer to intense and irrational emotions of opprobrium, enmity, and detestation towards a target group. "Advocating" is to be understood as requiring an intention to promote hatred publicly towards a target group. "Incitement" refers to statements about national, ethnical, racial, religious, gender or identity-based groups that create an imminent risk of discrimination, hostility or violence against persons belonging to one or more of these groups or lead to social unrest.

⁴¹ This applies only to associated facilities which primary objective is related to the production, trade or use of coal for power generation or to the transmission of energy generated by a coal-fired power plant (e.g. a dedicated transmission line).

- iii. Upstream gas exploration and development projects. Under exceptional circumstances and on a case-by-case basis, consideration will be given to financing upstream gas infrastructure where there is a clear benefit in terms of energy access for the poor and where greenhouse gas (GHG) emissions are minimized, projects are consistent with national goals on climate change, and risks of stranded assets are properly analyzed.
- c) When investing in microfinance activities:
- i. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
 - ii. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

b) Indicative list of Category A activities

- Large infrastructure (e.g., ports, harbor developments, highways, dams, reservoirs, thermal or hydropower developments, etc.)
- Large-scale agro-industries
- Large-scale industrial plants
- Development of major new industrial estates
- Extractive industries: mining, quarrying, major oil and gas developments, pipelines
- Large ferrous and non-ferrous metal operations
- Developments requiring large, involuntary resettlement of local communities
- Projects to which indigenous or tribal populations have objected due to their negative impacts on such populations
- Projects that include the manufacture, transportation, use or disposal of hazardous and/or toxic materials, environmental significant quantities or pesticides and herbicides, or domestic and hazardous waste disposal operations
- Industrial-scale activities involving significant conversion or degradation of natural and/or critical habitats and/or activities in legally protected areas
- Industrial-scale activities involving the illegal production, harvesting, or trade in wood or other forestry products from plantation and natural forests
- Industrial-scale activities involving the illegal harvesting of wild fish populations or other aquatic species