

ESRMS BdB

At Banco de Bogotá we are committed to sustainable financing by adopting the Equator Principles of the World Bank and the Performance Standards of the IFC International Financial Corporation, as international standards for our SARAS Environmental and Social Risk Management System, through which We identify, evaluate, analyze and manage the possible environmental and social risks and impacts of the projects we finance, taking into account criteria such as mitigation of climate change, the correct use of natural resources, health and Safety at Work, aspects related to human rights and relations with the communities with which the Project is related.

The SARAS is part of our Environmental action framework and is governed by the Principles and guidelines established in our Environmental and Social Policy, which can be consulted through our portal www.bancodebogota.com/ Sustainability / Library, which has been approved by the Bank's Board of Directors. Through SARAS, we prevent and mitigate possible indirect risks for our clients and their projects, identify business opportunities and evaluate national regulatory guidelines.

Taking into account the Equator Principles, financing is granted to projects that reduce the possible impacts generated by their credit operations or by our administrative activities. In this way, we will categorize all the clients that apply to this evaluation into three categories, high, medium and low, depending on their potential risks and / or environmental and social impacts. Control and monitoring activities defined within the System's policies and current regulations are derived from this categorization. The first step of the implementation was to create an exclusion list developed by the bank's green committee, where we define the activities that we are not willing to finance, given their social and / or environmental impact.

BdB's Contribution to the SDGs

Environment

We finance projects that benefit the environment

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



ESRMS Cases

Case 1: Sugar and cane crops

The company analyzed is dedicated to the elaboration and refining of sugar and the cultivation of cane. It reports that it has environmental certifications such as ISO14001 and is not within the Single Registry of Environmental Offenders. The client has permission for surface and groundwater concessions, surface source discharges and air emissions and safely uses chemicals and hazardous substances, through technical data sheets and compatibility matrices. Additionally, hazardous wastes are treated by incineration or safety cells with external companies and for the management of ordinary waste has the waste management program where they are identified for subsequent treatment or use. On the other hand, post-consumer waste related to agrochemical packaging is handled through logistics operators specialized in this type of waste. The energy used by the customer is generated in a process of cogeneration of energy from biomass, whose surpluses are injected into the grid.

The company identifies its environmental impacts and also has management and control measures to mitigate them; one of the most important impacts that this type of company has is the generation of cinder and it is evident that the client performs controlled burnings complying with the regulations in small areas and perform frequent measurements to reduce the impact that can affect neighboring communities.

The environmental risk category for Banco de Bogotá is Medium Risk (B) because it complies with environmental regulations, has no environmental liabilities and performs water treatment. It is also defined as a special condition to report the renewal of environmental permits that are about to expire and the Bank will monitor the effective dates of the other permits, authorizations and / or concessions in order to confirm that the environmental conditions remain the same.

Case 2: Manufacture

Company dedicated to the manufacture of cement, lime and gypsum, extraction of clays for industrial use, limestone, kaolin, bentonites, and their commercialization. This company has an environmental management department, and currently does not have environmental certifications.

Although the client is not within the Single Registry of Environmental Offenders, nor is it related to the activities listed on the exclusion list, the company reported an environmental complaint generated by the slippage of material to a ravary, which it is currently handling with the accompaniment of the environmental authority, which is why it has environmental risk category A (high) according to the SARAS of the Bank of Bogotá. It has a groundwater concession permit, an infiltration field discharge permit and an emissions permit; hazardous and ordinary waste is delivered to authorized managers for handling and use and the energy used is from the National Interconnected System and with coal for one of its industrial processes.

On the other hand, the company has identified its impacts and the management and control measures for its mitigation, for example, it requires the use of chemicals and for this it has

adequate management (technical sheets and compatibility matrices). The client will be monitored in the credit renewal to verify that they have made the update of the Environmental Licenses for the execution of mining activity, validating that the environmental conditions do not change.

Case 3: Energy

Company dedicated to the generation of electrical energy with conventional and unconventional sources. Due to its geographical location it is close to a RAMSAR¹ listed wetland and within a buffer zone of a biosphere reserve. However, due to its activity and environmental management, the competent environmental authority gave authorization for its development in the area and for this reason it is defined as category B within the Bank's classification.

It has an environmental management department, has a discharge permit, an air emissions permit, and a groundwater concession, as well as an Environmental Management Plan approved by the competent Environmental Authority. It uses chemical inputs that are stored and treated appropriately (it has a compatibility matrix) and the energy is taken from the same that the customer generates from biomass. For waste management, it has a Comprehensive Waste Management Plan: hazardous waste is managed with a third party authorized by the IDEAM and ordinary waste collected by the utility company. It has identified its impacts and the environmental management and control measures to mitigate them and it was requested as a condition, to report to the Bank once the concessions and permits are modified, since these permits were granted with some inaccuracies. The credit renewal will be monitored to verify that the permits were duly granted and that the electricity generation operation continues to comply with the environmental regulations that apply to it.

In these cases, it is evident how the SARAS analysis has been implemented in the last year and the importance of the information collected to identify the socio-environmental impact of customers. This information complements the risk analysis of them to evaluate and assign them a category, with which mitigation and monitoring recommendations are issued, as well as action plans.

¹ Convention on Wetlands of International Importance, Especially as Waterfowl Habitat.