

Sustainable Finance

A hand holding a glowing globe with a network of icons representing sustainable energy and finance. The icons include a solar panel, wind turbines, a sun, an oil rig, a recycling symbol, and a corn cob. The background is dark with a blue-green glow.

Cambiando
nuestro mundo
Contigo.

Banco de Bogotá



Table of Contents

1.	Introduction.....	3
2.	Commitments and Standards	4
3.	Sustainable Financing Opportunities Identified	6
4.	Sustainable Funding	7
5.	Taxonomy for Sustainable Lending	8
6.	Sustainable Product Portfolio	13
7.	Our Commitment to Sustainable Finance for our Clients:	18
8.	Sustainable Finance Figures 2022:.....	18
9.	Environmental and Social Risk Management System-ESRMS and Exclusion List	19
10.	Transition Finance Policy	23
10.1	Coal Phase-out.....	23
10.2	Priority Sectors	24
10.3	Transition Sectors.....	24



At Banco de Bogotá we acknowledge our fundamental role as a key agent towards a shift to enhance the social welfare of Colombians and further economic growth, in line with the environmental commitments of the country and the industry, adhering to rigorous standards of transparency and responsibility at every step.

Our sustainability strategy is guided by a governance model that conforms to the policies, guidelines and directives of the Board of Directors. Thus, in line with material issues and ESG best practices, we define our commitment to sustainability and the strategic priorities on which our climate action and social action will be focused, both on the business front, which considers the impact we can generate for our clients, and on the corporate front, which takes into account the impacts we can generate in our operations.

Sustainability management and the fulfillment of our commitments are supported by levers across the organization such as partner management, supplier relations, disclosure and communication, among others.

Commitments and Standards

We have adopted best practices as part of our ESG framework: the Global Compact, the Sustainable Development Goals - SDGs, the Dow Jones Sustainability Index (DJSI), the Asobancaria Green Protocol, our most recent adherence to the Principles for Responsible Banking - PRB and Net Zero Banking Alliance - NZBA; and finally, reporting standards such as: the Global Reporting Initiative - GRI, Sustainability Accounting Standards Board - SASB and the Task Force on Climate-Related Financial Disclosures - TCFD.

Adherence to the Net Zero Banking Alliance and the Principles for Responsible Banking

To deepen the impact of our strategy, in 2022 we joined the **Net Zero Banking Alliance - NZBA**, as well as the Principles for Responsible Banking - PRB, global standards driven by the United Nations Environment Program Finance Initiative (UNEP FI), to accelerate our actions, in line with the Sustainable Development Goals - SDGs and the goals outlined in the Paris Agreement, to achieve the transition to a low-carbon economy.

By joining the Net Zero Banking Alliance, we commit to decarbonize our loan portfolio, to align with the goal of achieving net zero emissions by 2050 or earlier; thus, we will set interim targets for 2030, for priority sectors with high GHG emissions, prioritizing a framework with our clients and offering products and services to finance their energy transition.

Likewise, through the **Principles for Responsible Banking**, we assume a great commitment to incorporate sustainability criteria in all our business areas and identify those that have the greatest contribution for people and the environment. We are also committed to establishing ambitious objectives around the most significant impacts; implementing communication mechanisms with our clients and stakeholders to develop and encourage sustainable practices; fostering a culture of responsible banking; and publicly reporting progress in the implementation of the principles.



Our Pillars Climate and Social Action



Climate Action:

We drive climate action by coordinating and promoting high-impact projects, especially through the reduction of emissions.

We contribute to the transition towards a low-carbon economy, promoting high-impact projects that support the reduction of Greenhouse Gas Emissions -GHG-, in line with the goals set by the Sustainable Development Goals, the Paris Agreement and the commitments we have assumed through the Net Zero Banking Alliance.

Thus, we seek to decarbonize our loan portfolio, to reach net zero emissions by 2050 or earlier for intermediate targets by 2030, for priority sectors with high GHG emissions; and to facilitate the necessary transition in the real economy, prioritizing a framework with our clients, offering

environmental products and services that allow them to adapt and mitigate the effects of climate change in their business operations.

Social Action:

We drive sustainable progress, including and empowering those who need it most.

From the business, we seek to contribute to financial inclusion and banking penetration by providing digital solutions that allow us to reach underserved populations in urban and rural areas of the country, we support Colombians to have decent housing, SMEs, micro-entrepreneurs and entrepreneurs to grow their businesses through advice and access to financial services and resources to strengthen the business fabric and the promotion of employment, and we encourage female empowerment, supporting the development of businesses with sustainable value that prioritize the employment of women.

Sustainable Financing Opportunities Identified



The transition to a low-carbon economy, according to the projections of the Paris Agreement and the national goal of reducing greenhouse gas emissions by 51%, will require significant investments in all economic sectors, but mainly in the energy, agriculture and construction sectors. The National Planning Department and Fedesarrollo compiled several estimates that indicate that financing the country's mitigation goals will call for an investment between 0.7% and 1.2% of GDP per year, while adaptation actions will require an additional investment between 0.5% and 0.8% of GDP.¹

Supporting the country in its transition to a more sustainable, competitive and inclusive economic model is an important business opportunity. The energy transition provides development opportunities, creates more green jobs, increases the economic competitiveness of companies that implement sustainable strategies, reduces energy costs, and provides greater energy

security.

Asobancaria has estimated that the portfolio of green products in 2022 is close to \$18.7 trillion², and expects it to increase to \$40 trillion in 2025, to respond to the demand for climate and environmental finance (5% of the sector's total portfolio).

Through its Net Zero strategy, Banco de Bogotá seeks, on the one hand, to leverage a significant business growth opportunity, supporting clients in their transition; and, on the other hand, to align its loan portfolio with zero emissions scenarios in 2050, in accordance with international banking industry standards.

Since 2021, the bank has estimated funded issues for the entire corporate and business portfolio, and has estimated for 2022, with high reliability levels, those of the Power Generation and Oil & Gas sectors, which account for more than 50% of the bank's total funded issues. These sectors are a priority in the Net Zero strategy, given their materiality and business potential.

The above is coupled with the transition finance strategy for projects aimed specifically at reducing customer emissions, through the replacement of fossil fuels, the introduction of alternative and renewable energies, such as solar and wind, and energy efficiency projects, among others. This strategy seeks to ensure that the bank captures transition financing opportunities in the prioritized sectors and other sectors, committing to increase from \$816 billion³ million in 2021 to \$4 trillion in 2025 in all business segments: corporate, consumer, SME, official and institutional banking.

¹ National Planning Department (DNP) and Foundation for Higher Education and Development (Fedesarrollo). (2022). National Climate Finance Strategy. DNP

² Asobancaria, Sustainability Report 2022 <https://www.asobancaria.com/informacion-gremial-2022/>

³ Does not include rediscount portfolio for green or climate finance purposes.

○ **Green Bond**

Amount issued: COP \$300 billion

The resources raised in our first Green Bond Issue, carried out in 2020, have been allocated⁴ 61% to renewable energy projects, 26% to sustainable transportation, 9% to energy efficiency and the remainder to waste management, sustainable infrastructure and water projects.

Impact of the projects financed by the bond: ⁵

Renewable energy generation	114,725.53 MWh
Capacity of renewable energy plants, built or commissioned	23.44 MW
GHG emissions reduced or avoided	220,528.27 Ton COeq
Absolute GHG emissions (gross)	238,728.66 Ton COeq
Reduction of energy consumption	5,065.59 MWh
Number of clean vehicles financed	14
Treated water flow rate	4,873 m ³
Reduced waste	2,112 Ton
Energy savings	7,781.50 MWh
Waste prevented, minimized or recycled before and after the project	8,958.75 Ton

Source: www.bancodebogota.com/wps/themes/html/banco-de-bogota/pdf/relacion-con-el-inversionista/emisiones/renta-fija/reporte-bv-2022.pdf

⁴ As a portion of balance.

⁵ The figures reported encompass the period between September 2021 and June 2022 and the impact is reported in proportion to the Bank's share in each project executed.

Sustainable Funding

○ Sustainable Subordinated Bond

Amount issued: USD \$230 million

In 2022, we issued the first Colombian subordinated sustainable bond in the international market. It includes the participation of 4 multilateral banks: Bid Invest, Findev Canada, Finance in Motion and IFC.

With this funding, we are strengthening our green and social portfolio by placing resources in green projects in the following categories: renewable energy, energy efficiency, sustainable agriculture, water efficiency, circular economy, sustainable transportation, green construction, sustainable infrastructure, and climate resilience. As to the social portfolio, in micro, small and medium-sized enterprises (MSMEs), MSMEs owned and led by women, as well as social housing.









The framework for the use of the proceeds from the issue received a second-party opinion from S&P Global Ratings, which noted its reporting system as “advanced” and the framework’s alignment with the International Capital Market Association-ICMA’s principles for green, social and sustainable bonds. It described the bank’s project selection and evaluation process as “strong”, with well-defined eligibility criteria, taxonomy, standards and established thresholds.

Taxonomy for Sustainable Lending









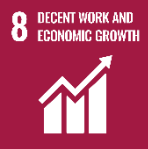

We have a sustainable taxonomy, which was designed based on the guidelines of different national and international sources such as the Colombian Green Taxonomy, IDB Invest taxonomy, Finance in Motion, IFC and Findev Canada.





⁶ Applies to loans to legal entities and individuals.

	Contribution to SDG	Destination	
Green	   	Energy Efficiency	<ul style="list-style-type: none"> • Energy efficiency in equipment or processes. • Heat recovery. • Cooling and heating systems. • Fuel substitution. • Cogeneration of thermal districts.
	   	Renewable Energy	<ul style="list-style-type: none"> • Solar energy • Wind energy. • Geothermal energy. • Biomass energy. • Ocean energy. • Small hydroelectric power plants.

 	<p>Sustainable Construction</p>	<ul style="list-style-type: none"> • Housing or institutional projects with LEED, EDGE, CASA certification. • Certified sustainable renovation of used housing. • Sustainable urban developments.
  	<p>Sustainable infrastructure</p>	<ul style="list-style-type: none"> • Lighting optimization. • Charging stations. • Bike paths. • Tree planting in public spaces. • Sustainable parking. • Nature-based solutions.
 	<p>Agro Sustainable</p>	<ul style="list-style-type: none"> • Certified agricultural activities. • Sustainable wood. • Certified forestry services. • Sustainable livestock. • Silvopastoral systems.
  	<p>Circular economy/ cleaner production</p>	<ul style="list-style-type: none"> • Recycling, reusing and minimizing the use of materials. • Reuse of treated wastewater. • Saving and efficient use of water. • Wastewater treatment. • Waste recovery. • Other Circular Economy Investments.

	  	<p>Sustainable Transportation</p>	<ul style="list-style-type: none"> • Hybrid vehicles. • Electric vehicles. • Euro VI technology vehicles. • Dedicated NGV vehicles.
	   	<p>Other Sustainable Investments</p>	<ul style="list-style-type: none"> • Certified sustainable tourism. • ESCO energy service companies. • Companies certified in sustainability.
<p>Social</p>	  	<p>Micro, small and medium-sized enterprises (MSMEs)</p>	<p>Financing for productive purposes such as working capital, investment in fixed assets and other types of financial services.</p> <p>MSMEs are defined according to Banco de Bogotá’s internal eligibility criteria (individuals or legal entities), which are also aligned with the country’s definition of MSMEs.⁷</p>

⁷ <https://www.mincit.gov.co/getattachment/555adb9d-8a48-45f3-a2a5-1ee9b35b2d09/Decreto-957-2015-Por-el-cual-se-adiciona-el-capitulo-13.aspx>

	<p>MSMEs managed or owned by women</p>	<ul style="list-style-type: none"> • Microenterprise (natural person): Woman with productive activities. • Small and medium-sized companies: <ul style="list-style-type: none"> - Property: More than 50% of shares are owned by women, and/or - Leadership: More than 20% of 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 composed of women.
	<p>Subsidized housing- VIS</p>	<p>These are housing units developed to guarantee the right to housing for lower-income households, which meet quality standards in urban and architectural design and government requirements for accessing subsidies.</p>



To ensure compliance with our lending taxonomy, we have an expert who carries out an assessment prior to disbursement.⁸


⁸ Applies for loans to legal entities, a different validation is carried out for individuals, such as the make of the electric and hybrid vehicle and government approval to be a beneficiary of the Social Interest Housing program, among others.



Sustainable Product Portfolio

We have a portfolio of sustainable products, as a commitment to the development of business models that contribute to the fight against climate change and sustainable progress; offering our clients (companies and individuals) alternatives to suit their needs:


-  Green product
-  Social product

Category	Product	Description	Results/ Impact to 2022 Figures in \$ billions
Companies	Microcredit 	<p>In order to promote the development of microenterprises in the country, a segment that has traditionally been outside the system, we have a Microfinance Unit, through which we support banking penetration and finance the businesses of Colombians.</p> <p>This line of credit applies to the financing of fixed assets and working capital according to the needs of each microentrepreneur. In addition, no credit experience is required, there is a fixed fee for the life of the loan and the credit analysis is free of charge.</p> <p>During 2022, we strengthened the digital microfinance channel through new technologies, enabling many processes to take place remotely. In this way, we optimize the processes of granting and registration, opening accounts remotely, initial profiling, and granting of microcredits, speeding up approval and disbursement times: four minutes for account opening and one day for microcredit approval.</p>	<ul style="list-style-type: none"> • COP \$245.1 in portfolio balance. • 22,968 micro-businesses benefited (26% increase compared to 2021). • Service in 756 municipalities in Colombia, with 245 advisors specialized in serving microentrepreneurs.

Category	Product	Description	Results/ Impact to 2022 Figures in \$ billions
	<p>Sustainable Development and Leasing Line</p>	<p>Through the Sustainable Development and Leasing Lines, we finance up to 100% of projects that promote the reduction or mitigation of the environmental impact of companies' production processes, maximizing their efficiency and profitability.</p> <p>For purposes such as: renewable energy, energy efficiency, sustainable transportation, waste management, certified production, sustainable infrastructure, green building, water and waste management, land use and circular economy.</p> <p>It is noteworthy that this type of project not only allows our clients to obtain a special credit offer, but also to obtain tax benefits such as VAT exclusion on equipment and machinery and income tax deductions.</p> <p>Through these products, we support companies with sustainable labels that certify that their processes and/or products come from responsible sources and that good practices are applied to the environment and vulnerable communities, a responsibility that extends to different links in the value chain, such as production and marketing.</p>	<ul style="list-style-type: none"> • COP \$645 in sustainable development, sustainable leasing and sustainable agribusiness portfolio balance. • We have 82 clients certified with Forest Stewardship Council (FSC), Florverde, Bonsucro EU, Friend of the Sea FOS Wild, Global Aquaculture Alliance, International Federation of Organic Agriculture Movements - IFOAM, Marine Stewardship Council (MSC), Programme for the Endorsement of Forest Certification (PEFC).
	<p>Sustainable Constructor Loan</p>	<p>Our Sustainable Constructor Loan seeks to promote the construction of buildings with sustainability standards through a differential value offer. Projects must be in the process of obtaining EDGE, LEED or CASA certification and</p>	<ul style="list-style-type: none"> • COP \$243 in portfolio balance. • COP \$203 billion disbursed (331%

Category	Product	Description	Results/ Impact to 2022 Figures in \$ billions
		funding may include the cost of certification.	<p>growth compared to 2021).</p> <ul style="list-style-type: none"> 13 projects financed.
	Structured Finance/ Project Finance	Through Structured Finance/Project Finance, we work on the design and structuring of tailor-made solutions for projects for sustainable purposes, identifying potential risks and establishing the respective mitigation and impact measurement mechanisms, as in the generation of renewable energy through hydroelectric power plants.	<ul style="list-style-type: none"> 2022: 5 projects were approved. 11 potential renewable energy projects under study.
	Loan Tied to Sustainability Indicators	Long-term credit solution for companies with high sustainability standards and established Net Zero route, which recognizes their environmental, social and governance (ESG) commitment with rate improvement associated with the fulfillment of agreed goals in sustainability indicators.	<ul style="list-style-type: none"> Loan to Cementos Argos.
	Sustainable Sif	Sustainable credit for working capital or investment to companies that market or transform agricultural goods.	
People	Housing loans and sustainable housing leasing (subsidized and non-subsidized housing)	We support the project from the construction stage to its completion, providing buyers with our Housing Loan and Sustainable Housing Leasing line, with differential benefits compared to a traditional home. During 2022, we disbursed more than \$12 billion in this form of loans.	<ul style="list-style-type: none"> \$12.6 billion pesos in portfolio balance in more than 70 loans.

Category	Product	Description	Results/ Impact to 2022 Figures in \$ billions
	Sustainable Used Housing Loan	Complementing our offer, we provide loans for the purchase of Sustainable Used Housing in partnership with Habi, which have been previously remodeled under sustainability criteria. This type of housing contributes to climate change mitigation by implementing materials and technologies with eco-efficiency standards.	
	Electric and Hybrid Vehicle Loans	Aware of the great impact that the transportation sector has on climate change and air pollution, we have a differential value offer through our Electric and Hybrid Vehicle Credit line, which finances up to 110% of the value of these vehicles and their accessories.	<ul style="list-style-type: none"> • COP \$115.1 in portfolio balance. • More than 670 clients financed. • COP \$64 disbursed. • 1,600 tons of CO2e avoided.
	Amazonía Card	<p>In 2021, we launched the first green card in the country, the Amazonía Debit Card, with which our clients donate 1% of their purchases to the planting of native trees in a strategic area considered the “lungs of the world”; for every two trees planted, the Bank donates an additional one.</p> <p>As a commitment to a more sustainable production and consumption model, our Card is made of 76% recyclable materials.</p> <p>Clients have access to a Saving the Amazon online platform</p>	<ul style="list-style-type: none"> • More than 88 thousand cards placed. • 23,847 native trees planted.

Category	Product	Description	Results/ Impact to 2022 Figures in \$ billions
		where they can track donations, review the geographic location of trees, see photos of plantings and information on the indigenous family caring for them.	
	Unicef Card 	<p>Committed to the well-being and development of the children and youth of our country, in 2020 we launched the Unicef Debit Card.</p> <p>Through this product, our clients contribute 1% of the value of their purchases to the Unicef organization, while we donate the same amount, thus doubling the contributions to promote programs that facilitate access to education for vulnerable Colombian children and adolescents.</p>	<ul style="list-style-type: none"> • Approximately 300,000 cards placed. • More than COP \$586 million in donations.



Our Commitment to Sustainable Finance for our Clients

Aware of our important role in banking, we carry out engagement, know your customer and financing processes through our robust sustainable portfolio.

<p>Training and incentives for our sales team</p> <p>We train the sales team on a regular basis, providing them with sustainable sales support. In addition, we have an incentive plan in place.</p>	<p>Customer segmentation</p> <p>According to different variables such as geographic location, sector and size.</p>	<p>Specialized support</p> <p>We have a team of in-house sustainable technical specialists who visit our clients to help them identify sustainable investment opportunities and simulate loans.</p>
<p>Ecosystem of alliances</p> <p>We have a network of expert allies, suppliers of solar energy systems, energy efficiency, environmental and tax consulting, sustainable transportation, and sustainable construction, who provide free advice and/or special conditions to our customers.</p>	<p>Organization and participation in strategic events</p> <p>Together with our partners, we organize different events throughout the country in order to inform our clients about new technologies, regulations and the benefits of investing in sustainable projects. In addition, we facilitate their participation in strategic spaces for their industry.</p> <p>Likewise, our team participates in different national and international forums to learn about best sustainability practices.</p>	<p>Innovation in sustainable finance</p> <p>We design sustainable products tailored to the needs of our customers, such as the first green card in the country, the first sustainable used housing loan and project finance.</p> <p>We also evaluate innovative sustainable financing mechanisms such as the first Colombian sustainable subordinated bond in the international market.</p>

During 2022, we conducted engagement visits with 10% of our clients in the prioritized sectors: energy and Oil & Gas. As of June 2023, we have reached 50% of these clients. Furthermore, as of July 2023, we have managed to carry out more than 90 face-to-face and remote visits to corporate banking clients.

Sustainable Finance Figures 2022:

Balance of sustainable corporate loans:⁹ \$1,208,407,590,613
 Total corporate loans: \$73,087,000,000,000
 Participation percentage: 2%

Balance of sustainable consumer loans and mortgages:¹⁰ \$3,031,128,076,523
 Total balance of consumer loans and mortgages: \$21,926,100,000,000
 Participation percentage: 14%

Sustainable SME loans:¹¹ 245,158,091,282
 Total balance of SME loans: 245,158,091,282
 Participation percentage: 100%

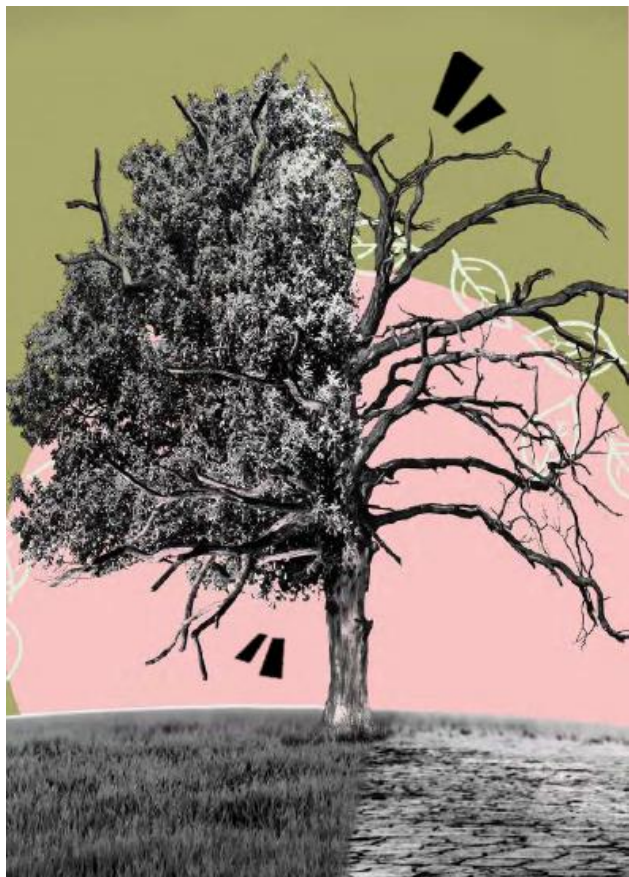
⁹ Products: Line of Sustainable Development, Sustainable Leasing, Sustainable Builder, Certified Agriculture, Eligible Portfolio, Green Bond, Microfinance, etc.

¹⁰ Products: Line of Electric and Hybrid Vehicles, Housing and Sustainable Housing Leasing, Subsidized Housing.

¹¹ Microcredit product.



Environmental and Social Risk Management System ESRMS and exclusion list



Since 2020, we have managed to identify environmental and social risks of clients undergoing the commercial loan granting process, through the Environmental and Social Risk Management System -ESRMS- for clients with an LEP greater than or equal to \$21 billion. Through the Environmental and Social Risk Identification Form -FIRAS-, we collect information related to the environmental and labor condition of our clients, in order to understand how they obtain the inputs for their operations, how they manage the waste generated from their activities, and identify the permits or licenses they must have to comply with environmental regulations and whether they also include mitigation measures or certifications to reduce negative impacts.

As a result of the information obtained from FIRAS, we are able to categorize our clients into three levels of environmental and social risk: high risk or category A, clients that could cause negative environmental impacts if they do not have mitigation plans; medium risk or category B, clients that could have a negative impact, but have mitigation plans in place; and low risk or category C, clients that have a minimal or no probability of causing negative impacts.

In 2022, 361 ESRMS analyses were conducted, including loan applications and renewals, totaling an evaluated amount of potential approvals of \$23.4 trillion. According to the results of the aforementioned analyses, during 2022, 18.6% of the clients analyzed were classified as high risk, 69.8% as medium risk and 11.6% as low risk. The importance of the information captured to perform ESRMS analyses and identify the socio-environmental impact of clients lies in the assignment of a category, with which control and monitoring recommendations are issued.

In addition to the information obtained from the clients through the Environmental and Social Risk Identification Form - ESRIF-, inquiries in platforms and tools with public information are carried out, according to the geographical location of the main operation of the clients, such as SIAC - Colombian Environmental Information System - or information on environmental offenders, SINAP; Vital, among others. In this way, we review the strategies or actions that are in the design or implementation stage by our clients, in terms of mitigation of potential impacts. This review has given rise to suggestions in the analysis to include mitigation plans in their sustainability processes and even the identification and management of climate change risk with actions in accordance with the nature of each activity, such as inventories of greenhouse gas emissions (GHG), forestry compensation, investment in sustainable portfolios, among others.



Environmental and Social Risk Management System ESRMS and exclusion list

Risk Assessment for Project Finance

Two experts in environmental matters belonging to the Bank's Technical Asset Management Department evaluate structured finance or Project Finance projects. Their duties include implementing the ESRMS Manual methodology to comply with the socio-environmental policy, assessing and categorizing environmental and social risks, analyzing technical information provided by clients and reviewing documents, researching relevant information on the project to be financed, issuing technical opinions and defining action plans to monitor and control potential risks to avoid, mitigate or compensate possible impacts on the projects.

In addition, there are independent third parties whose duties are to evaluate project compliance. For example, road infrastructure in which the government participates in public-private partnership agreements. This type of agreements requires the adoption of the Equator Principles in order to identify, assess and manage potential future risks and potential environmental and social impacts. The independent technical advisor is responsible for evaluating these criteria on 3 fronts: 1. To evaluate the project, verify that the schedule is met and that the resources are earmarked for the execution of the project. 2. To Ensure compliance with IFC standards and the Equator Principles by conducting an environmental and social analysis (communities, properties, licenses). 3. To follow up and monitor the operation's resources. These analysts provide the bank with alerts and recommendations on the project. Some of these third parties are: Arup, Infrata, WSP, Ingetec, Cruz y Dávila.

Exclusion list

We have an exclusion list, which includes activities that are not financed because of their high environmental and social impact:

No.	DESCRIPTION
Companies, projects, works or activities that:	
1	Are illegal, are against local laws and regulations or international agreements and conventions ratified by Colombia (Decree 1076 of 2015, as amended or supplemented).
2	Are related to the manufacture and/or commercialization of arms and ammunition, unless in the case of a state entity (Law 737 of 2002, Decree 2122 of 2003).

No.	DESCRIPTION
3	Are related to games of luck, chance or risk of money laundering and financing of terrorism.
4	Negatively affect the flora and fauna, or trade in wildlife products, especially those regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), unpermitted logging, purchase of logging equipment, timber production without the respective environmental management plan, among other similar activities (Decree 1076 of 2015, Title II) (checklist.cites.org).
5	Affect national parks or other similar protected areas without due approval from the competent authorities. In addition to natural world heritage sites, the United Nations list of national parks and protected reserves, wetlands declared of international importance as defined in the Ramsar Convention, areas defined by the International Union for Conservation of Nature (IUCN), public protected areas such as those of the national natural park system, protected forest reserves, regional natural parks, integrated management districts, soil conservation districts, recreation areas, and private protected areas such as civil society nature reserves registered in the National Registry of Protected Areas (Decree 1076 of 2015 Title II) (runap.parquesnacionales.gov.co ; whc.unesco.org/en/en/list/ ; ramsar.org ; iucn.org).
6	Generate and/or carry out transboundary movements of hazardous waste defined in the Basel Convention without the consent of the countries or without the approval of the National Environmental Licensing Authority ANLA (Law 253 of 1996; Decree 1076 of 2015 Title VI).
7	Involving illegal fishing activities, marketing, transportation or storage of specimens or products of species banned in reserve zones or areas, or in banned seasons, in prohibited zones, or with explosives, poisonous substances; without permission from the competent authority or in violation of existing regulations, and other activities that are detrimental to marine fauna and flora (Law 13 of 1990, Criminal Code article 335).
8	Violate the lands of indigenous, African-descendant, Raizal and Palenquero peoples, without the due process of prior consultation and authorization of the competent

No.	DESCRIPTION
	authorities, as well as alteration or damage to any heritage and cultural property of the nation (Article 79 of the Constitution, Law 21 of 1991, Decree 2613 of 2013).
9	Fail to comply with fundamental labor principles and rights, such as forced or child labor, discriminatory practices, or practices that prevent employees from legally exercising their rights of association and collective bargaining (Political Constitution, Substantive Labor Code, International Labor Organization).
Production, trade and/or use of:	
10	Radioactive materials. It does not apply to the purchase of medical equipment, quality control measurement or any equipment for which it can be demonstrated that the source of radioactivity is negligible (Resolution No. 18-1434 of 2002, Resolution 41226 of 2016).
11	Non-agglomerated asbestos fibers, or products containing them (Law 436 of 1998, Bogotá Administrative Court 39, Ruling 25000231500020050248801, Mar. 1/2019).
12	Pharmaceutical products that have been recalled from the market, prohibited by national or international authorities; unless they have been registered by the National Institute for Drug Surveillance (INVIMA).
13	Herbicides and/or pesticides and/or Persistent Organic Pollutants (POPs) such as PCBs and/or hazardous substances that have been recalled from the market, prohibited by national or international authorities (Law 1196 of 2008, as amended or supplemented).
14	Equipment or machines that use substances harmful to the ozone layer regulated by the Montreal Protocol (Law 29 of 1982, as amended or supplemented).

10.1 Coal Phase-out



As part of the alignment of the loan portfolio to the Bank's Net Zero Strategy, the Board of Directors approved a Coal Policy that seeks to limit the financing of mining and the use of thermal coal. Thus, we are committed to reduce the financing of clients that obtain more than 15% of their revenues from thermal coal from 2030 onwards, except for that intended for energy transition projects. From 2040 onwards, we will phase out thermal coal financing completely, while maintaining the possibility of financing transition projects.

This policy covers the entire productive chain associated with coal, i.e., the extraction of thermal coal, the generation of energy from thermal coal and the financing of infrastructure projects related to thermal coal, and includes all of Banco de Bogotá's operations in the country.

- i. **Clients with a current exposure:** For coal-fired power plants that already have a credit exposure, short-term working capital (less than or equal to one year) and projects that fall within the Bank's sustainable taxonomy and/or are focused on emission reduction or energy generation efficiency, which help the client transition to a low-carbon economy, will be financed. The following items must be met for these operations:

- ESRMS and transitional climate risk assessment.

- In the case of an operation for a project, there must be a transition plan in place that includes at least the quantification of the client's carbon footprint (scopes 1 and 2) specifying the emission factors used and their source, the carbon footprint reduction goal and the action plan for meeting the established goal. This transition plan must be validated prior to disbursement by the Sustainable Finance Department.

- Annual report on compliance with the goals and action plan submitted by the client at the time of disbursement for the carbon footprint (scopes 1 and 2). This report must include at least the quantification of scopes 1 and 2 of the respective year, the fulfillment of the proposed activities and goals and the justification of the results obtained. The follow-up and validation of the documents included in this report will be carried out by the Sustainable Finance Department.

- ii. **New clients:** Projects that fall within the Bank's sustainable taxonomy and are focused on emission reductions or energy generation efficiencies that help the client transition to a low-carbon economy will be financed. The following items must be met for these operations:

- ESRMS and transitional climate risk assessment.

- In the case of an operation for a project, there must be a transition plan in place that includes at least the quantification of the client's carbon footprint (scopes 1 and 2) specifying the emission factors used and their source, the carbon footprint reduction goal and the action plan for meeting the established goal. This transition plan must be validated prior to disbursement by the Sustainable Finance Department.

Annual report on compliance with the goals and action plan submitted by the client at the time of disbursement for the carbon footprint (scopes 1 and 2). This report must include at least the quantification of scopes 1 and 2 of the respective year, the fulfillment of the proposed activities and goals and the justification of the results obtained. The follow-up and validation of the documents included in this report will be carried out by the Sustainable Finance Department.

10.2 Priority Sectors

The economic sectors we have prioritized for their contribution to negative environmental and climate impact are:

- Oil & Gas
- Energy

For these two industries, investments that contribute to the clients' transition plan and are aligned with the Bank's sustainable taxonomy will be financed through our portfolio of sustainable products, including loans tied to sustainability indicators for clients with solid and mature transition plans.

For new operations, the following must be carried out:

- ESRMS and transitional climate risk assessment.
- Evaluation of the transition plan, including as a minimum the quantification of the client's carbon footprint (scopes 1 and 2) and emission reduction targets.
- Engagement by client and project.

10.3 Transition Sectors

The economic sectors that, because of their contribution to environmental and climate impact, we have considered to be in transition are:

- Cement
- Iron
- Transportation
- Afolu
- Construction
- Plastics
- Chemicals

For these industries, any investment that is consistent with the Bank's sustainable taxonomy will be financed through our portfolio of sustainable products, including loans tied to sustainability indicators for clients with solid and mature transition plans.

In addition, the current policy, the ESRMS and transition climate risk assessment will be carried out for operations over 21 billion pesos.

Banco de Bogotá

