

Environmental and Social Review Summary (“ESRS”) Bancolombia / 13929-01 – Colombia

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- 1. Scope of the Environmental and Social Review:** The environmental and social (“E&S”) assessment for the proposed transaction consisted of the review of documentation related to Bancolombia’s Environmental and Social Management System (“ESMS”), and information on the loan portfolio that will be financed by IDB Invest. Discussions were also held with the bank’s sustainability, risk management, and E&S teams, as well as senior management. Bancolombia is an existing client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale:** The proposed transaction has been categorized as FI-2 in accordance with the IIC Environmental and Social Sustainability Policy, as the potential E&S risks of the sub-projects included in the financing are moderate. The underlying loans will finance projects that comply with IDB Invest eligibility criteria. The portfolio that will be financed is divided into six pillars or categories: (i) Small and medium enterprises (“SMEs”); (ii) Sustainable construction; (iii) Decarbonization (renewable energy: solar, wind, among others); (iv) Self-employed individuals (entrepreneurs); (v) Sustainable mobility; and (vi) Inclusion: small loans given to clients of the low-income segment. The SME category accounts for the majority of this portfolio.

Bancolombia will not finance either Category A (high risk) subprojects as defined by IDB Invest or those involving activities included in IDB Invest’s Exclusion List.

- 3. Environmental and Social Risks and Impacts:** The main E&S risks of the transaction are related to Bancolombia’s ability to identify and manage the risks associated with its financing activities, primarily for agribusiness, renewable energy, and construction sub-projects. These E&S risks may be related to occupational health and safety, waste generation, pollutant emissions, land use change, handling of hazardous substances, community health and safety, labor rights, among others. The E&S impacts and risks associated with the sub-projects are considered to be moderate.
- 4. Mitigation Measures:** Bancolombia has implemented a robust ESMS that includes a policy, exclusion list, E&S risk categorization, an E&S risk assessment process, and procedures to manage and mitigate E&S risks where applicable. The ESMS incorporates local E&S regulations and, where applicable, International Finance Corporation (“IFC”) Performance Standards. The bank has a qualified and well-trained team which is responsible for managing E&S risks and impacts. It has also implemented human resources policies and an employee grievance mechanism. External communications are received via the ethics line, which is available via three channels—telephone, email, and Bancolombia’s mobile app—all of which are published on the bank’s website.

Bancolombia shall ensure that all sub-projects for the asset class that will be financed by IDB Invest comply with the IDB Invest Exclusion List, applicable Colombian environmental and social regulations, the ESMS, and the IFC Performance Standards (where applicable). The bank will develop and implement a code of conduct for suppliers in solar energy subprojects that incorporates international labor laws.

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

Activity	Description	Compliance indicator	Term
Establish a code of conduct for suppliers	Develop and implement a code of conduct for suppliers in solar energy subprojects	Code of conduct for suppliers approved and published	9 months after disbursement

6. Contact Information For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary tab**), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MIICI@iadb.org, or calling +1(202) 623-3952.