

Environmental and Social Review Summary (“ESRS”)

Banco de Bogotá: Loan to Support Sustainable Projects and Competitive Transition in Colombia / 15505-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction consisted of an analysis of the relevant processes, policies, and procedures of Banco de Bogotá S.A. (“Banco de Bogotá” or the “Bank”), as well as a review of information related to its loan portfolio. In addition, discussions were held with Bank officers and members of senior management. The Bank is an existing client of IDB Invest and has demonstrated satisfactory environmental and social performance.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as IF-2 under IDB Invest’s Environmental and Social Sustainability Policy, as it will finance subprojects with moderate E&S risk. The transaction consists of a financing facility allocated to three portfolios: (i) Sustainable; (ii) Competitive Transition; and (iii) Micro, Small, and Medium-Sized Enterprises (“MSMEs”). For the Sustainable and Competitive Transition portfolios, eligible¹ projects may belong to either the MSME segment or the corporate segment.

Banco de Bogotá adopts the MSME definition² established by Colombia’s Ministry of Commerce, Industry, and Tourism (“MINCIT”). Sub-loans under the MSME portfolio have an average credit amount of approximately US\$65,000.00 and an average tenor of 4.7 years. Currently, the five sectors with the largest share of the MSME portfolio are: commerce (8.38%), freight transportation (6.18%), independent professional or consulting services (5.79%), civil works (5.42%), and real estate activities (5.12%). Banco de Bogotá will not finance Category A (high-risk) subprojects, as defined by IDB Invest, nor any activities included in IDB Invest’s Exclusion List.

The transaction is considered aligned with the Paris Agreement, based on an analysis conducted in accordance with the IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks and impacts of the transaction are related to Banco de Bogotá’s capacity to identify and manage the risks associated with its financing activities, particularly in subprojects within the Sustainable and Competitive Transition portfolios. These E&S risks may be related to workers’ health and safety, generation of wastewater and solid waste, emissions of pollutants, land use change, community health and safety, labor rights, among others. Overall, the E&S risks and impacts associated with the subprojects are expected to be moderate.
- 4. Mitigation Measures.** Banco de Bogotá has an Environmental and Social Management System (“ESMS”) that includes an exclusion list, a process for environmental and social risk categorization and assessment, as well as guidelines for the design and implementation of E&S action plans. The ESMS incorporates the International Finance Corporation (“IFC”) Performance Standards, the Equator Principles, and applicable to local environmental and social legislation. In addition, the Bank has incorporated the management of physical and climate risks into its ESMS, in line with the recommendations of the Task Force on

¹ Eligible projects include the Energy category, which encompasses, among others, renewable energy projects, such as solar photovoltaic energy (up to 10 MW) and hydropower projects (up to 5 MW).

² For more information on the MSME definition, please [click here](#).

Climate-related Financial Disclosures (“TCFD³”). The Bank has two specialized environmental and social risk analysts, who are primarily responsible for conducting the relevant assessments and for monitoring the implementation of action plans for subprojects, with the support of other operational areas. Likewise, the Bank has Human Resources policies that incorporate principles of equal opportunity and non-discrimination, as well as an employee's grievance mechanism.

Banco de Bogotá shall ensure that all subprojects within the asset class financed by IDB Invest comply with applicable local environmental and social legislation, IDB Invest’s Exclusion List and eligibility criteria, the current ESMS, and the IFC Performance Standards, as applicable.

As part of the Environmental and Social Action Plan described in Section 5, the Bank shall implement actions aimed at strengthening the management of environmental and social risks.

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

#	Activity	Description	Compliance Indicator	Delivery Date
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts				
Identification of Risks and Impacts				
1	Strengthening of the Categorization Process	Strengthen of the E&S risk categorization and assessment process by incorporating additional criteria into the scope of analysis applicable to corporate-segment subprojects financed under the facility.	i) Approved relevant document reflecting the incorporation of additional criteria ii) Evidence of implementation	i) Three months after first disbursement ii) As part of ESMR ⁴
Management Programs				
2	Supply Chain Labor Risk Management	Implement, for eligible solar photovoltaic energy projects financed under the facility, the following: a) the Supplier Code of Conduct; and b) the procedure for assessing labor risks in the solar panel supply chain.	Evidence of implementation of a) and b)	As part of the ESMR, information on implementation shall be reported starting from the date of the first disbursement.
Organizational Capacity and Competence				
3	Capacity Building and Training	Develop and implement a training plan on E&S risk and impact management for pertinent staff.	i) Training Plan ii) Evidence of implementation	i) Three months after first disbursement ii) As part of ESMR

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

³ TCFD refers to Task Force on Climate-related Financial Disclosures.

⁴ ESMR refers to the Environmental and Social Monitoring Report, to be periodically submitted to IDB Invest.