Environmental and Social Review Summary ("ESRS")

Davivienda SLB Bond To Strengthen the Bank's Sustainable Business Strategy in Colombia / 15512-01

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1. **Scope of Environmental and Social Review**. The Environmental and Social ("E&S") assessment of the proposed transaction was conducted during the last quarter of 2025 through a review of documentation and discussions with staff from the Environmental and Social Risk Department and the Sustainability Department. Policies and procedures related to E&S risk management and sustainable finance were reviewed. Banco Davivienda S.A. ("Davivienda Colombia" or the "Bank") is an existing client of IDB Invest, whose performance is considered satisfactory.

2. **Environmental and Social Categorization and Rationale**. The Issuance is classified as FI-2, in accordance with IIC's Environmental and Social Sustainability Policy. The potential environmental and social risks of the sub-projects included in the Issuance are considered moderate. That is, the sub-loans are expected to involve activities with potentially adverse E&S impacts or risks that are limited, relatively few, generally site-specific, mostly reversible, and manageable through mitigation measures.

   The projects eligible for the Sustainability-Linked Bond primarily focus on supporting Davivienda Colombia's sustainable business strategy, as outlined in the policy "*El Mundo es Nuestra Casa: Hagámosla más Próspera, Incluyente y Verde desde nuestras bancas (2025)*", following Key Performance Indicators ("KPIs") and Sustainability Performance Targets ("SPTs") established in the bond's use of proceeds.

   As of June 2025, the sustainable portfolio in Colombia closed at US$6.7 million. This portfolio is segmented into housing (53%), commercial (46%), and consumer (<1%), and covers the following segments and subsegments: Individuals (54%); Companies (46%), of which 26% belong to Corporate Banking, 14% to Construction Banking, and 7% to Small and Medium Enterprises. The use of proceeds framework for the Sustainability Linked Bond is aligned with the Sustainability Linked Bond Principles of the International Capital Market Association ('ICMA"). As part of this Issuance, Davivienda Colombia will not finance sub-projects classified as Category A (high risk), according to IDB Invest's definition, nor those involving activities included in its exclusion list.

   The transaction is aligned with the Paris Agreement, based on the analysis conducted under the IDB Group's Paris Alignment Implementation Approach, considering the Bank's commitment and procedures to strengthen climate risk management.

3. **Environmental and Social Risks and Impacts**. The main E&S risks associated with the Issuance are linked to Davivienda Colombia's capacity to adequately identify and manage risks arising from its lending activities. Potential risks include occupational health and safety, waste generation, labor rights, handling of hazardous materials, land use, deforestation, biodiversity loss, water resource pollution, community safety, among others. The E&S impacts and risks associated with the sub-projects are expected to be moderate and will be managed by Davivienda Colombia in accordance with its E&S risk assessment and mitigation procedures, further strengthened by the measures outlined in Section 5 of this report.

4. **Mitigation Measures**. Davivienda Colombia applies the Environmental and Social Risk Management System ("ESMS"), which, among other elements, includes an exclusion list. ESMS requires compliance with the country's environmental, social, and labor legislation, the Equator Principles, and the Performance Standards ("PS") of the International Finance Corporation ("IFC"). ESMS is integrated into the Comprehensive Risk Management framework, and its management is reported to the Corporate Risk Committee and the Corporate Governance and Sustainability Committee.

   ESMS classifies transactions into three E&S risk categories: high (A), medium (B), and low (C), and includes a climate risk assessment covering both physical and transition risks, as well as Human Rights ("HR") considerations. One of ESMS's tools is the Environmental and Social Information Form ("ESIF"), which collects information on the type of project or activity, size, location, environmental and social management policies and actions, environmental permits, water and energy use practices, legal compliance, among others. As a result of ESMS implementation, action plans and contractual clauses are included in transactions. The Environmental and Social Risk Unit, under the Credit Risk Vice Presidency of Davivienda Colombia, has an interdisciplinary team of trained and highly experienced professionals: the Head of Environmental and Social Risk, E&S and climate risk specialists, as well as operational analysts.

Davivienda Colombia has a communication mechanism established at the Grupo Bolívar level that allows both internal and external stakeholders to make inquiries and submit feedback related to the environmental policy or financed projects, thereby facilitating public participation in these matters. Davivienda Colombia is a signatory to the Global Compact, the United Nations Environment Programme Finance Initiative (UNEP-FI), the Principles for Responsible Banking ("PRB"), the Principles for Responsible Investment ("PRI"), and the Equator Principles ("EP"). In 2023, Davivienda announced its goal to achieve net zero emissions by 2050.

Additionally, Davivienda Colombia follows the guidelines of the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), the Task Force on Climate-Related Financial Disclosures ("TCFD"), and the Taskforce on Nature-related Financial Disclosures ("TNFD"). It reports to the Carbon Disclosure Project ("CDP"), the Corporate Sustainability Assessment ("CSA") by S&P Global and is part of the "Best in Class" Sustainability Index and the S&P Dow Jones Sustainability Yearbook.

Davivienda Colombia will continue strengthening its ESMS as part of its continuous improvement process. Due diligence assessments conducted under ESMS will include the analysis and management of climate risk and natural habitat conversion. Bank personnel responsible for implementing ESMS and conducting overall risk evaluations will continue to receive training with support from IDB Invest as part of ongoing capacity building.

To ensure a better understanding of IDB Invest's requirements, staff responsible for supervising and managing ESMS must complete IDB Invest's Environmental and Social Risk Management training for financial intermediaries. Davivienda Colombia must comply with applicable local legislation, IDB Invest's Exclusion List, IFC Performance Standards when applicable, as well as the current ESMS and the Action Plan outlined in Section 5.

5. Environmental and Social Action Plan ("ESAP"):

Item	Task	Activity	Deliverable	Timeline
Performance Standard 1: Assessment and Management of E&S Risks and Impacts				
E&S Management and Evaluation System				
1	Strengthening the ESMS	Establish the application of IFC Performance Standards for sub-loans within the issuance, including sustainable construction projects, with amounts ≥ US$5 million (or COP20.000 million) and terms ≥ 36 months.	Strengthened ESMS	Six months after the first disbursement
2	Evaluation of the first three transactions categorized as moderate E&S risk applying IFC PS	Davivienda Colombia will submit the first three transactions under the issuance to IDB Invest for review and comments to: (i) confirm E&S categorization; and (ii) evaluate the proposed action plan (if applicable).	Environmental and Social Due Diligence Report of these three transactions	Upon completion of each report
3	Climate risk management	Annually report the identification and management of physical risks, summarizing major risks identified and mitigation measures, only for projects where PS were applied under the issuance.	Annual compliance report	As part of the annual environmental and social monitoring and compliance report
4	Natural habitat conversion risk management	Annually report the identification and management of natural habitat conversion risks. Provide a summary of mitigation measures implemented, only for projects where PS were applied under the issuance.	Annual compliance report	As part of the annual environmental and social monitoring and compliance report
Organizational Capacity and Competence				
5	Strengthen the capacity of the E&S Team	Two members of the Environmental and Social Department responsible for ESMS management will complete IDB Invest's extended training course "ESMS in Practice.[1]"	Course completion certificate	Eight months after the first disbursement

[1] https://cursos.iadb.org/es/temas/gestion-riesgo-ambiental-y-social/gestion-riesgos-ambientales-sociales-saras-accion (Available from February 2026).

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.