

SECOND PARTY OPINION

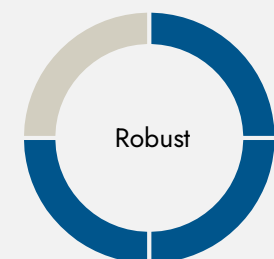
on the sustainability of the Republic of Colombia's Sovereign Green Bonds Framework

V.E is of the opinion that the Republic of Colombia's Sovereign Green Bonds Framework is aligned with the four core components of the ICMA's Green Bond Principles 2021.



Framework

Contribution to sustainability



Advanced
 Limited
 Robust
 Weak

Expected impacts

ESG Risk management

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG Risk management				

SDG Mapping of the environmental benefits expected

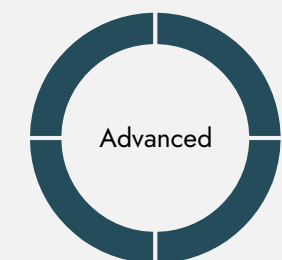


Framework characteristics

Eligible Expenditures	8 Green categories
Projects location	Colombia
Existence of Framework	Yes
Share of refinancing	To be communicated before each issuance
Look-back period	Less than 24 months

Issuer

ESG performance as of November 2020



Advanced
 Limited
 Robust
 Weak

Environmental Responsibility

Social Responsibility

Governance Responsibility

	Weak	Limited	Robust	Advanced
Environmental Responsibility				
Social Responsibility				
Governance Responsibility				

Coherence

Coherent

Partially coherent

Not coherent

We believe that the Framework is coherent with the strategic sustainability priorities of the Government of Colombia and that it contributes to the realization of its commitments and goals to mitigate climate change, social progress and sustainable development.

Key Findings

V.E is of the opinion that the Sovereign Green Bond Framework of the Republic of Colombia is aligned with the four core components of the ICMA's Green Bond Principles.

Use of Proceeds – Aligned with GBP

- Eligible Categories have been broadly defined in the Framework. Under the terms of these categories, the Issuer has identified a Portfolio of Eligible Expenditures to be financed in the inaugural issuance. The Issuer has provided information on the nature, description, and location at the country level of the Eligible Expenditures. The Portfolio is considered in line with the definitions of green projects described in the ICMA's Green Bond Principles.
- The Environmental Objectives are clearly defined for all the Eligible Categories and are consistent with the sustainability objectives defined by international standards.
- The expected Environmental Benefits of all the Eligible Categories are clear, relevant, measurable and will be quantified by the Issuer in the post-issuance reports.
- The Issuer has committed to transparently communicate the estimated percentage of refinancing¹ of each Bond before each issuance. The look-back period to refinance Green Expenditures will not exceed 24 months prior to the issue date, in line with the best market practices.

Evaluation and Selection Process – Aligned with GBP

- The Evaluation and Selection Process for Eligible Green Expenditures is clearly defined and detailed, it is considered well-structured in all its stages (including the evaluation, selection, validation, and monitoring of Eligible Green Expenditures). Roles and responsibilities are clearly defined and include relevant internal experts. The process is publicly disclosed in the Framework and in this SPO.
- The eligibility criteria (selection and exclusion) have been clearly defined by the Issuer for all Eligible Categories.
- The process used to identify and mitigate potential material Environmental and Social Risks related to Eligible Green Expenditures has been publicly disclosed in this SPO. The process is considered robust, it considers monitoring, identification, and corrective measures for all Eligible Green Expenditures.

Management of Proceeds – Aligned with GBP and with the Best Practices identified by V.E

- The process for the allocation and management of funds is clearly defined and detailed and has been publicly disclosed in the Framework.
- The period of total allocation of funds will be in the same or the following budget period.
- The net income of the Bonds will be deposited in the Unique National Account (CUN for its acronym in Spanish) and these will be monitored by the Issuer in an appropriate manner and monitored in a formalized internal process.
- Information on the types of temporary instruments for unallocated funds has been publicly disclosed in the Framework. The Directorate of Public Credit and National Treasury will manage the unallocated funds according to the Treasury policies.
- The Issuer has committed that, during the useful life of the Bond, the balance of the tracked net funds will be periodically adjusted to match the allocation to the Eligible Expenditures incurred during that period.
- The Issuer has provided information on the applicable procedures in the event of divestment or postponement of Eligible Expenditures and has committed to reallocate the funds to Expenditures that meet the criteria established in the Framework in less than 24 months.

¹ Refinancing is considered the allocation of Eligible Expenditures that have been executed in previous budgetary periods.

Reporting – Aligned with GBP

- The Issuer is committed to report annually, until the full allocation of the Bond funds and in case of material changes. The report will be publicly available on the Issuer's website until the Bond matures.
- Reports will include relevant information on the allocation of funds and environmental benefits at the Eligible Category level and at Project level where feasible. The Issuer has also agreed to report on material developments and eventual ESG controversies related to Eligible Expenditures.
- The methodology and assumptions used to report on environmental benefits will be publicly disclosed in the Bond reports.
- An external auditor will verify the allocation of funds to Eligible Expenditures until the full allocation of funds and in case of material changes. The environmental benefits of Eligible Expenditures will be verified internally.

Contact

Sustainable Finance Team | VEsustainablefinance@vigeo-eiris.com

SCOPE

VE was commissioned to provide an independent opinion (hereinafter "Second Party Opinion" or "SPO") on the sustainability credentials and responsible management of the Green Bonds² ("Bonds") to be issued by the Republic of Colombia ("Colombia" or the "Issuer"), in accordance with its Sovereign Green Bond Framework ("the Framework") created to govern its sovereign issues.

Our opinion is established in accordance with VE's exclusive assessment methodology for Environment, Social and Governance ("ESG") and in accordance with the voluntary procedures of the latest version of the ICMA's Green Bond Principles 2021 ("GBP").

This opinion is based on the evaluation of the following components:

- 1) Framework: we have evaluated the contribution to the sustainability of the Eligible Expenditures Portfolio (the "Portfolio") presented on June 4th, 2021 and its alignment with the 2021 Green Bond Principles, as well as their coherence with the strategy in terms of the Issuer's sustainability.

The Issuer has agreed to request the update of this SPO in the event of any significant change³ in the Portfolio of Eligible Expenditures and / or Framework to confirm its alignment with the GBP.

- 2) Issuer: we have evaluated the Issuer's performance in terms of sustainable development (Sovereign Sustainability Rating ©).

The evaluated information comes from different sources, including public information, from the press, from interested parties; information from our ESG rating database; and information from the Issuer transmitted in various documents and by interviews conducted with officials of the Government of Colombia through a teleconference system.

V.E has conducted its due diligence from January 15th, 2021 to June 22nd, 2021. We believe that we have been able to access all appropriate documents and speak to all requested individuals. For this purpose, we use reasonable efforts to verify the accuracy of such information.

Scope of External Reviews

<input checked="" type="checkbox"/>	Pre-issuance Second Party Opinion	<input type="checkbox"/>	Independent verification of impact reporting
<input checked="" type="checkbox"/>	Independent verification of funds allocation	<input type="checkbox"/>	Climate Bond Initiative Certification

² The "Green Bond" should be considered as the bond or bonds that will potentially be issued in the local or international capital market, subject to the discretion of the Issuer. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion of V.E.

³ A significant change in the Portfolio is the financing of Eligible Categories that have not been evaluated in this review or to projects that have a different nature than the projects evaluated in the current Portfolio.

COHERENCE

Coherent
Partially coherent
Not coherent

V.E considers that the Sovereign Green Bond Framework of the Republic of Colombia is coherent with the Issuer's strategic sustainability priorities, and that it contributes to the realization of its commitments and goals in terms of mitigation of climate change, social progress and sustainable development.

In 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development, which includes the 17 Sustainable Development Goals (SDGs). With 10 years to go to achieve the SDGs, world leaders called for a "Decade of Action" at the SDG Summit in September 2019. Achieving sustainable development requires the transition of all economic sectors towards models of sustainable development, and action immediate of all private actors. National governments must mobilize to achieve the sustainable development goals, through regional and global leadership, integrating environmental and social sustainability into policies, budgets, institutions and regulatory frameworks, and working with all stakeholders.

National governments must lead climate action to limit global warming and care for the environment, and at the same time lead action to reduce inequality through the establishment of national policies and action plans that guarantee sustainable and inclusive growth.

The Government of Colombia has formalized the agenda of the National Development Plan (NDP) called: "Pact for Colombia, Pact for Equity 2018-2022", which includes the Pact for Sustainability and makes visible the commitment of the Colombian National Government with the implementation of economic actions of the country and the conservation of the environment. In this Pact, four pillars are identified⁴:

1. Implement economic strategies and instruments so that productive sectors are more sustainable, innovative, competitive and reduce environmental impacts, with a focus on circular economy and mitigation of climate change.
2. Convert biodiversity and natural capital into strategic assets of the Nation, controlling deforestation, conserving ecosystems, and preventing their degradation, based on territorial control and the generation of new sustainable economic opportunities at the local level.
3. Promote knowledge and prevention for disaster risk management and adaptation to climate change, guiding decision-making in development planning and encouraging financial protection against disasters.
4. Strengthen environmental institutions and research, promoting social transformation that values biodiversity through environmental education and effective management of socio-environmental conflicts.

The pillars of the National Development Plan (NDP) refer to the commitments of the United Nations 2030 agenda⁵, reflected in the Sustainable Development Goals (SDG), as well as in compliance with the Paris Agreement⁶ for the reduction of emissions of greenhouse gases. Given that climate change is considered a cross-cutting policy, Colombia has developed agreements to achieve compliance with the emission reduction goals proposed in the framework of the Paris Agreement, ratified by Law 1844 of 2017. One of the commitments was included in the recent update of the 2020 Nationally Determined Contribution⁷. In addition, Colombia is preparing the Long-Term National Strategy (E2050) that will be presented prior to COP26, which responds to the need to promote efforts at the national and territorial level and through the planning of an innovative and competitive economy, towards sustainable development

The Government of Colombia established, through Decree 298 of 2016, the National Climate Change System (SISCLIMA for its acronym in Spanish) and the formulation of the National Climate Change Policy, which respond to the need to

⁴ Colombia, Presidency of the Republic of Colombia. National Planning Department, (2019). National Development Plan 2018-2022: Pact for Colombia, pact for equity. [PDF file]. See <https://id.presidencia.gov.co/especiales/190523-PlanNacionalDesarrollo/documentos/BasesPND2018-2022.pdf>

⁵ <https://www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible/>

⁶ https://unfccc.int/sites/default/files/spanish_paris_agreement.pdf

⁷ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Colombia%20First/NDC%20actualizada%20de%20Colombia.pdf>

have articulating guidelines, including actions and strategies aimed at sustainable and low-carbon development⁸. Additionally, Law 1931 of 2018 provides the guidelines for the management of climate change in public and private decisions and establishes the Intersectoral Commission on Climate Change (CICC for its acronym in Spanish) of SISCLIMA⁹ as the instance in charge of inter-institutional coordination for the implementation of the National Policy on Climate Change. Under the CICC, the sectoral coordination process for the reduction of Greenhouse Gas (GHG) emissions is led to comply with the Nationally Determined Contributions (NDC)¹⁰, the strategic lines that promote mitigation, among which the reduction of emissions from deforestation, energy efficiency and electric mobility are mentioned. This Law provides that the ministries that are part of SISCLIMA, as well as the departmental authorities, must formulate and implement Comprehensive Sectoral Climate Change Plans (PIGCCS for its acronym in Spanish) through which the incorporation of GHG mitigation and adaptation measures is managed, including guidelines at the territorial level and their respective guidelines on their financing.

In addition, the Government of Colombia has developed policies that aim to protect natural resources, such as:

- National Policy for the Control of Deforestation and Sustainable Forest Management.
- National Policy for Urban and Regional Mobility.
- Policy for the Modernization of the Automotive Freight Transportation Sector.
- Circular economy policy in the management of drinking water services and wastewater management.
- National Sustainable Building Policy.
- Disaster risk management policy and the national climate change policy

With the creation of the Sovereign Green Bond Framework for the financing and refinancing of Eligible Green Expenditures, Colombia responds in a coherent way to its national commitments and goals mentioned above, and addresses the main challenges in terms of sustainable development of national governments.

⁸ Among these strategies are: the Colombian Strategy for Low Carbon Development (ECDBC), the National Plan for Adaptation to Climate Change (PNACC), the National Strategy for the Reduction of Emissions due to Deforestation and Forest Degradation (ENREDD +), the National Plan for disaster risk management, the Strategy for financial protection against disasters and the National Strategy for Climate Financing.

⁹ The SISCLIMA is established by Decree 289 of 2016 and is the set of state, private and non-profit entities, which compiles policies, standards, processes, resources, plans, strategies, instruments and mechanisms to coordinate actions and reduction measures of GHG emissions and also contribute to climate change adaptation.

¹⁰ Nationally Determined Contribution, for its acronym in English. It refers to the set of commitments defined by each country to reduce its greenhouse gas emissions in a specific magnitude and period. They are presented to the United Nations Framework Convention on Climate Change as the country's contribution to the global mitigation commitment, within the framework of the Paris Agreement.

ISSUANCE

The Republic of Colombia has described the main characteristics of the Green Bonds within its Framework, which covers the four core components of the ICMA's 2021 Green Bond Principles (the last updated version of the Framework was provided to V.E on June 17th, 2021). The Issuer has agreed to make this document public on its website before the Bond is issued, in accordance with good market practices. Likewise, V.E has had access to the Eligible Expenditures Portfolio (provided on June 4th, 2021) that will be financed with the inaugural issuance.

Alignment with the Green Bond Principles

Use of Proceeds



The net proceeds of the Bonds will finance or refinance¹¹, in part or in full, eight Eligible Green Expenditures Categories ("Eligible Categories") as indicated in Table 1.

- Eligible Categories have been broadly defined in the Framework. However, the Issuer has identified a Portfolio of Eligible Expenditures to be financed in the inaugural issuance. The Issuer has provided information on the nature, description and location at the country level of the Eligible Expenditures. The Portfolio is considered in line with the definitions of green projects described in the ICMA's Green Bond Principles.
- The Environmental Objectives are clearly defined for all the Eligible Categories and are consistent with the sustainability objectives defined by international standards.
- The expected Environmental Benefits of all the Eligible Categories are clear, relevant, measurable and will be quantified by the Issuer in the post-issuance reports.
- The Issuer has committed to transparently communicate the estimated percentage of refinancing of each Bond before each issuance. The look-back period to refinance Green Expenditures will not exceed 24 months prior to the issue date, in line with the best market practices.

The types of Eligible Expenditures defined by the Issuer are the following:

- Investment in real assets (land, infrastructure, etc.).
- Investment in intangible assets (research and innovation, human capital and organization).
- Specific projects and programs (stock and individual).
- Operational Expenditures (mainly of the agencies, institutes, units, corporations, or local authorities that contribute to the country's environmental and climate strategy).
- Transfers to co-finance regional or local investment projects.
- Sovereign green bond debt services.
- Any expense that can be used to implement Colombia's environmental and climate policy.

Location of Eligible Expenditures: Colombia

¹¹ Refinancing is considered to be the association of Eligible Expenditures that have been executed in previous budgetary periods.

Table 1: V.E's analysis of Eligible Green Categories, Sustainability Objectives and expected Benefits.

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Non-conventional energy sources, energy efficiency and connectivity	<p>This category seeks to finance projects related to:</p> <ul style="list-style-type: none"> - Generation, improvement and access to non-conventional energy sources (such as solar, wind, among others). - Energy efficiency or connectivity. - Policies, laws and research for the energy transition. - Transmission of energy from non-conventional sources. - Energy storage. 	<p><u>Climate change Mitigation</u></p> <p>Reduction of GHG emissions</p> <p><u>Energy efficiency</u></p> <p>Energy savings</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <ul style="list-style-type: none"> - Promotion of non-conventional (renewable) energy sources in rural areas of Colombia. These projects include the feasibility study¹² and the installation of solar panels in rural homes. <p>The projects are led by the Institute for Planning and Promotion of Energy Solutions and the Ministry of Mines and Energy.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the Expenditures of this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

¹² In case the study identifies that the installation of solar panels is not feasible or efficient, other technologies can be used, including hybrid technologies. For this project, the Green Bond will not finance the installation of energy sources that use fossil fuels.

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Ecosystem services and biodiversity	<p>This category seeks to finance projects related to:</p> <ul style="list-style-type: none"> - Reforestation, deforestation control, and forest governance. - Protection, conservation and sustainable use of biodiversity and ecosystem services. - Protection and conservation of natural resources management. - Management of ecosystems associated with water provisioning. - Research and capacity building for the management of ecosystem services and biodiversity. 	<p><u>Conservation of terrestrial ecosystems</u></p> <p>Promotion of protection of terrestrial and aquatic for the preservation of biodiversity.</p> <p>Promotion of sustainable forest management practices</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <ul style="list-style-type: none"> - Programs to strengthen institutional management in Colombian institutions relevant to environmental analysis and protection of biodiversity, such as the National Environmental Licensing Authority (ANLA for its acronym in Spanish), National Natural Parks¹³ (PNN for its acronym in Spanish), and the Colombian Environmental Information System (SIAC for its acronym in Spanish), among others. - Promotion of scientific research, and production of knowledge and information related to terrestrial and aquatic biodiversity in Colombia. - Institutional strengthening for the implementation of the REDD + program in Colombia. <p>The entities responsible for these projects are the Ministry of the Environment and Sustainable Development, ANLA and National Natural Parks.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the projects in this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

¹³ Part of the project related to natural parks, includes the promotion of ecotourism in natural parks and the financing of light infrastructure in trails, viewpoints, among others. Light infrastructure is defined as modular, easily assembled and removable, built with non-toxic materials, with low energy consumption and low greenhouse gas emissions, recyclable, reusable or biodegradable.

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Sustainable Agricultural Production, with low emissions and adapted to climate change	<p>This category aims to finance projects related to:</p> <ul style="list-style-type: none"> - Silvopastoral Systems. - Other primary production activities with low emissions. - Protection against climate risks. - Sustainable commercial reforestation or soil restoration. - Sustainable agricultural production focused on the protection of ecosystems, biodiversity and water resources (risk districts). - Sustainable or low impact agriculture. 	<p><u>Conservation of terrestrial ecosystems</u></p> <p>Promotion of protection of terrestrial ecosystems</p> <p><u>Efficient use of resources</u></p> <p>Promotion of efficient use of natural resources for agriculture</p> <p><u>Climate change adaptation</u></p> <p>Promotion of agricultural practices to increase resilience to climate change</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <ul style="list-style-type: none"> - Generation of environmental technical guidelines, research, satellite monitoring, technical support for the adoption of sustainable agricultural practices¹⁴. - Promotion of reforestation. - Strengthen capacities in the agricultural sector in the face of phenomena associated with climate change. <p>These projects are led by the Ministry of Agriculture.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the projects in this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

¹⁴ The projects related to livestock are focused on working on the reconversion of traditional livestock systems towards sustainable livestock, including silvopastoral systems, pasture management, rotation of pastures and livestock aqueducts. The Ministry of Agriculture, executing the projects, will not support traditional livestock using the funds raised with the issuance of the Green Bond.

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Clean and sustainable transport	<p>This category seeks to finance:</p> <ul style="list-style-type: none"> - Urban development and mass passenger transport. - Non-motorized mobility. - Development of infrastructure and active transport. - Infrastructure for electric transport. - Reconversion of the transport fleet (Scrapping). - Low carbon transport systems. - Multimodal freight transport that reduces GHG emissions. - Air quality monitoring networks in mass transportation systems. 	<p><u>Climate change mitigation</u></p> <p>Reduction of GHG emissions</p> <p><u>Improvement of air quality</u></p> <p>Reduction of particulate matter in the air</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <ul style="list-style-type: none"> - Section 1 of the Bogotá Metro. - Optimization of the routes of the mass public transport system and rationalization of the bus fleets. - Promotion of the use of gas as fuel in mass transport buses to reduce particulate matter in the air. <p>These projects are led by the Ministry of Transport. These projects are co-financed by the Central Government of Colombia.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the projects in this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Sustainable water Management, Use and Sanitation	<p>This category aims to finance projects related to:</p> <ul style="list-style-type: none"> - Restoration in strategic areas where basins that supply municipal aqueducts are located. - Management of information for sustainable use, planning and management of water resources. - Construction and maintenance of aqueducts and sewers, and basic and environmental sanitation. - Water resource monitoring network systems in quality and quantity. - Establishment of wastewater treatment plants. - Network systems for monitoring weather conditions and atmospheric phenomena. 	<p><u>Conservation and sustainable use of water resources and climate change adaptation</u></p> <p>Promote sustainable water management to guarantee water supply</p> <p><u>Pollution prevention and control</u></p> <p>Prevent and reduce pollution of water resources</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <ul style="list-style-type: none"> - Institutional strengthening for the management of water resources and implementation of the national water policy¹⁵. - Generate data, information and knowledge from hydrological, meteorological and environmental follow-up and monitoring. - Implementation of the Wastewater Treatment Program, to structure a comprehensive system for wastewater treatment. - Access to drinking water and wastewater management in the rural population. <p>These projects are led by the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM by its acronym in Spanish), the Ministry of the Environment and Sustainable Development and the Ministry of Housing.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the projects in this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

¹⁵ The National Policy for the Integral Management of Water Resources is framed within the concept of Integrated Water Resource Management - IWRM, defined by the Global Water Partnership as "a process that promotes the management and coordinated use of water resources, land and related natural resources, in order to maximize social and economic well-being in an equitable manner without compromising the sustainability of vital ecosystems".










COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Sustainable buildings adapted to climate change	<p>This category seeks to promote the reduction of vulnerability to climate change and sustainable buildings.</p> <ul style="list-style-type: none"> - Sustainable buildings (hospitals, schools, public buildings, housing). - Constructions with climate change adaptation approach. 	<p><u>Climate change adaptation</u></p> <p>Strengthen the resilience of the infrastructure in case of severe weather conditions.</p> <p><u>Sustainable use of resources</u></p> <p>Reduce energy and water consumption and GHG emissions</p>	The Portfolio of projects chosen for this issuance does not have projects associated with this category.	<p>The Eligible Category has been broadly defined in the Framework. The Issuer has informed to V.E that there are no Eligible Expenditures associated with this category for this issuance.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

COLOMBIA SOVEREIGN GREEN BOND FRAMEWORK			ELIGIBLE PORTFOLIO	
ELIGIBLE GREEN CATEGORIES	DESCRIPTION	OBJECTIVES AND SUSTAINABLE BENEFITS	DESCRIPTION OF PORTFOLIO PROJECTS	V.E ANALYSIS
Waste and circular economy	<p>This category seeks to promote sustainable consumption and production modes, Use, reuse and management of solid waste.</p> <ul style="list-style-type: none"> - Technical systems for the management of national information on waste. 	<p><u>Promotion of circular economy</u></p> <p>Promote eco-design, recycling, waste reduction and reuse of resources.</p>	<p>The Portfolio of projects chosen for this issuance includes expenditures related to:</p> <p>Comprehensive Solid Waste Management, including solid waste separation programs, use of organic waste (composting) and recycling treatment.</p>	<p>The Eligible Category has been broadly defined in the Framework. However, the Issuer has communicated to V.E the exact list of Eligible Expenditures to be financed with the inaugural Bond, including their nature and location. V.E confirms that the expenditures of this Eligible Category are in line with the ICMA definitions of green projects.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>
Management of natural disaster risks associated with climate change	<p>This category aims to finance:</p> <ul style="list-style-type: none"> - Knowledge and reduction of natural disaster risks associated with climate change: - Knowledge: risk identification and characteristics (analysis, evaluation, and communication) - Monitoring systems for the identification and management of disaster risks associated with climate change. - Reduction: corrective and prospective risk intervention. It also refers to financial protection from disasters' impacts. 	<p><u>Climate change adaptation</u></p> <p>Strengthen resilience to the physical consequences of climate change</p>	<p>The Portfolio of projects chosen for this issuance does not have projects associated with this category.</p>	<p>The Eligible Category has been broadly defined in the Framework. The Issuer has informed to V.E that there are no Eligible Expenditures associated with this category for this issuance.</p> <p>The environmental objectives have been clearly defined, these are considered relevant and consistent with the sustainability objectives defined in international standards.</p> <p>The expected environmental benefits are clear, they are considered relevant, measurable and will be quantified in the reports of the Bonds.</p>

Contribution to SDGs

Eligible Expenditures have the potential to contribute to eight United Nations Sustainable Development Goals (SDGs), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
<p>Sustainable water Management, Use and Sanitation</p> <p>Sustainable Agricultural Production, with low emissions and adapted to climate change</p> <p>Ecosystem Services and Biodiversity</p>		<p>6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing the emission of chemicals and hazardous materials, halving the percentage of untreated wastewater and significantly increasing recycling and safe reuse worldwide.</p> <p>6.4 Significantly increase the efficient use of water resources in all sectors and ensure the sustainability of freshwater extraction and supply to address water scarcity</p> <p>6.6 Protect and restore water-related ecosystems, including forests, mountains, wetlands, rivers, aquifers, and lakes</p>
<p>Non-conventional energy sources, energy efficiency and connectivity</p>		<p>7.2 Significantly increase the share of renewable energy in the set of energy sources</p> <p>7.3 Double the global rate of improvement in energy efficiency.</p>
<p>Sustainable buildings adapted to climate change</p>		<p>9.4 By 2030, modernize infrastructure and reconvert industries so that they are sustainable, using resources more efficiently and promoting the adoption of clean and environmentally sound industrial technologies and processes, and ensuring that all countries take measures in accordance with their respective capabilities.</p>
<p>Clean and sustainable transport</p> <p>Sustainable buildings adapted to climate change</p>		<p>11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all and improve road safety, in particular by expanding public transport, paying special attention to the needs of people in vulnerable situations, women, children, people with disabilities and the elderly.</p> <p>11.6 Reduce the negative per capita environmental impact of cities, including paying special attention to air quality and municipal and other waste management.</p> <p>11.b significantly increase the number of cities and human settlements that adopt and implement integrated policies and plans to promote inclusion, efficient use of resources, climate change mitigation and adaptation and resilience to disasters, and develop and implement</p>
<p>Waste and circular economy</p> <p>Sustainable water Management, Use and Sanitation</p> <p>Sustainable Agricultural Production, with low emissions and adapted to climate change</p> <p>Ecosystem services and Biodiversity</p>		<p>12.2 achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 significantly reduce waste generation through prevention, reduction, recycling and reuse activities.</p> <p>12.6 Encourage companies to adopt sustainable practices and incorporate sustainability information into their reporting cycle</p>

ELIGIBLE CATEGORY	SDG	SDG TARGETS
<p>Clean and sustainable transport</p> <p>Non-conventional energy sources, energy efficiency and connectivity</p> <p>Sustainable Agricultural Production, with low emissions and adapted to climate change</p> <p>Management of natural disaster risks associated with climate change</p> <p>Sustainable buildings adapted to climate change</p>		<p>The UN's SDG 13 consists of adopting urgent measures to combat climate change and its effects. States can contribute to this goal by investing in renewable energy, green buildings and reducing greenhouse gas emissions from transport operations thanks to the transition to electric vehicles.</p> <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p> <p>13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States</p>
<p>Ecosystem Services and Biodiversity</p> <p>Sustainable water Management, Use and Sanitation</p>		<p>14.2 sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take measures to restore them to restore the health and productivity of the oceans</p>
<p>Ecosystem Services and Biodiversity</p> <p>Sustainable Agricultural Production, with low emissions and adapted to climate change</p>		<p>15.1 ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and the services they provide, in particular forests, wetlands, mountains and arid areas, in line with obligations undertaken under international agreements</p> <p>15.2 promote the sustainable management of all types of forests, end deforestation, restore degraded forests and increase afforestation and reforestation globally.</p> <p>15.5 Take urgent and significant measures to reduce the degradation of natural habitats, halt the loss of biological diversity, and protect threatened species and prevent their extinction.</p> <p>15.9 integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounting</p>

BEST PRACTICES

- ⇒ The environmental benefits have been identified and will be measured for all the Eligible Portfolio
- ⇒ The Issuer has committed to transparently communicate on the share of refinancing before each issuance
- ⇒ In case of refinancing, the look back period will be equal to or less than 24 months, in line with market best practices

Evaluation and Selection of Eligible Expenditures



- The Evaluation and Selection Process for Eligible Green Expenditures is clearly defined and detailed, it is considered well-structured in all its stages (including the evaluation, selection, validation and monitoring of Eligible Green Expenditures). Roles and responsibilities are clearly defined and include relevant internal experts. The process is publicly disclosed in the Framework and in this SPO.
- The eligibility criteria (selection and exclusion) have been clearly defined by the Issuer for all Eligible Categories.
- The process used to identify and mitigate potential material Environmental and Social Risks related to Eligible Green Expenditures has been publicly disclosed in this SPO. The process is considered robust, it considers monitoring, identification, and corrective measures for all Eligible Green Expenditures.

Process of Evaluation and Selection of Eligible Expenditures

The process of evaluation and selection of Eligible Green Expenditures will be led by the Ministry of Finance and Public Credit (MHCP for its acronym in Spanish) in conjunction with the National Planning Department of Colombia (DNP for its acronym in Spanish), also with the support of the Ministry of the Environment and Sustainable Development (MADS for its acronym in Spanish) and the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM for its acronym in Spanish). These institutions will form a strategic working group called the “Sovereign Green Bonds Working Group” (the “Working Group”), which will have the following functions:

1. Review and validate that the Eligible Green Expenditures are in line with what is established in section a. Use of Proceeds.
2. Supervise that the amount associated with the Eligible Green Expenditures is equivalent to the net amount received for the issuance.
3. Coordinate any future updates to the Framework.
4. Prepare the results reports, as established in section d. Reporting.

The project selection and evaluation steps are divided as follows:

- Initial request for information: The Ministry of Finance and Public Credit is in charge of socializing the financing process through Green Bonds. In this way, the different ministries are invited to evaluate their portfolio of projects, to identify the projects that could be eligible according to the eligibility criteria established in the Framework. After receiving the information on potential Eligible Green Expenditures from the different ministries, the Working Group reviews the information sent by the different ministries and, if necessary, may establish meetings with the ministries to clarify the characteristics of the projects. The Ministries and executing entities, will present to the Green Bonds Working Group the projects to be considered to be part of the Eligible Green Expenditures, as long as these are included in the General National Budget (PGN for its acronym in Spanish).

- Investment budget filter: At this stage, the DNP, through its Environment and Sustainable Development Directorate (DADS for its acronym in Spanish) and the support of its Sectorial Directorates carry out an analysis of the proposed projects, to identify Eligible Green Expenditures that meet the Framework criteria. In this stage, the DNP verifies that the projects have a code from the National Investment Programs and Projects Bank (BPIN for its acronym in Spanish), its current amount, and the description and characteristics of each project. Once the proposed projects have been studied, the Working Group builds the preliminary portfolio of Eligible Green Expenditures. Finally, the Directorate of Investments and Public Finance (DIFP for its acronym in Spanish) verifies that the projects of the preliminary portfolio of Eligible Green Expenditures are included in the budget.

- Definition of indicators: The Working Group with the information on the projects included in the Investment Project Monitoring System (SPI for its acronym in Spanish) reviews the impact indicators to be followed and selects them. At this stage, a socialization of the selected projects is carried out with the different ministries in charge, to corroborate the monitoring of impact indicators of the different Eligible Green Expenditures or request additional information if necessary. In the stage of identifying impact indicators, IDEAM will support the identification of potential impact indicators.

- Definition of the portfolio: After completing the previous steps and socializing the selected projects, the Working Group determines the final list of projects that will make up the final portfolio of Eligible Green Expenditures. This is the final step in approving the Portfolio.

Traceability and verification of the selection and evaluation of Eligible Expenditures is ensured throughout the process:

- The Working Group will monitor that Eligible Green Expenditures meet the criteria established in the Framework 6 months after issuance and annually thereafter. In addition, within its normal functions, the DNP monitors the development of the investment projects financed in the National Budget, including the Eligible Green Expenditures. Each ministry in charge of its projects is responsible for supplying the relevant information on the development of the projects. This information is entered in the DNP Investment Project Monitoring System.
- The Working Group undertakes to request in writing from the executing entities once the Bond has been issued, inform the MHCP and DNP of any ESG controversy related to Eligible Green Expenditures. A constant monitoring of the information will be performed and reported by the entities through the SPI and information will be requested every 6 months until full association of funds.
- Decisions taken at the meetings of the Working Group will be communicated through emails to those involved in the decisions and, if relevant, will be communicated through the documentation created regarding the procedures related to the governance of the Bonds that have been approved at the meetings.

Eligibility Criteria

The process is based on explicit and relevant eligibility criteria with respect to the environmental objectives defined for the Eligible Categories.

- Selection is based on the Eligible Categories defined in the Use of Proceeds section of the Framework (see Table 1).
- All Eligible Expenditures will be located in Colombia and are expenditures considered in the National Budget of the Government of Colombia.
- In addition, the Government of Colombia applies exclusion criteria for certain controversial activities on environmental issues. The list of these activities is in the Framework. We consider that the exclusion criteria are relevant, since they cover the main issues in terms of environmental and social responsibility, in line with good market practices.

BEST PRACTICES

- ⇒ The Issuer will monitor compliance of the Eligible Expenditures with the selection and exclusion criteria detailed in the Framework.
- ⇒ The Issuer will monitor potential ESG controversies linked to their Eligible Expenditures, providing details on the frequency, content, and procedure in case any controversy is identified in the Projects financed.

Management of Proceeds

Not Aligned

Partially Aligned

Aligned

Best Practices

- The process for the allocation and management of funds is clearly defined and detailed and has been publicly disclosed in the Framework.
- The period of total allocation of funds will be in the same or the following budget period.
- The net income of the Bonds will be deposited in the Unique National Account (CUN for its acronym in Spanish) and these will be monitored by the Issuer in an appropriate and formalized process.
- Information on the types of temporary instruments for unallocated funds has been publicly disclosed in the Framework. The Directorate of Public Credit and National Treasury will manage the unallocated funds according to the Treasury policies.
- The Issuer has committed that, during the useful life of the Bond, the balance of the tracked net funds will be periodically adjusted to match the allocation to the Eligible Expenditures incurred during that period.
- The Issuer has provided information on the applicable procedures in the event of divestment or postponement of Eligible Expenditures and has committed to reallocate the funds to expenditures that meet the criteria established in the Framework in less than 24 months.

Process and traceability of the Management of Proceeds

- The Ministry of Finance and Public Credit (MHCP for its acronym in Spanish) will be responsible for verifying that the amount associated with the Eligible Green Expenditures is equivalent to the net amount received for the issuance, with the information provided by the National Planning Department of Colombia and the ministries or entities involved, one year after issuance. In operational terms, the Directorate of Public Credit and National Treasury will monitor the amounts assigned to the Eligible Green Categories.
- Similarly, it will be verified that this type of expense is not being financed with other sources, it means, that the same green expense is not accounted for twice¹⁶.
- In case of resources pending allocation to Eligible Green Expenditures, the General Directorate of Public Credit and National Treasury will handle these resources not executed in accordance with its Treasury policies.
- The Issuer informs that there will be a Green Portfolio of Eligible Expenditures which will be for a greater amount than the net resources of the green bond issuance, in such a way that, if any of the expenditures ceases to be eligible or its amount, can be replaced by another Eligible Green Expenditure from the same budget period or the next.

BEST PRACTICES

- ⇒ The period of allocation of funds is of 24 months or less.
- ⇒ The Issuer has provided information on the procedures to be applied in case of disinvestment and has committed to reallocate the funds to projects that comply with the eligibility criteria set in the Framework in less than 24 months.

¹⁶ Other sources of financing of the Nation include specific destination credits with multilateral entities, international cooperation transfers, specific taxes, among others.

Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices
-------------	-------------------	---------	----------------

- The Issuer is committed to report annually, until the full allocation of the Bond funds and in case of material changes. The report will be publicly available on the Issuer's website until the Bond matures.
- Reports will include relevant information on the allocation of funds and environmental benefits at the Eligible Category level and at Project level where feasible. The Issuer has also agreed to report on material developments and eventual ESG controversies related to Eligible Expenditures.
- The methodology and assumptions used to report on environmental benefits will be publicly disclosed in the Bond reports.
- An external auditor will verify the allocation of funds to Eligible Expenditures until the full allocation of funds and in case of material changes. The environmental benefits of Eligible Expenditures will be verified internally.

Indicators

The Issuer has committed to transparently communicate at the Eligible Expenditure level the following:

- Allocation of the Funds: the indicators selected by the Issuer to report on the allocation of the funds are relevant and exhaustive.

REPORTED INDICATORS

- ⇒ Total amount associated to the Eligible Green Expenditures and a brief description of these.
- ⇒ Aggregated amount and share of funds linked and executed to each green category.
- ⇒ Amount and share of funds linked to recent expenditures and expenditures of the current term.
- ⇒ Balance of funds not associated with the execution information provided by each executing entity of Eligible Green Expenditures. Percentage of co-financing by Eligible Green Expenditure or project, if applicable.

Environmental Benefits¹⁷: the indicators selected by the Issuer to report on the environmental benefits of the Eligible Expenditures are clear and relevant.

ELIGIBLE GREEN EXPENDITURES	ENVIRONMENTAL BENEFIT INDICATORS	
	OUTCOME INDICATORS	IMPACT INDICATORS
Non-conventional energy sources, energy efficiency and connectivity	<ul style="list-style-type: none"> - Number of photovoltaic power generation units installed, maintained or upgraded. - Number of generation plants expanded, built, or improved. - Number of technical assistance services in structuring energy projects. - Number of installed non-hydro generation units or sources. 	<ul style="list-style-type: none"> - CO2 reduced or avoided. - Energy savings in MWh / GWh.
Ecosystem Services and Biodiversity	<ul style="list-style-type: none"> - Hectares of ecosystems conserved or in restoration process. - Hectares declared as protected area. - Number of research documents, of planning and guidelines focused on increasing the importance of in situ conservation of biodiversity. - Number of buildings for the administration, surveillance and control of protected areas. - Hectares of forest with plans for forest management. - Hectares of forest, of cover plants or ecosystems with plans for biodiversity monitoring. - Hectares reforested. 	
Sustainable Agricultural Production, with low emissions and adapted to climate change	<ul style="list-style-type: none"> - Technical support service for the efficient use of natural resources in strategic ecosystems. - Hectares reforested. - Hectares under sustainable agroforestry systems. - Hectares of commercial forests or established protective plantations. 	<ul style="list-style-type: none"> - Reduction of GHG emissions, with respect to the baseline scenario.

¹⁷ The Issuer has identified specific outcome and/or output indicators each Eligible Expenditure in the Portfolio that has been assessed for the first issuance.

ELIGIBLE GREEN EXPENDITURES	ENVIRONMENTAL BENEFIT INDICATORS	
	OUTCOME INDICATORS	IMPACT INDICATORS
Clean and sustainable transport	<ul style="list-style-type: none"> - Kilometres or linear meters of urban roads built or improved for the operation of public service transport. - Numbers of stations, portals or complementary works built or improved for the operation of public service transport. - Kilometres or linear meters of railways built or improved in operating conditions. - Number of air quality surveillance and monitoring networks. 	<ul style="list-style-type: none"> - Reduction of GHG emissions, with respect to the baseline scenario.
Sustainable water Management, Use and Sanitation	<ul style="list-style-type: none"> - Number of hydrological monitoring stations operating continuously. - Number of laboratories and information systems strengthened and updated. - Cubic meters of treated water. - Number of aqueducts and sewers improved, built and optimized. - Number of water management projects residuals. - Number of projects formulated for the promoting efficient use and saving water. - Number of technical guideline documents for the management of climate change, integrated management of water resources or environmental management. - Number of institutional programs regional quality monitoring and amount of water. - Number of management plans and water basins management. - Number of regional centres for weather and phenomena atmospheric forecast. 	<ul style="list-style-type: none"> - Increase in the amount of water treated in m³ per year, monthly or weekly.
Sustainable buildings adapted to climate change	<ul style="list-style-type: none"> - Number of sustainable constructions or buildings. - Number of constructions or buildings with climate change adaptation features. 	

ELIGIBLE GREEN EXPENDITURES	ENVIRONMENTAL BENEFIT INDICATORS	
	OUTCOME INDICATORS	IMPACT INDICATORS
Waste and circular economy	<ul style="list-style-type: none"> - Tons of waste, used, reused, or recycled. - Number of companies supported in circular economy and sustainability issues. 	
Management of natural disaster risks associated with climate change	<ul style="list-style-type: none"> - Number of studies, guidelines, policies, or programs focused on the identification, analysis, evaluation and prevention of the risk of natural disasters associated with climate change. - Financial protection instruments. - Number of regional centres for weather and atmospheric phenomena forecasting. 	

In addition, the Government of Colombia is committed to work with the World Bank to provide additional indicators to those presented in the Framework list, with the objective of providing more details of the environmental benefits of the financed projects.

BEST PRACTICES

- ⇒ The Issuer will publicly report on an annual basis on the allocation of the funds until full allocation and in case of material changes. The Issuer has also committed to report on material developments related to the projects, including ESG controversies.
- ⇒ The Issuer will report on the fund allocation and the environmental benefits at Eligible Expenditure level.
- ⇒ The indicators selected by the Issuer to report on the fund allocation are relevant and exhaustive.
- ⇒ The methodology of the indicators and assumptions used to report on the environmental benefits of the Eligible Expenditures will be publicly disclosed.

Contribution to Sustainability

Expected Impacts

The potential positive impact of the Eligible Expenditures on environmental objectives is considered to be robust.

ELIGIBLE EXPENDITURES	EXPECTED IMPACT	ANALYSIS
Non-conventional energy sources, energy efficiency and connectivity	ADVANCED	The promotion of renewable energy and energy efficiency is key to addressing national challenges regarding the reduction of the carbon footprint. Renewable energy projects are key in a sustainable energy matrix. The Portfolio of projects for this issuance includes projects that promote the use of photovoltaic panels as a source of electricity generation in areas non connected to the electric system.
Ecosystem services and biodiversity	ROBUST	The projects of the Portfolio that are linked to this category are dedicated to protecting ecosystems and biodiversity in Colombia, through improving capacities for the protection of protected areas in Colombia, promoting reforestation plans and preventing deforestation. In addition, projects in this category contribute to the institutional strengthening of government institutions in charge of protecting ecosystems and biodiversity.
Sustainable Agricultural Production, with low emissions and adapted to climate change	ROBUST	Sustainable agricultural systems are key to guaranteeing food security in balance with the environmental care of these productive systems, so as not to cause deterioration in the resources used (such as soil and water) or in the ecosystems that surround it. It is identified that the projects associated with this category in the Portfolio are aimed at promoting sustainable agriculture and silvopastoral systems.
Clean and sustainable transport	ROBUST	Projects in this category include electric mobility (Bogotá Metro), promotion of the public transport system. Electric mobility can be considered emission-free, while public transport includes gas mobility technology projects. The Issuer has demonstrated through project evaluation information that the current projects in the portfolio contribute positively to air quality and to the reduction of Greenhouse Gases compared to the current Colombian baseline.
Sustainable water Management, Use and Sanitation	ROBUST	The projects in the analysed Portfolio and that are linked to this category seek institutional strengthening of governance in water management in Colombia, wastewater treatment, and generation of knowledge on hydrological and meteorological issues. There is no visibility of the impact in terms of GHG that the infrastructure or projects have associated.
Sustainable buildings adapted to climate change	NOT APPLICABLE	The Portfolio for this issuance does not include projects in this category.
Waste and circular economy	ROBUST	The promotion of the circular economy is key to reducing waste generation, promoting recycling, reusing resources and in general promoting eco-design in the production of goods. The project of the analysed Portfolio linked to this category seeks to finance the implementation of the Comprehensive Solid Waste Management, including programs for the separation of solid waste, use of organic waste (composting) and recycling treatment.

ELIGIBLE EXPENDITURES	EXPECTED IMPACT	ANALYSIS
Management of natural disaster risks associated with climate change	NOT APPLICABLE	The Portfolio for this issuance does not include projects in this category.
OVERALL ASSESSMENT	ROBUST	

ESG Risks Identification and Management systems

Materiality and management of environmental and social risks

The identification and management of the environmental and social risks associated with the Eligible Expenditures are considered robust.

	ELIGIBLE GREEN EXPENDITURES
Environmental risks	ROBUST
Social risks	ROBUST
Public tenders	LIMITED
Ethics risks	ROBUST
Global	ROBUST

Environmental risks

The executors of investment projects will be obliged to comply with Colombian regulations on environmental matters designed to control and mitigate the impacts of operations. The Issuer reports the main laws, codes, frameworks, and standards that are responsible for the protection and mitigation of environmental risks:

- *Political constitution of Colombia 1991*¹⁸

Regarding the Constitution, it establishes in Article 80: "*The State will plan the management and use of natural resources, to guarantee their sustainable development, their conservation, restoration or replacement.*".

- *National Code of Renewable Natural Resources and Environmental Protection*¹⁹

This Code provides the regulatory framework for the exploitation and use of natural resources, incentives, penalties and regulates the management of different natural resources. In addition, it indicates the categories of protected areas at the national and regional level with various objectives, such as the conservation of water resources (use, water quality, discharges), forest resources and soil resources.

- *Law 99 from 1993*²⁰.

The Ministry of the Environment and Sustainable Development is created, the Public Sector in charge of the management and conservation of the environment is reordered Environment and renewable natural resources, the National Environmental System (SINA), is organized, and includes the modes and citizen participation procedures related to natural resources.

- *Institutional framework for the protection of the environment*²¹

This framework creates the National Environmental System (SINA in Spanish), which is headed by the Ministry of the Environment and Sustainable Development. This system is the set of guidelines, standards, activities, resources, programs and institutions that allow the implementation of general environmental principles and orders the public sector in charge

¹⁸ <https://www.corteconstitucional.gov.co/inicio/Constitucion%20politica%20de%20Colombia.pdf>.

¹⁹ http://www.secretariassenado.gov.co/senado/basedoc/decreto_2811_1974.html

²⁰ <https://www.mininterior.gov.co/la-institucion/normatividad/ley-99-de-1993>

²¹ http://www.secretariassenado.gov.co/senado/basedoc/ley_0099_1993.html

of the management and conservation of the environment and renewable natural resources, also establishes the role of environmental authorities in autonomous corporations, in territorial entities and in the National Environmental Licensing Authority (ANLA in Spanish). The SINA establishes the scope and concept of the environmental license necessary for projects, competition, regulations on environmental assessments, environmental diagnosis of alternatives, environmental impact assessment, procedure, modification, transfer, loss of validity, control, monitoring, access to environmental information, among other.

- *Unique Regulatory Decree of the Environment and Sustainable Development Sector*²²

Compilation of the standards issued by the National Government. It contains the structure of the environmental sector, the regulatory regime related to biodiversity, environmental management, non-maritime waters, maritime waters, air, hazardous waste, institutional management, financial, economic and tax instruments and sanctioning regime, among others.

- *Unique Regulatory Decree on housing, city and territory*²³

Compilation of the regulations issued by the National Government that contains the structure of the housing sector and the territorial planning, the regulatory regime includes what relates to the environmental determinants of the land management and disaster risk management.

- *Monitoring and control of environmental risks*

The Ministry of Environment and Sustainable Development is the main entity for the management of the environment and renewable natural resources. It is the responsibility of the Ministry of Environment and Sustainable Development to manage the National Environmental System to ensure the adoption and execution of the respective policies, plans, programs and projects, in order to guarantee compliance with the duties and rights of the State and individuals in relation to the environment and natural heritage of the Republic of Colombia. The SINA also integrates Regional Autonomous Corporations, Territorial Entities, Research Institutes attached to and linked to the Ministry, academia, NGOs, civil society and unions.

The National Environmental Licensing Authority oversees and ensures the works or activities subject to environmental licensing, permit or procedure comply with environmental regulations. The activities to require an environmental license are regulated by law²⁴, and are associated with projects with significant potential impact, such as energy projects, infrastructure, mining, agrochemicals, among others. Eligible Green Expenditures will be subject to the environmental evaluation process, if they may cause serious deterioration to renewable natural resources or the environment or introduce considerable or noticeable modifications to the landscape.

The environmental license will imply all permits, for the use, exploitation and / or affectation of renewable natural resources, that are necessary for the useful life of the Eligible Green Expenditure. The use of renewable natural resources must be clearly identified in the respective environmental impact assessment. The environmental license must be obtained prior to the initiation of the project, work, or activity. No project, work or activity will require more than one environmental license. If the environmental license requires the creation of an environmental management and compensation plan, ANLA oversees and monitors the compliance with these plans.

All projects with a valid environmental license are reviewed at least once a year to verify compliance with environmental regulations and environmental management and compensation plans. The monitoring is carried out during the construction, operation, and decommissioning stages of the project.

The environmental evaluation of those Eligible Green Expenditures that do not require an environmental license must operate based on the environmental guidelines generated by the Ministry of the Environment and Sustainable Development, the Regional Autonomous Corporations, Sustainable Development Corporations, Natural National Parks and urban environmental authorities as appropriate.

²² <https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=78153>

²³ <https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=77216>

²⁴ <http://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Decretos/1389917>

The Regional Autonomous Corporations are autonomous public entities in charge of administering, within the area of their jurisdiction, the environment and renewable natural resources and promoting their sustainable development, following the guidelines of the guides and manuals of impact evaluations at regional level. In addition, being autonomous from the Central Government of Colombia, the Regional Autonomous Corporations have margins of action when making decisions in their evaluations, in line with the general guidelines established. It should be noted that V.E does not have visibility of the exhaustiveness of the evaluations carried out by each of the Regional Autonomous Corporations

On the other hand, National Natural Parks of Colombia²⁵ (*Parques Nacionales Naturales* de Colombia in Spanish) has the function of granting permits, concessions and environmental authorizations for the use and exploitation of renewable natural resources in the areas of the System of National Natural Parks and issuing a concept within the framework of the environmental licensing process of projects, works or activities that affect or may affect the areas of the National Natural Park System in accordance with the activities permitted by law.

Finally, the environmental sanctioning procedure is regulated by law²⁶ in case of identifying non-compliance with environmental regulations in the projects. Sanctions include fines, suspension of activities, closure of establishments, revocation of environmental license, among others.

Social risks

The management, control and mitigation of risks related to human rights is a fundamental aspect for the development of Eligible Green Expenditures. The Issuer reports the main laws, codes, frameworks, and standards that are responsible for the protection and mitigation of social risks:

- *Human Rights*

In labour matters, the Substantive Labour Code²⁷ contains the norms that regulate relations between employers and employees. This Code regulates relevant issues in Human Rights, such as freedom of union association, right to strike, minimum working age (child labour), working hours, rights and guarantees in favour of workers in line with international conventions or treaties related to Human Rights. The monitoring of compliance with the Code is carried out by the Ministry of Labour through the Directorate of Fundamental Labour Rights. To verify compliance, a visit plan is made, covering a minimum number of visits established annually. The minimum number of visits to be made by geographical area is variable, considering economic sectors, geographical extension of the area, complaint history, among others. In addition, there are anonymous complaint channels through telephone, virtual channels, and face-to-face attention to the public. In case of identifying non-compliance, companies can be sanctioned with fines.

- *Health and safety*

The Single Regulatory Decree of the Labour Sector²⁸ meets the necessary provisions for the management of health and safety at work and occupational risks. The person responsible for ensuring compliance with the regulations is the Ministry of Labour, through its Occupational Hazards Directorate and the regional territorial directorates. To monitor compliance with the regulations, annual visit plans are carried out, which cover the risk of occupational accidents. These inspections are preventive and in the case of identifying relevant accidents and verifying possible plans established to prevent accidents. There is the figure of Occupational Risk Administrators (ARL), which have regulated obligations to advise companies and verify compliance with regulations related to health and safety at work. If the ARL identifies non-compliance with the regulations, they must denounce the companies. All companies must be affiliated with an ARL. In addition, there are anonymous reporting channels for complaints through telephone, virtual channels, and face-to-face attention to the public. In case of identifying non-compliance, the sanctions include fines, suspension of operations or closure of operations.

²⁵ <https://www.parquesnacionales.gov.co/portal/en/>

²⁶ http://www.secretariassenado.gov.co/senado/basedoc/ley_1333_2009.html

²⁷ http://www.secretariassenado.gov.co/senado/basedoc/codigo_sustantivo_trabajo.html

²⁸ <http://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Decretos/30019522>

- *Dialogue with communities*

The promotion of dialogue with communities is regulated through Decree 1066 of 2015, Administrative Sector of the Interior ²⁹. One of the mechanisms for dialogue with ethnic communities is carried out through "prior consultation", which seeks to protect the cultural identity of ethnic communities in Colombia. In addition, in the environmental field, the legislation establishes criteria to determine the obligation to analyse the origin of the prior consultation and its scope in the activities that require environmental licensing. The Ministry of Internal Affairs, through the Vice Ministry of Participation and Rights, is in charge of supervising and promoting dialogue between companies and the communities that may be affected by the operations.

In the first instance, a technical analysis is carried out to determine the need or not of the prior consultation. The analysis includes parameters such as cultural and ancestral affectation, customs, affectation in the daily livelihood of the communities, among others. The executor of the project or measure must request the analysis of the need of the prior consultation in case of identifying a direct impact, the executor of the project is notified that he must carry out the consultative process. Within the framework of the prior consultation process, coordination and preparation meetings, pre-consultation and opening, identification of impacts, protocolization of agreements and follow-up are held. The process can end in full, partial or no agreement. For situations where no agreement is reached, based on the conversations that were held with the communities, a "proportionality test" is carried out in which the impacts that the projects would cause are analysed. Companies can develop projects without having reached an agreement with the communities, although they must also comply with the impact mitigation plan prepared in the proportionality test.

The communities do not have veto power; however, the free, prior and informed consent of the ethnic communities is required in three cases in which there is direct impact: (i) transfer or relocation of the community from its place of settlement; (ii) storage or dumping of hazardous or toxic materials on ethnic lands; and (iii) measures of high social, cultural, and environmental impact on an ethnic community capable of putting their subsistence at risk. For the other projects, management measures will be determined to prevent, correct, or mitigate their impact.

The Directorate of the National Prior Consultation Authority is in charge of monitoring the plans and commitments adopted by the companies. In the event of non-compliance, adjustments to the previous plan can be negotiated at follow-up meetings. V.E does not identify relevant sanction mechanisms (for example: fines, suspension or cancellation of the project, among others) in case of non-compliance with the impact mitigation plans adopted in the prior consultation outside of the three cases of direct impact mentioned.

An area for improvement identified is to establish that the projects financed by the Bond funds require an agreement with the communities to operate. In addition, establish sanctions in the event of non-compliance with the expected impact mitigation plans.

Public tenders

The mechanism for contracting public goods and services in Colombia is regulated by law³⁰, which establishes the principles, procedures and modalities for selecting the contractor, which can be public bidding, abbreviated selection, merit contest, minimum amount and direct contracting, depending on the conditions of the good or service to be contracted.

The National Public Procurement Agency ("*Colombia Compra Eficiente*" in Spanish) as the governing body of public procurement in Colombia, aims to develop and promote public policies and tools, aimed at the organization and articulation, of the participants in the processes purchasing and public procurement in order to achieve greater efficiency, transparency and optimization of State resources. State entities that carry out contracting processes have the obligation to comply with the principles of contractual planning and objective selection established in the legal system. In addition, there is a regulation to disqualify participants in these processes, including suppliers who have repeatedly

²⁹ <https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=76835>

³⁰ <https://sintesis.colombiacompra.gov.co/normatividad/documento/13987> ;
http://www.secretariasenado.gov.co/senado/basedoc/ley_1150_2007.html ;
<https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=77653#0>

breached state contracts, those who are involved in transnational bribery, identify family ties with public officials who participate in the process, convicted of crimes against the public administration , among others.

Colombia Compra Eficiente is responsible for managing the Electronic Public Procurement System (SECOPII) which is a transactional platform that allows state entities and suppliers to carry out the contracting process online, through which contracting processes are created, evaluated and awarded, as well as contractual management, monitoring of the progress of the processes and participation to present offers and observations. All information on contracts and agreements made under SECOP II is publicly accessible.

Each contracting state entity is responsible for ensuring that the purchasing process is carried out in accordance with the regulatory framework. Among others, the Internal Audit Offices of each state entity are responsible for investigating complaints or reports made due to non-compliance with the established processes. In addition, *La Procuraduría* has the power to monitor the correct behaviour of public servants, and in this sense, that they respect the established public procurement processes.

The environmental and social requirements in the public procurement selection criteria are not prohibited, and it is up to each state entity to consider these environmental and social criteria in their procurement evaluations. In this sense, there is the Sustainable Public Procurement Policy, which is a guide for voluntary application by state entities to promote the inclusion of environmental or social factors in public procurement processes.

An area for improvement identified is that selection parameters are established that consider environmental and / or social aspects of the suppliers, products or services that are contracted systematically.

Ethics risks

At the surveillance level, the Republic of Colombia has the *Contraloría*, *Procuraduría* or *Personerías*, which have different surveillance scopes, and that are in charge of monitoring the respect of the norms related to the efficient use of resources and their adequate budget execution , the correct behaviour of public servants and the monitoring of the different processes established to avoid corruption within public activities..

In the event of identifying inappropriate or illegal conduct, all public servants have the obligation to report these facts to the *Contraloría*, *Procuraduría* or the Prosecutor's Office, depending on the nature of the offenses. All government entities have an ethics line available and publicly accessible to make complaints. *La Procuraduría* has a preventive role in this regard, where it can provide support and recommendations to different government entities.

All Eligible Green Expenditures are subject to the regulations related to public procurement (see section "Public Tenders"), which include mechanisms that prevent the participation of suppliers that fail to meet certain criteria, including issues of conflict of interest, bribes, among others..

ISSUER

According to the latest Sovereign Sustainability Rating © prepared by V.E in November 2020, Colombia's performance in terms of sustainable development is considered advanced (62/100). Colombia is ranked 65 out of 178 countries rated in our global sovereign sustainability index and 35 out of 37 OECD countries³¹ rated by V.E³².

By sustainability pillar, Colombia has a robust performance in Social Responsibility (53/100) and advanced performance in Environmental Responsibility (62/100) and Governance Responsibility (72/100).

In response to the V.E rating, the Issuer has provided additional information and recently reported data, suggesting recent improvements in some areas. Regarding the environmental pillar, the Issuer has updated its NDC in December 2020, including targets on carbon emissions³³. Also, the client has communicated improvements in the energy transition in Colombia³⁴ and information regarding green taxes³⁵.

In the Social Pillar, the Issuer has provided recent information on gender equality³⁶, public education³⁷ and the progress in SDGs³⁸. In addition, in June 2021, Colombia presented to the International Labour Organization the measures for the fulfilment of the commitments acquired in the framework of ILO Convention 87³⁹.

Finally, the Issuer has communicated progress in the Peace Agreement with the FARC and the treatment of victims of the conflict⁴⁰.

³¹ There are 37 countries that are members of the Organization for Economic Cooperation and Development (OECD): Australia, Austria, Belgium, Canada, Chile, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States. Source <https://www.oecd.org/about/members-and-partners/>. All these countries are covered by V.E in the Sovereign Sustainability Rating..

³² Note: The Issuer has not been subject to a review of its ability to mitigate sustainability risks based on the review of the opinion of interested parties..

³³ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Colombia%20First/NDC%20actualizada%20de%20Colombia.pdf>

³⁴ <https://www.minenergia.gov.co/libro-transicion-energetica>

³⁵ For example: Law 1964 of 2019 through which the use of electric vehicles are promoted, Law 1819 of 2016 through which the national carbon tax and the national tax on the consumption of plastic bags are established, Law 1715 of 2014 through which tax incentives are established for Non-Conventional Renewable Energy Sources.

³⁶ <https://mlr.vicepresidencia.gov.co/Paginas/prensa/2020/Colombia-pais-lider-en-equidad-de-las-mujeres-en-America-Latina-segun-OCDE.aspx> ; <https://mlr.vicepresidencia.gov.co/Bloques%20Tematicos/Equidad/Equidad.html>

³⁷ https://www.mineducacion.gov.co/1759/w3-article-391936.html?_noredirect=1

³⁸ <https://www.ods.gov.co/es/news/informe-anual-de-avance-en-la-implementacion-de-los-ods-en-colombia-2020>

³⁹ https://www.ilo.org/wcmsp5/groups/public/-ed_norm/-relconf/documents/meetingdocument/wcms_804448.pdf

⁴⁰ <https://www.jep.gov.co/JEP/Paginas/Jurisdiccion-Especial-para-la-Paz.aspx#:~:text=La%20JEP%20fue%20creada%20para,una%20paz%20estable%20y%20duradera.&text=Sobre%20estos%20dos%20C3%BAltimos%2C%20la,en%20la%20JEP%20ser%C3%ADa%20voluntaria.>

PILLAR	COMMENTS	OPINION
Environmental Responsibility	Colombia's performance in the Environmental Responsibility pillar is considered advanced (62/100), ranking 63rd out of 178 rated countries.	Advanced
	At the time of the evaluation, Colombia has ratified the most relevant international environmental conventions, including the Paris Agreement, the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the United Nations Framework Convention to Combat Desertification and the Stockholm Convention on Organic Pollutants.	
	Compared to its OECD peers, Colombia has a relatively low carbon economy. The country has the lowest carbon consumption per capita (2.03 metric tons of CO ₂ emissions per capita ⁴¹), the lowest per capita carbon emissions in the transport sector and the thirteenth lowest carbon intensity per unit of economic output (0.11 kg of CO ₂ emissions per PPP USD of GDP ⁴²). However, the country still has challenges in reducing its energy consumption from fossil fuels ⁴³ and generate more opportunities for renewable energy.	Robust
	Colombia has a mixed overall performance in biodiversity and ecosystem management. The country has developed a reasonable coverage of protected areas aimed at safeguarding the country's rich terrestrial and marine biodiversity (43% in 2019). However, Colombia shows areas of improvement according to the Red List Index (0.75 in 2020) where they have a relatively low performance compared to OECD countries.	Limited
	Another area for improvement identified in environmental issues in Colombia is in relation to the development of sustainable agricultural practices, where a high consumption of fertilizers and a limited use of sustainable practices in agriculture are identified. In addition, the country needs to increase the share of environment-related taxes in GDP and allocate more public funds for environment-related R&D.	Weak
Social Responsibility	Colombia's performance in the Social Responsibility pillar is considered robust (53/100), ranking 88 out of 178 rated countries.	Advanced
	Public spending on education, which amounted to 4.5% of GDP (2018) ⁴⁴ . Income inequality is the highest in the OECD group, with a Gini coefficient of 0.5 (2018). Youth unemployment is considered relatively high, which amounted to 19.7% in 2020 compared to the OECD ⁴⁵ .	
	In aspects related to gender equality, Colombia show good performance, according to "Social Institutions and Gender Index" ⁴⁶ , compared to other OECD countries and has moderate rates of representation of women in political life ⁴⁷ and in the workforce ⁴⁸	Robust
	Areas for improvement in Colombia's labour protection system are identified. According to the International Trade Union Confederation (ITUC), Colombia was one of the ten worst countries in the world for workers, with 14 union workers killed between 2019 and 2020 ⁴⁹	
	Colombia has a moderate performance in areas related to public health, where some areas for improvement are identified. Colombia has performed well on issues related to maternal, infant and child mortality, and children under five years of age compared to the average for OECD countries. However, the prevalence of child malnutrition and stunting has decreased	Limited

41 <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC>

42 <https://data.worldbank.org/indicator/EN.ATM.CO2E.PP.GD>

43 <https://data.worldbank.org/indicator/EG.USE.COMM.FO.ZS>

44 <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS>

45 <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

46 <https://www.genderindex.org/wp-content/uploads/files/datasheets/2019/CO.pdf>

47 <https://data.worldbank.org/indicator/SG.GEN.PARL.ZS>

48 <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>

49 <https://www.ituc-csi.org/ituc-global-rights-index-2020>

PILLAR	COMMENTS	OPINION
	in the last ten years and remains relatively high compared to other OECD countries. Access to health infrastructure, with 1.3 nurses and midwives and 2.2 doctors per 1000 inhabitants ⁵⁰ , are below the WHO recommendations of 2.5 medical staff per 1000 population needed to provide adequate coverage with primary care interventions ⁵¹ .	Weak
Governance Responsibility	Colombia's performance in the Governance Responsibility pillar is considered advanced (72/100), ranking 69 out of 178 rated countries.	Advanced
	Colombia has ratified fundamental conventions related to human rights, children's rights, and labour rights, such as forced labour, freedom of association, and collective bargaining. However, Colombia has not endorsed international agreements related to the protection of workers' representatives, occupational health and safety, and the implementation of a minimum wage setting system.	Robust
	The country abolished the death penalty for all crimes; However, areas for improvement are identified in the treatment of crimes committed during the ongoing internal conflict after the signing of the FARC Peace Agreement of 2016 ⁵² .	Limited
	Colombia has demonstrated continuous improvements in issues related to the promotion of political stability, the absence of violence, the rule of law, public governance, control of corruption and democratic accountability during the last ten years. ⁵³ , however, its performance on these issues remains relatively low compared to other OECD countries. The country ranked as the 24th least peaceful country in the 2020 Global Peace Index ⁵⁴ .	Weak

⁵⁰ <https://data.worldbank.org/indicator/SH.MED.NUMW.P3>

⁵¹ https://www.who.int/whr/2006/whr06_en.pdf?ua=1

⁵² <https://www.amnesty.org/en/countries/americas/colombia/>

⁵³ <https://info.worldbank.org/governance/wgi/>

⁵⁴ https://www.visionofhumanity.org/wp-content/uploads/2020/10/GPI_2020_web.pdf

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such, they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V.E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the International Capital Market Association's (ICMA) Green Bond Principles - June 2021 ("GBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of Proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green Bonds standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The Evaluation and Selection Process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contributions to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer is assessed on the basis of:

- i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;⁵⁵
- ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need;
- iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);
- iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

ESG risk management for eligible activities

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed on the basis of V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Level of the Issuer's Sustainability Performance

Scale of assessment of Sustainability Performance: Weak, Limited, Robust, Advanced

V.E has reviewed its Sustainability Sovereign Rating®, resulting from a continuous improvement process and is based on a permanent monitoring of international normative developments as well as stakeholder expectations and debates. This enhanced version includes 69 new factors to meet market needs. The 172 indicators are put into perspective with the UN Sustainable Development Goals and are organized into 56 criteria, 17 sub-domains and 3 rating domains. Of note, the new methodology leads to a decrease in the absolute scores of the majority of countries.

V.E's Sustainability Sovereign Rating® methodology, measures and compares the levels of integration of international public law and soft law frameworks, including for the recent period the Sustainable Development Goals (SDGs), and the action programmes of Agenda 21, adopted by 178 countries at the Rio Earth Summit in 1992. We pay particular attention to the commitments, policies and impacts of public policies in terms of respect of fundamental human rights, access to economic, social, cultural and environmental rights, quality of governance, as well as international solidarity and cooperation. Based on the analysis of a universe composed of 178 countries, the results provide a comparative view of risks and performances, with regard to universally acknowledged sustainability objectives.

The sustainability performance of the Government of Colombia was most recently assessed by V.E in November 2020 based on three rating domains, all equally weighted in the model: Environment (i.e. environmental protection), Social (i.e. social protection and solidarity) and Institutions (i.e. rule of law and governance):

- Commitment indicators: reflecting the state's level of commitment to the goals and principles set by major international agreements: Conventions, recommendations and statements of the ILO; UN Charters and treaties; guiding principles of the OECD; regional instruments (assuming their full compliance with the United Nations Charter); the Universal Declaration of Human Rights and its related protocols and treaties.

⁵⁵ The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

- Result indicators: measuring the efficiency of the country's sustainable development actions. V.E gathers information from diversified sources including international organisations such as intergovernmental organisations, international trade unions and NGOs.

V.E'S ASSESSMENT SCALES V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability		Scale of assessment of financial instrument's alignment with the Green Bond Principles	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management and using innovative methods to anticipate new risks.	Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green Bond Principles by adopting recommended and best practices.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.	Aligned	The Instrument has adopted all the core practices of the ICMA's Green Bond Principles.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved; fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advanced expected impact combined with a weak level of assurance of E&S risk management.	Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green Bond Principles, but not all of them.
Weak	Commitment to social/environmental responsibility is non-tangible; no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.	Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green Bond Principles.

Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between V.E and the Issuer: V.E has not carried out any audit mission or consultancy activity for Government Colombia. No established relation (financial or commercial) exists between V.E and the Government of Colombia. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at <http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf>

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to V.E. V.E has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer. The Issuer is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by V.E neither focuses on the financial performance of the Green Financing Instruments, nor on the effective allocation of their proceeds. V.E is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of V.E. The draft version of the Second Party Opinion by V.E is for information purpose only and shall not be disclosed by the client. V.E grants the Issuer all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer shall determine in a worldwide perimeter. The Issuer has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned Green Financing Instruments issuance. The Issuer acknowledges and agrees that V.E reserves the right to publish the final version of the Second Party Opinion on V.E' website and on V.E' internal and external communication supporting documents.

DISCLAIMER

© 2021 Vigeo SAS and/or its licensors and subsidiaries (collectively, "V.E"). All rights reserved.

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

V.E'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. V.E'S ASSESSMENTS AND OTHER OPINIONS INCLUDED IN V.E'S RESEARCH ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. V.E'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. V.E ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

BEFORE MAKING AN INVESTMENT DECISION INVESTORS SHOULD CONTACT THEIR FINANCIAL OR OTHER PROFESSIONAL ADVISER. V.E'S RESEARCH IS NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT V.E'S PRIOR WRITTEN CONSENT.

ALL INFORMATION CONTAINED HEREIN IS OBTAINED BY V.E FROM SOURCES BELIEVED BY IT TO BE ACCURATE AND RELIABLE. BECAUSE OF THE POSSIBILITY OF HUMAN OR MECHANICAL ERROR AS WELL AS OTHER FACTORS, HOWEVER, ALL INFORMATION CONTAINED HEREIN IS PROVIDED "AS IS" WITHOUT WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. V.E IS NOT AN AUDITOR AND CANNOT IN EVERY INSTANCE INDEPENDENTLY VERIFY OR VALIDATE INFORMATION IT RECEIVES.

To the extent permitted by law, V.E and its directors, officers, employees, agents, representatives, licensors and suppliers (together, "**V.E Parties**") disclaim liability to any person or entity for any (a) indirect, special, consequential, or incidental losses or damages, and (b) direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded); on the part of, or any contingency within or beyond the control of any V.E Party, arising from or in connection with the information contained herein or the use of or inability to use any such information.