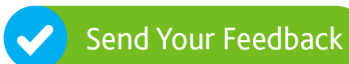


ASSESSMENT

27 March 2024



Analyst Contacts

Gonzalo Marambio
 Sustainable Finance Analyst
 gonzalo.marambio@moody's.com

Donovan Hotz
 Sustainable Finance Associate
 donovan.hotz@moody's.com

Matthew Kuchtyak
 VP-Sustainable Finance
 matthew.kuchtyak@moody's.com

Rahul Ghosh
 MD-Sustainable Finance
 rahul.ghosh@moody's.com

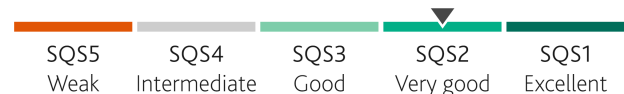
Government of Colombia

Second Party Opinion Update – Sustainable Bond Framework Remains SQS2 (2024 Social Projects)

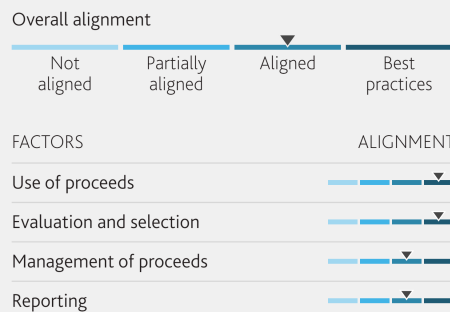
Summary

We are maintaining an SQS2 sustainability quality score (very good) – [originally assigned on 7 February 2024](#) – on the social projects in the Government of Colombia's green, social and sustainable bond framework dated August 2022. The government has established its use-of-proceeds framework with the aim of financing social projects across eight eligible social categories. Social bonds to be issued will finance eligible expenditures identified for the 2024 budget year (from 1 January to 31 December), covering six of the eight eligible social categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Social Bond Principles (SBP) 2023. The framework demonstrates a high contribution to sustainability.

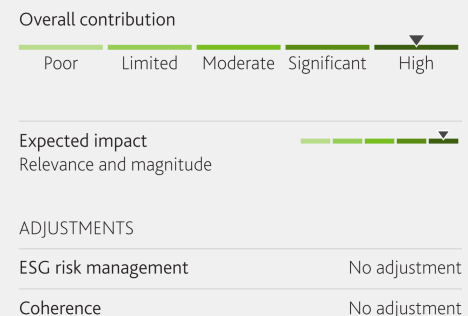
Sustainability quality score

SQS2


Alignment with principles USE OF PROCEEDS



Contribution to sustainability



POINT-IN-TIME-ASSESSMENT

Scope

We have provided a second party opinion (SPO) on the sustainability credentials of the social categories in Colombia's green, social and sustainable bond framework published in August 2022, including the framework's alignment with the ICMA's SBP 2023. Under its framework, Colombia – acting through the Ministry of Finance and Public Credit, or MHCP (Ministerio de Hacienda y Crédito Público) – plans to issue use-of-proceeds social bonds, with the aim of financing projects comprising six of the eight eligible social categories in the framework. For more details on the eligible project categories, please see Appendix 2.

Our assessment is based on the published version of Colombia's green, social and sustainable bond framework 2022, as well as the list of eligible social expenditures identified for the 2024 budget year. Our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the government.

This SPO covers only the social categories contained in the government's framework. For more information about the green categories in the government's framework, please see [our previously published SPO](#).

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer profile

Colombia is located in the northwestern part of South America. In 2023, the country had an estimated population of around 52 million. Colombia also has the fourth-largest economy in Latin America, with a nominal GDP of \$344 billion in 2022.

Colombia's environmental exposure encompasses physical climate risks such as flooding and extreme precipitation, which can affect the agricultural sector. In addition, because of the high share of hydrocarbon exports, Colombia is exposed to carbon transition risks. Deforestation is an issue because of agricultural and forestry activities.

Colombia's exposure to social risks includes high levels of rural-urban income inequality. In addition, Colombia faces moderate social challenges in the provision and quality of education, housing, health and safety, and access to basic services, particularly in remote regions.

Recent developments

Compared to the previous assessment conducted in February 2024, the portfolio of eligible expenditures for the 2024 budget year has some changes. The government has maintained 10 eligible expenditures from the 2023 budget year and included seven new eligible expenditures, resulting in a pool of 17 eligible expenditures in the portfolio we analyzed for the 2024 budget year. As in the previous assessment, the decent and affordable housing category represents the highest share of proceeds for the 2024 budget year, whereas the food and nutrition security category has a lower share of proceeds in comparison with the 2023 budget year.

Strengths

- » Experienced sustainable bond issuer with a track record of issuing bonds under its framework since 2021 and adhering to its post-issuance reporting commitments
- » Excellent transparency around eligible projects to be financed or refinanced annually under each year's budget
- » Evaluation and selection of eligible projects follow a clear and structured process, leveraging relevant expertise

Challenges

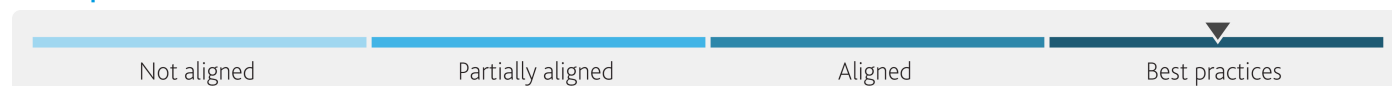
- » No commitment to externally verify the impact indicators of social projects in post-issuance reporting

Alignment with principles

Colombia's sustainable bond framework is aligned with the four pillars of the ICMA's SBP 2023:

- | | | |
|--|--|--|
| <input type="radio"/> Green Bond Principles (GBP) | <input checked="" type="radio"/> Social Bond Principles (SBP) | <input type="radio"/> Green Loan Principles (GLP) |
| <input type="radio"/> Social Loan Principles (SLP) | <input type="radio"/> Sustainability-Linked Bond Principles (SLBP) | <input type="radio"/> Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

The Government of Colombia's framework includes details on eligible social projects comprising eight eligible social categories. The framework outlines the eligible categories and exclusion criteria in broad terms. However, the government provides more specific details on an annual basis by identifying eligible project expenditures – in this case, for financing projects across six of the eight eligible categories for the 2024 budget year. For social bonds, the government has clearly identified a portfolio of eligible social expenditures, and these projects have been established in line with the definitions of social projects outlined in the SBP. All eligible social projects will be located in Colombia.

Clarity of the environmental or social objectives – BEST PRACTICES

The government has clearly outlined social objectives of the eligible categories, and they are coherent with the UN Sustainable Development Goals (SDGs) and with national social objectives. The objectives are listed in Appendix 2. Each of the projects for the 2024 budget year are relevant to its corresponding social objectives.

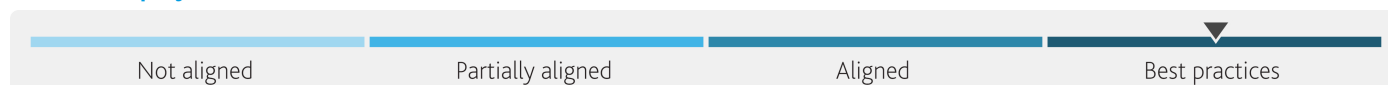
Clarity of the expected benefits – BEST PRACTICES

The government has identified clear expected social benefits for all eight eligible categories. The benefits are measurable for all categories and will be quantified in post-issuance reporting. All social bonds issued will finance eligible expenditures identified for the 2024 budget year. More broadly under the framework, the government commits to disclose the estimated share of refinancing before each issuance with a lookback period of no more than 24 months prior to the issuance date.

Best practices identified - use of proceeds

- » Eligibility criteria are clearly defined for all project categories
- » Objectives set are defined, relevant and coherent for all project categories
- » Relevant benefits are identified for all project categories
- » Benefits are measurable and quantified for most projects, either ex-ante with clear baselines or with a commitment to do so in future reporting
- » Commitment to transparently disclose the share of proceeds used for refinancing where feasible
- » Commitment to transparently communicate the associated lookback period(s) where feasible

Process for project evaluation and selection



Transparency and quality of the process for defining eligible projects – BEST PRACTICES

The Government of Colombia has clearly defined a process for determining project eligibility in its publicly disclosed framework and internal documentation. The process is overseen by the Ministry of Finance, the National Planning Department (DNP) and a social bond working group, with all meetings and decisions documented. The government reports that it will monitor the compliance of the selected projects on an annual basis, and in case a project is no longer compliant, it will either replace the project or employ remediation actions to ensure project compliance.

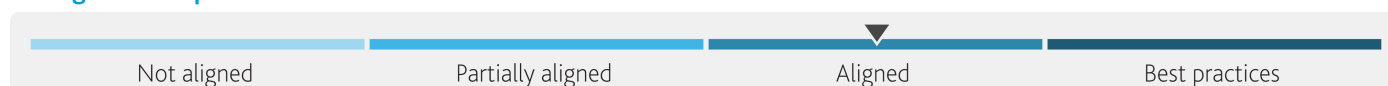
Environmental and social risk mitigation process – BEST PRACTICES

The government has established a comprehensive environmental and social risk mitigation process that includes the monitoring of potential controversies and the identification of environmental and social risks. The government conducts an environmental impact assessment that covers projects financed in accordance with national regulation. Additionally, the DNP has guidelines for project formulation that include environmental and social risk identification and mitigation measures that apply to all projects. The social bond working group will review the portfolio annually for any controversies associated with the projects and will either remediate or replace the project if a controversy is identified.

Best practices identified - process for project evaluation and selection

- » The roles and responsibilities for project evaluation and selection are clearly defined and include relevant expertise
- » There is evidence of continuity in the selection and evaluation process through the life of the financial instrument(s), including compliance verification and procedures to undertake mitigating actions when needed
- » The process for project evaluation and selection is traceable
- » Material environmental and social risks for most project categories are identified
- » Presence of corrective measures to address environmental and social risks across projects
- » ESG controversies are monitored

Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

The Government of Colombia has defined a clear process for the management and association of bond proceeds in its publicly disclosed framework. Proceeds will be placed in the general treasury, and the Ministry of Finance will be responsible for verifying the associated amounts with information provided by the DNP. The Ministry of Finance will track and adjust the assigned amounts within one year of bond issuance. All proceeds will be assigned within the same fiscal year of issuance or in the subsequent fiscal year.

Management of unallocated proceeds – ALIGNED

As disclosed in the framework, the Directorate of Public Credit will manage any temporarily unallocated funds according to its treasury policy. The framework does not include a commitment to avoid temporary investments of unallocated funds in greenhouse gas (GHG)-intensive, high environmental impact or controversial activities. In case of divestment or postponement of a project, the government commits to reallocate funds to another eligible project.

Best practices identified - management of proceeds

- » Broad disclosure of a clearly articulated and comprehensive management of proceeds policy to external stakeholders; bondholders or lenders at a minimum
- » Short allocation period, for example typically less than 24 months
- » Commitment to reallocate proceeds to projects that are compliant with the framework

Reporting**Transparency of reporting – ALIGNED**

The Government of Colombia will report annually until the full allocation of funds and in case of significant developments. The reports will be publicly disclosed on the Ministry of Finance website. Reporting will include descriptions of eligible categories and funded projects, the amount allocated and the expected sustainable benefits of the eligible projects. The allocation indicators are exhaustive. Furthermore, the government has a robust track record of issuing bonds under its framework since 2021 and adhering to its post-issuance reporting commitments.

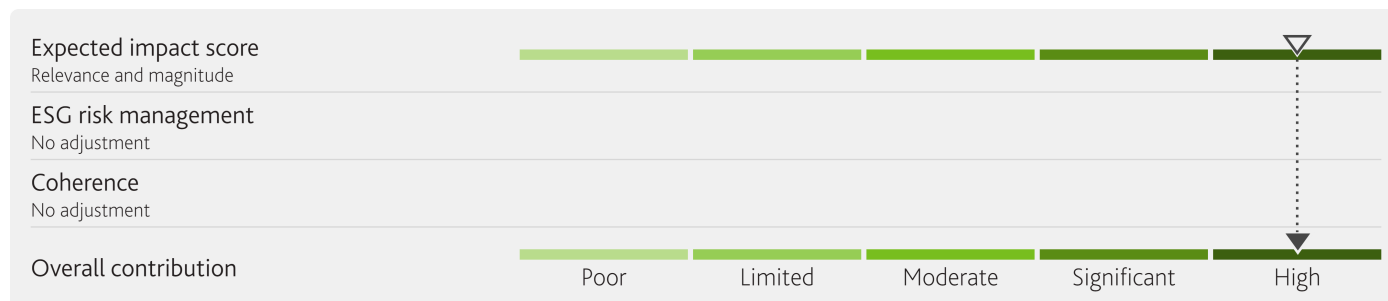
The government has identified relevant and exhaustive social reporting indicators for each eligible category in the framework. The government has committed to transparently communicate methodologies and assumptions made to calculate sustainability benefits. However, there is no commitment to externally verify the impact indicators of social projects in post-issuance reporting.

Best practices identified - reporting

- » Reporting covers material developments and issues related to the projects or assets
- » Reporting on allocation of proceeds and benefits done at least at eligible category level
- » Exhaustive allocation reporting – balance or % of unallocated funds, types of temporary investments (e.g. cash or cash equivalent) and share of financing vs re-financing
- » Clear and relevant indicators to report on the expected environmental/social impact of all the projects, where feasible, or eligible categories
- » Disclosure of reporting methodology and calculation assumptions to bondholders or lenders at a minimum
- » Independent audit of the tracking and allocation of funds at least until full allocation and in case of material changes

Contribution to sustainability

The framework demonstrates a high overall contribution to sustainability.

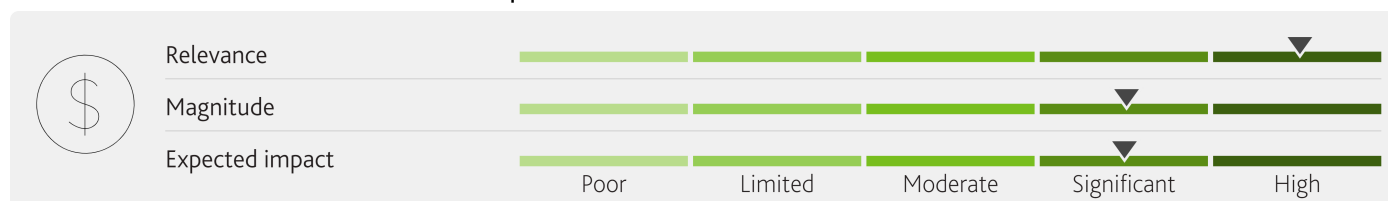


Expected impact

The expected impact of the eligible categories on social objectives is high. The government has provided the eligible expenditures identified for the 2024 budget year to be financed by the social bond issuances. Based on this information, we have estimated the distribution of proceeds for these issuances and have weighted the categories for the purpose of assessing the overall contribution to sustainability. Of the six social categories identified for the 2024 budget, decent and affordable housing has the largest weight. Socioeconomic advancement and reduction in inequalities, peacebuilding, employment generation and promotion of productivity including MSMEs, access to basic services, and food and nutrition security represent smaller shares of the overall projects. The remaining two categories (education: access, continuity and quality; and effective access and quality in health services) do not have eligible expenditures identified for the 2024 budget year.

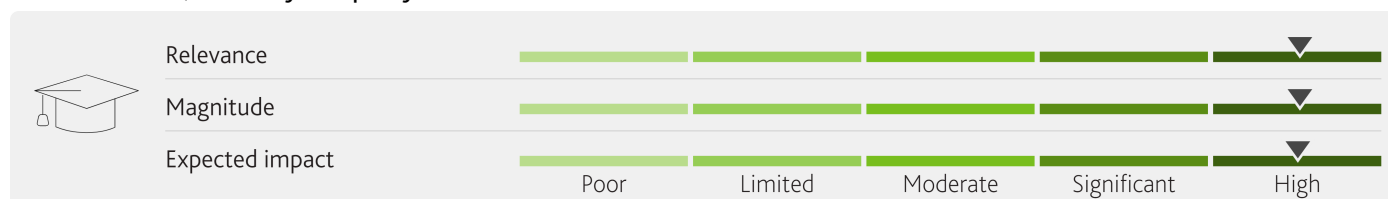
We have used information on specific projects and programs identified for the 2024 budget year to assess the contribution to sustainability in six out of the eight eligible categories, because the granular detail provided for most of these projects and programs clarifies some of the broad project definitions provided in the framework. The assessment of the magnitude of eligible categories with no associated projects has been conducted based on the framework's description of eligible projects and the additional examples of projects provided by the government. A detailed assessment by eligible category is provided below.

Socioeconomic advancement and reduction in inequalities



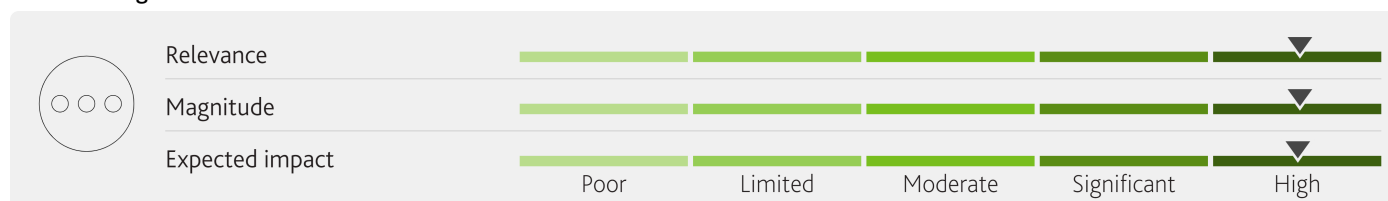
The relevance of this category is high. In terms of discrimination and socioeconomic development, Colombia faces significant challenges. UN Women highlights the progress Colombia has made on this topic, although there remains further work to be done.² Children and youth are vulnerable in the country, especially in the context of poverty, inequality and armed conflict.³

The magnitude of this category is significant. The category includes five identified projects for the 2024 budget year, where most of the expenditures are dedicated to vulnerable people, including children, youth and the elderly. Most of the projects aim to provide support to the most vulnerable groups identified, such as the population in the System for the Identification of Potential Beneficiaries of Social Programs (SISBEN) A (extreme poverty) and SISBEN B (moderate poverty). Although the projects will provide significant benefits to the target population, for some projects it is unclear whether the benefits will extend over the long term.

Education: access, continuity and quality

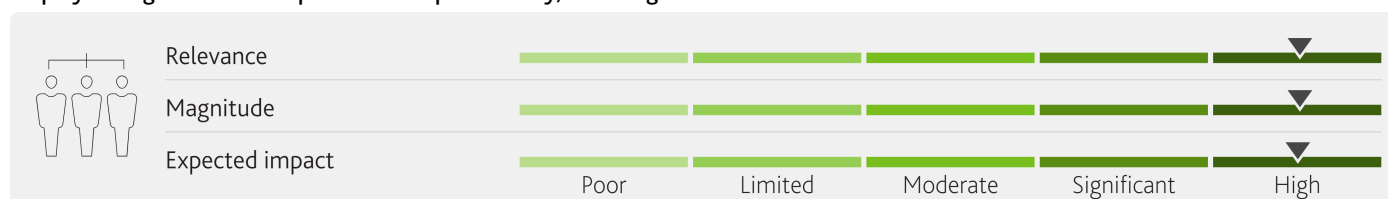
The relevance of this category is high. Although Colombia has made significant progress on access, coverage and quality of education, some challenges persist, including gaps in access and quality between urban and rural areas, as well as among socioeconomic strata. For example, for every 100 children who enroll in first grade in Colombia, only 44 manage to graduate from high school on time. Furthermore, for every 100 high school graduates, only 39 manage to access higher education.⁴

The magnitude of this category is high. Although no eligible expenditures have been identified for the 2024 budget year for this category, we have analyzed examples of potential projects to be financed, which would focus on pre-school through tertiary education. Expenditures in this category include expenses related to infrastructure and scholarships. This category includes projects that address challenges related to public education and expected to yield long-term benefits for a highly vulnerable population.

Peacebuilding

The relevance of this category is high. Colombia suffered an internal armed conflict for decades, which ended in 2016 after an agreement between the government and FARC (Fuerzas Armadas Revolucionarias de Colombia). Although the conflict-generated violence has decreased significantly, armed conflict has been a long-standing social issue in Colombia and violence still persists. Ensuring peace in the areas of conflict, and preventing an increase in violence and human rights violations are therefore highly relevant for Colombia.

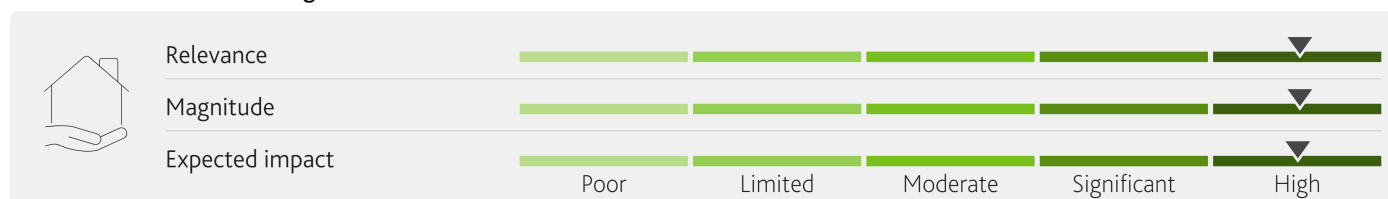
The magnitude of this category is high. The category includes six projects for the 2024 budget year that aim to support the victims of the armed conflict, prevent further human rights violations, protect vulnerable groups in the areas where conflict still persists and implement programs dedicated to providing justice to the affected population through the "jurisdicción especial para la paz" (JEP).

Employment generation and promotion of productivity, including in MSMEs

The relevance of this category is high. According to national statistics, the unemployment rate in Colombia was 10% as of December 2023,⁵ which was high compared with the global average of 5.1%.⁶ In addition, the country faces challenges in the labor market because of the effects of the armed conflict and forced displacements.

The magnitude of this category is high. The category includes one project that aims to increase the possibilities of employment for victims of the armed conflict, generating the necessary skills and competencies to access more opportunities for the target population. This initiative is expected to contribute to the socioeconomic stability and resilience of the communities affected by the armed conflict.

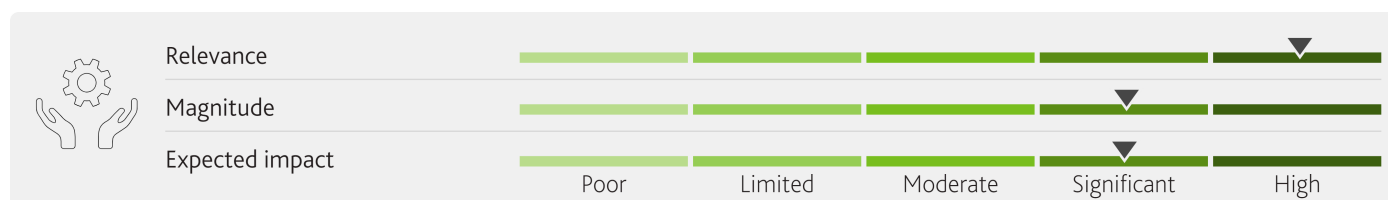
Decent and affordable housing



The relevance of this category is high. By 2021, around 31% of the houses in Colombia reported a state of deficit, either in quantitative terms (7.5%, because of construction materials or overcrowding, which is difficult to mitigate) or qualitative terms (23.5%, a deficit that can typically be mitigated with adjustments).⁷

The magnitude of this category is high. This category includes several national programs for the 2024 budget year, such as "mi casa ya," "casa digna, vida digna" and "semillero de propietarios ahorradores." It also encompasses financing for the construction of housing on land owned by individuals. These initiatives aim to provide a variety of housing solutions – including subsidies for purchase of houses, improvements, renting and construction – to the vulnerable population classified under SISBEN A, B and C. The ultimate goal is to provide long-term benefits to these target groups. Although part of the target population could not be considered the most vulnerable (SISBEN C), the government commented that at least 75% of the beneficiaries are associated with SISBEN A and B, indicating that the most vulnerable segment of the population will mostly benefit from the projects in this category.

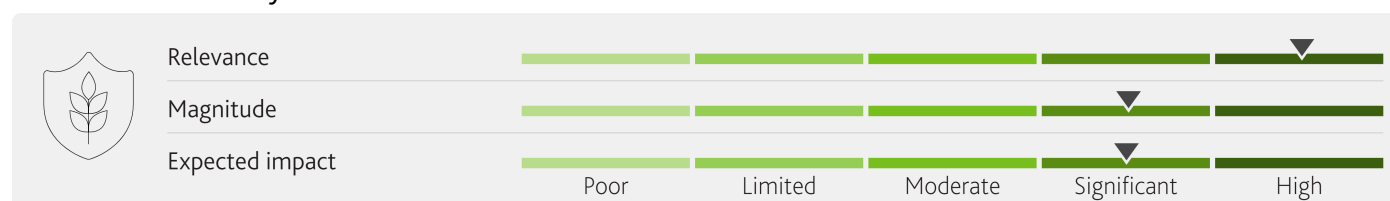
Access to basic services



The relevance of this category is high. In certain rural areas of Colombia there is a deficit in terms of community infrastructure development, with the biggest gaps in the areas affected by the armed conflict and areas with lower socioeconomic development levels.⁸ For example, according to the 2019 World Economic Forum Global Competitiveness Report,⁹ Colombia ranks 104th among 141 countries in terms of road infrastructure quality. Also, as mentioned in the decent and affordable housing relevance analysis, significant gaps in social housing quality have been identified in the country.

The magnitude of this category is significant. This category includes two projects to be financed for the 2024 budget year. The projects include developing basic infrastructure for poor municipalities, such as urban parks, urban roads and other alternative projects identified by the local communities, as well as infrastructure for the improvement of risk management in high volcanic risk areas. In addition, the projects include improvements to the homes of the vulnerable population, including construction and renovation of sanitary units, housing units, floor intervention, kitchen units, roof intervention and special interventions for the disabled population. The target population is spread across municipalities identified as vulnerable because of their multidimensional poverty index, high levels of extreme poverty and involvement in the armed conflict. Although the development of public infrastructure provides benefits to the target population, it is unclear whether the benefits will extend over the long term.

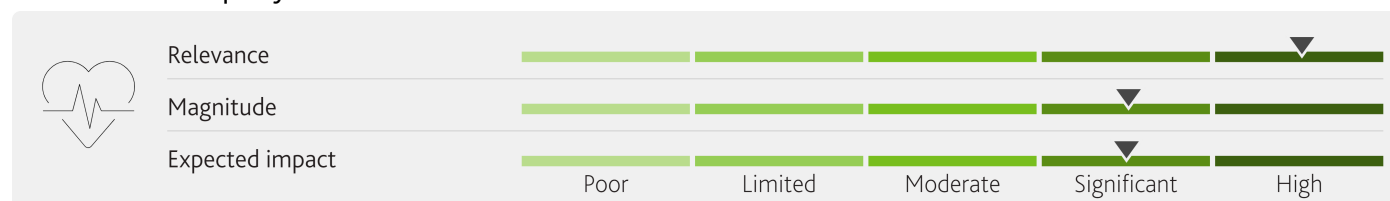
Food and nutrition security



The relevance of this category is high. The United Nations World Food Program in Colombia reported that moderate and severe food insecurity at the national level is 30% after the food security assessment of the Colombian population. Factors such as the coronavirus pandemic, loss of jobs, difficulties in accessing land, the armed conflict and climate change-related disasters have exposed households to a high level of economic vulnerability.¹⁰

The magnitude of this category is significant. The category covers one program for the 2024 budget year. The project seeks to deliver products, inputs and technical assistance service for planting to the vulnerable population classified under SISBEN A and B. Inputs to be delivered include plants, fertilizers and materials for planting. Furthermore, the target population will receive technical assistance or agricultural training for planting. However, it is unclear whether the technical assistance includes sustainable agricultural practices.

Effective access and quality in health services



The relevance of this category is high. Although life expectancy has increased in Colombia, reaching 76.8 years, other indicators are below the Organisation for Economic Cooperation and Development (OECD) country averages. These indicators include a low number of doctors and nurses per 1,000 inhabitants, a high rate of child mortality and low availability of hospital beds.¹¹

The magnitude of this category is significant. Although no eligible expenditures have been identified for the 2024 budget year for this category, we have analyzed examples of potential projects to be financed under this category. While the potential programs to be financed are focused on the public healthcare system and a vulnerable population, it is unclear whether these programs will involve out-of-pocket expenditures for the target population, especially for the most vulnerable.

ESG risk management

We have not applied a negative adjustment for ESG risk management to the expected impact score. Colombia has implemented a comprehensive plan to assess potential environmental or social risks associated with the eligible expenditures, including, but not limited to, the implementation of the national environmental impact assessment, issuing environmental licenses to operate and implementation of guidelines provided by the DNP to each ministry to identify potential risks and mitigation measures.

Coherence

We have not applied a negative adjustment for coherence to the expected impact score. Colombia has announced a National Development Plan (NDP) 2022-2026, which includes commitments and strategies to address the social gaps identified in the country. Objectives pursued in the NDP are consistent with the objectives established and populations targeted in the social categories of the bond framework.

Appendix 1 - Mapping eligible categories to the United Nations' SDGs

The eight eligible social categories included in Colombia's sustainable bond framework are likely to contribute to 11 of the United Nations' (UN) SDGs, namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	- Socioeconomic advancement and reduction of inequalities - Peacebuilding - Employment generation and promotion of productivity, including MSMEs - Decent and affordable housing	1.2: Reduce at least by half the share of people living in poverty according to national definitions 1.3: Implement social protection systems and measures for all, and achieve substantial coverage of the poor and the vulnerable 1.4: Ensure all have equal rights to economic resources, access to basic services, property ownership and finance
GOAL 2: Zero Hunger	- Socioeconomic advancement and reduction of inequalities - Food and nutrition security	2.1: End hunger and ensure access by all people to safe, nutritious and sufficient food all year round 2.2: End all forms of malnutrition and address nutritional needs of children, pregnant and lactating women and older persons
GOAL 3: Good Health and Well-being	- Socioeconomic advancement and reduction of inequalities - Effective access and quality in health services	3.8: Achieve universal health coverage with access to quality and affordable essential health-care services and medicines for all 3.C: Increase health financing and promote the recruitment, development and training of the health workforce in emerging markets
GOAL 4: Quality Education	- Socioeconomic advancement and reduction of inequalities - Education: access, continuity, and quality - Food and nutrition security	4.1: Ensure that all children complete quality primary and secondary education leading to relevant and effective outcomes 4.2: Ensure that all children have access to quality early childhood development, care and preprimary education 4.3: Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education 4.4: Increase the number of youth and adults with technical and vocational skills for employment and entrepreneurship 4.5: Eliminate gender disparities in education and ensure equal access to education and training for vulnerable persons
GOAL 5: Gender Equality	- Socioeconomic advancement and reduction of inequalities	5.1: End all forms of discrimination against all women and girls everywhere 5.5: Ensure women's full participation and equal opportunities for leadership at all levels of political and economic life
GOAL 6: Clean Water and Sanitation	- Decent and affordable housing - Access to basic services	6.1: Achieve universal and equitable access to safe and affordable drinking water for all 6.2: Achieve access to adequate sanitation and hygiene for all and end open defecation
GOAL 8: Decent Work and Economic Growth	- Socioeconomic advancement and reduction of inequalities - Employment generation and promotion of productivity, including MSMEs	8.3: Promote policies that support productivity, job creation, entrepreneurship, innovation, and encourage the growth of SMEs 8.5: Achieve full, productive employment and decent work for all women and men, and equal pay for work of equal value 8.6: Substantially reduce the proportion of youth not in employment, education or training
GOAL 9: Industry, Innovation and Infrastructure	- Access to basic services	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
GOAL 10: Reduced Inequality	- Socioeconomic advancement and reduction of inequalities - Education: access, continuity, and quality - Peacebuilding - Access to basic services	10.1: Achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average 10.2: Empower and promote the social, economic and political inclusion of all 10.3: Ensure equal opportunity and reduce inequalities, including by promoting legislation, policies and action 10.7: Facilitate orderly, safe and responsible migration and mobility of people, including through effective migration policies
GOAL 11: Sustainable Cities and Communities	- Decent and affordable housing	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
GOAL 16: Peace and Justice Strong Institutions	- Peacebuilding	16.1: Significantly reduce all forms of violence and related death rates everywhere

The mapping of the UN's SDGs in this SPO considers the eligible social project categories and associated sustainability objectives/benefits documented in the government's financing framework, as well as resources and guidelines from public institutions, such as the ICMA's SDG mapping guidance and the UN's SDG targets and indicators.

Appendix 2 - Summary of eligible social categories in Colombia's sustainable bond framework

Eligible Category	Description	Sustainability Objectives	Impact Reporting Metrics
Socioeconomic advancement and reduction of inequalities	People in vulnerable conditions, especially children, adolescents, young, and the elderly people	<ul style="list-style-type: none"> • Poverty reduction • End of hunger and all forms of malnutrition 	<ul style="list-style-type: none"> • Number of children and adolescent beneficiaries of transfers who access education and health services • Number of families and young beneficiaries of conditional and/or non-conditional transfers
	Financing of actions and measures to promote access by people living in conditions of vulnerability, especially children, adolescents, youth, and the elderly, to safety net programs, such as subsidies of basic services or monetary and in-kind subsidies (including conditional and unconditional cash transfers), psychosocial companionship, job opportunities, provision or improvement of the subsidies or services provided. Financing of actions that contribute to comprehensive early childhood development at the pedagogical, psycho-social, or nutritional level.	<ul style="list-style-type: none"> • Quality and access to basic services such as health and education • Social, employment and productive inclusion 	<ul style="list-style-type: none"> • Number of women heads of household who receive assistance for prenatal care • Number of subsidies granted to the elderly • Number of children, adolescents, and youth assisted by protection services to reestablish rights or Comprehensive and Traditional Services)
	Migrants vulnerable conditions	<ul style="list-style-type: none"> • Reduction of social inequalities 	<ul style="list-style-type: none"> • Buildings providing appropriate services for adolescents and youth, built and/or equipped • Number of beneficiaries of social programs helped
	Financing projects that support the socioeconomic development, labor formalization, and social integration of the vulnerable migrant population.	<ul style="list-style-type: none"> • Access to basic services and decent housing 	<ul style="list-style-type: none"> • Number of families belonging to ethnic communities helped • Number of vulnerable migrants whose immigration status was regularized
	People with disabilities	<ul style="list-style-type: none"> • Empowerment of women and girls and end gender violence 	<ul style="list-style-type: none"> • Number of vulnerable migrants who received access to health, education, housing, or formal work • Number of vulnerable migrants who accessed basic services such as drinking water and sanitation, electricity, among others • Number of vulnerable migrants who accessed the financial system (both traditional and alternative financial services) • Number of vulnerable migrants helped and trained within the framework of community integration • Number of contents and audiovisual materials in an accessible language prepared and disseminated • Number of governmental and non-governmental agencies advised on care pathways. • Number of entities, organizations and family units provided technical assistance
	Financing projects that enable people with disabilities to improve their engagement in society, education, and the workplace by developing materials adapted to their needs, training their family members, adapting their environments, and providing inclusive services.		

	<p>Ethnic groups</p> <p>Financing projects that support the socio-economic development, social integration, and physical and cultural permanence of ethnic groups. These include expenditures related to improvement in the quality of life, access to healthy and nutritious food, access to health and education systems, access to decent housing or improvements in housing and restitution of land, development of community infrastructure, recognition of their rights, and strengthening of the political and administrative capacity of communities, among others.</p> <p>Closing the gender gap</p> <p>Financing of actions and measures aimed at: (i) Promoting women's employability, and access to opportunities for employment in the formal sector and in sectors that typically employ men, and seeking equal pay and high-quality jobs for women; (ii) Promoting and strengthening entrepreneurship among women, including loans and other financial support to women-owned or women-led micro, small, and medium-size enterprises (MSMEs); (iii) Increase access, use, control, and ownership of assets, resources, services, and technology by women; (iv) Recognizing, compensating, reducing, and redistributing nonremunerated caregiving activities; (v) Preventing, eradicating, and prosecuting all forms of violence against women and girls; (vi) Supporting and assisting women and girls living in violent situations.</p>	<ul style="list-style-type: none">• Number of productive units for by ethnic groups set up• Number of households of ethnic groups who were provided technical assistance• Number of collective productive units of ethnic groups strengthened• Number of people from ethnic groups trained• Number of projects for ethnic groups co-financed <ul style="list-style-type: none">• Number of women benefiting from subsidies, training, guidance, and/or financial support• Number of productive projects co-financed• Number of women trained in entrepreneurship or in fields with high economic potential• Number of placements or jobs created for women• Number of homes/shelters for victims of gender violence supported, fortified, or built	
Education: access, continuity, and quality	Financing of investment projects, programs and expenditures aimed at improving access and quality of public education, with special emphasis on the vulnerable population at all levels of the education system (day care, pre-school, primary and secondary education, middle school, higher education (job training and human development)).	<ul style="list-style-type: none">• Quality and access to essential services such as health and education• Reduction of inequalities	<ul style="list-style-type: none">• Number of beneficiaries of financial support strategies or programs for access, continuity, and graduation from higher education.• Number of school infrastructure, classrooms or buildings built, improved, or modernized• Number of teachers and teacher's aids in day care, pre-school, elementary and middle school benefited by skill-building strategies• Number of places or students enrolled in training
Peacebuilding	Financing of projects or expenditures related to the recognition, mitigation of psychological damage, care, compensation of victims of the armed conflict in Colombia at the national level and actions implemented for non-repetition.	<ul style="list-style-type: none">• Poverty reduction• Reduction of social inequalities• Promotion of stable and lasting peace	<ul style="list-style-type: none">• Number of regional victims' services centers modified• Number of applications by victims of armed conflict served and processed through different channels• Number of households that are victims of the armed conflict that have received in-kind humanitarian assistance, resources for transport of goods, and/or subsidies• Number of properties delivered and compensated to comply with judicial rulings on restitution of lands• Number of cases of preventive protection and restitution of land rights for ethnic groups processed• Number of initiatives of social recognition of victims and/or promotion of co-existence implemented

Employment generation and promotion of productivity, including MSMEs	<p>Financing of projects aimed at employment preservation and reactivation of businesses, including MSMEs, affected by socioeconomic events such as COVID-19 and the national lockdown, which can demonstrate a relative decline in their income as determined by the respective regulation.</p> <p>Financing of projects that contribute to formal employment generation, entrepreneurship, job placement for vulnerable people, and entrepreneurship for the rural population.</p>	<ul style="list-style-type: none"> • Poverty reduction • Increased social, labor, and productive inclusion 	<ul style="list-style-type: none"> • Number of businesses supported with subsidies due to personal socioeconomic events • Percent of business supported with subsidies due to socioeconomic events occurring to MSMEs. • Total amount of the subsidy provided to business as part of economic assistance to alleviate socioeconomic events (\$). • Number of additional youth hired formally by the company due to the subsidy to promote employment • Number of jobs protected with a State contribution • Number of people helped in their search for formal employment • Number of people in rural areas trained in entrepreneurship
Decent and affordable housing	<p>Financing for the acquisition, construction on its own site, repair, expansion, improvement, refurbishment, or rental of social interest housing (VIS) (*i) and priority interest housing (VIP) (*ii), for households whose monthly income is less than an amount determined by the Colombian regulation.</p> <p>(i) Social Interest Housing (VIS) (ii) Priority Social Interest Housing (VIP)</p>	<ul style="list-style-type: none"> • Poverty reduction • Access to basic services and decent housing • Reduction of social inequalities 	<ul style="list-style-type: none"> • Number of households benefited by acquisition of a house • Number of households benefited by renting a house. • Number of households benefited by construction on site of a house. • Number of households benefited by home improvement
Access to basic services	<p>Financing of expenditures to improve access to affordable basic infrastructure, mainly for households belonging to socioeconomic strata 1, 2, and 3, non-interconnected areas, and rural areas.</p> <p>This includes expenditures related to improvement in access, reliability, and quality of basic services of (1) treatment and distribution of drinking water, (2) collection and treatment of wastewater (3) connection of homes to the electric grid (4) construction projects or improve urban and rural access roads and the conditions of land, river, and maritime transport.</p>	<ul style="list-style-type: none"> • Access to basic services and decent housing • Reduction of social inequalities 	<ul style="list-style-type: none"> • Number of aqueduct and sewage projects in urban and rural areas financed • Number of municipalities receiving technical assistance on water and sanitation projects. • Number of homes with new or improved access to aqueducts and/or sewer system • Increase in the average number of hours of water and sewer service per day • Kilometers of paved streets or highways built or improved • Number of households with new connections to the electrical grid installed
Food and nutrition security	<p>School food security: Financing for programs to access healthy and nutritious food for public school students (pre-school, basic, and middle school levels), prioritizing the most vulnerable students according to current regulations. The purpose is to create incentives and contribute to students continuing in school and completing their course of study.</p> <p>Increase food security in vulnerable households: <ul style="list-style-type: none"> • Financing of products and inputs for planting (plants, fertilizers and materials) and farms for on-farm consumption aimed at increasing household food production. • Financing of agricultural technical assistance activities for the planting, and training for households on issues of food consumption and healthy consumption habits. </p> <p>Vulnerable rural populations and ethnic groups will be given priority.</p> <p>Nutritional health: <ul style="list-style-type: none"> • Financing of programs to combat malnutrition and infant mortality • Actions to promote education about food and nutrition, promotion of healthy lifestyle habits, food supplement programs, and family strengthening to improve the nutritional status of malnourished children and underweight pregnant women </p>	<ul style="list-style-type: none"> • End hunger and all forms of malnutrition • Access and quality of essential services such as health and education 	<ul style="list-style-type: none"> • Number of students benefiting from school nutrition programs • Number of productive units for on-site consumption set up in vulnerable households • Number of homes that received technical assistance to improve eating habits • Amount of liquid or solid food of high nutritional value distributed • Number of people seen for treatment and prevention of malnutrition

Effective access and quality in the Health Service	Financing of projects or activities related to the construction, operation and/or improvement of public hospitals or public health services that benefit the national population, with particular emphasis on the vulnerable population. Financing of expenditures related to the purchase, distribution, and administration of biological vaccines and vaccines against COVID-19 to the national population.	• Access and quality of essential services such as health and education	• Number of hospitals or health centers built or improved • Number of patients seen in built or improved hospitals or public health centers • Annual weighted average of coverage of biological vaccines (%) • Annual weighted average of coverage of COVID-19 vaccines (%)
--	--	---	--

Endnotes

- 1 Point-in-time assessment is applicable only on date of assignment or update.
- 2 UN Women, [Mujeres y hombres: Brechas de género](#).
- 3 Bethany, [La protección de la niñez vulnerable en Colombia, un compromiso ineludible](#).
- 4 UNICEF, [Colombia's education profile](#).
- 5 DANE, [Mercado Laboral](#).
- 6 ILO, [WESO tendencias 2024](#).
- 7 DANE, [Boletín deficit habitacional](#), May 2022.
- 8 UNDP, [Equidad y progreso: infraestructura y desarrollo local](#).
- 9 World Economic Forum, [The global competitiveness report 2019](#).
- 10 WFP, [Inseguridad alimentaria moderada y severa en colombia alcanza el 30%](#).
- 11 OECD, [Health at a glance](#) – Colombia, 2023.

Moody's assigns SPOs in alignment with the main tenets of the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews and the LSTA/LMA/APLMA Guidance for Green, Social and Sustainability-Linked Loans External Reviews, as applicable; Moody's practices may however diverge in some respects from the practices recommended in those documents. Moody's approach to assigning SPOs is described in its Assessment Framework, and is subject to the ethical and professional principles set forth in the Moody's Investors Service Code of Professional Conduct.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS 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.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

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 MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE 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 obtained by MOODY'S 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 of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any 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, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Calificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657/AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972/AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions (as defined in Moody's Investors Service Rating Symbols and Definitions): Please note that a Second Party Opinion ("SPO") is not a "credit rating". The issuance of SPOs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

REPORT NUMBER 1401441