



Colombia launches Sovereign Green Bond Framework and readies for first issuance

- *Colombia's Sovereign Green Bond Framework, adopted today, is aligned with international good practices for environmental benefits, sustainable finance, transparency, and accountability with investors. It has a second party opinion from the international independent evaluator Vigeo Eiris. The World Bank and the Inter-American Development Bank provided technical assistance.*
- *The first green bond issuance will finance expenditures associated with a diverse portfolio of 27 investment projects amounting up to \$ 2 billion, including water management, clean transportation, ecosystem services and biodiversity protection, renewable energy, circular economy, and sustainable agriculture production adapted to climate change.*
- *The Minister of Finance and Public Credit José Manuel Restrepo highlighted the importance of the publication. The green framework provides clear principles for engagement for issuers and investors in sustainable investment projects. It will contribute to diversify our investor base and reduce the impact of our activities in the environment, through a new alternative financing source.*

Bogotá, July 27, 2021. (COMFPC). Today, Colombia adopted its Sovereign Green Bond Framework, paving the way for the first bond issuance in the third quarter of the year. Green Bonds will finance eligible budget expenditures that will contribute to achieve the country's environmental goals and international commitments.

The framework establishes the principles that the Government will follow for the selection, evaluation, use of proceeds and reporting commitments to investors on eligible expenditures included in the National Budget associated with Green Bonds.

Information on eligible green projects and categories has also been published, as well as key performance indicators. The green portfolio includes 27 investment projects divided into six categories: water management, clean transportation, ecosystem services and biodiversity protection, renewable energy, circular economy, and sustainable agriculture production adapted to climate change.

The Minister of Finance and Public Credit José Manuel Restrepo stated "this is an important step in the right way to the future. We are laying the foundations of a new alternative to finance investment projects that contribute to achieve the goal of reducing our carbon footprint in the world".

Colombia's Sovereign Green Bond Framework and eligible portfolio of projects follow international good practices on environmental benefits, sustainable financing, transparency, and accountability with investors. They were developed jointly by the Ministry of Finance and Public Credit, the National Planning Department, and other government agencies. They also benefited from technical assistance from the Inter-American Development Bank and the World Bank.



Vigeo Eiris, part of Moody's ESG Solutions, issued a second party opinion, stating that Colombia's Sovereign Green Bond Framework is "coherent" with the issuer's sustainable strategic priorities and supports its climate-change commitments and goals. In addition, it is "aligned" with the four main components of the International Capital Markets Association's Green Bond Principles. Finally, Vigeo concluded that the project portfolio is "robust" on environmental impact and management of environmental, social, and governance risks (ESG).

César Arias, Director of Public Credit and National Treasury, highlighted that Colombia will be the second country in Latin America to issue sovereign green bonds and the first one to do so in local currency." Arias added, "The Green TES, which we expect to launch in the third quarter of this year, will strengthen our sustainable financing strategy, develop our domestic capital markets, and support our transition to a low-carbon and climate-resilient economy, committed to biodiversity conservation"

"We congratulate the Government of Colombia for piloting this new sustainable financing solution," said Donato de Rosa, World Bank Program Leader for Colombia. "As the global leader in sustainable finance, the World Bank was delighted to share its knowledge and experience with the government and looks forward to providing technical assistance for post-issuance allocation and impact reporting."

"Climate action is a pillar for sustainable and inclusive development in our Vision 2025, so we are very pleased to support Colombia in the issuance of its first green bonds. This is also an important signal for the consolidation of the thematic bond market in the country and for channeling private capital towards post-pandemic recovery", said Ignacio Corlazzoli, IDB Representative in Colombia.

Colombia's Sovereign Green Bond Framework, the first portfolio of eligible green projects, the opinion of the international evaluator Vigeo Eiris, and Resolution 1687 from July 19th, 2021, can be accessed in the Investor Relations' Webpage (www.irc.gov.co) of the Ministry of Finance and Public Credit (www.minhacienda.gov.co).