4.1 OUR COMMITMENT TO GREEN GROWTH

At the heart of green financing, our mission is to advance the environmental goals of the countries where we operate. We are dedicated to channeling resources into impactful solutions across various areas, including climate change mitigation and adaptation, land and water management, biodiversity protection, conservation and restoration, circular economy, and pollution prevention and control.

To drive this mission, our portfolio features environmental benefit financing designed to support activities, projects, and investments that accelerate the transition to a greener economy. This initiative is seamlessly integrated into our sustainable business strategy, addressing key areas such as **Natural Capital** and focusing on **Sustainable Enterprises** and **Sustainable Infrastructure.**

We proudly offer an innovative suite of instruments to foster green growth, including both financial and non-financial products and services with environmental benefits, as well as investment funds with ESG criteria. Our approach involves forming strategic alliances and fostering institutional cooperation to enhance resource allocation to green projects[1]. This includes issuing thematic bonds and leveraging other funding sources to fulfill our vision of **Making the World Our Home: A Greener Home.**

Our unwavering commitment to ecosystem conservation, natural resource regeneration, and a low-emission, climate-resilient economy is embodied in our value propositions, which drive positive impacts on the prosperity and protection of natural capital:

Chart 4: Types of Financial Services Applicable to Green Growth

Type of Service	Objective
Savings and Investments	Green-Centric Products crafted to empower individuals to build their future and manage their finances effectively, while

[1] Which include matters relating to biodiversity and blue items.

	enhancing the growth of their wealth. For businesses, we provide solutions to streamline daily financial operations, expand globally, and invest wisely.
Loans	Green-Centric Products designed to help individuals reach their goals and enjoy the things they desire. For companies, we offer a range of financing options to drive growth, including flexible investments, working capital, mortgage loans, leasing, credit cards, and more.
Daviplata (Mobile Waller)	Crafted for ease and efficiency, our products help individuals manage their finances and shape their future with confidence. Explore our suite of services, including credit options, savings plans, insurance, and a dynamic *marketplace*.
Insurance	Green-Centric Products dedicated to helping individuals protect their wealth and provide for their families with peace of mind.

For detailed information about each product, please refer to Section 3.3 of the **Green** Dimension in *Annex 2 of Financial Products from Banco Davivienda, and Annex 4 of Non-Financial Products from Banco Davivienda in this policy.*

4.2 ACTIVITIES PREFERENTIALLY ELIGIBLE FOR FINANCING DUE TO THEIR CONTRIBUTION TO GREEN GROWTH

We understand the pivotal role of **green financing** in achieving the 2030 Development Agenda, fulfilling Paris Agreement commitments, adhering to the Convention on Biological Diversity, and meeting the Nationally Determined Contributions (NDCs) of the countries where we operate. By aligning our resources with these global goals, we are not just supporting but actively driving the shift towards a fair, equitable, low-carbon, and zero-emissions economy. Our commitment extends to advancing climate change adaptation and mitigation, as well as the protection and restoration of nature and ecosystem services.

Our greatest environmental impacts are mainly associated with our financing activities, and this is where we have a privileged role in sending signals to the market and accompanying our clients with initiatives that, in addition to raising awareness, can lead them to reduce their footprint and stimulate the development of a greener economy. Therefore, in line with these global, regional and national commitments, within our sustainable portfolio we include financing with environmental benefits to leverage projects and investments to support our clients on the road to a low-carbon, more resilient economy with positive results for nature, together with a climate engagement strategy to promote and encourage the decarbonization of their productive activities. *(See Annex 5. Decarbonization and Engagement Strategy).*

We recognize our capacity to generate value with products that promote opportunities for the transition to a greener economy, and guarantee the adoption of processes for the identification of risks and analysis of credit portfolios and investment portfolios of those sectors that contribute substantially to the objectives outlined, and of those that require greater efforts to reduce polluting emissions and curb the impact on biodiversity.

In both green and inclusive financing, Davivienda has set its commitment through the Sustainable Taxonomy with green potential. This taxonomy is adapted to the context of the countries we serve and aligns with the Green Taxonomy of Colombia (TVC) from the Financial Superintendence of Colombia (SFC), ICMA, and other development bank credit lines such as FINDETER and FDN, as detailed in Section 1.5 of this policy on Alignment with International and National Frameworks and Standards.

We recognize that green financing also addresses critical social challenges, as climate change and biodiversity loss threaten development by exacerbating poverty, damaging infrastructure, and reducing productivity across various sectors.[2]

[2] Climate and Development Country Report - World Bank Group, 2023.

Below, we outline the definitions of each category and subcategory with substantial contributions and positive environmental impacts. These are prioritized by the bank, provided they meet the established conditions. This applies to the Personal, Corporate, Business, Construction, SMEs, and Official Banking sectors, and includes the following subcategories, projects, or investments.

Chart 5: Eligible Activities by Categories and Subcategories for Their Contribution to Green Growth.

Category	Subcategory	Details
Sustainable infrastructure and construction	**Green building**	Projects, investments, or activities that implement measures in the design and construction of buildings to achieve water and energy savings, mitigate CO2 impact on the environment, and meet sustainable building certification standards such as EDGE, CASA, HQE, LEED, BREEAM, etc.
	Infrastructure for territorial development	Infrastructure projects, investments, or activities (including construction, repair, improvement, expansion, equipping, operation, or maintenance) that align with sustainable and inclusive city development plans. These initiatives focus on climate change adaptation and mitigation and include infrastructure designed for climate resilience. Examples of such activities include infrastructure for low-emission vehicles, projects to address droughts and floods, and sustainable urban renewal projects (such as parks and streets).
Sustainable Production and Circular Economy	**Waste management and circular economy**	Projects, investments, or activities essential for the sustainable management of waste, encompassing collection, separation, transportation, treatment, recovery, recycling, and final disposal. This also includes

		investments required to implement circular economy initiatives.
	Sustainable manufacturing	Projects, investments, or activities focused on manufacturing and optimizing production processes to minimize environmental impact. This includes reducing pollution (emissions, discharges, waste) and enhancing the efficient use of natural resources. Examples are: components for sustainable cement and steel production, carbon removal (CDR) projects and technologies, carbon capture and storage (CCUS) technologies, and components for primary plastic production.
Sustainable water management	**Drinking water management**	Projects, investments, or activities necessary for water purification and the efficient use of water resources, complying with the Technical Regulations for the Potable Water and Basic Sanitation Sector (RAS).
	Wastewater management	Projects, investments, or activities required for the treatment of wastewater, including collection, conveyance, treatment, storage, and discharge, in accordance with the Technical Regulations for the Potable Water and Basic Sanitation Sector (RAS).
Transportation and mobility	**Low-emission transportation and mobility**	Projects, investments, or activities aimed at reducing emissions from transportation and the mobility of passengers and cargo, including low- and zero-emission technologies.
ICT for sustainability	**Green ICT**	Projects, investments, or activities that involve the development and application of digital and information technologies to cut greenhouse gas emissions. This includes initiatives outlined in Colombia's green

		taxonomy, such as data processing, hosting, and related activities, along with data-driven solutions for reducing greenhouse gases (GHG).
Sustainable energy	**Generation and cogeneration**	Projects, investments, and initiatives that harness renewable energy sources—solar, wind, tidal, hydroelectric, geothermal, biomass, and green hydrogen—for efficient generation and cogeneration.
	Transmission and storage	Projects, investments, and ventures dedicated to the seamless transmission and storage of energy derived from renewable sources like solar, wind, tidal, hydroelectric, geothermal, biomass, and green hydrogen.
	Energy efficiency	Projects, investments, and activities committed to cutting energy consumption by adopting innovative technologies and optimizing energy processes and flows.
Sustainable agricultural development	**Sustainable agricultural practices**	Projects, investments, activities, or basic, intermediate, and advanced technologies for the conversion of coffee, rice, fruit crops, and cocoa in line with TVC guidelines, including sustainable agriculture certifications, Finagro's green allocations, and bioinputs for agriculture.
	Sustainable livestock practices	Projects, investments, activities, or basic, intermediate, and advanced technologies for livestock in accordance with TVC guidelines, including sustainable livestock certifications, veterinary bioinputs, and practices, investments, and technologies for sustainable poultry, aquaculture, fish farming, and pig farming.
	Sustainable forestry practices	Projects, investments, activities, or basic, intermediate, and advanced technologies for livestock in accordance with TVC guidelines, including sustainable livestock certifications, veterinary bioinputs, and practices,

		investments, and technologies for sustainable poultry, fish farming, aquaculture, and pig farming.
Conservation and use of biodiversity	**Bioeconomy**	Projects, investments, and activities that harness the potential of natural capital, science, technology, and innovation to enhance and safeguard ecosystem services.
	Biodiversity management	Projects, investments, and activities that support the restoration and conservation (both direct and indirect) of terrestrial areas, and finance sustainable production practices that minimize negative impacts on biodiversity. This includes investments that achieve co-benefits for biodiversity, conservation, and restoration, and embrace nature-based solutions.
	Blue economy	Projects, investments, and activities focused on managing, restoring, and conserving marine and coastal ecosystems, boosting climate adaptation and resilience, and supporting tourism, value chains, transportation, ports, and marine renewable energy. These also address the reduction and control of pollution.
Transversal: Créditos atados a indicadores de sostenibilidad	**Credits tied to environmental indicators**	A financial instrument that incentivizes achieving sustainability goals by defining, measuring, verifying, and jointly monitoring (with the client and the bank) key performance indicators (KPIs). Meeting targets for these KPIs can result in improved credit conditions for the client. For example, an environmental KPI could be the reduction of greenhouse gas emissions from a baseline.

We have established procedures for updating the list of eligibility criteria related to the categories and subcategories that define Green Financing. This includes mechanisms for verifying compliance with these criteria to effectively identify and manage environmental and social risks when applicable, specifically for green line financing in the context of companies. For detailed information on eligible activities, please refer to Annex 6: Sustainable Taxonomy Banco Davivienda.

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To focus our efforts and drive decarbonization, we have identified and prioritized the following sectors as carbon-intensive: iron and steel manufacturing, cement production, air and maritime transport, automobile manufacturing, and livestock farming.

Chart 6. Sectors or activities with preferential and/or conditional financing:

Sector Scope	Activities That We Don't Finance	Activities With Preferential Financing
Iron and steel manufacturing	See the list of activities excluded from funding.	• Furnaces designed to minimize coal consumption and CO2 emissions, including Electric Arc Furnaces (EAF) and those incorporating advanced CO2 capture and storage technologies, such as enhanced pollution control systems. • Direct Reduction Iron (DRI) or iron ore electrolysis projects aimed at promoting the use of non-fossil fuels. • Coking coal transition projects (considered within the value chain of the iron and steel sector), such as the adoption of hearth furnaces, coal washing plants, photovoltaic systems, utilization of residual heat from furnaces, and mine mechanization, among other advancements.

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Cement Manufacturing	See the list of activities excluded from funding.	• Projects and activities focused on enhancing the use of industrial mineral components to reduce clinker consumption. • Projects and activities aimed at implementing carbon capture, utilization, and storage technologies within the clinker production process.
Air and maritime transportation and automobile manufacturing	See the list of activities excluded from funding.	• Projects aimed at acquiring aircraft that comply with the International Air Transport Association (IATA) guidelines for reducing emissions. • Fleets of vehicles for inland waterway or maritime transport with zero direct emissions (e.g., electric or low-carbon hydrogen-powered). • Vessels using sustainable biofuels or biogas, guaranteed. • Projects to enhance efficiencies in logistics operations, including energy management, waste reduction, water conservation, procurement of electric or hybrid vehicles, and adoption of efficiency technologies. • Energy efficiency projects and activities within vehicle production facilities.

Livestock	• Livestock practices that promote land use changes in areas of special ecological importance, affect protected areas or are carried out outside the national agricultural frontier. These areas must be so defined by regulation and the competent environmental authority. • Deforestation activities[3], including logging, burning, cutting, uprooting, or destroying natural forest areas equal to or greater than one hectare—whether continuous or fragmented—for the purpose of cattle ranching. • See the list of activities excluded from funding.	• Projects focused on the efficient management and protection of water sources are essential. • Projects and activities for the adoption of silvopastoral systems are also important. • Projects and activities for the implementation of sustainable livestock practices (conservation, restoration and use of natural resources). • Projects and activities related to the effective use of manure and effluents. • Projects and activities for the division and rotation of paddocks, including the establishment of live fences, forage hedges, and improved pasture and forage management. • Projects and activities to integrate complementary technologies, such as biodigesters, aquatic plant and aquaculture systems, oxidation ponds, composting, and vegetative systems.

Likewise, as part of the carbon-intensive productive sectors defined to accompany their decarbonization, we include thermal coal operations and the production of oil and gas from non-conventional sources. For these sectors, we have established the following specific policies.

[3] Deforestation, source Law 2111/2021

Chart 7. Sectors or activities with conditional financing:

Sector Scope	Activities That we Do Not Finance	Activities with Preferential Financing	Conditions for Financing
Oil and Gas: Non-conventional oil and gas extraction	As of 2023, credit lines and project financing intended for the development of new projects, or the expansion of existing projects (capacity increases) related to unconventional oil and gas production include the following: • Oil sands. • Shale oil and gas. • Arctic oil and gas. • Liquefied Natural Gas (LNG) derived from unconventional fossil fuels. • Ultra-deepwater (UDW) oil and gas.	Projects that Foster the transition: • Energy optimization initiatives. • Utilization of alternative fuels (e.g., biomass, hydrogen). • Circular economy practices. • Transition to renewable energy sources. • Carbon capture and offsetting.	As of 2025, the client must have a climate strategy for the project or business. This strategy should outline planned initiatives and objectives related to environmental, social, and climate change issues, including the following components: • Calculation of the carbon footprint, covering at least Scope 1 and Scope 2 emissions • Emission reduction plan
Thermal coal[4]:	Beginning in 2025, credit lines and project financing will be	Projects that Promote the transition:	Starting in 2025, the client must have a climate strategy for the project or

[4] This policy does not include metallurgical coal, also known as coking coal, which is considered in the value chain of the steel sector,

• **Thermal coal mining** • **Thermal coal-based power generation.**	available for the development of new projects or the expansion of existing ones. Starting in 2040, no financing will be provided to companies primarily engaged in mining or thermal coal-based power generation[5].	• Initiatives to expand the non-conventional renewable energy (NCRE) generation matrix • Energy efficiency projects aimed at reducing thermal coal consumption by at least 15%. Disbursements will be subject to a maximum payment deadline of December 31, 2040.	business that outlines planned initiatives and objectives related to environmental, social, and climate change issues. The strategy should include the following elements: • Calculation of the carbon footprint, including at least Scope 1 and Scope 2 emissions • CO2 emissions reduction plan If the client does not have a carbon footprint measurement and a CO2 emissions reduction plan, they will be required to participate in our climate engagement program.

For investments, Banco Davivienda will progressively reduce its exposure to the thermal coal mining and thermal coal-based power generation sectors within its investment portfolio, achieving zero exposure by 2040. Additionally, for other prioritized carbon-intensive sectors, the bank will implement a robust system for periodic tracking and monitoring of exposures.

4.3 LIST OF EXCLUDED OR RESTRICTED ACTIVITIES

The list of excluded activities, based on our ESG approach and as part of the SARAS framework, is detailed in *Section 2.B.* of this policy. For information on

[5] Policy subject to change according to the country's regulations and contingency plans.

how we evaluate whether client activities and projects align with our policies and criteria, as well as the integration of ESG factors into these evaluations, please refer to *Annex 2*.