



### 3.3. OUR COMMITMENT TO INCLUSIVE FINANCING

Sustainable finance involves making financing decisions that drive sustainable development through the integration of Environmental, Social, and Governance (ESG) factors, which mobilize resources as a transformative vehicle to respond to current challenges. These decisions utilize resources as a transformative tool to address contemporary challenges. At Davivienda, we define **inclusive financing** as the strategic allocation of resources to support sustainable economic development and tackle social issues in the countries where we operate, enhancing overall quality of life and well-being.

We recognize our pivotal role in the financial sector and our capacity to direct capital towards achieving the Sustainable Development Goals of the 2030 Agenda. By promoting inclusive financing, we foster socioeconomic progress and empower individuals by ensuring access to economic resources, assets, financial and non-financial services, and equitable participation in economic and social spheres.

This is why within our sustainable portfolio, we include financing with social benefit to leverage activities, projects and investments that contribute to the reduction of inequalities, access to decent work, the achievement of decent living standards and, in general, the well-being of communities and the improvement in the quality of life for all. This connects with our sustainable business strategy from the material issues of **Economic Growth** and **Inclusion** and with our strategic focuses of **Sustainable Business** and **Sustainable Infrastructure**, promoting a just transition for all and socially responsible economic growth.

To this end, we offer innovative instruments to promote inclusive financing, such as investment funds with ESG criteria and financial and non-financial products and services with social benefits. On the other hand, we generate alliances and inter-institutional cooperation to increase the placement of resources and the commitment with their destination in socially responsible projects, for example through the issuance of thematic bonds, to contribute to a dignified and wellbeing



life<sup>1</sup>, and to: **Make the World Our Home: A More Inclusive Home.**

### 3.4 ACTIVITIES PREFERENTIALLY ELIGIBLE FOR FINANCING FOR THEIR CONTRIBUTION TO INCLUSIVE GROWTH

To define the scope of inclusive financing, Davivienda has developed our Sustainable Taxonomy. This taxonomy identifies categories of activities with social financing potential due to their meaningful contribution to social goals in the countries where we operate (see Table 3).

Our taxonomy is based on sectors and economic activities outlined by the European Union (EU) Social Taxonomy, the ICMA Social Bond Principles, and the credit lines of development banks such as the Territorial Development Financial Institution (FINDETER) and the National Development Financial Institution (FDN), as well as other references detailed in Section 1.5 of this policy on *Alignment with International and National Frameworks and References*.

Below, we provide detailed definitions for each category with significant social impact. This taxonomy is applicable to Personal Banking, Corporate Banking, Business Banking, Construction, SME Banking, and Official Banking, covering all economic sectors and individuals without distinction. It includes the following subcategories, projects, and investments.

**Chart 3: Eligible Activities by Categories and Subcategories for Their Contribution to Inclusive Growth.**

Category	Subcategory	Details
<b>Sustainable infrastructure and construction</b>	<b>Healthcare and education infrastructure</b>	Infrastructure projects, investments, or activities encompassing (construction, renovation, enhancement, expansion, equipping, operation, or maintenance) of facilities dedicated to delivering educational or healthcare services.

<sup>1</sup> United Nations General Assembly, 2022.



	<b>Affordable housing construction</b>	Housing initiatives within the frameworks of Social Affordable Housing (Affordable Low-Income) and Priority Social Housing (Priority Affordable Low-Income) programs.
	<b>Infrastructure for territorial development</b>	Infrastructure projects, investments, or activities (Construction, repair, improvement, expansion, equipment, operation or maintenance) that align with urban development plans and address the necessary facilities to bolster the competitive capacity, social welfare, and public safety of cities and regions.
<b>Sustainable water management</b>	<b>Drinking water management</b>	Projects, investments, or activities focused on the purification and efficient utilization of water resources, thereby improving community access to potable water services.
	<b>Wastewater management</b>	Projects, investments, or activities essential for the comprehensive treatment of wastewater, including collection, conveyance, treatment, storage, transport, and discharge, aimed at enhancing community access to sewerage services.
<b>Transportation and mobility</b>	<b>Access to public transportation</b>	Projects, investments, or activities aimed at improving urban public transportation services. This includes advancing traffic solutions, infrastructure, and alternative systems to enhance regional connectivity and competitiveness. The focus encompasses both passenger and freight transportation and the infrastructure needed for their efficient operation and logistics.
<b>Sustainable energy</b>	<b>Access to power</b>	Projects, investments, or activities dedicated to generating, transmitting, distributing, and storing energy, with the objective of expanding community access to essential energy services.
	<b>Access to gas</b>	Projects, investments, or activities for generating, transmitting, distributing, and storing gas, designed to increase community access to gas services.



<b>Sustainable agricultural development</b>	<b>Agricultural and rural financing</b>	Projects, investments, or activities intended to enhance production across various stages, strengthen the agricultural sector, boost employment, facilitate technology transfer, support sustainable production practices, ensure food security in urban and rural areas, promote equitable income distribution, bolster the external sector of the economy, and improve social, economic, and sustainability conditions in rural regions.
<b>Social well-being and financial inclusion</b>	<b>Healthcare and education services</b>	Projects, investments, or activities focused on acquiring and deploying equipment and instruments that improve the quality of health and education services.
	<b>Financial inclusion and economic development</b>	Projects, investments, or activities aimed at increasing economic participation among underserved populations, including (micro, small, and medium-sized) enterprises (MiPymes), with particular emphasis on women-led MiPymes and access to affordable housing.
<b>Crosscutting : Loans tied to sustainability indicators</b>	<b>Loans tied to social indicators</b>	Financial instrument designed to drive the achievement of sustainability goals through the joint definition, measurement, verification, and monitoring (by both the Client and the Bank) of key performance indicators (KPIs). Meeting these goals and KPIs will enhance the client’s credit conditions. For instance, a social KPI might be the percentage increase in women’s representation on boards or in leadership roles.

For more details on eligible activities, see *Annex 6: Davivienda Bank Sustainable Taxonomy*.

### 3.5 LIST OF EXCLUDED OR RESTRICTED ACTIVITIES

The list of excluded activities, from an ESG perspective and as part of SARAS, is outlined in *Numeral 2.2* of this policy. For insights into how we assess whether our clients' activities and projects align with our policies and criteria, and how ESG criteria are integrated into these processes, please refer to *Annex 2*.



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