

1. General information on the scope of IDB Invest's Environmental and Social Review

IDB Invest is reviewing a project to acquire 260 bi-articulated buses powered by natural gas (NGV), which will be added to the bus fleet of the Transmilenio transport system in Bogota (the "Project"). The Project is part of concession contract 752 of 2018 granted by Empresa de Transporte del Tercer Milenio S.A. ("Transmilenio") to the Masivo Bogotá S.A.S. consortium (the "Client").

To finance the Project, the Client, through the Autonomous Asset Securitization of Sustainable Mass Transport in Bogotá (*Patrimonio Autónomo Titularización Transporte Masivo Sostenible de Bogotá* or TMAS-2, henceforth the "Issuer" or "TMAS-2"), will issue 3,100,000 bonds in Colombian pesos ("COP"), each for a value of COP 100,000 and with a maturity of 9 years. IDB Invest is considering participating with a bond subscription amounting to COP 100,000 million.

Although the purchase of the vehicles is tied to the Transmilenio public transport system, it is restricted only to the purchase of the new gas-powered units. Consequently, the environmental and social assessment that was performed relied on the documentary review of the transaction and its process. The main documents reviewed were as follows: (i) natural gas supply contracts; (ii) technical specifications for the approval of articulated buses; (iii) after-sales service contracts; (iv) certification of the main suppliers' occupational health and safety management systems; (v) sustainability report of the vehicles' supplier; and (vi) emissions certificate of the dynamic bus prototype.

IDB Invest's decision to participate in the financing of the Project is subject to, among others (a) the satisfactory completion of the due diligence process carried out by the independent consultants on the Project and on the Client, as well as a "Know Your Customer" ("KYC") and integrity analysis in accordance with IDB Invest's internal policies; (b) analysis of the Concession Contract's bankability, its risks and mitigating factors in relation to the Project, (c) approval by IDB Invest's various risk committees, (d) that market conditions prevail on the Financial Closing date, and (e) the successful execution and receipt of all financing documentation to IDB Invest, to the latter's full satisfaction.

2. Environmental and Social Categorization and Rationale

This project has been classified as Category C under IDB Invest's Environmental and Social Sustainability Policy, since the risks and adverse environmental and social impacts are very limited, and their intensity is very low. Replacing the buses will produce a net positive impact, especially in terms of reducing particulate matter (PM) and nitrogen oxides (NOx) emissions by more than 99%, and reducing carbon dioxide (CO2) emissions by more than 50%, compared to the buses that currently run on diesel. The new units, in addition to reducing emissions, will provide better services for people with special needs (the disabled and the elderly).

The Project will trigger the following Performance Standards (PS): i) PS 1: Environmental and Social Assessment and Management System; ii) PS 2: Labor and Working Conditions; and iii) PS 3: Pollution Prevention and Abatement.

3. Environmental and Social Context

The buses to be purchased are made up of two main parts: the chassis and the body. The chassis, manufactured by Scania, will be imported directly from Brazil, while the bodies will be produced locally by Superpolo, a Colombian company with several decades of experience manufacturing bodies for mass transit vehicles. Superpolo's facilities, located in the Municipality of Cota (near Bogotá), will not require any modifications for the provision of bodywork.

The gas supply for the new units will be overseen by the company Vanti S.A., which, at present, has all the necessary infrastructure to provide Compressed Natural Gas ("CNG") to the 150 buses in Transmilenio's Patio de las Americas. This capacity will be doubled until June 2020 and includes a 30% reserve to secure demand under critical operating conditions.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

Scania Colombia S.A.S. has an Occupational Health, Safety and Security Management System ("OHSSMS") that adheres to Colombian legislation. Scania International has several environmental and social certifications, including ISO 14001.

Scania, a signatory to the United Nations Global Compact, is committed to the latter's ten principles, especially in relation to the environment, human rights, labor rights and anti-corruption measures. Its overall Environmental Policy considers a holistic approach to sustainable transport and environmental responsibility^[1].

Superpolo S.A.S. has an Integrated Management System, which is certified by ICONTEC under the ISO 9001:2008 standard. It also has an Occupational Health, Safety and Security System, in compliance with Colombian legislation.

In its Integrated Management Policy, Superpolo acknowledges environmental management, quality, social responsibility, occupational health and the development of human talent as integral parts of its strategic vision for sustainable development. This vision sees the company's commitment to promote an organizational culture aimed at complying with preventing pollution and contributing to environmental preservation through the rational use of natural resources, the control of atmospheric emissions and adequate waste management. It also integrates actions aimed at reducing and controlling the occupational health, safety and security risks of its collaborators, contractors and stakeholders.

As part of their overall management, both Scania and Superpolo have identified sustainability risks to their operations. The companies carry out their activities preventing adverse impacts on the environment and on their workers, all the while showing unconditional respect for human rights and business ethics. Management's responsibilities include risk assessment and business continuity. This includes the analysis, planning and implementation of action plans, in full compliance with local legislation.

Both Scania and Superpolo have sustainability areas. They provide mandatory training for all employees in environmental, social and occupational health and safety issues; they also feature annual work plans with secured resources for their proper implementation.

With regard to emergency preparedness and response, pursuant to the provisions of Decree 0312 of 2019, Superpolo and Scania have an Emergency Prevention, Care and Response Plan, as well as brigades responsible for its implementation.

Monitoring and compliance audits are carried out as part of both suppliers' Management Systems. In addition, Scania performs a sustainability self-assessment as part of its risk assessment, which is complemented by a monitoring tool and a sustainability audit. These audits are carried out by an intervening third party or their own SA8000 certified auditors.

4.2 Labor and Working Conditions

Present in Colombia since 2010, Scania has more than 160 employees and a dealership network consisting of seven branches and three workshops at customer sites. Superpolo has more than 510 direct employees and 1600 indirect employees.

Both companies are governed by Colombian law and comply with the corresponding requirements in terms of occupational health, safety and security, non-discrimination, and non-employment of child labor, among others. They also have Joint Committees for Health, Safety and Security at Work, as well as Coexistence Committees, as required by the legislation in force.

Scania and Superpolo are duly registered as Occupational Risk Managers (ORM) and are in line with the Occupational Health, Safety and Security requirements set forth in Decree 0312 of 2019.

4.3 Resource Efficiency and Pollution Prevention

The vehicles to be purchased are Euro VI compliant, which is considered ideal for urban centers as they generate minimal emissions and very little noise. In this regard, the buses have a dynamic testing emissions certificate for the prototype bus and have been approved by the Montreal Protocol for motor vehicles issued by the Colombian Ministry of Environment and Sustainable Development. This means that the units are fully compliant with Colombian environmental regulations, pursuant to the provisions of Resolution 2604 of 2009.

4.4 Community Health, Safety and Security

The Project does not trigger this Performance Standard because its scope does not include the operation and maintenance of new vehicles and is only limited to the acquisition of such vehicles. The assembly tasks will be carried out in duly licensed operating workshops and will not require an expansion of the production lines.

4.5 Land Acquisition and Involuntary Resettlement

The scope of this operation does not trigger this Performance Standard, as no land acquisition is required to expand any operating areas.

4.6 Biodiversity Conservation and Management of Natural Resources

The scope of this operation does not trigger this Performance Standard, as it is located within the urban expanse of the city of Bogotá and will make use of already existing facilities.

4.7 Indigenous Peoples

This operation does not trigger this Performance Standard because it does not involve dealing with indigenous peoples.

4.8 Cultural Heritage

The scope of this operation does not trigger this Performance Standard, since it does not involve earthworks and will be carried out within the city's urban expanse.

5. Local Access of Project Documentation

The documentation related to the project can be accessed at the following link:

http://www.superpolo.com.co/websites/superpolo/es/a_marcopolo/gestao

<https://www.scania.com/group/en/sustainability-at-scania/>

6. Environmental and Social Action Plan

The client will ensure that all applicable environmental, health, safety and security regulations in Colombia are observed during the process of assembly and delivery of the new buses for their commissioning. To this end, it shall submit an Annual Environmental and Social Compliance Report in line with the following applicable PS: PS 1, PS 2 and PS 3. If the financing proposal is approved, IDB Invest will carry out supervision and follow-up activities to ensure adherence to the ESAP until such Financing comes to an end.

[1] <https://www.scania.com/global/en/home/misc/scania-environmental-policy.html>