

# Bogota's Sustainable Mass Transit Securitization (TMAS)

**Type of Engagement:** Annual Review

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## Introduction

BONUS Gestión de Activos S.A.S. ("BONUS") and Financiera de Desarrollo Nacional S.A. ("FDN") developed Bogota's Sustainable Mass Transit Securitization ("TMAS") Sustainability Bond Framework (the "Framework")<sup>1</sup> to issue sustainability bonds to finance the acquisition of buses for dedicated bus rapid transit (BRT) corridors, and offer subsidized tariffs for seniors, people with disabilities/reduced mobility and people qualifying under the SISBEN programme.<sup>2</sup> Sustainalytics provided a Second-Party Opinion on the Framework in March 2019.<sup>3</sup> In June 2019, a Special Purpose Vehicle (SPV) established by BONUS and FDN issued a securitized bond under the Framework to finance the procurement of buses for the Calle 80 rapid transit corridor. In September 2022, BONUS engaged Sustainalytics to review the project funded through the issued sustainability bond and assess whether the project continues to meet the Use of Proceeds criteria and Reporting commitments outlined in the Framework.

## Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from the 2019 issuance based on whether they:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds and Eligibility Criteria, table 2 lists the associated KPIs and table 3 lists Sustainalytics' detailed findings.

**Table 1: Use of Proceeds and Eligibility Criteria**

Use of Proceeds	Eligibility Criteria																					
Clean Transportation	Acquisition of the fleet for any of the following eligible corridors:																					
Pollution Prevention and Control																						
		<table border="1"> <thead> <tr> <th>Route</th> <th>Number of Buses</th> <th>Technology</th> <th>BRT Classification</th> </tr> </thead> <tbody> <tr> <td>Américas</td> <td>260</td> <td>Euro VI (CNG)</td> <td>Gold</td> </tr> <tr> <td>Calle 80</td> <td>112</td> <td>Euro VI (CNG)</td> <td>Gold</td> </tr> <tr> <td>Norte</td> <td>239</td> <td>Euro VI (CNG)</td> <td>Silver</td> </tr> <tr> <td>Suba</td> <td>130</td> <td>Euro VI (CNG)</td> <td>Gold</td> </tr> </tbody> </table>	Route	Number of Buses	Technology	BRT Classification	Américas	260	Euro VI (CNG)	Gold	Calle 80	112	Euro VI (CNG)	Gold	Norte	239	Euro VI (CNG)	Silver	Suba	130	Euro VI (CNG)	Gold
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Affordable Basic Infrastructure	Subsidies in the tariffs for senior population, people with disabilities/reduced mobility, and people qualifying under the SISBEN program (socially and/or economically defined population considered as vulnerable or with a low level of income)																					

<sup>1</sup> The Framework is available on the website of BONUS' fiduciary agent, Alianza Fiduciaria: <https://www.alianza.com.co/documents/20124/587395/Anexo+2+Prospecto+--+Framework.pdf/a211ece3-596f-d9a9-5289-c8b59632bdab?version=1.1&t=1619216323398>

<sup>2</sup> The System of Identification of Social Program Beneficiaries (SISBEN) was established by the Government of Columbia to identify the beneficiaries of social assistance programmes using a household vulnerability index. More information can be found at: <https://www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=51857>

<sup>3</sup> The SPO is available at the Fiduciary's website: <https://www.alianza.com.co>, on the subsite of the SPV "Titularización Transporte Masivo

## Bogota's Sustainable Mass Transit Securitization (TMAS)

**Table 2: Key Performance Indicators**

Use of Proceeds	Key Performance Indicators
Clean Transportation	Number of Euro VI Buses acquired with the securitization resources
Pollution Prevention and Control	PM10 Air Quality Index for Bogota D.C.
Affordable Basic Infrastructure	Number of Passengers with SISBEN subsidies transported in the corridors Number of passengers with disabilities/reduced mobility/seniors transported in the corridors

### Issuing Entity's Responsibility

BONUS is responsible for providing accurate information and documentation relating to the details of the project that have been funded, including a description of the project, amounts allocated, and project impact.

### Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of BONUS' Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from BONUS employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by BONUS with respect to the funded project. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by BONUS.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

### Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond project, funded through the proceeds of the 2019 sustainability bond, are not in conformance with the Use of Proceeds and Reporting criteria outlined in the Framework. BONUS has disclosed to Sustainalytics that the securitized bond issuance raised a total of COP 131,350,000,000 and the proceeds were fully allocated as of September 2020.

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the project funded by the sustainability bond to determine if the project aligned with the Use of Proceeds Criteria outlined in the Framework and above in Table 1 as of September 2022.	All projects reviewed complied with the Use of Proceeds criteria by financing buses for a specified corridor.	None
<b>Reporting Criteria</b>	Verification of the project funded by the sustainability bond to determine if impact of the project was reported in line with the KPIs outlined in the Framework and above in Table 2 as of September 2022.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria. For a list of KPIs reported, please refer to Appendix 1.	None

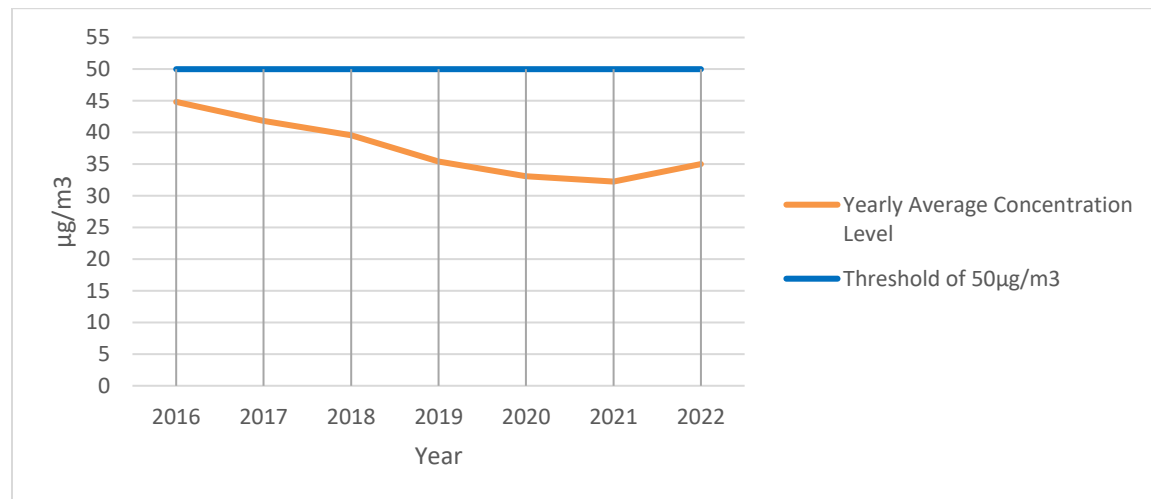
## Appendix

### Appendix 1: Key Performance Indicators

#### 1. Bus fleet financed

Route	Number of Buses	Technology	BRT Classification
Calle 80	112	EURO VI (CNG)	Gold

#### 2. Annual average of PM10 concentrations in Bogota, Colombia (2016-2022):<sup>5,6</sup>



Daily information about PM<sub>2.5</sub>, PM<sub>10</sub>, O<sub>3</sub>, SO<sub>2</sub> and CO is monitored and published by the Air Quality Index.<sup>7</sup>

#### 3. Use and accessibility of public transport

Aggregate monthly ridership numbers for people with disabilities, people with reduced mobility and senior or economically vulnerable people (January-December 2021 and January-June 2022)<sup>8,9</sup>

		2021	2022 <sup>10</sup>
<b>Affordable Basic Infrastructure</b>	Number of beneficiaries of the preferential rate for the elderly	2,608,144	2,711,746
	Number of beneficiaries from the differential incentive rate SISBEN	2,956,404	2,668,211
	Number of beneficiaries of the subsidy for people with disabilities	860,243	619,287

<sup>5</sup> This information is gathered by the Bogota Air Quality Monitoring Network ("RMCAB"). Observatorio Ambiental de Bogota, "Concentración de Material Particulado Inferior a 10 Micras  $\mu$  {PM10} Promedio Mensual - PM10PM", at: <https://oab.ambientebogota.gov.co/indicadores/?id=d8c87e60-113f-11ea-8123-ddef9ea01fb8#info>

<sup>6</sup> The data for the year 2022, include figures from the months of January to June.

<sup>7</sup> Air Quality Index, "Real-time Air Quality Index (AQI)", at: <https://aqicn.org/station/@211102>

<sup>8</sup> Sustainalytics notes that ridership numbers encompass the total numbers of passengers in all corridors, and not just the corridor on which the buses procured by this securitization operate.

<sup>9</sup> TransMilenio S.A. – Gobierno de Colombia, "Cantidad de beneficiados con las tarifas diferenciales", (2022), at:

<https://www.transmilenio.gov.co/publicaciones/149082/cantidad-de-beneficiados-con-las-tarifas-diferenciales/>

<sup>10</sup> Data provided by BONUS only covers months until June 2022, available at: <https://www.transmilenio.gov.co/publicaciones/149082/cantidad-de-beneficiados-con-las-tarifas-diferenciales/>

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