

# Bogota's Sustainable Mass Transit Securitization (TMAS)

**Type of Engagement:** Annual Review

**Date:** 13 November 2024

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## Introduction

BONUS Gestión de Activos S.A.S. ("BONUS") and Financiera de Desarrollo Nacional S.A. ("FDN") established special purpose vehicles to issue a sustainability bond in 2019 (the "2019 Sustainability Bond"), raising COP 131,350,000 to finance and refinance the acquisition of buses for dedicated bus rapid transit (BRT) corridors and offer subsidized tariffs for seniors, people with disabilities or reduced mobility, and people qualifying under the SISBEN programme.<sup>1</sup>

In March 2019, BONUS and FDN developed Bogota's Sustainable Mass Transit Securitization ("TMAS") Sustainability Bond Framework (the "Framework").<sup>2</sup> In October 2024, BONUS engaged Sustainalytics to review the projects financed with proceeds from the 2019 Sustainability Bond (the "Nominated Expenditures") and provide an assessment as to whether they meet the use of proceeds criteria and whether BONUS complied with the reporting commitments in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in March 2019.<sup>3</sup> This is Sustainalytics' fifth annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in September 2020, November 2021, October 2022 and October 2023.<sup>4,5,6</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and BONUS's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

<sup>1</sup> The System of Identification of Social Program Beneficiaries (SISBEN) is a system of the Government of Colombia to identify the beneficiaries of social assistance programmes using a household vulnerability index. Government of Colombia, Sisbén, "¿Qué es el Sisbén?", at: <https://www.sisben.gov.co/paginas/que-es-sisben.html>

<sup>2</sup> Alianza Fiduciaria, "Bogota's Sustainable Mass Transit Securitization Sustainability Bond Framework", (2019), at: <https://www.alianza.com.co/documents/20124/587395/Anexo+2+Prospecto+-+Framework.pdf/a211ece3-596f-d9a9-5289-c8b59632bdab?version=1.1&t=1619216323398>

<sup>3</sup> Sustainalytics, "Second-Party Opinion, Bogota's Sustainable Mass Transit Securitization (TMAS) Sustainability Bond", (2019), at: [https://www.icmagroup.org/assets/Uploads/TMAS\\_External-Review-Report2.pdf](https://www.icmagroup.org/assets/Uploads/TMAS_External-Review-Report2.pdf)

<sup>4</sup> Sustainalytics, "Annual Review", (2021), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tmas-sustainability-bond-annual-review-2021.pdf>

<sup>5</sup> Sustainalytics, "Annual Review", (2022), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tmas-sustainability-bond-annual-review-2022.pdf>

<sup>6</sup> Sustainalytics, "Annual Review", (2023), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tmas-sustainability-bond-annual-review-2023.pdf>

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

Table 1: Use of Proceeds Categories, Eligibility Criteria

| Use of Proceeds                 | Eligibility Criteria   |   |                 |                 |                    |                    |          |     |               |      |          |     |               |      |       |     |               |        |      |     |               |      |
|---------------------------------|--|---|-----------------|-----------------|--------------------|--------------------|----------|-----|---------------|------|----------|-----|---------------|------|-------|-----|---------------|--------|------|-----|---------------|------|
| Clean Transportation            | Acquisition of the fleet for any of the following eligible corridors:  |   |                 |                 |                    |                    |          |     |               |      |          |     |               |      |       |     |               |        |      |     |               |      |
| Pollution Prevention & 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 |
|                                 |  | 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            |                 |                    |                    |          |     |               |      |          |     |               |      |       |     |               |        |      |     |               |      |
| 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) |   |                 |                 |                    |                    |          |     |               |      |          |     |               |      |       |     |               |        |      |     |               |      |

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 & Control  | PM <sub>10</sub> Air Quality Index for Bogota D.C.  |
| Affordable Basic Infrastructure | Number of Passengers with SISBEN subsidies transported in the corridors.<br>Number of passengers with disabilities/reduced mobility/seniors transported in the corridors. |

## Issuer's Responsibility

BONUS is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2019 Sustainability Bond. The work undertaken as part of this engagement included collection of documentation from BONUS and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by BONUS. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>7</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use

<sup>7</sup> Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

of proceeds criteria and reporting commitments in the Framework. BONUS has disclosed to Sustainalytics that the proceeds from the 2019 Sustainability Bond were fully allocated as of September 2020.

## Detailed Findings

**Table 3: Detailed Findings**

| <b>Framework Requirements</b>   | <b>Procedure Performed</b>  | <b>Factual Findings</b>  | <b>Error or Exceptions Identified</b> |
|---------------------------------|---|--|---------------------------------------|
| <b>Use of Proceeds Criteria</b> | Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.            | The Nominated Expenditures comply with the use of proceeds criteria. | None                                  |
| <b>Reporting Criteria</b>       | Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework. | BONUS reported on at least one KPI per use of proceeds category.     | None                                  |

## Appendices

### Appendix 1: Allocation Reporting

**Table 4: Allocation of proceeds from the Sustainability Bond**

| Use of Proceeds Category         | Project description  | Amount Allocated (COP) |
|----------------------------------|----------------------|------------------------|
| Clean Transportation             | Acquisition of fleet | 131,350,000,000        |
| Pollution Prevention and Control |                      |                        |
| Affordable Basic Infrastructure  |                      |                        |
| <b>Total Amount Allocated</b>    |                      | <b>131,350,000,000</b> |
| <b>Total Amount Unallocated</b>  |                      | <b>0</b>               |
| <b>Total Net Proceeds Raised</b> |                      | <b>131,350,000,000</b> |

## Appendix 2: Reported Impact

Table 5: Bus Fleet Financed

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

Annual average concentration of PM<sub>10</sub> in Bogota, Colombia (2016-2023)<sup>8</sup>

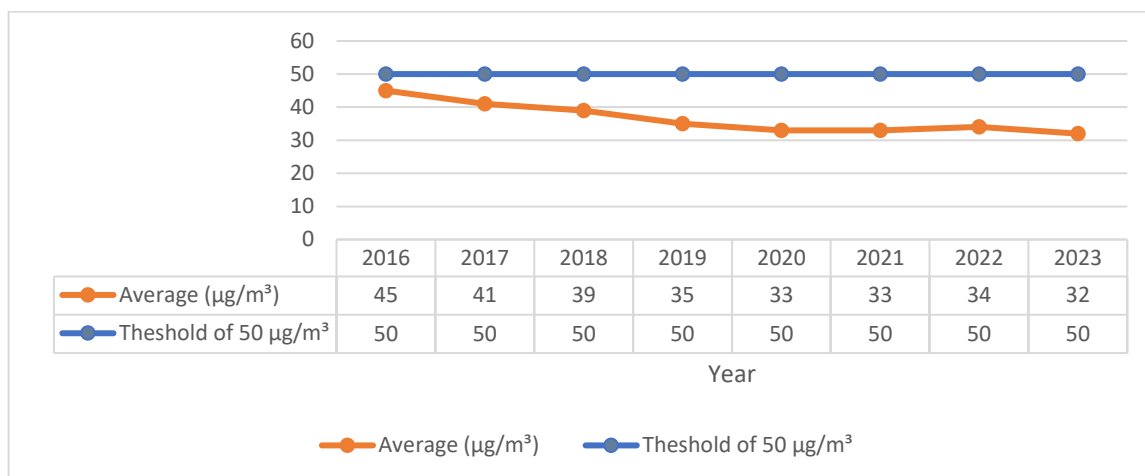


Table 6: Use and Accessibility of Public Transport

| Use of Proceeds                                  | Key Performance Indicators  | 2022 <sup>9</sup> | 2023      |
|--|---|-------------------|-----------|
| Affordable Basic Infrastructure <sup>10,11</sup> | Number of beneficiaries of the preferential rate for the elderly    | 5,927,418         | 8,321,444 |
|  | Number of beneficiaries from the differential incentive rate SISBEN | 5,190,000         | 3,120,552 |
|  | Number of beneficiaries of the subsidy for people with disabilities | 1,245,813         | 1,616,181 |

<sup>8</sup> This is the latest information gathered by the Bogota Air Quality Monitoring Network (RMCAB). Observatorio Ambiental de Bogota, "Material Particulado Inferior a 10 Micras Promedio Anual - PM10", at: <https://oab.ambientebogota.gov.co/material-particulado-inferior-a-10-micras-promedio-anual/>

<sup>9</sup> Publicly available data only covers January to June 2022, at: <https://www.transmilenio.gov.co/publicaciones/149082/cantidad-de-beneficiados-con-las-tarifas-diferenciales/>

<sup>10</sup> Ridership numbers encompass the total numbers of passengers in all corridors, not just the corridor on which the buses procured by this securitization operate.

<sup>11</sup> Government of Colombia, TransMilenio, "Cantidad de beneficiados con las tarifas diferenciales", (2022), at: <https://www.transmilenio.gov.co/publicaciones/149082/cantidad-de-beneficiados-con-las-tarifas-diferenciales/>

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