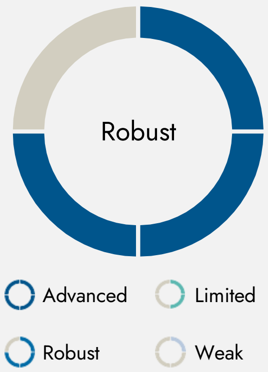
SECOND PARTY OPINION

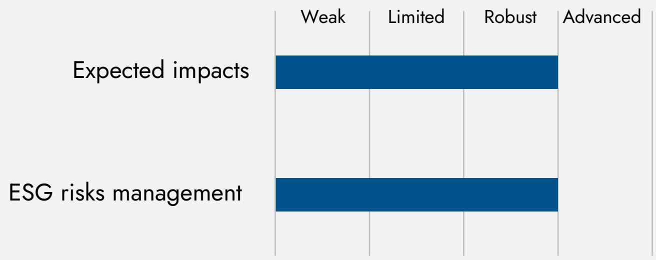
on the sustainability of Concesionaria Vial Unión del Sur S.A.S.' Social Financing Framework

V.E is of the opinion that Concesionaria Vial Unión del Sur S.A.S.'s Social Financing Framework is aligned with the four core components of the Social Bond Principles 2021 ("SBP") and Social Loan Principles 2021 ("SLP").

Framework

Contribution to Sustainability :





SDG Mapping

Characteristics of the issuance

Social Project Category	Road corridor extension
Project locations	Colombia
Existence of framework	Yes
Share of refinancing	100%
Look back period	5 years

Issuer

Controversial Activities

V.E has not identified involvement of Sacyr Concesiones Colombia S.A.S. (majority owner of Concesionaria Vial union del Sur S.A.S.) in any of the 17 controversial activities screened under our methodology:

☐ Alcohol
☐ Animal welfare
☐ Cannabis
☐ Chemicals of concern
☐ Civilian firearms
☐ Fossil fuels industry
☐ Coal
☐ Gambling
☐ Genetic engineering
☐ High interest rate lending
☐ Human embryonic stem cells
☐ Military
☐ Nuclear power
☐ Pornography
☐ Reproductive medicine
☐ Tar sands and oil shale
☐ Tobacco

Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Issuance is coherent with Concesionaria Vial Union del Sur's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Keys findings

Contextualisation

Concesionaria Vial Unión del Sur S.A.S. (hereafter "Vial Unión del Sur " or "Issuer") is a company majority owned by Sacyr Concesiones Colombia S.A.S. The Issuer is planning to issue two Social Bonds and a Social Loan to refinance existing debt associated with Project 'Rumichaca-Pasto' in Colombia. The project, a part of the Colombian government's fourth generation concessionaries, includes the rehabilitation of 15.7 km between Rumichaca and the district of San Juan in Ipiales, the construction of 62.1 km of dual carriageway from the districts of San Juan to Catambuco (25 km of completely new dual carriageway between San Juan and Pilcuán Viejo); and 5.2 km of improvement of the Catambuco - Pasto section.

V.E is of the opinion that Concesionaria Vial Unión del Sur S.A.S.'s Social Financing Framework is aligned with the four core components of the SBP and SLP:

Use of Proceeds – aligned with the SBP and SLP

- The Eligible Project is clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target populations and the location of the Eligible Project.
- The Social Objectives are clearly defined, these are relevant for the Eligible Project and set in coherence with sustainability objectives defined in international standards.
- The Expected Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified in the reporting. In addition, the Issuer has estimated the benefits ex-ante.
- The issuer has transparently communicated the estimated share of refinancing at bond level (100%). The look-back period for refinanced Eligible Project will be 5 years.

Evaluation and Selection – aligned with the SBP and SLP

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. It is considered well-structured in all the evaluation and selection steps (proposal, selection, validation, and monitoring). The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in this SPO.
- The Eligibility Criteria (selection) have been clearly defined by the Issuer for all the project.
- The process applied to identify and manage potentially material Environmental and Social Risks associated with the Eligible Project is publicly disclosed in this SPO. The process is considered robust and combines monitoring, identification and corrective measures (see detailed analysis on pages 14-16).

Management of proceeds – aligned with SBP and SLP

- The Process for the Management and Allocation of Proceeds is clearly defined and will be publicly disclosed in this SPO.
- The net proceeds of the Bond will be allocated immediately (100% refinancing).
- Net Proceeds of the Bond will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- The Issuer has committed to nominally match the amount issued by Bond with the expenditures incurred in the Eligible Project
- The Issuer reports these funds will be fully used to refinance the expenses of the Eligible Project which have already been incurred and that there is no divestment possible.

Reporting – aligned with SBP and SLP

- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be disclosed in the Issuers website until the maturity of the Bond.
- The reporting will cover relevant information related to the allocation of Bond proceeds and the expected sustainable benefits of the project.
- The reporting methodology and assumptions used to report on social benefits of the Eligible Project will be disclosed publicly.
- An external auditor will verify the allocation of funds to Eligible Project and the indicators used to report on the social benefits of the Eligible Project will be verified internally.

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Social Bond[1] (the "Bond") and Social Loan (the "Loan") to be issued by Concesionaria Vial Unión del Sur S.A.S. (the "Issuer").

Our opinion is established according to V.E's Environmental, Social and Governance ("ESG") exclusive assessment methodology and to ICMA's Social Bond Principles ("SBP") - edited in 2021 and the LMA's Social Loan Principles ("SLP") – edited in 2021.

Our opinion is built on the review of the following components:

- Issuance: we assessed the issuance credentials, including the coherence between the issuance and the Issuer's social commitments, the issuance and loan's potential contribution to sustainability and its alignment with the four core components of the SBP and SLP.
- Issuer: we assessed the Issuer's management of potential stakeholder-related ESG controversies and its involvement in controversial activities[2].

Our sources of information are multichannel, combining data from (i) public information gathered from public sources, press content providers and stakeholders, (ii) information from V.E's exclusive ESG rating database, and (iii) information provided by the Issuer through documents and interviews conducted with the Issuer's managers, held via a telecommunications system.

We carried out our due diligence assessment from June 4th to June 30th, 2021. We consider that we were provided with access to all appropriate documents and interviewees we solicited. We consider that the information made available enables us to establish our opinion with a reasonable level of assurance on its completeness, precision and reliability.

External Reviews supporting this Issuance

☒	Pre-issuance Second Party Opinion	☐	Independent verification of impact reporting
☒	Independent verification of funds allocation	☐	Climate Bond Initiative Certification

[1] The "Social Bond" and "Social Loan" are to be considered the Bonds/Loans to be potentially issued/borrowed, subject to discretion of the Issuer. The name "Social Bond" and "Social Loan" has been decided by the Issuer: it does not imply any opinion from V.E.

[2] The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Issuance is coherent with Concesionaria Vial Unión del Sur's strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

In 2015, the United Nations Member States adopted the 2030 Agenda for Sustainable Development with the 17 Sustainable Development Goals (SDGs), recognising the urgent challenge of achieving sustainable development, including infrastructure challenges in developing countries[3].

The promotion of the social and economic development of areas where companies have operations, is embedded in the OECD Guidelines for Multinational Enterprises[4]. This documents states that enterprises should encourage "industrial and regional development, the protection of the environment and consumer interests, the creation of employment opportunities, the promotion of innovation and the transfer of technology" and also "favour close co-operation with the local communities and business interests.

In addition, the ILO Tripartite declaration of principles concerning multinational enterprises and social policy[5] foresees that "Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards."

The Issuer and the Eligible Project have a clear role in promoting local development. There are 83 km of road corridor with a direct impact in 7 municipalities: Ipiales, El Contadero, Iles, Imues, Tangua, Yacuanquer and Pasto.

The scope of the project consists of the rehabilitation of 15.7 km between Rumichaca and the district of San Juan in Ipiales, the construction of 62.1 km of dual carriageway from the districts of San Juan to Catambuco (25 km of completely new dual carriageway between San Juan and Pilcuán Viejo); and 5.2 km of improvement of the Catambuco - Pasto section.[6] The main purpose of the project is to convert the existing infrastructure into a high-specification dual carriageway, optimizing travel time between the border with Ecuador and the city of Pasto.

In a broader perspective, Sacyr Group's Framework Sustainability Policy covers the main issues being addressed by the Issuer's different policies, including:

- Social impact and the fight for equality: the Group measures the direct and/or indirect impact of its activity in the regions and communities where it operate with the objective of fighting against discrimination and inequality in their many forms, as detailed in the general principles of the *Diversity and Inclusion Policy*;
- Environment: Sacyr Group aspires to be leader in their sector by—among other things—respecting the environment, developing a strategy to fight climate change, and implementing an efficient environmental management system to minimise environmental impact to the extent possible.
- Corporate governance: Sacyr Group adopts the best national and international corporate governance practices, in accordance with the principles and criteria contained in the *General Corporate Governance Policy;*
- Health and safety: Sacyr Group prioritizes the adoption and implementation of comprehensive health and safety measures for employees, from planning to execution, that promote well-being in the workplace and prevent risks that may occur in the course of activity. For those risks that are considered unavoidable, all the necessary prevention and protection measures are put in place to prevent harming or jeopardising the health of workers and collaborators, as detailed in the *Occupational Health and Safety Policy*.

[3] https://www.un.org/sustainabledevelopment/infrastructure-industrialization/
[4] https://mneguidelines.oecd.org/mneguidelines/
[5] https://www.ilo.org/empent/areas/mne-declaration/lang--en/index.htm
[6] https://uniondelsur.website/el-proyecto/

FRAMEWORK

The Issuer has described the main characteristics of the Issuance and Loan within a formalized Social Financing Framework which covers the four core components of the SBP 2021 and SLP 2021 (the last updated version was provided to V.E on August 4, 2021). The Issuer has committed to make this SPO publicly accessible on its website at the issuance date, in line with good market practices.

Alignment with the Social Bond and Social Loan Principles

Not Aligned	Partially Aligned	**Aligned**	Best Practices

The net proceeds of the operations will exclusively refinance in full, one project ("Eligible Project"), as indicated in Table 1.

- The Eligible Project is clearly defined and detailed, the Issuer has communicated the nature of the expenditures, the eligibility criteria, the target population and the location of the Eligible Project.
- The Social Objectives are clearly defined, these are relevant for the Eligible Project and set in coherence with sustainability objectives defined in international standards.
- The Expected Social Benefits are clear and precise, these are considered relevant, measurable, and will be quantified in the reporting. In addition, the Issuer has calculated the number of jobs that will be maintained during the operation of the Eligible Project.
- The issuer has transparently communicated the estimated share of refinancing at bond level (100%). The look-back period for refinanced Eligible Project will be 5 years.

BEST PRACTICES

⇒ Content and eligibility criteria are clear and in line with international standards for all categories.

⇒ Relevant social benefits are identified and measurable for the Eligible Project.

⇒ The Issuer has calculated the number of jobs that will be maintained during the operation of the Eligible Project.

⇒ The issuer has transparently communicated the estimated share of refinancing at bond level (100%).

Table 1. V.E' analysis of the Eligible Project, Sustainability Objectives and Expected Benefits.

ELIGIBLE PROJECT	DESCRIPTION AND TARGET POPULATION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Road corridor extension	The proceeds of the Bond will be used to re-finance the upgrade and extension of an 83 km of road corridor in the department of Nariño near the Colombia-Ecuador border. The eligible expenses consider the execution of civil works (including quality control and other investments), the execution of the investment lines agreed with the ethnic communities within the framework of the Prior Consultation processes, property acquisition and payment of the respective socioeconomic compensation, execution of environmental compensations and social management of the project. The target population has been identified as the inhabitants of the Nariño department, specifically of the Ipiales, El Contadero, Iles, Imues, Tangua, Yacuanquer and Pasto municipalities, which include a high percentage of indigenous population.	<u>Connectivity improvement</u> Promoting the access to essential goods and services for rural areas in Colombia <u>Local economic development</u> Promoting job creation and development of business in vulnerable areas of Colombia. <u>Reduce inequalities</u> Reduction of inequalities and cultural strengthening of ethnic communities.	The Eligible Project is clearly defined and detailed. The Issuer has communicated the nature of the expenditures, the target population, the eligibility criteria and the location of the Eligible Project. The intended social objectives are clearly defined and relevant for the Eligible Project. The Issuer has identified social benefits for the Eligible Project. These are considered clear and relevant. The expected social benefits are clear, relevant and measurable. They have been estimated ex-ante and will be disclosed in the Issuer's post-issuance report. The Eligible Project is expected to maintain around 185 jobs during the operation phase.

SDG Contribution

The Eligible Category is likely to contribute to four of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE PROJECT	SDG	SDG TARGETS
Road corridor extension	1 NO POVERTY	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services.
	8 DECENT WORK AND ECONOMIC GROWTH	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
	10 REDUCED INEQUALITIES	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Project Evaluation and Selection

Not Aligned	Partially Aligned	Aligned	Best Practices

- The Process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer. It is considered well-structured in all the evaluation and selection steps (proposal, selection, validation, and monitoring). The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in this SPO.
- The Eligibility Criteria (selection) have been clearly defined by the Issuer for the Eligible Project.
- The process applied to identify and manage potentially material Environmental and Social Risks associated with the Eligible Project is publicly disclosed in this SPO. The process is considered robust and combines monitoring, identification and corrective measures (see detailed analysis on pages 14-16).

Process for Project Evaluation and Selection

The Process for Project Evaluation and Selection was structed in well-defined steps and responsibilities:

1. Identification of geographical markets: The Issuer identified investment opportunities in different countries. The Issuer performed a profile analysis of the country (in this case Colombia), which includes reviewing the overall level of investment in the country, and a screening of the country's legal framework. The CEO of Sacyr Concesiones Colombia S.A.S. defines the target profile of geographic markets of interest and performs their evaluation. The Country Head is the one that explores all investments opportunities.
2. Initial phase: of the investment opportunities within the geographical market were approved by the Business Development department and registered in a database with all relevant newsfeed in the countries where the Issuer has operations. The General Director of Business Development was in charge of approving the realization of the offer based on the proposal of the Director of Investment and the Director of Offers.
3. Preliminary study: In this step, a Project Manager was appointed, and the risk analysis process took place. This analysis was conducted according to Sacyr's Integral Risk Management System (SGIR In Spanish) where a risk matrix was generated. This step concluded with a go/no go meeting where the Issuer decided whether or not to participate in the bidding process. The Investment Director selected and appointed the Project Manager for this investment opportunity. He also led and coordinated the work of the Project Manager and monitored its progress. Regarding risks, the Investment Director was the responsible for the application of the SGIR in the investment opportunity and acted as Risk Manager in the event that the Country Head could not assume this responsibility.
4. Offer study phase: Once the approval to participate was obtained, a kick-off meeting was organized. The team in charge of the project conducted a deeper analysis (the bases of the bidding process, the technical development of the bidding proposal, economic monitoring of the project, selection of a business partner and agreement with partner). The phase concluded with a closure meeting right before the actual offer was proposed for the bidding. The General Director of Business Development authorized the economic offers. The Investment Director proposed and negotiated the partner agreements during the bidding phase and collaborated with the Director of Legal Advice and the Director of Offers in drafting them.

The traceability and verification of the selection and evaluation of the project was ensured throughout the process:

- The Issuer reports that meetings were conducted to evaluate and decide the participation in the Project and that meeting minutes were created to trace the main decisions taken. All this information is managed and saved using an internal software.
- 100% of the net proceeds of this Issuance will be used for the refinancing of the Eligible Project, which has been finalized and that there is no divestment possible. The monitoring of future ineligibility is therefore not relevant.
- The Issuer reports that an in-house group of environmental and social experts from the concessionaire provides assistance during the development of projects by Sacyr in Colombia. These experts are in charge of monitoring potential ESG controversies throughout the construction, operation and maintenance phases of the Eligible Project. Identification of controversies are registered in an internal platform ("MyRisk"). The Issuer reports that they deliver regular reports to local authorities in terms of environmental and social requirements, including an update of environmental and social activities conducted to the project Auditor and reports to the Environmental License authority every six months. The Ministry of Interior also holds regular meetings with the project's managers to ensure compliance of the agreements set with the indigenous communities established in the prior consultation process.
- When an ESG controversy Is Identified or when thee Is a case of noncompliance oof the environmental and social commitments established with the authorities, the Issuer reports to conduct mitigation measures.

Eligibility Criteria

The process relies on explicit eligibility (selection) criteria, relevant to the social objectives defined for the Eligible Project.

- The selection criteria is based on the definition of the Eligible Project detailed in Table 1 in the Use of Proceeds section.
- The Issuer reports to apply performance requirements in the preliminary screening conducted to decide whether or not to invest in certain regions and/or projects. The Issuer conducts a research of the market characteristics in the countries in which Sacyr operates to identify if the country meets the Group's economic, banking, politics, regulatory and suppliers' performance requirements.
- Regarding Social and Environmental requirements, Sacyr's projects are subject to the compliance of the Equator Principles and IFC standards, in order to select opportunities.

BEST PRACTICES
⇒ The Issuer reports that it will monitor potential ESG controversies associated with the project throughout the life of the instrument and has provided details on frequency, content and procedures in case a controversy is found on the project. ⇒ Eligibility (selection) criteria for project selection are clearly defined and detailed for the project.

Management of Proceeds

Not Aligned	Partially Aligned	**Aligned**	Best Practices

- The Process for the Management and Allocation of Proceeds is clearly defined and will be publicly disclosed in this SPO.
- The net proceeds of the Bonds and the Loan will be allocated immediately (100% refinancing).
- Net Proceeds of the Bonds and the Loan will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- The Issuer has committed to nominally match the amount issued by the Bond with the expenditures incurred in the Eligible Project
- The Issuer reports these funds will be fully used to refinance the expenses of the Eligible Project which have already been incurred and that there is no divestment possible.

Process and Traceability of the Management of Proceeds

The Issuer has an independent Trustee where all its funds are managed. The contractual relationship with this independent Trustee is regulated by a contract that was agreed among the parties involved during the structuring phase of the issuance. This allows a transparent management of the resources of the Eligible Project.

Within the Trustee, at project level, there is a Treasurer and a Financial Director responsible for the management the funds, on a daily basis. At the Concessionaire level, there is also a General Treasurer that oversees the management of proceeds.

The Trustee had different accounts to manage the different expenses of the Eligible Project. The disbursements of the resources to the Eligible Project were drawn upon satisfaction of certain conditions precedent related with the fulfillment of all the contractual obligations of the issuer including the approval of all the environmental licenses and relevant permits requested by the corresponding authorities.

Reporting

Not Aligned	Partially Aligned	Aligned	Best Practices

- The Issuer has committed to report on the Use of Proceeds annually, until full allocation and on a timely basis in case of material developments. The report will be disclosed in the Issuers website until the maturity of the Bond.
- The reporting will cover relevant information related to the allocation of Bond proceeds and the expected sustainable benefits of the project.
- The reporting methodology and assumptions used to report on social benefits of the Eligible Project will be disclosed publicly.
- An external auditor will verify the allocation of funds to Eligible Project. The indicators used to report on the social benefits of the Eligible Project will be verified internally.

Indicators

The Issuer has committed to transparently communicate at Eligible Project level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds cover all relevant information.

REPORTING INDICATORS
⇒ Amount paid in the construction and extension costs of the road (Eligible Project) ⇒ Share of co-financing (%)

There will be no temporary placements of unallocated funds to report as the project will be 100% refinanced. The Issuer reports the project will be fully financed by the two Social bonds and the Social Loan. The Issuer has committed to confirm the share of co-financing of each of these instruments in the reporting.

- Social benefits: the selected reporting indicators are clear, relevant and exhaustive.

ELIGIBLE PROJECT	SOCIAL BENEFIT INDICATORS
Road upgrade and extension	– Number of jobs created for indigenous communities – Number of preferential rates delivered to communities surrounding the project – Share (%) of local jobs with respect to the total jobs generated during the construction phase – Share (%) of local jobs with respect to the total jobs generated during the operational phase – Number of productive projects promoted for indigenous communities – Investment of the project in indigenous communities in the Construction Stage (% of CAPEX) – Number of indigenous families benefited from productive projects – Number of productive projects strengthened for non-ethnic communities – Travel time reduction (Hours) – Share (%) of the project cost invested in the acquisition of local goods and services from suppliers in the region – Number of actions carried out to strengthen the autonomy of indigenous communities

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The issuer will report on allocation of proceeds and on social benefits at project level.
- ⇒ The indicators selected by the Issuer are clear and relevant and cover all expected benefits associated with the Eligible Project.
- ⇒ The reporting methodology and assumptions used to report on social benefits of the Eligible Project will be disclosed publicly.

Contribution to sustainability

Expected Impacts

The potential positive impact of the Eligible Project on social objectives is considered robust.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Road corridor extension	ROBUST	The financing of the road corridor extension promotes the connectivity improvement of an area in Colombia near the border with Ecuador which is particularly dependent on the trade with that country. The project is expected to reduce transportation costs and connect the main market centres with the predominant peasant and indigenous agricultural production of smallholdings in the region. In addition, the project aims at promoting the local socioeconomic development, especially of the indigenous communities in the area, by directly providing short-term local job opportunities during the construction of the project, as well as long-term job opportunities for the maintenance and operation of the road.

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Project are considered robust.

	ROAD UPGRADE AND EXTENSION
Environmental management	Robust
Human & Labour Rights	Robust
Health & Safety	Robust
Community Involvement	Robust
Business Ethics	Robust
OVERALL ASSESSMENT	Robust

Environmental management

The Concesionaria Vial Unión del Sur conducted an environmental due diligence for this project and was certified under ISO 14001:2015. The scope of the environmental risk assessment included the design and construction of the road, as well as its maintenance and the operation of the road tolls. The Issuer reports it conducts training on environmental management to all new employees and that these trainings are reinforced on a yearly basis.

Colombian regulation requires to have a Plan of Adaptation to the Environmental Guidelines (PAGA in Spanish) and/or an Environmental license for projects with major impacts.

In this case, the Project is divided into 5 functional units, which have an environmental management plan according to their characteristics, each of these plans frame all the environmental management measures aimed at minimizing, controlling, preventing, mitigating and/or compensating the impacts. The different environmental management requirements for each of the functional units are:

- Functional unit 1.1-1.2: PAGA for Rehabilitation approved by the external Auditor.
- Functional Units 1.3,2 and 3: Environmental license under approved by ANLA.
- Functional Units 4 and 5.1: Environmental license approved by ANLA.
- Functional unit 5.2: Improvement PAGA approved by the external Auditor.
- Functional Units 1,2,3,4 and 5: PAGA for operation and maintenance, approved by the external Auditor.

Additionally, the Issuer reports the project has the obligation the delivery biannual Environmental Compliance Reports to the environmental authority ANLA responsible for environmental licenses and the delivery of progress and closure reports with the regional environmental authority, as well as with the audit, which account for compliance with these Environmental Management Plans.

The PAGA for the road upgrade included a study of the biotic, abiotic and socioeconomic characteristics of the impacted area, as well as an identification of the measures needed for environmental management. In the case of the use and exploitation of natural resources that were necessary to advance the upgrade (such as water concessions, use of water channels, forest harvesting and atmospheric emissions), these required minor environmental permits that were granted by the regional environmental authority. The environmental management instruments are assessed by the project's auditor.

- Biodiversity

In terms of Biodiversity, the PAGA and Environmental License requested the project to include the assessment of the terrestrial flora and fauna, use of soil, biodiversity Indices, fragmentation analysis, the identification of endangered species, among others. Based on these analyses, Vial Unión del Sur developed its Environmental Management and Compensation Plans. The compensation measures included rehabilitation of ecosystems and reforestation programmes.

- Climate change adaptation

In terms of climate change related risks, the Issuer has identified flood as one of the main risks that may impact the Eligible Project. The environmental assessments conducted considered the behaviour of the different water bodies over time, according to the recommendations given by the National Roads Institute. According to these analyzes, the Issuer made modifications to different hydraulic works in order to widen the diameter of the run-in and run-out in order to maintain an adequate flow of the water channel and avoid possible floods.

The Issuer also reports that they made an investment equal to 1% of the total value of the civil works in projects for the recovery, preservation, conservation and surveillance of the hydrographic basin feeding the water sources from which the water required for the project was taken ruing in its construction phase. Activities related to this investment included among others the purchase of properties in a National Natural Park for conservation purposes; investments in evaluation and monitoring of climatic variables and water sources, and the construction of sanitary batteries with septic tanks for wastewater treatment for rural schools and two wastewater treatment plants for two municipalities in the project's area of influence.

- Waste management

Following requirements of the environmental Licenses and PAGA's for the different functional units of the project the Issuer reports it implemented waste management systems for the project sites.

The project conducted waste collection measures throughout the project area. Organic waste was collected and sent to landfills, while recyclable waste was properly processed through recycling mechanisms.

Regarding hazardous waste, these are delivered to the authorized managers for Its proper final disposal, according to the national regulation.

- Pollution

The Issuer reports under the required environmental licenses, PAGAs for rehabilitation and PAGAs for the operation and maintenance stages, environmental management measures were established to control and mitigate the impacts associated with emission sources, noise and water resources, among which are the following:

- Measures for mobile emission sources.
- Measures for fixed emission sources.
- Wetting Measures in Roads.
- Management of crossings over bodies of water.
- groundwater management.

For concrete, asphalt and crushing plants, which are one of the main activities identified as pollutants, there are permits for atmospheric emissions were required with the environmental licenses.

Therefore, activities are carried out to mitigate the particulate material and the dispersion of gases, through the installation of shadowing screens around the process plants, operational and periodic maintenance of the plants. Monitoring is carried out every six months, with direct reports to the environmental authorities.

In compliance with the environmental permits, the respective environmental compensations were made, for instance through ecological rehabilitation of ecosystems, as a compensation measure for forest exploitation and the lifting of the ban on protected species.

In hydraulic works that have a channel occupancy permit, the hydraulic ring is protected, avoiding the obstruction of the continuous flow and the possible contamination that it could have in contact with a construction activity.

Each installation of the project for the operation and maintenance stages has its water concession permits (where applicable) and discharges, as well as the previous and subsequent treatments that guarantee minimum physicochemical conditions that prevent the contamination of water sources.

- GHG emissions

The issuer reports during the first construction phase of the project it carried out a projection of GHG emissions and established a plan for their mitigation, information which has been annually updated with real data to account for scopes 1,2 and 3 according to the GHG Protocol.

Human rights

The Issuer applies its Human Resources Policy which establishes the rules for hiring workers for the project. This Includes basic requirements such as minimum age for hiring (18), established working hours and holidays according to legal standards, and compliance with health and safety measures.

The Implementation of this policy is monitored through visits to the offices, interviews with the workers and audit of procedures on site. If any non-compliance is Identified Improvement plans are put in place.

In addition, child and force labour are addressed through the Issuer's Human Resources Policy, and Its Code of Ethics. Within the project, verification of these policies is monitored and verified by the Human Resources Department, Production Teams and Project Management.

Contractors and providers of primary goods and services are obliged by the Issuer to comply with the Issuer's labour standards, especially with the compliance with IFC performance standard 2: Labour and Working Conditions.

Additionally, considering the project is carried out within the collective territories of ethnic communities and therefore Prior Consultation processes were carried out with these communities, it was necessary to guarantee rights to them including the employment relationship of members of those, which are summarized as follows:

- Indigenous Council of Catambuco: 15 labour connections (to date there are 17 connections of the Cabildo corresponding to 100% of the established commitment)
- Indigenous council Montaña de Fuego: 20 labour connections (to date there are 21 connections of the Cabildo corresponding to 100% of the established commitment)
- Indigenous Council of Tangua: 20 labour ties (to date there are 22 ties of the Town Council corresponding to 100% of the established commitment)
- Indigenous reservation of Iles: 20 labour ties (to date there are 52 ties of the Cabildo corresponding to 100% of the established commitment)
- Aldea de María Indigenous Council: 35 labour connections (to date there are 97 connections of the Cabildo corresponding to 100% of the established commitment)
- Indigenous reservation of San Juan: 35 labour ties (to date there are 57 ties of the Cabildo corresponding to 100% of the established commitment

Health and Safety

- Health and Safety of employees

The Issuer has a Health and Safety Management System (SG-SST) in place under which they monitor and verify the safety measures implemented in the project, including the compliance with Sacyr's Safety Policies, procedures for high-risk activities, risk assessments and awareness raising initiatives such as daily safety talks and regular trainings.

In the case of contractors, before and after the projects are allocated to these companies, the people and companies involved must comply with Sacyr's HSEQ contractor requirements, which include to subscribe commitments in terms of reporting on Health & Safety Issues and to attend an induction training on the Issuer's safety policies.

Sacyr's Labour policies are also applied in the development of these projects. These Include a Manual for Contractors on Labour Relations and a Framework Policy on Human Resources and a Manual on Monitoring working hours for the whole supply chain.

The Issuer also conducted audits on the respect of labour rights and applied Sacyr's Protocol on Prevention and Management of Labour Harassment.

- Users safety

Regarding the safety issues related to the future operation of the road, the Issuer reports it has improved the road signs and monitor the accidents rate. In addition, the Issuer has conducted awareness raising initiatives towards the users of the road. The Issuer has in place an Accident Management System In order to monitor manage and reduce potential accidents that might occur in the road.

Community Involvement

The Issuer reports the project has the presence of seven indigenous communities duly certified by the Ministry of the Interior; Cabildo de Catambuco, Indigenous Council of Montaña de Fuego de Tangua, Indigenous Council of Tangua, Indigenous Reservation of Iles, Indigenous Council of Aldea de María Putisnan, Indigenous Reservation of Iles, Indigenous Reservation of San Juan and Indigenous Reservation of Ipiales. The first three named communities belong to the Quillasinga ethnic group and the others are part of the great town of Los Pastos.

As part of the "Indigenous Peoples Plan" developed for the projects, the Issuer conducted several prior consultation processes, including identification of the environmental and social impacts of the projects within these communities. The Plan concluded with agreed compensation plans and the implementation of a mechanism to monitor the compliance of the commitments set by the Issuer with the communities.

The Issuer also reports the ethnic and non-ethnic communities present in the road corridor have permanent complaint mechanisms, in order to present doubts, concerns and disagreements that may arise in the construction of the road project.

The user service program established for the projects oversees implementing the mechanisms for complaints and manage the responses with the different areas of Concesionaria Vial Union del Sur timely.

The objectives of the program are:

- Create and / or maintain an attention system that allows the reception and processing timely and effective requests, complaints, claims and suggestions (PQRS ins Spanish) that are present personally and through electronic means of attention arranged by the project by different social actors.
- Give a timely and effective response to citizen protests and requests, through the timely attention of the PQRS.
- Guarantee the physical and electronic means for the attention of the neighbours and project users

Business Ethics

The Issuer reports it applies Sacyr's Group anti-corruption and anti-laundry policies for all its projects. This includes the application of a Risk Matrix, its Code of Conduct and Ethics and procedures in case of suspicious activities.

The Issuer's Manual for Management of Laundry Risk and Finance of Terrorism, which is based on the recommendation of the International Financial Action Group (GAFI in Spanish) and the Colombian Societies Superintendent, establishes a series of measures to Identify and manage money-laundering and finance of terrorism such as risk assessments, monitoring, and trainings for employees.

In case of relations with Politically Exposed People (PEPs), clients, associates and suppliers the Issuer conducts specific risk analysis through and external advisor.

The Issuer conducts regular audits to ensure the proper application of this policies and reports to have a whistleblowing system available for all Its subsidiaries.

ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against Sacyr Concesiones Colombia S.A.S.[7] over the last four years.

Involvement in Controversial Activities

Sacyr Concesiones Colombia S.A.S. appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

[7] Concesionaria Vial Unión del SurS.A.S. in an entity created specifically for the development of the Eligible Project, which is the Issuer of the Bond. This entity is owned by Sacyr Concesiones Colombia S.A.S. (60%) and Herdoíza Construcciones Colombia (40%). In order to properly assess the related controversies, in this and/or other projects developed by Sacyr Consesiones S.A.S., as well as the possible involvement in controversial activities, we have conducted our screenings on the owner of the Issuer.

METHODOLOGY

In V.E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V. E's Scientific Council. All employees are signatories of V. E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

ISSUANCE

Alignment with the Social Bond Principles and Social Loan Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Issuance has been evaluated by V.E according to the ICMA's Social Bond Principles - June 2020 ("SBP"), the LMA's Social Loan Principles – April 2021 ("SLP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Projects and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability and quantification. In addition, we map the potential contribution of Eligible Projects to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process is assessed by V.E on its transparency, governance and relevance. The eligibility criteria are assessed on their clarity, relevance and coverage vs. the intended objectives of the Eligible Projects.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on social objectives

The expected positive impact of activities on environmental objectives to be financed by the Issuer is assessed based on:

i) the relevance of the activity to respond to an important social objective for the sector of the activity

ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders, targeting those populations most in need

iii) the magnitude and durability of the potential impact of the proposed activity on the social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible projects/activities are analysed based on V.E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder-related ESG controversies

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation based on unproven facts.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources is considered as long as it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V.E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E'S ASSESSMENT SCALES

Scale of assessment of financial instrument's Contribution to sustainability	
Advanced	An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.
Robust	A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.
Limited	A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.
Weak	A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.

Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green and/or Social Loan Principles by adopting recommended and best practices.
Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green and/or Social Loan Principles.
Partially Aligned	The Instrument has adopted most of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green and/or Social Loan Principles, but not all of them.
Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green and/or Social Loan Principles.

Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has carried out one SPO for Sacyr Conseciones S.A.S. in the past. No established relation (financial or commercial) exists between Vigeo Eiris and the Issuer. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

DISCLAIMER

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

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