



Banco de Bogotá

Banco de Bogotá

Chapter 8

Our commitment to stakeholders

We work to contribute to the development of a more prosperous and equitable country through initiatives that generate environmental, economic and social sustainability.

Let's *Support*

Banco de Bogotá 

8. Our commitment to stakeholders

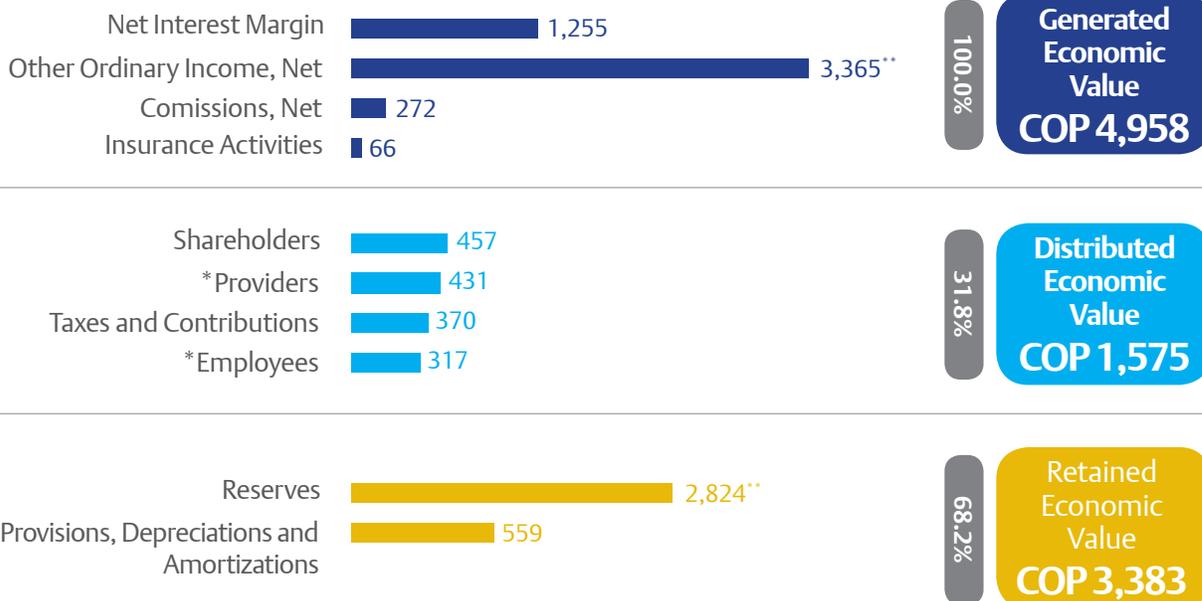
Aporte al desarrollo económico del país

In the first half of 2016, we underwent dynamic and sustainable growth, enabling the generation of economic value across the indicators that drive Colombia's development.

Our Generated Economic Value, Distributed Economic Value and Retained Economic Value⁷ illustrate, in figures, the profitability we generated the first half year, as well as how we distributed this value among the different stakeholders:

Generated, Distributed and Retained Economic Value

Figures in billions of COP
January – June 2016



* Employees include direct employees only. Providers include temporary employees and outsourcing.

**Includes the share of COP 2,200 billion resulting from the fair-value measurement of investment in Corficolombiana, due to its deconsolidation.

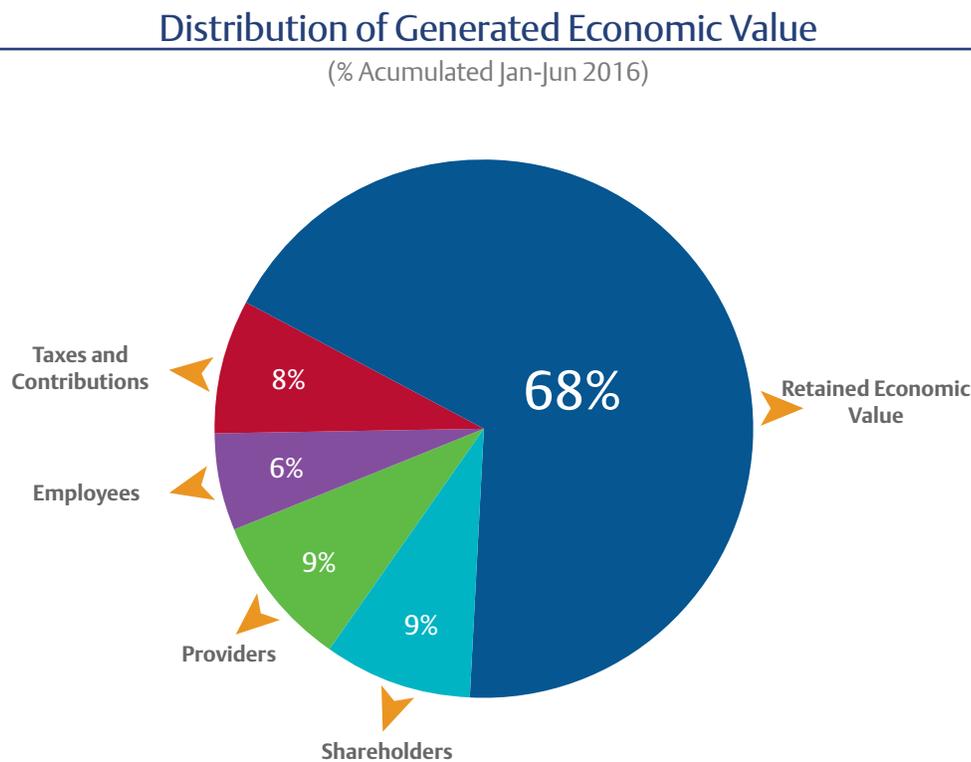
The Economic Value that we generated totaled COP 4,958 billion, represented by the value received through the placement of our products on the market and the provision of our financial services.

Looking at our Generated Economic Value, 25.3% was from net interest margin; 67.9% from other net ordinary income such as investments, dividends, and others; 5.5% from net commissions; and 1.3% from insurance activities.

⁷ The current status of Generated, Distributed and Retained Value was calculated following some of the basic aspects of the methodology described for that purpose by the G4 GRI guide. The Global Reporting Initiative (GRI) is an organization created to promote and develop worldwide standards for measuring and presenting corporate management reports. Figures used in this methodology are gathered from Banco de Bogotá's stand-alone financial statements.

Distribution of generated economic value among our stakeholders

Generating and distributing our economic value to the various people and organizations involved in creating value is undoubtedly the main contribution we make to the societies in which we operate. In 2016 year to date, this component includes the following behavior:



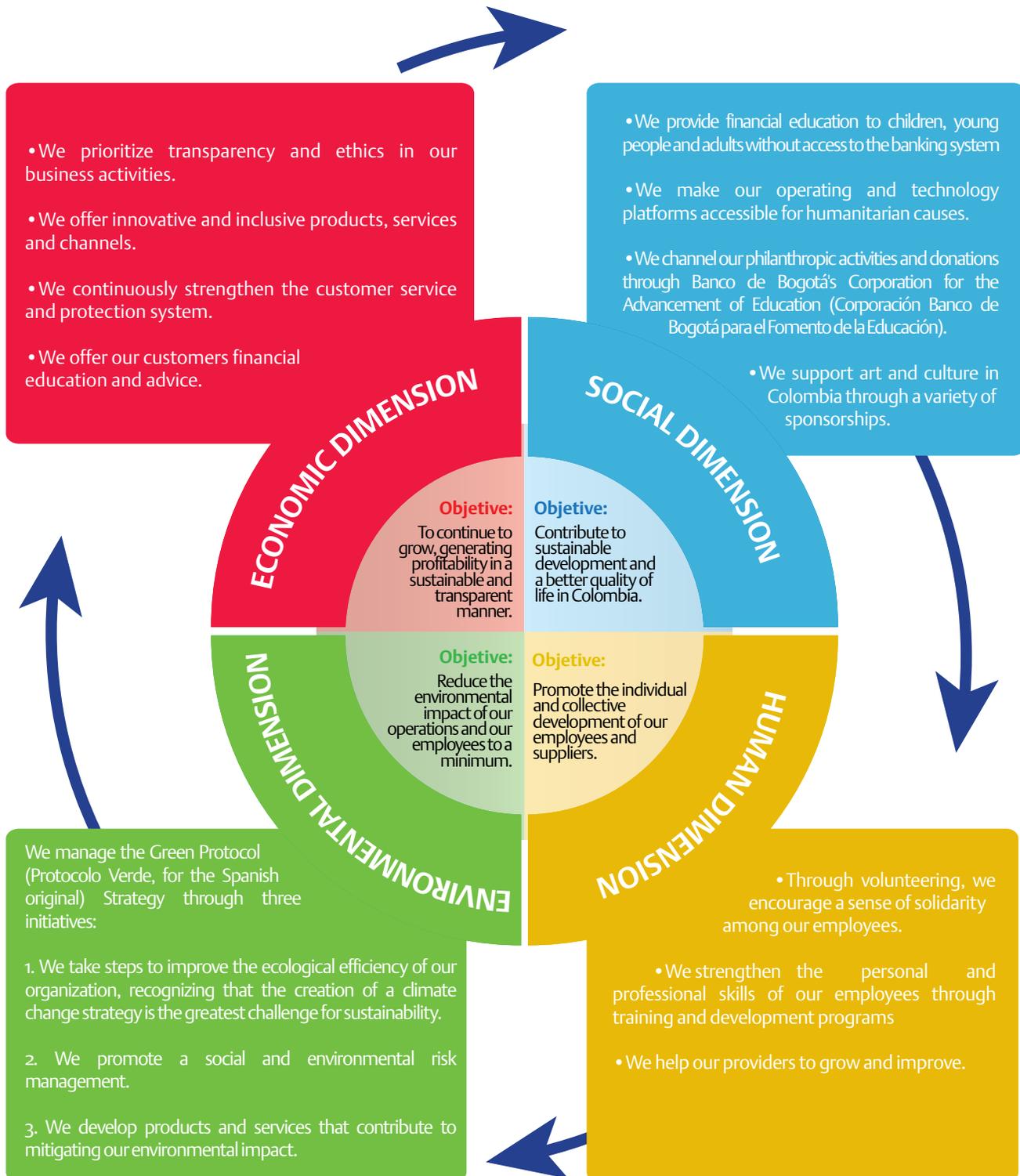
Source: Stand-alone financial statements Banco de Bogotá

Of the **Distributed Value**, 9% is used to pay dividends to our shareholders; the same proportion is used to pay our suppliers who provide the products or services required for the efficient performance of our activities; 8% is distributed among tax payment and other contributions to the State; and 6% is distributed among direct employees in the form of salaries, wages, bonuses, social security contributions and severance payments, among others.

Our **Retained Economic Value** represents 68% of our Generated Economic Value, reaching a sum of COP 3,383 billion. This important line item is allocated to the constitution of reserves, impairments or provisions, amortizations and depreciations that will protect the development of medium- and long-term expansion projects, and ensure business continuity.

Our Corporate Social Responsibility Policy

“The responsibility of Banco de Bogotá toward Society stems from the recognition and interest for the impact that financial operations and services have on people’s lives and the environment. For this reason, we are committed to managing our business responsibly through initiatives that harness our knowledge, strengths, soundness and experience to benefit the groups we relate to”.



Economic Dimension

We promote initiatives intended to create value for our clients through relationships based on trust and knowledge about the Bank's products and services.

Financial Education for Life Program

Financial education is undoubtedly one of the most important pillars of our strategy, due to its high impact on society and its important contribution to the inclusion and banking process.

The Financial Education for Life program is designed and structured based on the Colombian population's needs for knowledge about financial products and services in all stages of life.

The financial education actions led by the Social Responsibility area are intended to be easily understood, contributing to the prevention of risks associated with a lack of knowledge in the use of financial services and products.

For the first half of 2016, the following financial education actions were taken:



1. Financial coaching (classroom-based conferences):

Financial education conferences were provided for our clients in the following Colombian cities:

- Medellín, Itagüí, Guarne, La Estrella, Caldas, Envigado y Santuario: March 1, June 13 - 17
- Sopó: March 11
- Mariquita: March 14
- Armenia: April 14
- Bucaramanga, Floridablanca, Girón y Piedecuesta: April 18 - 23
- Villagarzón, Mocoa, Puerto Asís, Orito, La Hormiga: April 25 al 30
- Cali: April 28
- Bogotá: May 4
- El Espinal: May 21
- Yopal: May 24 - 26
- Chocontá: June 1

2. Training in the Mobile Classroom:

During the first half year, we toured Colombia in our mobile financial education classrooms.

- We held a session from April 19 to 22, whereby we trained National police officers in Bogotá. We made an impact on 196 people.

Moreover, in the development of the program, we entered into two major alliances with organizations specializing in social and economic development as well as financial education for the population.

2. Training in the Mobile Classroom:



FUNDACIÓN PLAN

The purpose of this agreement concerns the development of skills in individuals for smart money management and for making better financial and economic decisions.

Through this partnership, we trained 2,185 people, including female heads of household, youths and micro-entrepreneurs.

In the January-June 2016 period, we covered the following municipalities:

- Cartagena: From Feb. 29 to Mar. 15 and Mar. 28 to Apr. 1
- Turbaco: From Mar. 16 - 23 and Apr. 4 - 9
- Arjona: Apr. 11 - 23
- Tolú: From Apr. 25 to May 7
- Morroa: May 9 - 21
- Sincelejo: From May 23 to Jun. 10
- Santa Marta: Jun. 20 - 22
- Ciénaga: Jun. 23 - 24



FUNDACIÓN ALEMANA

(Fundación Sparkassenstiftung)

Through this agreement, we set the objective of imparting knowledge and good practices on financial education for the Colombian population, through our face-to-face workshops held in our mobile classrooms.

In the first half year we trained 2,036 adults, youths, and microentrepreneurs, covering the following municipalities:

- Puerto Boyacá: May 2 - 6
- Puerto Berrío: May 10 - 13
- Barbosa: May 16 - 20
- Copacabana: May 23 - 27
- Guarne: Jun. 7 - 10
- Concepción: Jun. 18
- Santuario: Jun. 16, 20 - 24
- Granada: Jun. 25
- Rionegro: Jun. 27 - 30

3. Participation in Global Money Week and Children's Month (April)

As part of Global Money Week, an initiative developed by Asobancaria, the Central Bank of Colombia, and Banca de las Oportunidades, our bank joined in to offer a host of financial education activities nationwide to foster a culture of saving and the responsible use of money by children.

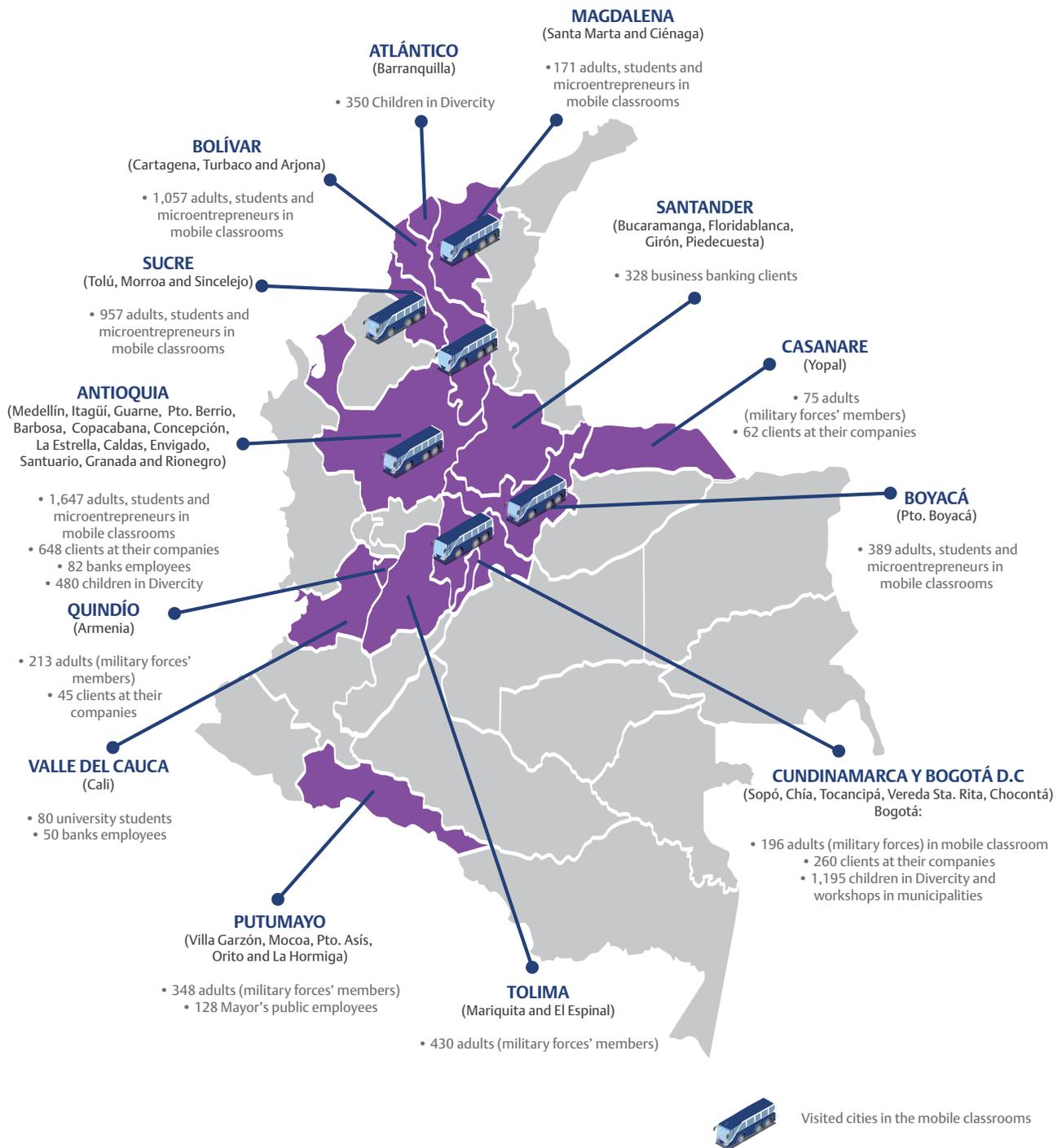
The sessions were held in the Divercity amusement park in the cities of Bogotá, Medellín, and Barranquilla, with the participation of almost 1,050 children, on April 15 and 26, 2016.

In addition, sessions were held in a number of municipalities of Cundinamarca to celebrate Children's Month around the topic of saving:

- Chía: April 23
- Tocancipá: April 30
- Vereda Santa Rita (Cundinamarca): May 14

Financial Education for Life Program throughout the Country

We held a total of 384 financial education actions between January and June 2016.



During the first half of 2016, we trained 9,191 children, youths, and adults through workshops and conferences on financial education.

Social and Human Dimension

Through our social actions we supported the strengthening of education and other humanitarian causes across a large number of non-profit organizations and foundations. In some of these initiatives, we created interactive spaces with our employees. Moreover, we supported the country's art and culture by sponsoring a range of events with considerable social impact.

Donations

Social contributions in the form of donations are made through Banco de Bogotá's Corporation for the Advancement of Education (Corporación Banco de Bogotá para el Fomento de la Educación). The donations given out benefit a large proportion of the marginalized population, allowing 61 organizations to benefit in the first half of the year:

TOPIC	NO. OF ORGANIZATIONS	AMOUNT (COP)
Education: Strengthening formal, informal or complementary education on the good use of free time.	18	\$337,046,517
Scholarship plans: Contributions to university and institutional programs that support disadvantaged, high-performing students.	3	\$248,698,350
Comprehensive care: Contributions to foundations that offer comprehensive care programs for vulnerable populations (unmet basic needs such as education, health, food, housing and recreation).	15	\$142,000,000
Disability: Support for foundations with rehabilitation and social and occupational inclusion programs for disabled people.	11	\$647,500,000
Nutrition: Support for foundations with school canteen and food programs aimed at vulnerable children and populations.	3	\$21,000,000
Health: Allocation of resources to support foundations and promotion, education, awareness or rehabilitation programs for individuals with chronic or terminal illnesses.	10	\$62,500,000
Environmental Education: Support of environmental education and awareness programs for the population.	1	\$80,000,000

Distribution of school kits - San Bernardino Public Education institution.





Distribution of school kits - San Bernardino Public Education institution.

In total, we distributed COP 1,538,744,867 to strengthen 61 social and educational programs in Colombia; seven of the supported projects assist victims of armed conflict:

Centro Integral de Rehabilitación de Colombia "CIREC"	Support for the rehabilitation of victims of anti-personnel mines.
Fundación Formemos	Support for the education of displaced children and peasants from vulnerable populations of Colombia.
Fundación Plan	Work with the vulnerable, displaced, victims of violence, or extremely poor, in order to strengthen skills to develop their financial capacities.
Universidad de la Salle – UTOPIA	Scholarship Plan for the creation of educational and productive opportunities for youth in the rural sector who lack economic resources and have been affected by violence.
Fundación Tiempo de Juego	We supported the foundation's programs which, through sports activities, allow vulnerable children and youths to promote spaces for transformation to peace and co-existence.
Corporación General Gustavo Matamoros D'Acosta	Backing of education, physical, emotional and occupational rehabilitation programs for members of the armed forces and the police injured in the line of duty and their families, as well as widows and orphans of members of the armed forces who died while serving.
Fundación Juan Pablo Gutiérrez Cáceres	Support for students with limited resources, provision of scholarships for postgraduate studies. From this year, we also included support for young victims of armed conflict in Colombia.



Telethon, Bogotá D.C. - Cundinamarca

Telethon

For the sixth consecutive year we participated in the Telethon initiative. We provided fundraising channels to receive donations nationwide over the course of the 28-hour event.

The support and assistance of the different corporate areas ensured the success of this event in which our Bank was present with more than 400 employees and provided in a technological platform for fundraising, besides giving a COP 500 million donation.

During the event, hour after hour our employees provided online reports of funds raised through all of the available channels. Thousands of people visited our 235 branches equipped to support this worthy cause. Moreover, the Grupo Aval's banking correspondents were made available, with more than 2,188 fund-raising points in 511 cities and municipalities throughout Colombia.

Through our official Twitter account, @bancodebogota, Colombians participated in the *Corazones por Teletón* (Hearts through Telethon) campaign by liking a tweet by our Bank and inviting users of this social network to contribute to the cause; in this way, we increased our institutional donation by another COP 100 million, demonstrating that when we all pool together, every little help counts.

Colombiatex

For the third year running, we took part in Colombiatex of the Americas, a showcase for producers of textiles, raw materials, inputs, machinery and other items for clothing production. On this platform, as well as providing specialized attention, we offered special benefits to businessmen in the sector.



Barranquilla Carnival

As part of these festivities, we promoted citizen awareness actions so that Barranquilla residents and visitors can responsibly enjoy this event, proclaimed as Cultural Heritage of the Nation and a Masterpiece of the Oral and Intangible Heritage of Humanity.



Iberoamerican Theater Festival

As part of our commitment to help Colombians have easier access to big cultural events, we again took part in one of the greatest spectacles in the world, the Iberoamerican Theater Festival of Bogotá, an event that draws together the best of the performing arts. As a special benefit for our cardholders, we offer 10% discount on the ticket purchase price.



Bogotá Fashion Week

We took part in the second edition of Bogotá Fashion Week, a platform that brought together entrepreneurs, designers and fashion-industry executives at three iconic Bogotá sites: El Dorado Airport, El Chico Museum and the National Museum. Through these initiatives, we seek to make Colombia's capital city more visible as a strategic location for business and tourism.



Environmental Dimension

We are aware that the environmental issue is an urgent challenge that demands concrete action by all members of society. We are aware that climate change poses new global challenges and opportunities in all productive sectors, including the financial sector, as the driver of a more environmentally sustainable economy.

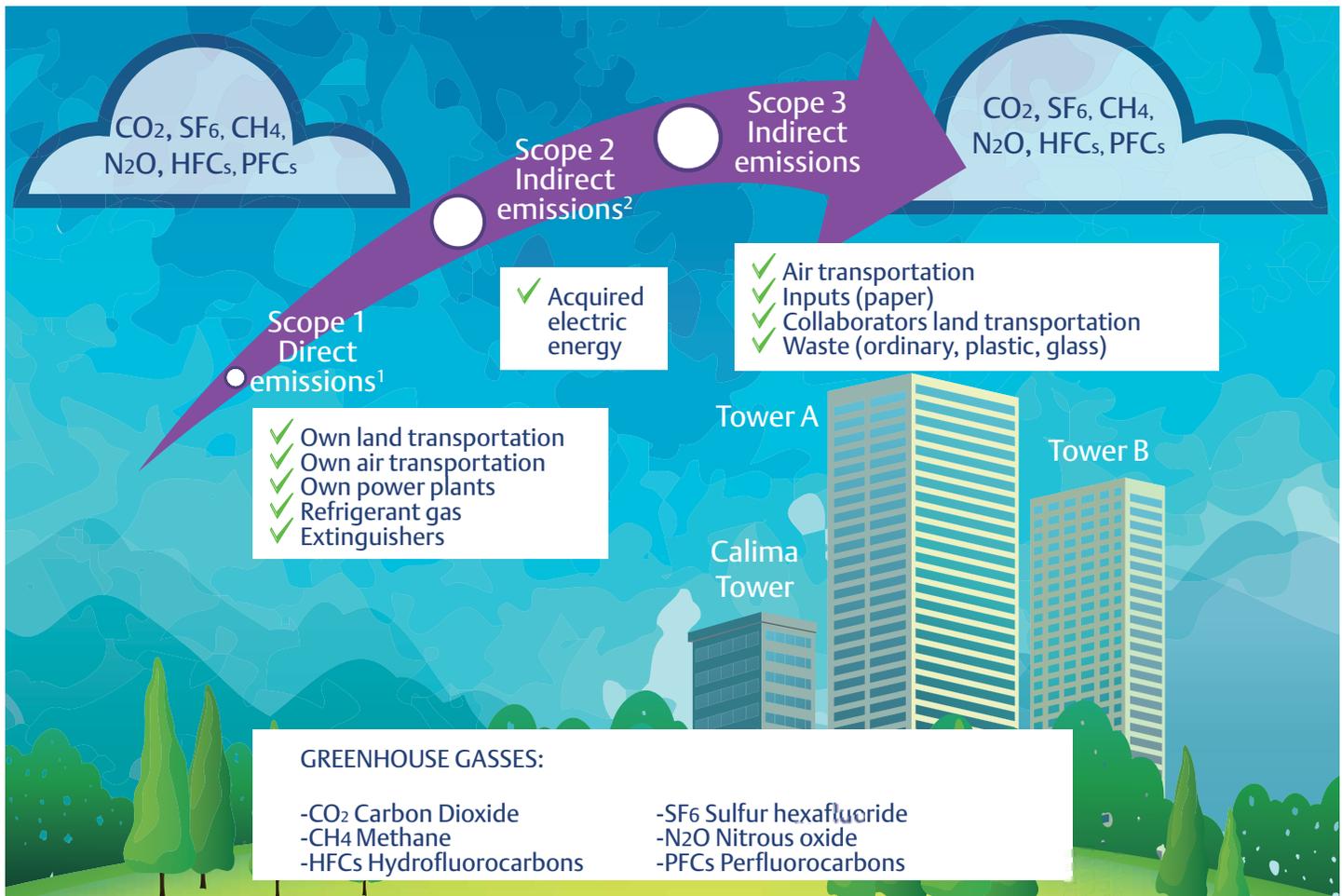
Green Protocol⁸

We are committed to working within the strategies of the Protocolo Verde (Green Protocol). Our objective is to consolidate efforts between the national government and the Colombian financial sector in order to implement sustainable development policies and practices. In the first half of 2016, we set the following actions into motion:

A) Promotion of sustainable consumption during internal processes, and of the natural resources, goods and services from which these processes are derived.

- Greenhouse Gases (GHG) Inventory⁹

In line with the Green Protocol eco-efficiency strategy, the Bank's carbon footprint was measured for its 2015 operations. As part of our commitment to manage the Bank's direct impact, as well as the indirect impact generated by some of our stakeholders, our carbon footprint measurement includes three scopes, as shown in the graph below:



¹ Direct emissions: come from sources that are owned or controlled by the Bank.

² Indirect emissions: correspond to products or services acquired by the Bank from third parties, which in turn have previously generated emissions during their production.

⁸ Green Protocol: an agreement undersigned by the National Government and the Colombian financial sector that seeks to join forces to promote Colombia's sustainable development, and to work toward environmental preservation and the adequate use of natural resources. Signing the Green Protocol is voluntary. By signing the Protocol, banks affirm their commitment to environmental sustainability in Colombia. In October 2013, Banco de Bogotá signed this protocol.

⁹ Greenhouse Gas (GHG) emissions may include any of a number of chemical substances, including the main six gases or families covered by the Kyoto Protocol and the Intergovernmental Panel on Climate Change (hereinafter, IPCC); namely, carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFC), and perfluorocarbons (PFC). The company's carbon footprint enables measurement of the data related to the magnitude of human activity that generates emissions or absorptions of the aforementioned gases over a given period by the Organization.

The purpose of the measurement is to understand the Organization's climate change performance, and on that basis, propose offsetting and mitigation strategies for the next five years. The measurement yielded the following results:

Source	Scope	Total Emissions (TonCO2e)
Emissions from fuel consumption, mobile sources	1	36.76
Emissions from fuel consumption, airborne sources	1	54.56
Emissions from energy consumption in fixed plants	1	12.37
Fugitive emissions from the use of refrigerant gases in air conditioning machines	1	393.83
Emissions from extinguishers	1	272.98
Emissions from electrical energy consumption	2	1,003.08
Emissions from air transport	3	488.26
Emissions from use of supplies	3	113.72
Emissions from land transportation of employees	3	55.51
Emissions from waste	3	-129.56
Total emissions [CO2e]		2,301.51

With a view to improving our environmental management, first of all we expanded the measurement coverage to include a third site in the city of Bogotá (Calima site), where much of the Bank's administrative staff is based. As a result, we increased infrastructure coverage by 5.2% from 2014. Secondly, with reference to emissions from fuel consumption by airborne sources, this data was broken down by site to obtaining a much more accurate calculation of this factor based on coverage. And, thirdly, we included two new sources: (i) emissions from consumption arising out of extinguisher use or refill (in Scope 1); and (ii) waste management (in Scope 3), thereby enabling greater consistency, transparency, and precision in measuring and reporting our footprint.

A comparison of the carbon footprint calculations for 2014 and 2015 is provided below, taking into account the above-mentioned aspects that influenced the results.

	Scope 1 (Ton CO2 equivalent)	Scope 2 (Ton CO2 equivalent)	Scope 3 (Ton CO2 equivalent)	Scope 4 (Ton CO2 equivalent)	Coverage Percentage
2014 – Headquarters Bogota, Tower A and B.	128.89	1,062.54	409.60	1,682.02	22.8%
2015 – Headquarters Bogota, Tower A, B and Calima.	770.51	1,003.08	527.92	2,301.51	28.0%
Variation (TonCO2 equivalent)	641.61	-59.45	37.32	619.49	5,2%



At present, our main objective is to increase the coverage of the carbon footprint measurement; as such, year-on-year increases for each of the sources will continue to be posted until we achieve 100% coverage of all our branches and sites throughout Colombia. We hope to achieve this goal within a period of five years.

One of the results that turned out to be a positive surprise was the reduction in energy consumption. This was due to the execution of two action plans that enabled an improvement in the result. The first was the replacement of T5 with LED lighting, with an estimated saving of 10%; and the second was awareness-raising campaigns for all Bank employees on responsible consumption of each of the Bank's resources.

• Recycling Campaign

As part of our **Quiero un Planeta Verde** (I Want a Green Planet) campaign, we continued with recycling activities at the Bank's more representative administrative sites in the first half of 2016. These materials are gathered at three of our administrative offices in the city of Bogotá, and are then collected by the Fundación Sanar. By selling this material, Fundación Sanar has been able to fund treatments of children

and adolescents with cancer and help their families to fight the disease.

In the half year, we managed to collect the following quantity of material:

MATERIAL	Kilos 1st Half 2016
PAPER	7,634
CARTON	5,393
LIDS	2
PET	204
PLÁSTICO	18
TAPAS	257
TOTAL Kg Donated	13,508

A total of 13,508 kg in material was donated in the first half 2016, representing a contribution to Fundación Sanar of COP 5,708,326 to finance the treatment of an average of ten children with cancer.

- Physical mailing reduction project to save paper

Bank Statements

Through the paper mail reduction project for our clients and in order to reduce our consumption of natural resources by making use of technology, we sent our clients bank statements by email, thus preventing the unnecessary use of paper. For the first half of 2016, we sent 4,854,603 extracts, equivalent to 11,278,850 sheets of paper saved.

Pay slips

Moreover, in October 2012, the Human Resources Department started to send pay slips by email to all our employees.

In the first half of 2016, we emailed out 124,066 pay slips to our employees, saving 41,355 sheets of paper.

Equivalent resources saved through the projects undertaken to reduce physical mailing

Documents	No. of extracts / pay slips sent by email		No. of sheets of paper saved		No. of reams of paper saved		No. of trees not felled		Kg. of garbage not produced		Lt. of water not consumed during paper production processes	
	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16
Extracts (Variation %)	3,370,744	4,854,603	8,363,238	11,278,850	16,726	22,433	640	863	39,048	52,660	3,250,810	4,384,115
	√ 30,57%		√ 25,85%		√ 25,44%		√ 25,84%		√ 25,85%		√ 25,85%	
Payslips	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16	II half-15	I half-16
	128,765	124,066	42,921	41,355	86	83	4	3	200	193	16,683	16,075

Source: paper units converter – BAC Credomatic

B) Consideration in credit and investment risk analyses of the environmental and social impacts that the projects to be financed may generate.

- Guide for the implementation of an Environmental and Social Risk Analysis System by the Credit Risk and Corporate Social Responsibility areas:

Our Bank participates in a round-table within the Banking Association of Colombia, with the aim of developing a management model for the implementation of an Environmental and Social Risk Analysis System for all financial entities.

As such, it incorporates benchmarks for financial intermediaries that address any economic sector regardless of the size of the company, as per the application provisions of each of the entities based on an analysis of its portfolios, sensitive sectors, and operations. The round-table is made up of the Asobancaria Credit Risk Committee and the Green Protocol Committee.

C) Promote and disseminate good environmental practices with the various internal and external stakeholders.

In the first half of 2016, we carried out a number of activities related to the environment in order to promote good environmental practices.

- **Recycling and environmental practices**

We promoted recycling activities, such as the use of ecologi-

cal points through the Bank's internal channels, raising awareness on how each of the garbage cans should be used according to their color. We also continued to publicize the electric and electronic waste collection points. Other communications were focused on environmental conservation in general, and on promoting employee participation in the different environmental activities.

The following is a record of the number of pieces sent through email and social media intended to promote activities related to environmental care:

Communication message	Employees	Clients	Social Networks
Join the Car-Free Day	✓	✓	✓
Integrated Public Transport System Conference	✓		
Invitation to employees to take part in the bicycle fair at Banco de Bogotá	✓		
Take part in the Green Race	✓	✓	✓
Tips for saving energy	✓		
Energy saving campaign	✓		
Together we managed to reduce the environmental impact in our country	✓		
It is our duty to reduce the carbon footprint that we leave	✓		
With simple actions, we will ensure better use of water and protect the planet	✓		✓
Traveling by bicycle is more than a fad	✓		
Colored bags are key to your city being cleaner			✓
Bogotá, I give you my word: traveling by bicycle.	✓		
Arbor Day			✓
Environment Day - say no to the straw			✓
Earth Day - sort waste into the different colored cans			✓
When we car pool, we reduce traffic, save money and help the environment.			✓
Decrease the use of disposable products			✓
On short journeys, choose a bicycle over a car wherever possible			✓



• Car-Free Day

A total of 187 employees took part in the Car-Free Day, promoted by Mayor's Office of Bogotá City, on Thursday, February 4, 2016. Before the event, a talk was given on the use of the Integrated Public Transport System (SITP, for the Spanish original), a bicycle and accessories fair was held, and bicycle kits and items were given out to encourage participation and the use of this mode of transport. Through these activities, we benefited not only the environment but also our health and the community in general.

• Green Race

On February 21, more than 6,000 people participated in the Green Race in Bogotá, an athletic event staged with the objective of making history by planting 18,000 trees in areas allocated for conservation in perpetuity as part of the promotion of the care of forests around the world. Fundación Natura and the Embassy of the United States led this initiative with the commitment of companies promoting environmental care and conservation, our Bank included. It is the first zero-carbon race in the world and the only one in Latin America with Gold Green Race certification from the Council for Responsible Sports.

A group of 30 employees took part in the race. Moreover, as part of the strategy to include social actions in the different activities, we invited 20 children from the Special Olympics Foundation to take part in this great experience.

• Participation in international reports

In the first half of 2016, we took part for the second year running in the Dow Jones Sustainability Index form, which measures the performance of the Bank's environmental, social and economic elements and compares them with companies all over the world.

We also started to implement the Carbon Disclosure Project (CDP), recognizing climate change not only as an imminent economic, social and environmental risk for all organizations, but also as an opportunity to be more competitive and sustainable¹⁰.

In so doing, we recognized how our Bank responds to threats associated with climate change and developed a new perspective on business opportunities that contribute to better sustainable management.

¹⁰ Banco de Bogotá CDP Results: Disclosure Score 66, Performance Score E.



*Inclusion:
the path to
financial opportunities*

We led and supported a number of programs for the inclusion of the Colombian population in the banking system.

In the neighborhood of El Refugio, located in western Bogotá, a couple of young entrepreneurs decided to become independent. They embarked upon their project three years ago, in pursuit of their dream of running their own business.

In 2013 they opened up their own mini-market, its success fueling their desire to see their business grow with each passing day. Out of this firm conviction, they sought financial assistance, and found an ally in Banco de Bogotá.

“The Bank has given us the opportunity to prosper through our business. Before we didn’t have access to credit; they trusted in us,” says Andrea Herrera, owner of the La Unión minimarket.

Andrea’s relationship with the bank began eight years ago, when she was an employee and had her own payroll account. Now, in this new role, she says that her business is now bearing fruit, and is increasing its product offering. “Thanks to Banco de Bogotá we have been able to grow; at the moment, we are gaining space in the area and increasing variety to meet the needs of our customers,” she concludes.

Reaching remote parts of Colombia, supporting rural projects, encouraging saving and promoting financial education among Colombians are some of the actions taken by the Bank for inclusion in the banking system.

Accordingly, since 2009, the Bank has led a number of programs to offer solutions to more people who, because of their economic status, age, or geographical location, have not been able to access the financial system. Through the microfinances model, we have provided more than 88,000 families with credit facilities, more than 50% of them headed by women.

Andrea Herrera, owner of the La Unión minimarket.

“The Bank has given us the opportunity to drive our business. Before we didn’t have access to credit; they trusted in us.”