



Chapter 7

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 

7. Our commitment to stakeholders

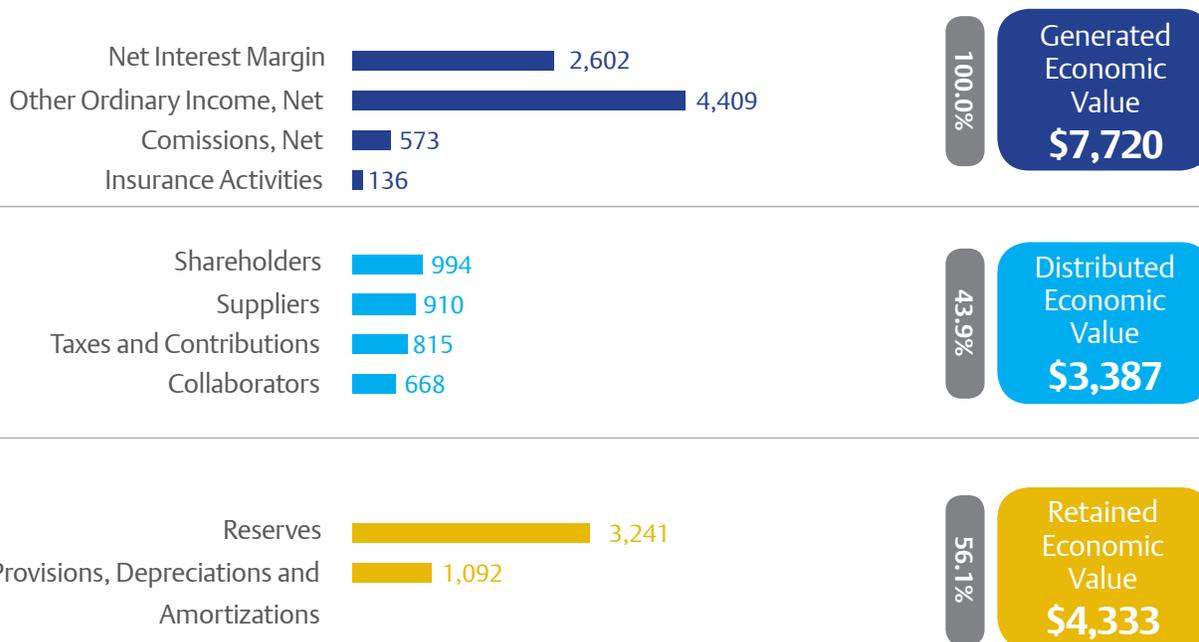
Supporting the economic development of the country

In 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 Value⁹ illustrate, in figures, the profitability we generated this year, as well as how we distributed this value among the different stakeholders:

Generated, Distributed and Retained Economic Value

Figures in billions of COP – Stand Alone Financial Statements
January – December 2016



Source: BdB Stand-alone Financial Statements

The Economic Value that we generated totaled COP 7,720 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, 33.7% was from net interest margin; 57.1% from other net ordinary income such as investments, Equity Method, Dividends, and others. As part of that we can mention the non-recurrent income in June 2016 of COP 2,208 billion from the deconsolidation of Corficolombiana S.A.; 7.4% from net commissions; and 1.8% from insurance activities.

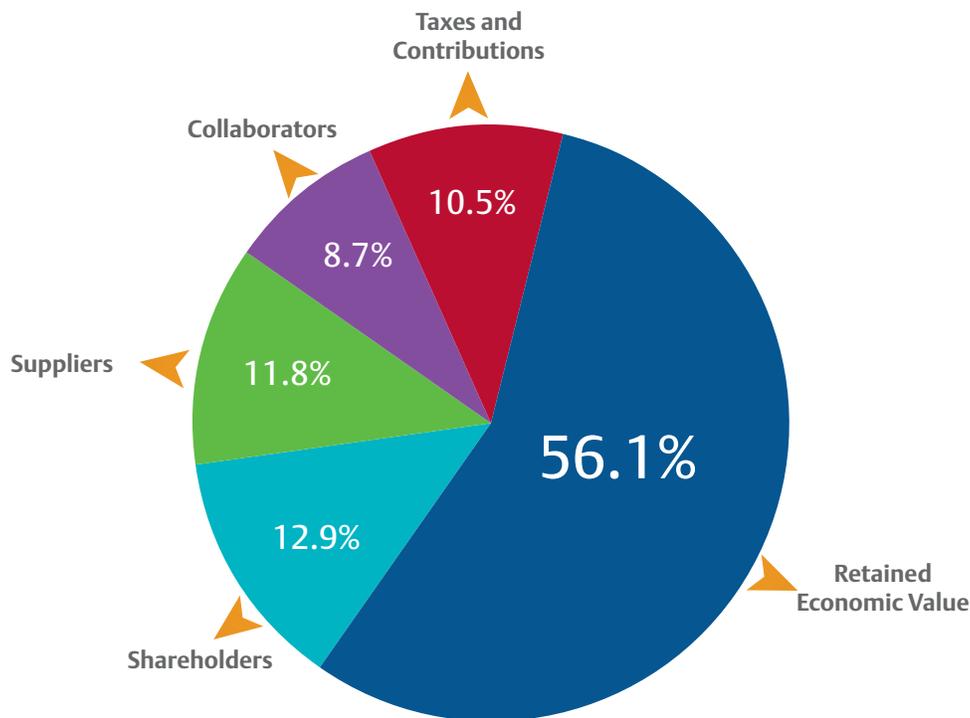
⁹ The current status of Generated, Distributed and Retained Value was calculated following some of the basic aspects of the methodology described for that purpose by the G4 GRI guide. The Global Reporting Initiative (GRI) is an organization created to promote and develop worldwide standards for measuring 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, this component includes the following behavior:

Distribution of Generated Economic Value

(% Accumulated Jan –Dec 2016)



Source: BdB, Stand Alone Financial Statements

Of the **Distributed Value**, 12.9% is used to pay dividends to our shareholders; 11.8% is used to pay our suppliers who provide the products or services required for the efficient performance of our activities; 10.5% is distributed among tax payment and other contributions to the State; followed by 8.7% distributed among direct employees in the form of salaries, wages, bonuses, social security contributions and severance payments, among others.

Our **Retained Economic Value** represents 56.1% of our Generated Economic Value, reaching a sum of COP 4,333 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.



Bogotá, Cundinamarca

Contribution to the Country - Fiscal Policy

Banco de Bogotá S.A., a financial institution with nationwide presence, contributes to the attainment of the fundamental goals of the State by complying with the fiscal regulations set forth thereby, by efficiently and expeditiously managing its tax obligations, and supporting the country's fiscal sustainability by implementing principles of fairness, efficiency and progressiveness.

The Bank's fiscal policy is developed through the application of the following institutional principles:

1. Compliance of the substantial and formal duties derived from the legal-tributary relation (State-Bank) as a taxpayer, acting expeditiously to pay taxes, fees and contributions of both national and regional natures under its charge.
2. Observance of the legal function to receive and collect forms and taxes derived from its character as a financial institution legally constituted in Colombia, upon authorization and execution of the respective contracts with tax administrations at the national and regional levels, as the case may be.
3. Commitment to cooperate and assist in the application of the powers to manage, audit, investigate and collect taxes, fees and contributions administered by national and regional tax authorities, without prejudice to the right to defense and due process.

4. Safeguard the application and compliance of the national tax legislation in effect, supported by complementary interpretation criteria (doctrine and jurisprudence) issued by tax authorities and judicial bodies (Council of State, Constitutional Court). Moreover, requesting advisory firms accredited in tax matters for fiscal opinions.
5. Identify, assess, mitigate and prevent legal, economic and institutional risks derived from tax-related matters that concern the Bank, by implementing internal controls and training the departments directly implicated thereby.
6. Inform potential stakeholders and clients on general procedures implemented by the Bank concerning the tributes and taxes that most affect and impact the institution by means of official documents (Consolidated and Separate Financial Statements), disseminated via ICT (Information and Communications Technology).



¿How do we handle CSR at Banco de Bogotá?

We recognize 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. Below, we describe the dimensions involved when undertaking corporate social and environmental responsibility actions, together with their objectives:

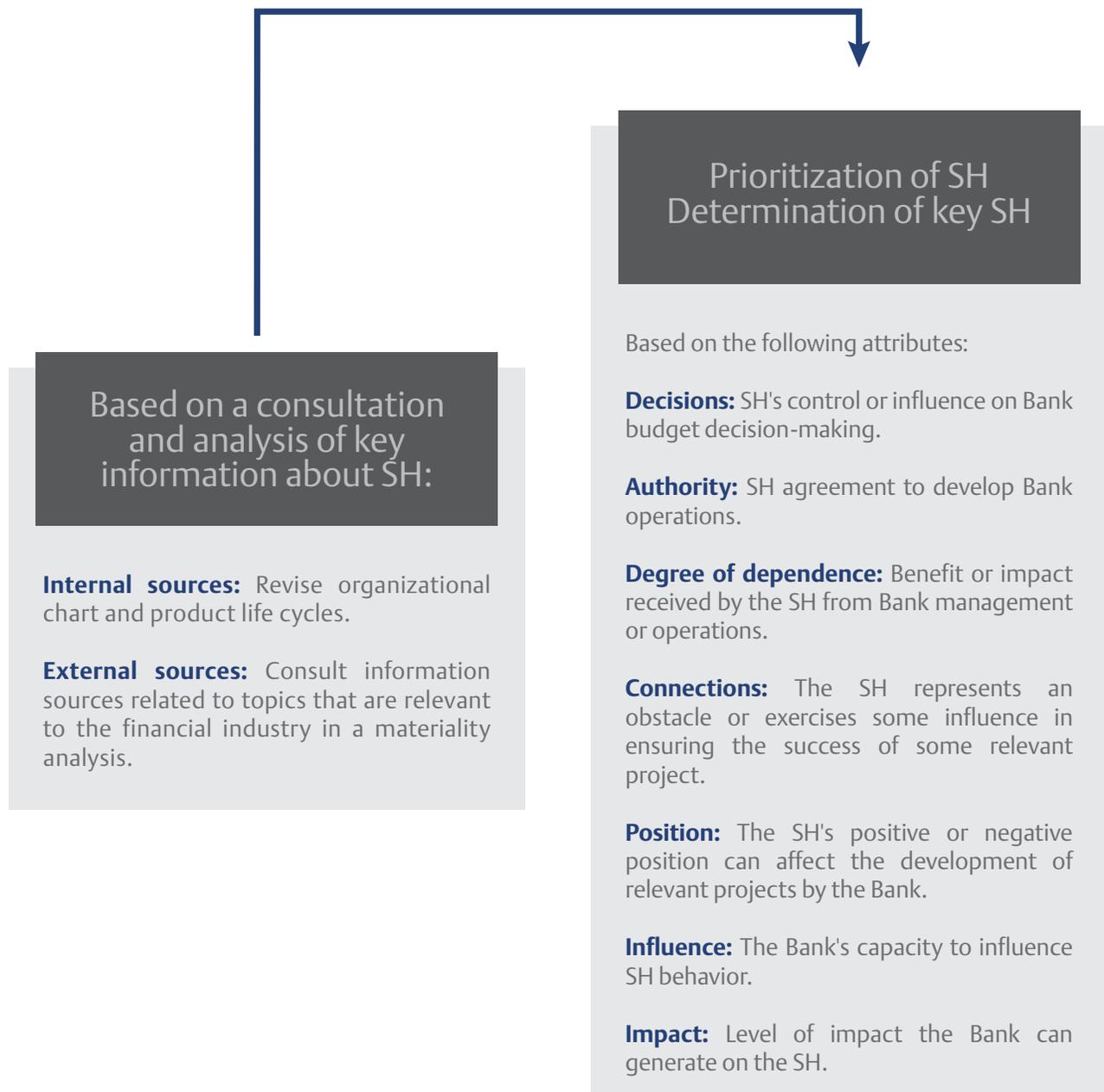


Our stakeholders

We refer to stakeholders as those persons or groups of persons that may be impacted by the activities, products or services provided by the business, and whose actions, in turn, can impact our capacity to successfully develop our strategies and reach the objectives we have set out.

Identification and prioritization of stakeholders

In 2016, we conducted an exercise to identify and prioritize stakeholders (SH), with assistance from several Bank departments in charge of establishing relations with these groups. We used the following process:



Knowing how important the information about our operation is to our stakeholders so they can make decisions, we identified them to include the main actions undertaken with each one during the period reported.

Below is the identification of each stakeholder and the chapter where to consult detailed information about or addressed to each one.



Dialogues with stakeholders

With the aim of understanding our stakeholders' perception on the most important topics for the Bank's sustainability, in 2016, we engaged in dialogues with clients, suppliers, administrative managers at our bank branches, business employees and shareholders.

These sessions were conducted by means of co-creative construction workshops in which participants identified and prioritized fundamental aspects based on criteria of risk, impact and opportunity, giving us their perception about each one.

Dialogues and main topics:



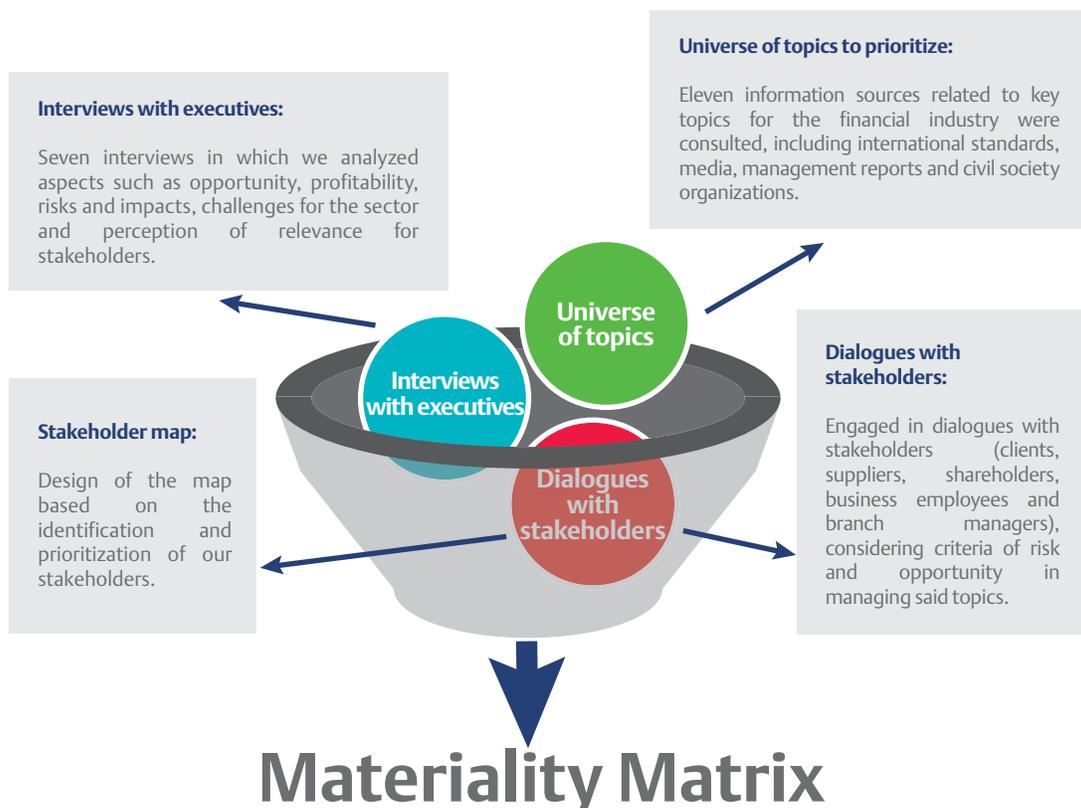


Materiality 2016

In dealing with the current sustainability context and our stakeholders' expectations, in 2016, we conducted a materiality analysis, which provided a fundamental input in identifying the most important aspects on which we needed to take action.

We understand that a topic is of material nature because it has economic, environmental and social effects from the perspective of our executives, or because it significantly impacts stakeholders' decisions.

The process included the following key steps:



Based on the aforementioned process, we developed a materiality matrix with the following information crossover strands: (i) aspects of importance to Bank Executives and (ii) aspects of importance to Stakeholders. The result, which determined the material aspects for our Bank's sustainability, was built upon the crossover of both components.

Material issues for sustainability

For our Bank, sustainability is based on the ethical commitment we have always assumed in order to establish a company that promotes values and transparency, is cautious in its decisions, considers stakeholders' needs and expectations, is strategically guided, and profitable.

This principle becomes the fundamental framework for material issues of sustainability:

- **Client relations and management:** They are our *raison d'être*; we constantly innovate and get ready, so our permanence over time depends on our relations and management with them. As pioneers of banking in Colombia, we have a major challenge and a great responsibility that drives us to always be on the cutting edge of the products, services and channels that we offer. See our efforts concerning the aforementioned in Chapter 4.

- **Development of Human Talent:** This is very important in developing our business, since human talent is part of our essence, and each employee's contribution becomes an essential part of the sustainability, growth and satisfaction of our clients. The achievements and recognition obtained in the financial sector are based on the outcome of each employee's contribution. See our efforts concerning the aforementioned in Chapter 6.

- **Risk Management:** The identification of major risks to which we are exposed, as well as making sure of the existence of adequate administration systems are indispensable in achieving sustainability for our business. This endeavor includes reputational, financial (including loan risk), legal operations (including regulatory risk), SARO operational risk, money laundering and terrorist financing (SARLAFT, for the Spanish original), markets and liquidity risks. See our efforts on this aspect in Note 6 of the Stand Alone Financial Statements.

- **Innovation and Information Technology:** This matter is of great importance for the Bank's sustainable development, as it allows us to create differentiating initiatives in client service, and therefore it is one of our institutional purposes. We commit to have a positive impact on the lives of clients we serve, designing solutions that add val-

Financial Management Team, Headquarters' Banco de Bogotá





ue to our financial services and products. See our efforts concerning the aforementioned in Chapter 5.

- **Efficient use of resources:** We are aware of the challenge presented by the efficient use of natural resources and their derivatives, which we use in the course of our operations, meant to our business. For this reason, we identified this material issue as an opportunity to enhance the sustainability strategy. See our efforts concerning the aforementioned in Chapter 7.

- **Regulatory compliance:** The continuity of our business depends intrinsically on the compliance with national and international regulations at all levels. In that regard, we ensure regulatory compliance in our everyday operations, and we manage it from a perspective of risks, impacts and opportunities. See our efforts concerning the aforementioned in Chapter 8.

- **Corporate Governance:** We understand the importance of good corporate governance practices and how they influence in preserving the value that we give our main stakeholders and in strengthening our relations with them. See our efforts concerning the aforementioned in Chapter 1.

- **Profitability:** Experiencing an outstanding growth (growth in volume and market share) and profitable growth (improving our income, having good profits and returns on assets over capital as expected) is very important for our long-term permanence, and in satisfying the expectations of all our stakeholders. See our efforts concerning the aforementioned in Chapter 3.

In that regard, it is important to realize that the order of the issues is irrelevant in concluding their level of importance within the Bank's management. Moreover, we should note that there are other issues not included on this list that were discussed in the materiality analysis process; however, only those mentioned by Administration and Stakeholders were listed. (i.e., reputation and brand, commitment to the community, fair and timely payment to suppliers, among others, were part of this analysis, without being mentioned in common).

Relation with the community

The way in which we relate with our stakeholders reflects the importance of generating joint value, which is strengthened as we interact and contribute with new ideas, efforts and resources, in our goal of positively transforming society and the setting in which we operate. Our direct relationship with the community is expressed through financial education actions and the many events we sponsor around the country.

- **Financial Education Program**

Live training in Financial Education:

Financial education is undoubtedly one of the most important pillars of our corporate social responsibility strategy, because of its high impact on society and its important contribution to the process of inclusion and incorporation into the banking system.

The Bank's financial education actions aim to contribute to the knowledge and prevention of risks derived from the utilization of our financial products and services. Following is an outline of initiatives we developed during the second half of 2016:

1. Financial coaching (classroom-based conferences):

Financial education sessions were provided for our clients in the following Colombian cities and municipalities:

- July: Tolemaida (6) and Bogotá (15 and 22)
- August: Bogotá (1 and 23), Pereira (8, 9 and 10), Calarcá (9), Chía (10), Puerto Carreño (10 and 11), Dos Quebradas (10), Medellín (10) and Manizales (12)
- September: Bogotá (13 and 15), Santa Rosa de Viterbo (20) and San José del Guaviare (20 and 21)
- October: Bogotá (27), Cota (6), Cali (11, 13 y 14), Buga (10) and Cúcuta (28)
- November: Bogotá (9 and 19), Cartagena (22), Barranquilla (23 y 24), Ciénaga (25) and Santa Marta (25)
- December: Bogotá (15), Chía (5 and 6) and Villavicencio (13)

Total July – December: 3,119 people trained
Total year 2016: 5,868 people trained

2. Training in the Mobile Classroom:

During the second half of 2016, we continued touring Colombia in our mobile financial education classrooms. During this time we worked intensively in two regions of the country: (i) Antioquia and the Coffee Triangle and (ii) Santander and Boyacá, touring the following municipalities:

- July: Marinilla, Cocorná, Carmen de Viboral and Abejorral.
- August: El Retiro, La Unión, Caldas, Envigado, La Estrella, Sopetrán, Santa Fe de Antioquia, Barrancabermeja, Sabana de Torres, San Alberto, San Martín and Aguachica.
- September: Ocaña, Giraldo, Cañasgordas, Los Patios, Frontino, Villa del Rosario, Pamplona, Uramita, Mutatá, Chigorodó, Floridablanca, Carepa, Apartadó, Piedecuesta, Lebrija, Turbo, San Gil, Valle de San José and Mogotes.
- October: Nechi, Cauca, Zaragoza, Jardín, Caceres, Taraza, Yarumal, Santa Rosa de Osos, San Pedro, Andes, Filandia, Chiquinquirá, Villa de Leyva, Tunja, Garagoa, Guateque, Paipa, Duitama, Santa Rosa de Viterbo and Cerinza.
- November: Salento, Armenia, Manizales, Villamaría, Chinchiná, Santa Rosa, Pereira, Santuario, La Virginia, La Celia, Marsella, Susacón, Soatá, Belén, Nobsa, Tibabosa, Sogamoso, Firavitova, Yopal and Aguazul.

Training was in charge of our ally Fundación Alemana.

Total July – December: 12,035 people trained in mobile classrooms
Total year 2016: 16,452 people trained in mobile classrooms

3. Celebration in October “Savings Month”

Date: October 21, 2016
Place: Divercity
Number of participants: 206
Number of workshops: 12

As a celebration of Savings Month, we organized two Express Workshops to help children learn about savings and on topics such as environmental education and civic duties.

In this opportunity, delegations of Chía, Cota and Mosquera municipalities were present.

Date: October 31, 2016
Place: Banco de Bogotá Branches
Number of participants: 200
Number of workshops: 12

The financial education Express Workshops were used in conjunction with the Halloween celebration that we host every year for our employees and their children, whereby 200 children received information about the importance of saving in their lives through a recreational activity.

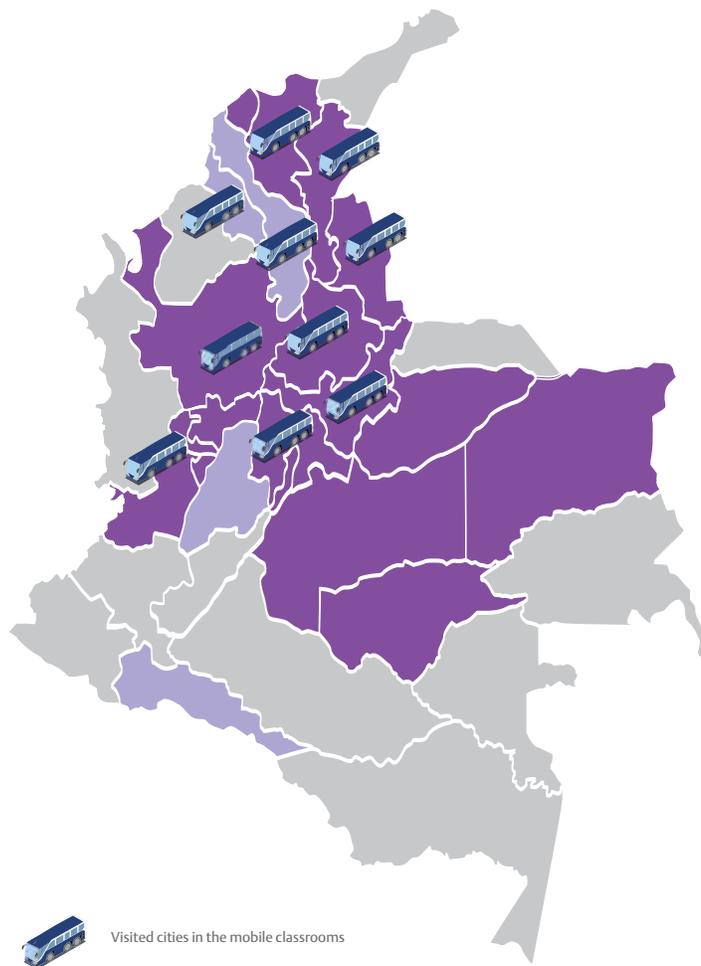


Our Presence in the country through the “Financial Education for Life” Program

During the second half of 2016, we trained 15,560 children, youths, and adults through workshops and conferences on financial education. A total of 24,751 people participated in some in-person financial education events during 2016.

During the second half of the year, a total of 800 of such events were carried out, such as workshops, conferences and training sessions for trainers. In total, 1,184 in-person events were held, which corresponds to 1,721.4 hours of financial education training for 2016.

Nationwide, a total of 16 Colombian departments were impacted by some financial education events during the second half of the year (purple section of the map). We visited 20 departments in the year.



24,751
People
received
Financial
Education



1,184
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1,721.4 hours
in Financial
Education Training

Virtual Initiatives of Financial Education

During the second half of 2016, we issued 24 publications (52 throughout the year) on social media (Facebook and Twitter) focusing on the following topics:

- Improving client safety in channels, products and services.
- Providing savings tips and responsible management of financial services products and services, with special emphasis on Savings Month in October).
- International purchases: clarity in concepts on handling credit cards for purchases.

Partners in Culture

We presented Colombians with the best shows from around the world, supporting the development of various cultural and entertainment activities in the country, promoting creativity, co-existence and social inclusion.

Colombiamoda

We supported the people of Antioquia with the development of projects and initiatives that triggered economic growth in the region. With this commitment, we participated for the fourth consecutive year in Colombiamoda, the Colombian industry's most important fashion event, supporting Andrés Pajón, fashion designer from Medellín, with the Banco de Bogotá - Carrusel runway. The inspiration for the collection designed by this young talent paid tribute to different Colombian ethnic groups, including Kuna and Emberá.

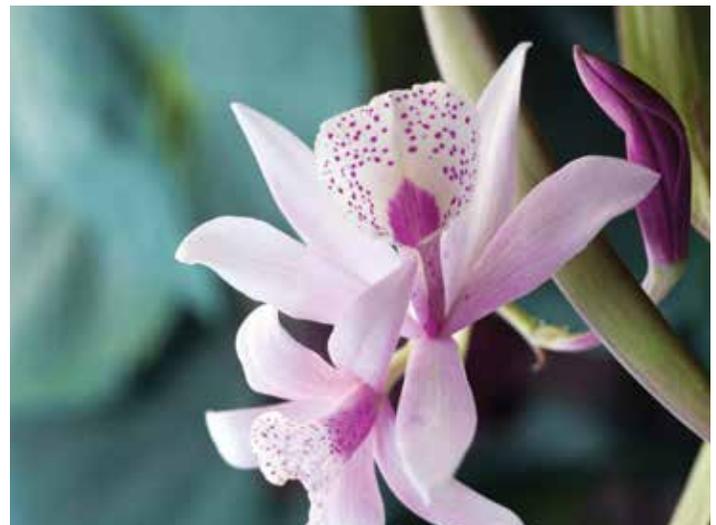


Jazz International Festival

Committed to initiatives that foster healthy co-existence and the democratization of culture, we sponsored the International Jazz Festival for the fourth consecutive year. This event features outstanding exponents of this genre, who showcase their talents against the backdrop of the Colombian capital.

National Orchid Show

We participated in the 15th National Orchid Show, an event to appreciate and learn about the more than 4,200 species of our national flower. The 2016 event also featured academic and cultural spaces for participants. Through these initiatives, we ratified our support for all those actions that contribute to the protection and preservation of natural resources.



Sacred Music International Festival

The Festival is a multi-cultural event that brings together the best expressions of sacred music from every continent. This gathering featured a total of 50 events, including concerts and academic activities (master conferences, talks and lectures) presented by over 600 artists taking part in this musical event for people from every creed, race, age and origin.



See Festival

In the framework of the 56th edition of the Marta Festivals, we supported the initiative “Los Niños Pintan su Mar” (Children Painting their Sea), which seeks to motivate local children on issues of progress and ecological and citizenship awareness through artistic expressions in different modalities, including mural painting, kite design and arts and crafts in sand, chalk, graffiti and crayon.



ARTBO

In our commitment to foster access to culture among Colombians, we joined the 12th edition of the International Art Festival of Bogotá (ARTBO). The event featured 74 galleries from 28 cities around the world and brought more than 500 artists together. In addition, we enable the app [artsy.net/artbo-2016](https://www.artsy.net/artbo-2016), so our clients could research information about the works on display.

Expoartesánías

With the goal of supporting those initiatives that promote the preservation of knowledge, customs and traditions that uplift the country’s richness and diversity, we participated for the second consecutive year in Expoartesánías, a platform that displays artists from different Colombian regions. Along the course of the event, we imparted financial education to micro-business owners and artists with a conference called “Improve your Finances, Improve your Life”.





NGO's and international organizations relations

- Development of financial products and services

Seeking to help meet the needs and expectations of underprivileged communities, and vulnerable groups that have been excluded from the financial system, we developed projects as well as products and services with guidance from social organizations and public-private partnerships.

Detailed information on this aspect is presented in Chapter 4 Our Banking at the Service of Clients, because we consider it a fundamental part of the business.

- Donations

Through our economic contributions we supported the strengthening of education and other humanitarian causes across a large number of non-profit organizations and foundations. Social contributions in the form of donations are made through Banco de Bogotá's *Corporación Banco de Bogotá para el Fomento de la Educación* (Corporation for the Advancement of Education).

Following is a description of our efforts during the second half of 2016:

TOPIC	NO. OF ORGANIZATIONS	AMOUNT (COP)
Education: Strengthening formal, informal or complementary education on the good use of free time.	14	\$139,500,000
Scholarship plans: Contributions to university and institutional programs that support disadvantaged, high-performing students.	4	\$100,000,000
Comprehensive care: Contributions to foundations that offer comprehensive care programs for vulnerable populations (unmet basic needs such as education, health, food, housing and recreation).	9	\$89,000,000
Disability: Support for foundations with rehabilitation and social and occupational inclusion programs for disabled people.	4	\$45,500,000
Health: Allocation of resources to support foundations and promotion, education, awareness or rehabilitation programs for individuals with chronic or terminal illnesses.	6	\$52,500,000

We delivered a total of COP 426,500,000 to strengthen 37 social and educational programs in Colombia.

In 2016, 98 social organizations were benefited, and COP 1,965,244,867 were provided to support social and environmental causes.

- **Social Volunteering**

Together with Fundación Catalina Muñoz, in the second half of 2016, we created a corporate volunteer brigade in the city of Montería, with the goal of improving infrastructure at the main site of the Juan XXIII School.

A total of 24 volunteers from our Bank and 2 from the Foundation participated, in addition to 44 school volunteers, who painted indoor murals in classrooms, some walls near the school yard, columns in hallways and children's play areas. They also conducted an environmental clean-up and recycle campaign. All these efforts were aimed at providing a pleasant environ-

ment in which to conduct academic activities for children in Montería, and to strengthen community support.

During 2016, 192 hours of social volunteering were registered.

- **Social Christmas**

In December 2016, we invited our collaborators to participate in different social campaigns in order to share in Christmas with some of our allied foundations, as follows:

1. Learn about the life experience of someone who has experienced violence: Through the United for Colombia campaign, we shared the stories of 3 land mine survivors with nearly 50 employees from the Credit Card Vice-presidency Office.

Corporate Volunteerism - Institución Educativa Juan XXIII, Montería



2. Join the Season of Hope! Together with Fundación Sanar, our employees took part in an initiative to donate gifts or be volunteers at the season of hope party. That was an opportunity to share and celebrate life with children and adolescents with cancer. The event was held December 11; a total of 80 gifts were collected and 5 volunteers participated.

3. Help feed disadvantaged families: This Christmas we invited employees to donate non-perishable items, and collected ten boxes filled with food items for three foundations committed to implementing social, inclusive projects:

- Fundación Grupo Alegría: Non-profit organization helping children with cancer.
- Fundación Hogar San Mauricio: Attention and protection for homeless children, providing education, shelter and food.
- Fundación ABC Prodein: Promoting integral development based on social programs to provide dignity to the lives of children, youth and adults in vulnerable conditions.

4. Donate and share with the Congregation of Homeless Mothers in Andagoya, Chocó: The Regional Office of Antioquia and Administrative Management participated in the institutional donation event held by the Bank for this Foundation, with the delivery of gifts for impoverished children and older adults.

Relation with Suppliers

We consider suppliers as part of our work team, and promote their growth and progress. Thanks to joint efforts of cooperation and support, we have prioritized relations that are framed by ethics and compliance of regulations that are indispensable for transparency, equity and proper development of the contracted services and/or products.

At this time, we have **7,610 active suppliers** (not including payments for lease or commissions for vehicles) of which **84% are Colombian**.





Digital McCann Team – Marketing services suppliers

Regulations for contracting goods and services

In order to guarantee transparency and efficiency in managing suppliers, we established a series of policies and regulations that facilitate collaboration and clarify the business bonds that we lay down every day. Today, we abide by the Procurement and Contracts for Goods and Services Regulation, and the Financial Administration Manual, which governs accounting and payment procedures.

Our supplier requirements aim to promote best practices in the companies we contract with, in order to reach a mutual strengthening and develop long-lasting relations between both parties.

Our suppliers meet the following characteristics:

- They are duly incorporated and comply with all legal regulations.
- They make their social security payments on time.
- They offer products that meet high standards of quality, innovation and legality.
- They have a portfolio of services that fit the Bank's needs.
- They have sufficient equity to respond to the Bank's requirements in a timely manner.

Management: supplier performance assessment and maintenance:

Rigor in dealing with our partners is fundamental for our Bank. For that reason, we consistently highlight the following aspects so that the departments that interact with them can strengthen their relations continually:

- Comply with regulations in accordance with their economic activity: Every individual or company that establishes a relation with our organization must provide proof at the time of registration and with formal documentation of the legality of all the economic activities used by our institution.
- Supplier ethical behavior: Bank internal departments that interact with suppliers must know them in-depth, ensuring their ethical behavior either by means of an interview or visit to the site where they carry out their activity, and through a revision of documents.
- Supplier social and environmental management: Departments that relate with suppliers must be familiar with aspects related to their personnel management, safety and working conditions, environmental and social plans, and others that ensure a sustainable relation for both parties.

Once the suppliers have been assessed under the stated criteria and received a total score, the Bank will implement monitoring and action and improvement plans for suppliers that fail to reach 100% on the score.



Relation with media and opinion leaders

With the goal of providing clear and timely information about our endeavor to the public, we implemented an ongoing press and public relations with the media whereby we can disclose relevant news and events in newspapers, magazines, information portals, and radio and television news programs.

We address media questions and concerns through our Communications Management Office. As a consultation channel, we also have a Newsroom on our website with the information released to the media.

Thanks to this effort, in 2016, there were a total of 2,556 publications related to Banco de Bogotá in the local and national press. Of these, 1,260 came out in the second half of the year. The information disseminated was intended to communicate financial results, news about products and services, sponsorship of cultural events, interviews with executives, social responsibility and financial inclusion activities, and others.

Social Media Networks

The Bank has been on Facebook and Twitter since February 2014. Social media has become a channel to relate to our clients and the community. We generate institutional content to post on these sites, and we address concerns and complaints reported by our clients, redirecting them to the proper channels. In 2016, there were 9,320 mentions on the Bank's social media networks. Of these, 4,355 were on the second semester, and we addressed all the client and user comments.

We work to strengthen our relations with investors, the media, and opinion leaders by providing *information that is relevant, timely and accurate.*

Our environmental management

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 sectors, including the financial sector, as the driver of a more environmentally sustainable economy.

At our Bank we are committed to sustainability in our operations and activities, and for that reason, we focused on four objectives in 2016, considering both the challenges and opportunities involved in the development of our management: (i) our first objective has been to work on national and international environmental initiatives through Protocolo Verde (Green Protocol), to align our policies and good practices with those of the financial sector and National Government; (ii) similarly, considering climate change as an environmental priority, we measured our CO2 and other greenhouse gases emissions to understand the organization's performance and to establish compensation and

mitigation measures; (iii) the third objective is aimed at eco-efficiency, where we seek to make better use of natural resources and reduce our operations' impact, and; (iv) for the fourth objective, we aim to improve our competitiveness by including guidelines in our operations that contribute to sustainable development, conducting an analysis and managing environmental and social risks generated by our clients' operations.

1. National and International Initiatives

Within the framework of sustainability, being part of national and international initiatives allows us to have a wide perspective of best practices in environmental matters. For that reason, our efforts are focused on identifying opportunities for improvement that respond to threats derived from climate change, and furthermore, to develop a new outlook for business opportunities that contribute to better sustainable management.

Cañon del Chicamocha, Santander





1.1. National Initiatives - Protocolo Verde

We are committed to working by complying with 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 were part of the following actions:

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

We participated in a round-table hosted by 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 financial entities. The system 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. In the second semester we finalized the ESRAS guide, which will be launched in the Asobancaria Financial Risks Convention.

- **Promotion and dissemination of good environmental practices with our employees.**

In the second half of 2016, we put out a number of communications related to the environment in order to promote good practices.

Communication message
Bogotá, I give you my word: proper use of common areas.
Keep our city clean and in good condition.
Remember, to help is as easy as giving the right use to the Integrated Transportation System (SITP) in Bogotá.
Bogotá, I give you my word: Bike mobility.
Out Bank is committed to sustainable mobility.
Green Collection.
Our Bank supports environmental initiatives – volunteerism.
Care for our Bank is our responsibility: I want a green planet.
When we choose green collection we are considering the future of our planet

2. Climate Change Management

Climate Change poses new global challenges, business opportunities and imminent risks in every sector of the economy. For that reason, we have increased efforts to improve how we manage natural resources, which contributes to the care and preservation of the environment through the following initiatives:

2.1. Greenhouse Gases (GHG) Inventory

We calculated our corporate carbon footprint for 2016's operations under the guidelines of the corporate accountability standard and GHG Protocol report, as well as ISO 14064-1, which includes specifications to quantify and report on emissions and removal of corporate GHG. As regards our commitment to manage both the direct impact (scope 1) and indirect impact (scope 2) generated by electricity consumption at our facilities, we made the calculations, including both scopes, of the carbon footprint as described in the graph below:

1.2. International Initiatives

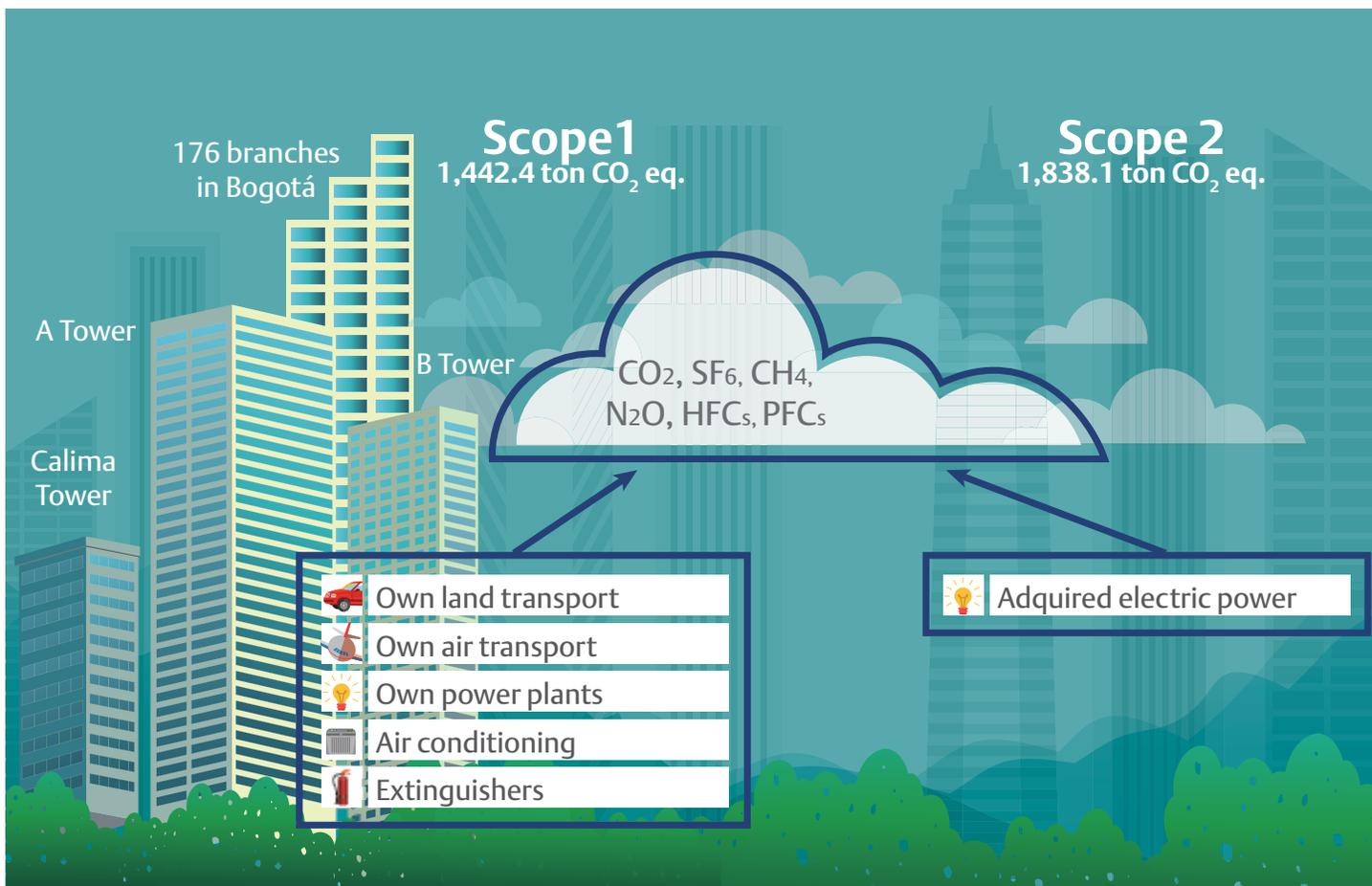
• Dow Jones Sustainability Index

In 2016, we took part for the second year running in the RobecoSAM corporate sustainability assessment to apply for inclusion in the Dow Jones Sustainability Index, which measures the performance of the Bank's environmental, social and economic activities and compares them with companies all over the world.

• Carbon Disclosure Project - CDP

We also started to disseminate our environmental impact, a volunteer initiative promoted by 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 sustainable.¹⁰

¹⁰ Banco de Bogotá CDP 2016 results: Disclosure Score C-Awareness.



The purpose of the corporate carbon footprint measurement is to understand our climate change performance as an organization, and on that basis, propose offsetting and mitigation strategies for the following years. The calculation revealed the following:

Source	Scope	Total Emissions (TonCO ₂ e)
Mobile Sources		
Emissions from fuel consumption of vehicles*	1	33.1
Emissions from fuel consumption of airplanes	1	49.2
Airborne Sources		
Emissions from energy consumption in fixed plants**	1	22.7
Fugitive Sources		
Fugitive emissions from the use of refrigerant gases in air conditioning machines	1	1,334.5
Emissions from extinguishers***	1	2.9
Emissions from acquired electrical energy consumption****	2	1,838.1
Total emissions [CO₂e]		3,280.5

*According to the GHG Protocol methodology regarding fuel, the diesel and gasoline used in Bogotá have a biomass of 8%. Therefore, greenhouse gas emissions by biomass are not included in the total footprint.

**For fuel consumption at power plants, the calculation was based on fuel purchases during the year distributed in a monthly operation specifically subject to standardized equipment tests.

***For Solkaflam-type extinguishers, we considered the 93% of the refill as emission, considering the technical specifications for the extinguisher content provided by the extinguisher maintenance and reload service supplier in Bogotá.

****Electricity consumption at offices where there is no invoicing information was assumed to be from a physically and operationally similar office.



In the search to improve our environmental management, we increase the organizational estimate limit to include the 3 administrative offices of the previous year (A and B Towers, and Calima), and added the 179 offices located in Bogotá. These offices account for a 19.9% of coverage in infrastructure, and the three administrative sites correspond to a 15% of the infrastructure at the national level.

At present, our main objective is to continue 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 complete coverage of all our branches and sites throughout Colombia. We hope to achieve this goal within a period of four years.

The total corporate carbon footprint calculation for 2016 of **scope 1 and 2 is 3,280.5 TonCO₂e**, and it is evident that the source generating the greatest emission is electricity consumption, followed by refrigerant gases in air conditioning equipment located at coverage sites. For that reason, our efforts will focus on reducing the sources with the greatest environmental impact.



2.2. Environmental Volunteering

In the second half of 2016, we held three environmental volunteering sessions in which we planted trees in a number of nature reserves to offset part of our 2015 carbon footprint.

We are one of the top sponsors of Carrera Verde (Green Race) (2015 and 2016), along with Fundación Natura and the United States Embassy in Colombia. Each year we formulate a work plan focused on reforestation activities in which our employees can participate.

The first planting event took place on August 20 at the “El Silencio” reserve in Retiro, Antioquia. The second and third were on August 27 and September 3 at the Encenillos biological reserve in Guasca, Cundinamarca. Nearly 300 participants took part in these activities, including employees and companions, and we were able to repay part of the environmental resources used to perform our operations (this as a result of the 2015 Carbon Footprint calculation completed in 2016 at the Bank).

**2,400 hours of
Environmental Volunteering
in the second half 2016.**

3. Eco-efficiency

We promote sustainable and responsible use of natural resources in our processes and activities. Therefore, in recent years we have focused our work on creating indicators of water and energy consumption and paper saving measures. The initial objective is to get indicators at 100% coverage nationwide, in order to generate effective action plans that result in responsible use.

3.1 Water consumption

Water use at the Bank is associated to human consumption and cleanup and maintenance activities of the 1,500 infrastructure units that include administrative offices and business offices. The administrative offices in Bogotá have the largest number of employees in our company, accounting for a 22%, and that is where we have concentrated our efforts.

Water consumption in 2016 was 680,180.66 m³ reported by 627 offices, which represents a 69.62% of the total bank offices and 11 administrative sites in Bogotá. That, in turn, corresponds to a 55% of the Bank's total facilities nationwide. Our 2015 measurement included our Headquarters building and nine administrative buildings in Bogotá, and 564 business branches around the country, indicating that the consumption for the year in question was 267.14 million m³.



It is important to note that the nature of the activities carried out at the administrative site and our offices is different. Two thirds of our workforce is located at the administrative site, and the other third is at the business offices. For that reason, one of our goals is to increase coverage of the water consumption measurement, and to continue on the road to manage and control this indicator.

3.2 Energy Consumption

Our electricity consumption is concentrated at the lighting installations of our infrastructure network at the national level. Energy consumption in 2016 was 38,911.45 MWh, corresponding to 742 offices that represent a 92.75% of the total bank branches and 11 administrative sites in Bogotá. In turn, these account for a 55% of the total Bank facilities nationwide. In 2015, the calculated consumption was 23,469.95 MWh, which was obtained from the registries of 564 offices out of a total of 900, and 9 administrative sites out of 21.

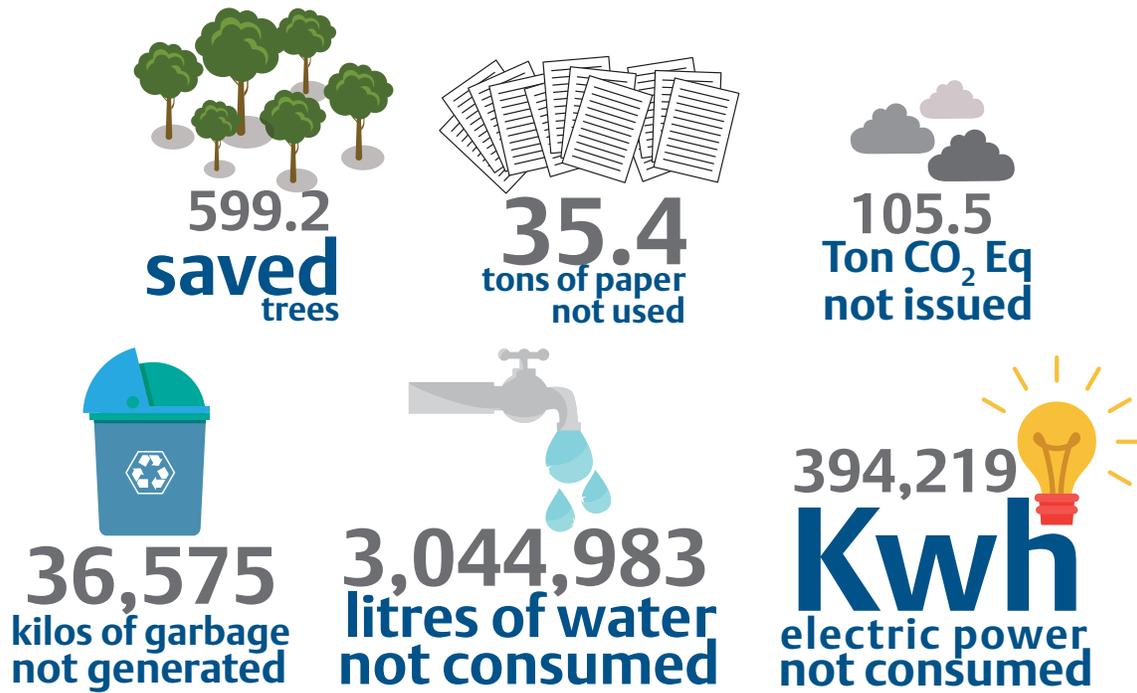
Improving our environmental management has been a priority for the Bank, so we are investing in eco-efficiency projects from which we expect to attain a 10% saving in energy consumption, plus the administrative costs that go along with that. One example of these initiatives is the installation of movement sensors and light intensity regulators that will contribute to saving energy through automatic switches that turn the light off when there is no movement.

3.3 Paper consumption

- **Bank Statements**

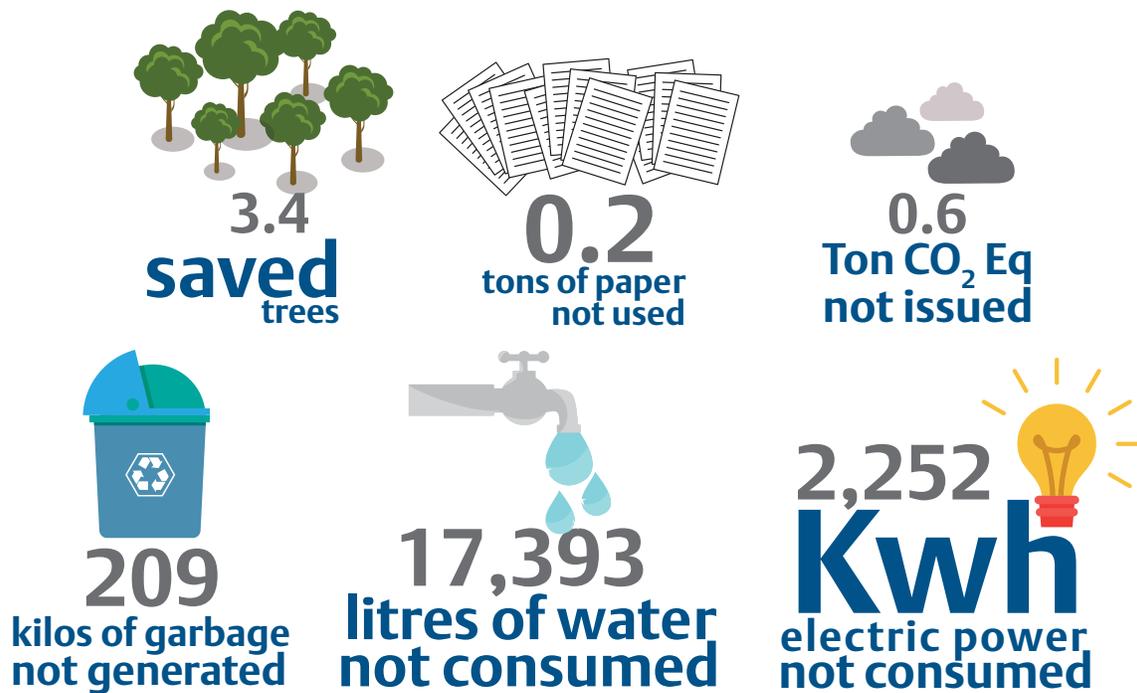
Through the paper mail reduction project for our clients and in order to reduce our consumption of natural resources by making use of technology, we sent our clients bank statements by email, thus preventing the unnecessary use of paper. For the second half of 2016, we sent 5,713,415 statements, equivalent to 15,667,430 sheets of paper saved.

This saving in paper is equal to:



• Pay slips

Similarly, pay slips are sent to all our employees via email. For the second half of 2016, we sent 134,242 pay slips, equivalent to 44,747 sheets of paper.



3.4 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 second 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 second semester of 2016, we managed to collect the following quantity of material:

MATERIAL	Kilos I Half 2015	Kilos II Half 2015	Kilos I Half 2016	Kilos II Half 2016
PAPER	3,177	10,637	7,634	5,668
CARTON	6,393	3,731	5,393	8,123
NEWS PAPER	0	0	2	0
PET	175	72	204	358
PLASTIC	0	0	18	17
LIDS	420	125	257	124
TOTAL Kg Donated	10,165	14,565	13,508	14,290

A total of 14,290 kg in material was donated in the second half 2016, representing a contribution to Fundación Sanar of COP 5,362,914 to finance the treatment of 7 children suffering from cancer.





4. Environmental and Social Risk Management Analysis

Aware of the importance of managing social and environmental risks in Bank credit operations, we implemented the Environmental and Social Risk Analysis System (ESRAS) for Findeter operations, operating since June 2015.

The main goal of this system is to assess the environmental and social impact of granting loans reviewed by the rediscount institution, developed initially for those operations that meet the following conditions:

- Operations that are part of the sectors included in the Findeter's Rediscount Operations Regulations, with the exception of the Territorial Fiscal Adjustment sector, rediscounts for Affordable Housing individual loans and Debt Replacements for Territorial Entities.
- Operations that do not correspond to compensated rate lines.
- Investment projects exceeding 20,000 minimum monthly legal salaries
- Projects subject to Environmental License in accordance with Decree 2041 of October 15, 2014.

Rediscount loan operations that apply for ESAS validation are reviewed by Findeter, which issues an opinion on the compliance of environmental and social requirements to finance the operation. In that regard, some of the required commitments include:

- Follow-up Reports on Environmental License Management Plan
- Presentation of Comprehensive Waste Management Plans
- Construction Licenses
- Environmental Management Plans
- Forestry use permits.

Following disbursement, there is a procedure established to monitor project commitments regarding potential environmental and social impacts generated during the term of the loan, which is managed by specialized departments at Findeter and our Bank.

Through the ESAS - Findeter system, in the second half of 2015 and first half of 2016, we processed three loan operations totaling COP 245,236 billion in three sectors (Waterlines, Airports and Real Sector).

Furthermore, through ESAS - Findeter, in the second half of 2016, we processed a loan operation in the amount of COP 42,300 billion in the Compensation Funds sector.

Of the four operations validated by ESAS, one required an Environmental License, and three were given the green light with the requirement of commitments during project execution.



*Financial Inclusion Route, a trip for
Colombia's Progress*

“ People from the country had to learn; for example, we have learned to use an automatic teller machine. And why can’t we have the same benefits as people from the city; we can too”.

Azucena Bolaños benefited from the Financial Inclusion Route initiative

Financial inclusion consists of a process in which banking services are integrated in the citizen’s daily economic activities, thereby contributing to the country’s progress and development.

In view of that, Banco de Bogotá is working to create new banking access and financial inclusion services, giving way to proposals and businesses alongside strategic partners, to reach areas of Colombia that have been historically underserved by banks, by increasing channel coverage in rural areas, standardizing transactions at banking correspondents, providing rural micro-loans, to name a few.

One initiative being developed by the entity in its efforts to bring its services to the people is the Financial Inclusion Route, “a Trip for Colombia’s Progress”. Since 2016, this project has been touring the country to facilitate access to various channels and promote financial education.

Last year, the Financial Inclusion Route toured 24 municipalities in 5 Colombian departments (Tolima, Huila, Antioquia, Valle del Cauca and Cauca).

To develop this action, the Bank has the support of the United States Agency for International Development (USAID), and it also works together with municipal mayors’ and governors’ offices.

“We have the same needs as people living in the city. We need services and appliances. People from the country had to learn; for example, we have learned to use an automatic teller machine. And why can’t we have the same benefits as people from the city; we can too,” said Azucena Solanos, who benefited from the Inclusion Route in the municipality of Tello in Huila.

In this way, Banco de Bogotá contributes to building a society that offers greater opportunities for all.