

ENVIRONMENTAL AND CLIMATE CHANGE POLICY

Introduction and objectives

Through the framework of action of its sustainability strategy, which is aligned with its corporate strategy, Banco de Bogotá has assumed a commitment to manage the business in a responsible and innovative manner to improve the quality of life of the people that engage with the Bank, to contribute to the economic prosperity of society and to help reduce its impact on the environment, which enables it to consolidate a sustainable business model that includes economic, environmental and social criteria. You can consult the sustainability strategy [here](#).

In this way, the Bank assumes its commitment in the management of its environmental and social matters, related to the impact of credit transactions, administrative activities derived from its daily work, human resources work and protection of human rights, in which it maintains a proactive position to reduce the impact of its operations to a minimum, as well as risk management and creation of opportunities through the integration of the economic, social and environmental components in credit transactions and internal activities.

For the Bank, climate change management as the main focus of its environmental strategy is essential. Therefore, it is very important to the Bank to implement actions for adaption to and mitigation of the effects of climate change, recognizing the impact that this has on the business, the associated risks and opportunities, and its strategic and financial implications.

Aim: Provide the guidelines to achieve sustainable development, and adaption to and mitigation of climate change, the focus of our environmental and climate change strategy. These guidelines are designed to identify and support the productive economic sectors, identify risks and business opportunities, manage operational eco-efficiency inside the organization, design environmental products and programs, and constantly train, raise awareness and disclose environmental matters to all our stakeholders.

Scope: Our policy covers all areas where the Bank operates and applies to all employees, including temporary staff or contractors.

National and International Framework adopted for environmental management

The following national and international standards were included for the design of this policy, on which it is based our environmental and climate change strategy as part of our sustainability strategy:

- Global Compact
- Dow Jones Sustainability Index (DJSI)
- Sustainable Development Goals (SDGs)
- Principles for Responsible Banking (PRB), UNEPFI
- Net Zero Banking Alliance (NZBA), UNEPFI
- Task Force on Climate-related Financial Disclosures (TCFD)

- Global Reporting Initiative (GRI)
- Asobancaria's Green Protocol

Principles

1. Promote sustainable financing and the development of green products and services, to contribute to the transition to a low-carbon economy, aligned with the Paris Agreement and in accordance with the Bank's Net Zero strategy
2. Incorporate environmental and social risk management, including climate change risk management for projects financed by the Bank through the Environmental and Social Risk Management System – ESRMS – according to the guidelines developed by the bank's credit policy area.
3. Maintaining our Carbon Neutral Certification in our direct operations.
4. Implement an internal environmental management system to continue the actions that promote improvement in our operations with a focus on eco-efficiency and aligned with applicable Colombian environmental regulations.
5. Generate a sustainable culture towards employees and other stakeholders (customers, society, financial union, among others) on environmental and climate change issues.

Guidelines

The activities and processes carried out by the different areas of the Bank should be guided by the following commitments:

1. *Development of green products and services:*

Promote financial innovation through green products and services, which contribute to a low carbon economy, generate environmental impact from our clients and support them in their transition process:

- Implementation of the country's green taxonomy to determine the destinations of the Bank's green portfolio and complement the bank's green taxonomy.
- Development of green products and services, which allow us to support our customers in reducing emissions and generating a positive environmental impact.
- Management of sustainable funding sources that align with our sustainability objectives.
- Development of an information system for measuring the environmental and social impact generated by our customers through the products and services that we offer.

2. *Climate change risk management and ESRMS:*

Identify, categorize and manage environmental, social and climate risks, reducing the external impacts generated by Bank-financed projects, as well as the credit and reputational risk associated with these aspects, through the following actions:

- Identification and assessment of environmental and climate risks including physical and transition risks.
- Identification, analysis and management of possible environmental and social risks or impacts generated by productive activities of our clients and how these at the same time can be affected by climate change factors, through ESRMS.

- Identification of transactions according to the exclusion list (Annex 1).
- Monitoring of clients, to ensure that the identified risks are managed throughout the life of the project.
- Development of a training program for employees.

3. *Environmental management through Carbon Neutral Certification:*

Manage the carbon footprint to improve the Bank's environmental performance:

- Calculation of the corporate carbon footprint (Scope: 1, 2 and 3).
- Monitoring of water, energy, paper consumption, generation of hazardous and non-hazardous waste and business trips, among others.
- Generation of initiatives to reduce and offset our carbon footprint.
- Definition of long-term goals.
- Promotion of communication actions, which promote the awareness of our collaborators with the environmental and climate change issues.

4. *Net Zero Strategy*

Capture a significant opportunity for business growth, supporting customers in their transition; and align our loan portfolio with zero-emission scenarios in 2050, in accordance with international standards of the banking industry:

- Measurement of funded issues in our portfolio (Scope 3 – Category 15).
- Capture business opportunities to support our clients in their transition through financial solutions and allow them to align their credit portfolio with zero emission scenarios by 2050.
- Construction of trajectories, in accordance with the commitments assumed in the Net Zero Banking Alliance (NZBA).
- Definition of commitments and targets for financed emission reductions and long-term decarbonization.

Governance structure

The direction and compliance with this Policy is in charge of the Sustainability Committee of Banco de Bogotá, which is composed of eight (8) permanent members, including two (2) members of the Board of Directors, and six (6) officers involved in the management of ESG; and meets every six months. This committee is responsible for monitoring the bank's sustainability strategy, climate change management and Net Zero strategy; suggest financial solutions that contribute to the strengthening of the Bank's sustainable finances, and new business opportunities; promote participation in international references; and monitor the metrics, progress and action plans of the initiatives and programs defined in the framework of climate change management. Also, monitors indicators such as: portfolio volume, thematic bond issuances, environmental impact of products, among others.

The execution and control of this Policy and the plans derived, are responsibility of the Vice Presidents, Directors and Managers in charge of areas such as risk, credit, commercial areas with their respective business units, administrative areas, human talent, physical resources, communications and sustainability.

Within the Bank's governance structure for environmental and climate change issues, there are the following management committees:

- **Sustainable Finance Committee:** is composed of four (4) Vice Presidents and three (3) Directors; and meets monthly. Is responsible for formulating sustainable finance initiatives, monitoring their contribution to the bank's sustainability strategy, socializing them with other work teams, and reviewing applicable taxonomies. Tracks indicators such as: volume and growth of sustainable finance portfolio and transition finance and established goals, and client pipeline for sustainable finance opportunities.
- **Sustainable Bonds Committee:** is composed of seven (7) members of the management level (or their designees) and meets monthly. Is in charge of defining and coordinating aspects related to funding instruments in which thematic bonds are included (i.e., green, sustainable, etc.), and monitoring the costs and use of these instruments. Monitors indicators such as: use of sustainable funding resources and compliance with the Green, Social and Sustainable Bond Principles.

The Sustainable Finance area executes under the guidelines of the Vice Presidency of Sustainability and Corporate Services, different mechanisms of articulation with the areas involved in the management of the sustainability strategy. Also, this area formulates guidelines, supports areas in the incorporation of ESG criteria for the design of financial solutions and environmental and social initiatives; and promotes the growth of the sustainable finance portfolio.

Policy review: a term of three (3) years is established to review the guidelines described in this policy.

Disclosure and promotion: The progress in this policy will be disclosed to the stakeholders through the official channels established for this purpose, and in all cases, it will be included in the annual management and sustainability reports.

Annex 1. Environmental and Social Risk Management System Exclusion List – ESRMS

As part of the Environmental and Social Risk Management Policy, the Exclusion List of restricted activities is established.

Companies, projects, or activities that:

1. Are illegal or against local laws and regulations or international agreements and conventions ratified by Colombia. (Decree 1076 of 2015 and other regulations modified or added).
2. Are related to the manufacture and/or marketing of weapons and ammunition, unless it is a state entity. (Law 737 of 2002, Decree 2122 of 2003).
3. Are related to gambling, chance or risk of money laundering and terrorist financing.
4. Adversely affect flora and fauna, or trade in wildlife products, especially those regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), trees felling without a logging permit, purchase of logging equipment, wood production without the respective environmental management plan, among others similar. (Decree 1076 of 2015, Title II) (checklist.cites.org).
5. Affect national parks or other similar protected areas, without due approval from the competent authorities. In addition to World's Natural heritage sites, the United Nations list of national parks and protected reserves, wetlands declared of international importance defined in the Ramsar Convention, areas defined by the International Union for Conservation of Nature (IUCN), public protected areas such as the national natural park system, protective forest reserves, regional natural parks, integrated management districts, soil conservation districts, recreation areas and private protected areas such as civil society nature reserves registered in the Single National Registry of Protected Areas. (Decree 1076 of 2015 Title II) (runap.parquesnacionales.gov.co; whc.unesco.org/es/list/; ramsar.org; iucn.org).
6. That involve illegal fishing activities, marketing, transport or storage of specimens or products of prohibited species in reserve areas, in prohibited areas, or with explosives, poisonous substances; without permission from the competent authority or non-compliance with existing regulations, and other activities that are harmful to marine fauna and flora. (Law 13 of 1990, Penal Code Article 335).
7. Generate and/or carry out transboundary movements of hazardous wastes defined in the Basel Convention without the consent of the countries or without the approval of the National Environmental Licensing Authority ANLA (Law 253 of 1996; Decree 1076 of 2015 Title VI).
8. Violate the lands of indigenous peoples, Afro-descendants, raizales, palenqueras; without the due process of prior consultation and authorization of the competent authorities, as well as alteration or damage of any patrimonial and cultural property of the nation. (Political Constitution article 79, law 21 of 1991, Decree 2613 of 2013).
9. Companies that fail to comply with fundamental labor principles and rights such as forced or child labor, discriminatory practices, or practices that prevent employees

from legally exercising their rights of association and collective bargaining. (Political Constitution, Substantive Labour Code, International Labour Organization).

Production, trade and/or use of:

1. Radioactive materials. It does not apply to the purchase of medical equipment, quality control measurement or any equipment for which it can be demonstrated that the source of radioactivity is negligible. (Resolution No. 18-1434 of 2002, Resolution 41226 of 2016).
2. Non-agglomerated asbestos fibres, or products containing them. (Law 436 of 1998, Administrative Court 39 of Bogotá, Sentence 25000231500020050248801, Mar. 1/2019).
3. Pharmaceutical products that have been withdrawn from the market, banned by national or international authorities; unless registered with the National Drug Surveillance Institute (INVIMA, for spanish original).
4. Herbicides and/or pesticides and/or Persistent Organic Pollutants (POPs) such as PCBs and/or hazardous substances that have been withdrawn from the market, banned by national or international authorities. (Law 1196 of 2008 and more rules that modify or add to it).
5. Equipment or machinery using ozone-depleting substances regulated by the Montreal Protocol. (Law 29 of 1982 and more rules that modify or add to it).