

## ENVIRONMENTAL AND SOCIAL MANAGEMENT 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. For this reason, and in accordance with its Code of Ethics, Banco de Bogotá is committed to the maintenance, protection and conservation of the environment. So it promotes initiatives among its employees that support the achievement of this purpose, which are aimed at implementing actions to improve the ecological, environmental and social conditions.

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 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. Our purpose is to identify the main sectors most vulnerable to climate change; those that generate a greater environmental and social impact in the development of their activity, both positive and negative; and those that can result in greater opportunities through the implementation of mitigation and adaption measures for this phenomenon.

### National and international environmental standards adopted

The following national and international benchmarks were taken into account for the design of this policy, which our environmental strategy is based on, as part of our sustainability strategy:

- Global Compact
- Dow Jones Sustainability Index
- Sustainable Development Goals (SDGs)
- Principles for Responsible Banking (PRB)
- Net Zero Banking Alliance (NZBA)
- UNEP United Nations Environment Programme Finance Initiative
- Asobancaria's Green Protocol

## Principles

1. Support compliance with the current environmental regulation of the country where Banco de Bogotá and its clients operate.
2. Design and implement an environmental and social risk management system for the projects financed by the Bank according to the guidelines developed by the Credit Policy area in the “Environmental and Social Risk Management Policies” operating manual, based on national and international environmental standards.
3. Promote sustainable financing and development of green products and services that contribute to the transition toward a low-carbon economy, as established in Colombia's National Development Plan.
4. Implement an internal environmental management system with the ability to calculate the Bank's environmental performance through indicators and to manage actions according to their results.
5. Increase the awareness of the Bank's employees and other stakeholders (including customers, society in general and the financial profession) on environmental matters, as well as knowledge of the impacts that exist in its daily work.
6. Align this policy with the corporate strategy, designed through the Bank's strategic redirection (6Cs), in accordance with Banco de Bogotá's sustainability commitment.

## Guidelines

The activities and processes implemented by Banco de Bogotá's different departments must be guided by the following commitments resulting from its adhesion to Asobancaria's Green Protocol:

1. *Develop and implement an environmental and social risk management system (ESRMS):*

Its aim is to identify, categorize and manage the environmental and social risks, reducing to a minimum the external impacts generated by the projects that the Bank finances, as well as the credit and reputational risks associated with these aspects, ensuring the following actions:

- Development of a training program for employees.

- Identification of operations according to the exclusion list established in the “Environmental and Social Risk Management Policies” operating manual.
- Environmental and social risk assessment of the projects financed by the Bank.
- Assistance and monitoring of clients to ensure that the identified risks are managed throughout the project’s lifetime.

2. *Development of green products and services:*

The aim is to promote financial innovation through green products and services that contribute to a low-carbon economy and generate a positive environmental impact through our clients and users:

- Independent classification of green products and services, which will enable the establishment of the Bank’s environmental portfolio and the efficiency derived from these services.
- The development of green products and services shall be subject to the environmental, commercial and financial feasibility guidelines that support the investment, as analyzed by the ESRMS. The above with the aim to identify new green investment opportunities adapted to the clients’ needs, which will enable us to contribute to a low-carbon economy.
- Funding through multilateral organizations, which enables us to be more competitive and generate demand for these clients.

3. *Develop an internal environmental management system:*

Its aim is to improve the Bank’s environmental performance through the creation of a set of indicators that enables the following actions:

- Monitoring of water, electricity and paper consumption, of the generation of hazardous and non-hazardous waste, and of business travel.
- Calculation of the corporate carbon footprint.
- Generation of actions to reduce and offset our carbon footprint.
- Identification of risks associated with climate change that can have an impact on our operations.
- Promotion of communications activities that raise our employees’ awareness of environmental and climate change problems.

4. *Environmental commitment to the country’s targets:*

The aim is to contribute through Banco de Bogotá as part of the Colombian financial sector to the climate change commitments and to the policies for green growth proposed by the Colombian Government through the National Climate Financing Strategy<sup>1</sup> and the Sustainable Development Goals (SDGs).

## Procedures

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<sup>1</sup> October 2018. Available online:

<https://colaboracion.dnp.gov.co/CDT/Ambiente/Finanzas%20del%20Clima/Estrategia%20nacional%20de%20financiamiento%20clim%C3%A1tico.pdf>

- **Direct impact**

We understand this impact as the direct damage that can be generated on our business and our operations on a daily basis, which can affect their continuity. Taking this into account, we commit to:

1. Measure, mitigate and offset our carbon footprint: We measure our energy, water and paper consumption, waste management and travel. We establish annual targets to reduce our internal consumption and we seek mechanisms to mitigate and offset our carbon footprint by planting native trees in protected areas, and promoting the reforestation and restoration of forests.
2. Promote environmental actions through programs and initiatives that help to reduce our carbon footprint, such as: sustainable mobility, sustainable infrastructure and responsible consumption, focusing on our employees.
3. Manage the risks associated with climate change: We analyze the risks associated with climate change that could harm the proper operation of our business or that could affect our stakeholders.
4. Play an active role in public-private initiatives through our connection with the Colombian Banking Association, Asobancaria, in order to contribute to the design of products, initiatives, programs and actions that mitigate the impact of climate change, raise awareness of the industry's stakeholders, and coordinate strategic management in terms of socio-environmental sustainability.

- **Indirect impact**

We understand this impact as the direct damage that can be generated on our business and our operations on a daily basis, which can indirectly affect the continuity of our business as a result of damage to our portfolio, reputational and legal damages, among others. Taking this into account, we commit to:

1. Manage our carbon footprint: We promote a culture and conduct among our stakeholders to mitigate the carbon footprint through initiatives for training, raising awareness, communication and participation in environmental activities of our employees, customers and stakeholders.
2. Environmental and social risk assessment: We identify the positive and/or negative impact of financing environmental and social projects by our clients, by identifying risks associated with climate change, human rights and labor practices, among others.
3. Design products and services for the mitigation of climate change in order to create greater value for our customers.
4. Promote environmental actions through programs and initiatives that help to reduce our carbon footprint, such as: sustainable mobility, sustainable infrastructure and responsible consumption, focusing on our stakeholders, especially, customers, suppliers and strategic partners.

## **Governance structure**

The management and observance of this policy is the responsibility of Banco de Bogotá's Sustainability Committee, which is comprised of two (2) Board members, the CEO or Executive Vice-President, the Vice-Presidency of Business Banking and Retail Banking, the Vice-Presidency of Sustainability and Corporate Services, the Strategy and Financial Planning Division, the Communications Division and Sustainable Finance Direction.

The implementation and control of this policy and the resulting plans are the responsibility of the vice-presidents, directors, and managers in charge of areas such as Risk, Credit, commercial departments with their respective business units, administrative areas, Real Estate, Physical Resources, Communications and Sustainability.

Within the Bank's committee structure, there is also the Green Committee, comprised of the following departments: Vice-Presidency of Corporate, Business, Government, Institutional and Social and Medium-Sized Companies, Credit Policy Division, Risk Division, Sustainability Management, Profitability Division and Communications Management. This committee shall have the following responsibilities:

- Design, implement and maintain monitoring of the ESRMS.
- Design the training plan for the Bank's employees involved in the ESRMS and in the placement of green products.
- Promote the creation of green products and the generation of demand for them.
- Carry out relevant internal and external communications initiatives that enable the communication of the ESRMS and the products that result from these green initiatives.
- Generate partnerships so that we can offer our clients ways to calculate the savings these green businesses have provided, as well as advising them on the tax benefits that they will obtain if they implement the green investments.

Sustainability Management will ensure compliance with the environmental guidelines, promoting and consolidating information among the respective areas, which will enable compliance, implementation, and monitoring of the Bank's Environmental Management System.

**Review of the policy:** A term of five (5) 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 report.