2022 Report
We promote Sustainable economic development to achieve well-being for EVERYONE

We align our Strategy with the Sustainable Development Goals and have chosen three fronts to achieve our Corporate Purpose:

1. Promote financial inclusion
   - End of poverty
   - Quality education
   - Gender equality

2. Strengthen the competitiveness of the productive framework
   - Decent work and economic growth
   - Industry, innovation and infrastructure

3. Build more sustainable cities and communities
   - Sustainable cities and communities
   - Climate action
Impact Analysis

In September 2019 we signed the commitment of joining the PRB. we have committed to have by 2023 full implementation of the six Principles of Responsible Banking responding to our Corporate Strategy.

About this report

In order to comply this duty, we have committed to undertake 3 steps which have been constantly in our sustainability journey and are in continuous improvement.

To allow transparency this is not an additional report, but a compilation of our public reporting allocated in our website, annual report and disclosures to other initiatives.
Principle 1: Alignment

In Bancolombia we will continue aligning our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1. Business Model
1.2. Alignment of Strategy with international frameworks
1.1 Business Model

High level summary

We are a financial entity with 147 years of experience that allows us to be the allied of more than 25 million customers in Colombia, Panama, El Salvador and Guatemala, including individuals, SMEs, companies and corporations, whom we accompany from the opening of their first savings account to offering them all the products and services that require banking, leasing, renting, stock brokerage, trust and investment banking. But our commitment does not end there, we continuously evolve in the creation of ecosystems to be present in the daily lives of our customers and non-customers, through new solutions and non-financial capabilities.

- Our net loans as Group for 2021 were 204,459,001 million COP where 63.5% represents commercial credit, 22% consumer, 13.9% mortgage and 0.6% microcredit.
- Gross loans per subsidiary: Bancolombia – 71.3%, Banistmo – 14.8%, BancoAgricola – 6.7% Bam – 7.3%
- As of December 31, 2021, Bancolombia’s net investment portfolio totaled COP 29.289 billion, increasing 9.1% from the end of 3Q21 and decreasing 0.9% from the end of 4Q20.
- Digital banking: The bank has 6.5 million active digital clients in the mobile retail APP, as well as 15.9 million accounts in its financial inclusion platforms (5.9 million users in Bancolombia a la Mano and 10.0 million in NEQUI).

References:

Annual Report: p. 12, 13

Earnings report
1.2 Alignment

High level summary

We are more than a financial services firm. We are a responsible generation that adapts to the challenges of the environment to generate a triple positive impact on the economy, society, and the environment, with a long-term vision. One of our priorities is to meet the UN SDGs. We constantly work to maintain our position as one of the most sustainable banks in the world According to the DJSI. In 2021 we have been recognized as the best place to work and the company with the best reputation in Colombia during the last decade.

We have voluntary protocols and standards allowing us to have access to the best practices that we incorporate to our value offer in order to achieve our commitments, along with the disclosure of the results to our stakeholders and the international community: Business Ambition for 1.5, Carbon Disclosure Project (CDP), Climate Action 100+, Global Investors for Sustainable Development (GISD), Global Reporting Initiative (GRI), Dow Jones Sustainability Index, UN Women Partnership for Carbon Accounting Financials (PCAF), - Principles for Responsible Banking, Principles for Responsible Investment, United Nations Environmental Program - Financial Initiative (UNEPFI), Green Protocol, Science Based Targets Initiative (SBTi), Task Force on Climate-Related Financial Disclosure (TCFD), Net Zero Banking Alliance, Glasgow Financial Alliance for Net Zero (GFANZ), Net-Zero Asset Managers Initiative (NZAM)

References:
Annual Report: p. 13, 144
Principle 2: Impact and Target Setting

In Bancolombia, we will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis
2.2 Target setting
2.3 Plans for Target Implementation and Monitoring
2.4 Progress on Implementing Targets
As members of the Positive Impact working Group of UNEPFI we have used the Portfolio Impact Analysis Tool for Banks which helped us assess our lending portfolio and thus, complying with our commitment with the PRB we selected the following two impacts which are aligned with our Corporate Purpose (see slide 2).

The Portfolio Impact Analysis Tool is an iterative input-output workflow that helped us to determine our most significant impact areas according to our Bancolombia S.A. portfolio and led us with the result of two areas: Climate change and Inclusive and Healthy economies that are comprehensive with our long-term Strategy and our essence as financial institution. Having identified these impacts we will enrich the analysis with different methodologies aligned with best-known global practices.

**Climate Change:** for 2021’s report we are presenting our Climate Change impact analysis under PCAFs methodology as well as our target aligned with our commitment with SBTi, the Business Ambition for 1.5°C and our most recent adherence to the UN-convened Net Zero Banking Alliance.

**Inclusive and Healthy economies:** we have our 2030 Ambition of mobilizing of at least USD 140 billion through financial services aligned with the SDGs over the next 10 years. After benchmarking several practices, we have concluded that our approach is to have monetized impacts for all our Corporate Purpose, so we have set the target to measure our well-being generation based on best international practices.
2.1 Impact Analysis

2.1.1 Scope

High level summary

Our impact analysis is being developed in Bancolombia S.A. (Colombia) which represents 71.3% of 2021's Gross loans.

When entering information to the impact tool we have analyzed Bancolombia S.A's portfolio so all the figures presented, and impacts selected correspond to Bancolombia S.A and are not exclusive to selecting other impacts for other geographies.

• For further reports we will cover Banistmo – 14.8%, BancoAgricola – 6.7% and Bam – 7.3%

References:

Earnings report
2.1 Impact Analysis
2.1.1 Scope

High level summary

Climate Change

following PCAF’s methodological approach we included our commercial and mortgage financing, which represents 63.5% and 13.9% of our credit portfolio respectively in Colombia.

Also, for the estimation of our financed emissions the following industrial sectors were considered:

• Sensitive industries: Coal mining and coal powered thermal plants.
• Transition industries: Oil & Gas, cement, steel and iron, transportation and cattle raising.
• Non sensitive industries: All other sectors of the economy.
• Emissions avoiding sectors: non-conventional Renewable energies, electric mobility and energy efficiency projects

References:

Earnings report
Climate Change Strategy banner in our Eco-Bank site
CDP Report
2.1  Impact Analysis

2.1.1  Scope

High level summary

Inclusive and Healthy economies

Bancolombia is committed to generating well-being for EVERYONE while promoting sustainable economic development (see slide 2), working for having Inclusive and Healthy economies is at the core of our Strategy.

As explained in our methodology our approach is to have monetized impacts, during 2019 we began this important journey with the financial inclusion strategy in Colombia, Also, in 2018 we carried out the analysis for our sustainable line, obtaining positive results that are detailed in our Impact Valuation report.

So far, we have been able to identify that for each peso we disbursed under ESG criteria, we generate 1.2 pesos of Value Added to Society, this covers 30% of our loan portfolio.

References:

Impact Valuation report
2.1 Impact Analysis
2.1.2 Scale of exposure

High level summary

Climate Change

The following information is presented in terms of commercial and mortgage credit balance:
- Sensitive industries: 1%
- Transition industries: 6%
- Non sensitive industries: 92%
- Emissions avoiding sectors: 1%

Inclusive and healthy economies

Our 2030 Ambition with disbursement of 36.8 trillion COP represented above 39% of our total disbursements in 2021 of 94.7 trillion COP.

References:
- Annual Report: p. 138
- Earnings report
- Climate Change Strategy banner in our Eco-Bank site
- TCFD Report
2.1 Impact Analysis

2.1.3 Context and Relevance

High level summary

With the use of the Country Needs resource in the Portfolio Impact Tool, we were able to determine that the most relevant challenges and priorities in Colombia included Inclusive and Healthy economies, economic convergence, climate change, use of soil, access to housing, Strong institutions, employment and access to food. All of those needs are addressed by Bancolombia. The Country Needs resource uses several international resources and provides guidelines on how to leverage additional resources, that enable an assessment of the priorities and challenges in different countries. Through a review of these resources, we were able to identify the abovementioned priorities and challenges.

Colombia has been working on designing the necessary strategies to fulfill the commitments acquired in the Paris Agreement and also since updating their ambition since 2020, committing to reduce GHG emissions by 51% by 2030 against a BAU Scenario.

In Bancolombia we have established our climate commitment aligned with the prioritized sectors by the Colombian government. Bancolombia is an active member in the SISCLIMA climate change finance committee, which seeks to share best practices in the Colombian banking sector. Currently we have not had stakeholder engagements where climate change has been prioritized as a strategic issue. We plan to include it in our next materiality assessment with stakeholders.
2.1 Impact Analysis

2.1.4 Scale and intensity/salience of impact

High level summary

As stated previously the outcome of our assessment of the challenges and priorities in Colombia led us to look more closely at climate change and inclusive and healthy economies.

Those impacts were selected because these were identified as key priorities in Colombian development plans, are aligned with our Corporate Purpose and Goals and due to the scale of our exposures in sectors that are key contributors to these areas of impact.

References:
Climate Change
Strategy banner in our Eco-Bank site
Bancolombia recognizes that climate change represents new risks and opportunities, with strategic and financial implications for our businesses and our clients and other stakeholders. This is why we have confirmed our commitment to implement mitigation and adaptation actions to respond to the adverse effects of climate change through our climate change strategy.

Considering the transition to a low carbon economy, Bancolombia has defined three business actions:
1. Coal exposure policy: we have adopted a policy that restricts coal financing, including coal mining and coal power, in this policy we have defined our process to eliminate coal from our lending portfolios by 2030.
2. We have defined an engagement and advisory strategy for clients towards a transition to a low carbon economy.
3. We have defined our business ambition with regards to de-carbonization of the economy at 40,000 million COP for financing new renewable energy, sustainable mobility and sustainable building projects.

Also, all our sustainable financial and non financial solutions are aligned with Incusive and Healthy economies impact, where the umbrella is under financing 500,000 million COP (140 billion USD) by 2030.
2.2 Target Setting

2.2.1 Target definition

Climate Change

- To reduce 9.3 million CO2e by 2030 through the financing of clean technologies
- To finance 40 trillion COP by 2030 in zero or low emission projects or technologies.

Inclusive and healthy economies

- To finance 500 trillion COP (USD 140 billion) in financial services aligned with the SDGs by 2030.

References:

Climate Change Strategy banner in our Eco-Bank site

Annual Report: p. 90

Business Ambitions site
2.2 Target Setting
2.2.1 Baseline

High level summary

Climate Change

**Financed emissions:** The base year established for our financed emissions is 2019. In accordance with Sbti guidelines, the base year should be the most recent year with reliable information. Considering that 2020 was an atypical year due to the Covid – 19 pandemic, 2019 is defined as our base year.

The baseline financed emissions for Bancolombia is 4.7 million tons of equivalent CO2, which corresponds to approximately 48 Kg CO2 per million of financed COP.

**Climate commitment:**
- Our baseline year is 2020.
  - We financed 1.5 COP trillion in low or zero emissions projects.
  - We avoided 168.275 ton Co2

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<tr>
<td>Transition industries</td>
<td>2’242.074</td>
</tr>
<tr>
<td>Non sensitive industries</td>
<td>1’018.585</td>
</tr>
</tbody>
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References:

Climate Change Strategy banner in our Eco-Bank site
2.2  Target Setting
2.2.1  Baseline

High level summary

Inclusive and healthy economies

Our baseline year is 2020. We financed 24.8 COP trillion in financial services aligned with the SDGs as follows:

- **Strengthen the productive network**
  - Agriculture: $5.7 Tn
  - SMEs: $8.4 Tn
  - Technological Reconversion: $0.5 Tn

- **Build sustainable cities and communities**
  - Decarbonization – Climate change: $0.2 Tn
  - Sustainable mobility: $0.2 Tn
  - Access to housing: $6.0 Tn

- **Promote financial inclusion**
  - Nequi and Bancolombia a la mano: $0.2 Tn
  - Gender equality: $0.2 Tn

References:

Earnings presentation p. 5
2.3 Plans for Target Implementation and Monitoring

High level summary

Climate Change

Inclusive and healthy economies

Our main targets are monitored in our strategic board, Bancolombia has established a variable compensation metric for all employees where performance of these two targets are included in our corporate board under the name of “Achieve wellbeing for everyone” which is one of the four strategic objectives for 2022. In this sense, the impact areas are included as follows in our corporate board:

• Business with purpose is how we have named the goal for inclusive and healthy economies impact area

• Climate commitment is how we have named the goal for climate change impact area.

References:

Principle 2: Impact and Target Setting

Material issues
2.4 Progress on Implementing Targets

High level summary

References:

Material issues

Earnings presentation p. 5
Statement

• **Impact Analysis:** we have prioritized two impact areas that are comprehensive of our 2030 corporate strategy.

• **Target setting:** We have showed the main two targets that aligned with our Corporate purpose and cover our 2030 strategy.

• **Plans for Target implementation:** We have showed that the targets are part of our corporate board and are monitored periodically.

• **Progress on implementing targets:** our targets reflect the path we have undertaken to be recognized as one of the most sustainable banks in the world. All our progress will be published every year until we reach 2030.
Principle 3: Clients and Customers

In Bancolombia, we will continue working responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Policies and practices
3.2 Solutions to encourage sustainable practices
3.1 Policies and practices

High level summary

At Bancolombia we are committed to incorporating ESG variables into our corporate strategy, we have redefined our purpose with the goal of promoting sustainable economic development to achieve the wellbeing of all.

This commitment comprises our activities in all our business segments: Corporate, Companies, and SMEs banking, Personal banking, Government and Institutions banking, Investment Banking, Asset Management, Private Banking, among others, and includes processes of due diligence, engagement, knowledge of clients and finance through innovative products for sustainable solutions.

In addition, we have a specific business unit for sustainable financing that incorporates aspects such as:

• Specialized technical visits to the client with our commercial team.
• Identification of the new environmental regulation.
• Analysis of environmental and social risks.
• Training and courses for our commercial team.
• We participate in fairs and academic events.
• Innovation and development of sustainable financial services.

References:

Sustainable Finance banner in our Sustainability Model site

Annual Report: p. 97 - 103
3.2 Solutions to encourage sustainable practices

High level summary

We encourage our customers to make new sustainable investments such as: technological reconversion, projects that generate environmental benefits and resource optimization (less water, energy and fuel consumption, or that generate less waste). In fact, sustainable financing has been one of our major efforts to ratify our commitment to the inclusion of Environmental, Social and Corporate Governance (ESG) variables in the value propositions targeted at our customers, which we implement in all segments and business units of the organization.

Total sustainable financing to date since 2014 amounts to COP 15 trillion approved and COP 7.8 trillion disbursed.

**Bancolombia Sustainability Line:** This is a special financing line designed to support our customers in the development of projects that promote the use of clean technologies, renewable energies, efficient use of energy, clean fuels, and reduction of waste, emissions and discharges, among others.

In 2021 we made disbursements for COP 3.6 Trillion

**Non-financial solutions**
- Everyday life ecosystem: this is where we want to have solutions that enable us to be relevant in the day-to-day lives of our customers, concentrating solutions so that they can join the financial system, as well as make better savings, investment and consumption decisions through our different channels, services and products.
- An alliance with Sura called Mis Aliados (My Allied), was launched in 2020, a services ecosystem that promotes and cultivates well-done freelance work. It is a platform that enables self-employed workers to connect with people who need their services. 2,013 allies have registered since its launch.
- We have also made Muverang available to major cities in partnership with Sura and Celsia, a shared electric mobility system designed to create communities of companies and individuals committed to the environment and the country in order to help them solve their personal and work-related commutes in a sustainable, safe and efficient manner.
- Aligned with Climate Action 100+, we undertook two processes of engagement and dialogue with Colombian companies on climate change issues. Similarly, we developed virtual events for issuers of securities in the Colombian market to emphasize the importance of considering ESG criteria in the business.

References:

Sustainable Finance banner in our Sustainability Model site

Annual Report: p. 97 – 103, 123 - 143
Principle 4: Stakeholders

In Bancolombia, we will continue proactively and responsibly consulting, engaging and partnering with relevant stakeholders to achieve society’s goals.

4.1 Description of stakeholder engagement process
4.1 Description of stakeholder engagement process

High level summary

We implement communication and engagement strategies with our different relationship groups, in order to identify how we are generating shared value, through the most relevant actions that we carry out in economic, social and environmental matters.

References:

Annual Report: p. 17
Dialogue with stakeholders banner in our Sustainability Model site
Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Relevant governance structures, policies and procedures
5.2 Initiatives to foster Culture
5.3 Governance Structure for the Implementation of the Principles
5.1 Relevant governance structures, policies and procedures

Policies:
We understand the Principles for Responsible Banking as comprehensive to our current Strategy which pursues the achievement of the SDGs and continues evolving to meet our stakeholder’s needs. In this sense, we have several policies that back up this Strategy:
• Sustainable Procurement
• Human rights
• Climate change
• Environmental Management Policy
• Controversial issues on financing and investment
• Responsible investment
• Stakeholders' relationships

Procedures:
We have included in our Corporate Indicators three Strategic objectives related directly to the SDGs and the Paris Agreement.

Governance Structure:
We are developing our Sustainability Governance model; all our Structure is developed in point 5.3

References:
Sustainable Policies banner in our Sustainability Model site
Material issues
5.2 Initiatives to foster Culture

High level summary

All our actions with employees are looking to have the Corporate Purpose at the heart of every person working for Grupo Bancolombia. All our initiatives are described in our Annual report.

We would like to highlight two strategies:

**Movimiento B**: By the end of 2020, we embarked on a new path. We have evolved from values to traits. We proudly declared the behaviors that set apart the 30,000 employees of Grupo Bancolombia. We know that the organization's talent will contribute to materializing our purpose and strategy. Movimiento B embodies our essence. It is what describes us as an organization. It is what fuels our culture. With Movimiento B, we seek the necessary contexts so that integrity, human beings, clients, sustainable growth, dynamism, and extraordinary performance are the employees' traits in our organization.

**Equity, Diversity and Inclusion**: in Grupo Bancolombia, we provide work environments where equity, diversity, and inclusion (EDI) are practiced, challenging stereotypes and contributing to our attitudes, behaviors, and daily decisions. As a sign of this commitment, we declare the Equity, Diversity, and Inclusion Policy. The different areas in the organization are responsible for reviewing the processes they lead and adjusting them to ensure that we promote equal opportunities for all people based on this policy.
5.3 Governance Structure for the Implementation of the Principles

**High level summary**

We have several Committees that oversee the implementation of our Corporate Strategy

- **Steering Committee:** Grupo Bancolombia's Steering Committee is in charge of executing and developing actions to implement the strategy and achieve the long-term objectives of the organization.
- The Bancolombia Board of Directors is integrated by 7 members and has 4 support committees, made up entirely of members of the Board of Directors: Compensation and Development Committee, Good Governance Committee, Risks Committees Appointment and Compensation.

**Internal Committees:** Small internal Committees that support our Strategy and oversee specific strategic topics.

- Risk appetite committee: in charge of including sustainability issues into our business impacts, risks and opportunities.
- ESG Committee: in charge of aligning our investment strategy with ESG Best practices
- GAP Committee: in charge of the funds and follow up of our Sustainable credit line
- Sustainable funds committee: in charge of revising that the projects covered by a certain emission are aligned with what was agreed with our investors
- Climate change committee: in charge of the climate change strategy:
- Gender Strategy Committee: In charge of the implementation of our equity, diversity and inclusion strategy.

**References:**

Annual Report: p. 16
5.3 Governance Structure for the Implementation of the Principles

High level summary

The Integration of environmental and climate-related risks and opportunities into our financial planning is carried out taking into account the ESG Governance established in Bancolombia, which states that The Executive Committee of the Presidency of Bancolombia acting as the Sustainability Committee exercises the Climate Change Governance of the Bancolombia Group and will have its highest advisory body in the Bancolombia Board of Directors through the Corporate Governance and Corporate Risks committees. This Committee makes recommendations to the company’s management team and board of directors. This structure ensures that ESG issues including those raised by external stakeholders, are integrated into our core business decisions and are reviewed and managed at the highest levels of the company.

We are improving our Sustainability Governance Model in order to oversight the implementation of the principles with emphasis on targets and impacts.

References:
CDP Report p. 15
Our current corporate governance structure is aligned with best ESG practices.

We are finalizing the improvement of our Sustainability Governance Model, in order to guarantee we guarantee that relevant committees monitor the effective implementation of the Principles for Responsible Banking emphasizing our impact measurement and target setting.
Principle 6: Transparency & Accountability

In Bancolombia, we will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Progress on Implementing the Principles for Responsible Banking
6.1 Progress on Implementing the Principles for Responsible Banking

High level summary

We are proud to say that our progress is enormous, and it is all baked up with the declaration of our Corporate Purpose: We promote Economic Sustainable Development to Achieve well-being for everyone. This is our north and all the strategies we develop to create value among our stakeholders are aligned with this Purpose.

After signing the PRB we declared the Ambition of mobilizing at least 140 billion USD in SDG-related financial services, this Ambition is complemented with a net zero strategy that reflects our commitment with Climate Change one of the most relevant challenges today.

Our strategy is aligned with best-in-class international standards, we started in 2008 when adopting the Equator Principles and after years of hard work we are proud to say that we are one of the most sustainable banks in the world according to Dow Jones Sustainability Index by 2021. Also, we were invited by the UN-Secretary General to be part of the Global Investors for Sustainable Development Alliance, made up of 30 CEOs, recognized leaders of major financial institutions and corporations spanning all the regions of the world. The focus of the Alliance is to deliver concrete solutions to scale-up long-term finance and investment in sustainable development

References:
Annual Report: p. 119
Protocols Website
After the signature of the principles, we redefined our Corporate Strategy to reflect the way we address society’s challenges aligned with the SDGs and several different frameworks.

Declaring our Corporate Purpose was a way to lock down Sustainability into our daily activities and reflects the journey we decided to take for the next decade.

We will continue improving our internal process to fully comply with the 6 principles by 2023.