

Responsible Investment Policy

In Bancolombia we manage significant financial resources for our own investment portfolio, for third parties through delegated management contracts and through collective investment funds. By our financial activity we can invest directly in companies and other admissible investment vehicles for those portfolios; we also advise our clients in their own investment decisions. The creation of this policy comes because as an organization we are aware that Environmental, Social and Governance variables are fundamental for a successful development of business activities, since they can guarantee a better generation of value for our stakeholders.

1. Policy Scope

This policy covers all investment activities in Grupo Bancolombia; this includes our investment activities from Bancolombia's Treasury, Asset Management Bancolombia, Bancolombia Investment Banking, Fiduciaria Bancolombia, and Valores Bancolombia, not exhaustive to fixed income, public and private equity, mutual funds, ETFs, derivatives, and alternative assets. Each of these business units is responsible for implementing the incorporation of ESG criteria in their investment and decision-making processes with the support of the Sustainability Team, according to their own capabilities and maturity around the topic.

2. Commitment

As institutional investors and portfolio managers, we have a duty to seek the maximum generation of long-term value for our beneficiaries. We believe that environmental, social and governance issues have an impact on the financial performance of investment portfolios (to various degrees depending on companies, sectors, regions, asset class or timing).

We also recognize that the application of this policy helps us perform in accordance with broader objectives of society. For this reason, we commit to the United Nations Principles for Responsible Investment:

1. To incorporate ESG variables (Environmental, Social and Governance) into our investment analysis and decision-making processes.
2. We will be active owners and integrate ESG variables into our practices and policies.
3. We will seek appropriate ESG issue disclosure of the companies we invest in.
4. We will promote the acceptance of the principles in the global investment community.
5. We will collaborate to improve our efficacy in the application of the principles.
6. We will inform about our activities and progress in applying the principles.

3. Issuer Engagement

Our approach will be based on the public information that market issuers disclose related to their sustainability strategies, regardless that in some types of businesses direct information may be required from companies on their Environmental, Social, and Governance performance. For this reason, we will actively participate in initiatives with relevant participants in the market that direct their efforts to the promotion and implementation of responsible investment. This includes our adherence to the Principles for Responsible Investment and the following recommendations to issuers:

- The incorporation of sustainability performance in their origination.
- The incorporation of ESG variables in their yearly financial reports.

4. ESG Issues

ESG performance of issuers will be monitored with the help of research developed in-house and from third data provided by specialized suppliers.

This analysis is oriented to identify relevant themes to issuer performance on environmental social or economic/governance aspects, adjusted accordingly to the industries that companies are part of, and the material issues associated with each sector of the economy.

- In the economic aspect we will assess practices associated with: Governance, risk management, compliance, ethics and conduct codes, supply chain management, among others.
- In the environmental aspect we will assess practices associated with: Legal compliance, environmental management systems, Eco-Efficiency, business risks and opportunities, climate change strategy, environmental reporting, among others.
- In the social aspect we will assess practices associated with: Human Rights and labor practices, health and safety, human capital development, talent attraction and retention, corporate citizenship, social inclusion, social reporting, among others.

For the implementation of this policy all related teams in charge will be trained periodically accordingly on the policy itself, we will have the necessary tools available to guarantee the success of implementation, and related stakeholders will be included to identify material issues on this topic.

5. Our approach to ESG factor incorporation

5.1. Negative Screening

Bancolombia will not invest in companies or projects related with the production, commercialization, or the use of the products, substances and activities mentioned in the following exclusion list. This list is available in the Bancolombia Sustainability site. <https://www.bancolombia.com/wps/wcm/connect/b8f2d58b-f652-43ce-b519-4f442b2d1a1f/ControversialIssuesPolicy.pdf?MOD=AJPERES&CVID=I3ZaZrk>

5.2. Positive Screening

For specific investment strategies, where the approach applies¹, in Bancolombia we will apply positive screening for the best ESG performance in investments and the incorporation of sustainability factors in asset analysis, based on specialized research on ESG factors whether created by internal teams or by ESG research providers. This approximation consists of including investments from a pre-defined minimum ESG score or boundary.

5.3. ESG Integration

For specific products and investment strategies where the approach applies, in Bancolombia we will apply ESG full integration strategies where we incorporate ESG performance of issuers in traditional financial analysis to determine a fair value of investments.

6. Sustainable Investment Products

We will develop, depending on their viability, sustainable investment portfolios, oriented to companies, projects and activities that by their definition promote environmental welfare and social inclusion.

7. ESG Stewardship

7.1. Proxy Voting

In Bancolombia, we believe that the exercise of proxy must take into account ESG criteria as a fundamental element of interaction with issuers.

In this sense, we have enshrined as Annex 1 of this document, our policy on the exercise of proxy voting. This Annex contains the guidelines that under ESG standards must be taken into

¹ Not exhaustive to portfolios and funds managed under a declared ESG investment policy.

account by the entities of Grupo Bancolombia that manage portfolios, at the time of exercising the vote.

7.2.Engagement

We believe that interacting with companies in which we invest can guide them to contribute and seek solutions to long-term problems that allow the generation of value and that will probably contribute to the success of our investment thesis over time. These discussions will be centered around material ESG trends for each company, such as climate change, environmental management, human capital performance, human rights, ethical business, and its corporate governance.

These efforts will involve the relationship that allows us to mobilize ESG issues in the companies so that they are considered in the corporate strategy. In addition, close collaboration with the administration will be sought to take appropriate and concrete measures that allow the generation of long-term value.

This engagements in Bancolombia will be in charge by the Sustainability Department in company with the Risk, Commercial and Investment divisions.

8. Sector Specific Guidelines

We will seek to contribute with actions to mitigate the effects of climate change. We will guide industries that generate considerable carbon emissions and in which we invest to do mitigation actions, and, on the other hand, we will seek to modify the composition of investment portfolios based on the risks derived from these industries as adaptation actions.

In this way, we will implement our risk policy for climate change sensitive industries, in which the most impactful sectors in terms of greenhouse gas emissions and the risks of exposure of said sectors are identified. These sectors are:

- Coal-fired power generation
- Coal extraction
- Oil extraction
- Livestock
- Manufacture of cement
- Manufacture of basic iron and steel
- Air Transport
- Marine transport
- Vehicle manufacturing

Bancolombia will reduce the exposure to the coal mining and coal-fired power generation sectors in its investment portfolios and by 2025 it will be zero. For the remaining sectors, we will carry out constant monitoring of climate and transition performance of the companies in the investment portfolio as a fundamental criterion in decision-making, prioritizing in our strategy those that have the best performance within a financial objective.

9. Our Asset Class Approach

At Bancolombia we will apply a range of ESG strategies that cover various asset classes such as equities, fixed income, and currencies.

Said strategies will be implemented by portfolio managers at their discretion complying with an ESG risk baseline, taking advantage of the combination of our own methodologies and tools and those of third-party partners. For equities and bonds, these strategies will be implemented in the investment decisions processes and will allow ESG risks to be monitored and compared with restrictions and risk appetite. Therefore, they will be considered in the construction of portfolios through the selection of shares, investment conviction and weighting.

10. Responsibilities in the implementation of the Responsible Investment Policy

Considering the topics mentioned in this policy, the implementation will be led by the Sustainability Team and each respective business unit.

Assessment: the results of compliance of this policy will be revised periodically, at least annually by the sustainability Team.

Disclosure: significant progress made in the implementation of the policy will be disclosed to stakeholders via official channels established for this purpose and will be consolidated in the yearly report.

JUAN CARLOS MORA
CEO
Grupo Bancolombia

FRANCO ALEXANDER PIZA
Sustainability Director
Grupo Bancolombia

Annex 1. Proxy voting policy under Environmental, Social and Corporate Governance standards.

In Grupo Bancolombia we believe in responsible investment, and we are aware that Environmental, Social and Corporate Governance (hereinafter "ESG") standards are fundamental for the development of business activities. Thus, we encourage the incorporation of the best corporate practices in the companies or investment vehicles listed in national or international stock exchanges in which we have investments through the portfolios under our management.

1. Scope of application

This policy establishes the guidelines, in accordance with ESG standards, that must be taken into account by the companies belonging to Grupo Bancolombia in the exercise of proxy voting in the investments made in securities listed on national or international stock exchanges on behalf of the portfolios under management.

2. Applicable principles.

In the exercise of political rights under this policy, the Principles for Responsible Investment² recognized by the United Nations shall be considered.

3. Corporate Governance Criteria

The Corporate Governance criteria that must be taken into account when exercising political rights under ESG standards are listed below.

3.1. Financial Statements:

The financial controls and integrity of the financial statements of the companies in which we invest are critical, thus will vote favorably for approval of the financial statements and directors' reports, unless:

- a) We have concerns about the reasonableness of the financial statements, and these have not been duly resolved by the issuer.
- b) The investee company fails to respond to reasonable and timely requests for information from its shareholders and/or investors and we have evidence of non-responsiveness to requests from us.
- c) There are reasonable concerns by shareholders and/or investors about the performance of the company or investment vehicle and we have no evidence that the Company is providing timely and complete information.

² An investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact.

3.2. Board of Directors

An effective, diverse, independent and expert board of directors ensures the prosperity of a company or vehicle through the collective management of its affairs.

3.2.1. Election of members

In connection with the election of directors, voting rights shall be exercised in compliance with the following recommendations:

- a) We will abstain from voting in favor of the election of one or more of the members of the board of directors, if we have concerns according to our internal compliance processes and LAFT or corruption risk management systems.
- b) Directors may be subject to reelection; however, we shall not promote terms of office more than twenty (20) years.
- c) We prefer board compositions that, as a whole, ensure an average tenure of at least seven (7) years.
- d) We shall vote against the reelection of members who have had attendance averages of less than seventy-five percent (75%) of the meetings of the board of directors and/or the committees to which they belong. In the case of slate voting, we shall cast a negative vote whenever more than 30% of the members of the slate have not reached the threshold of attendance at meetings.
- e) We will vote against the election of directors who serve on more than five (5) boards of directors of stock corporations, including the one subject to election.
- f) We will vote against the election of board members if at least twenty-five percent (25%) are not independent members. We suggest that as a matter of good practice fifty percent (50%) be independent.

For these purposes, we will take into consideration the independence criteria of the Colombian Law 964 of 2002 and those that modify it.

3.2.2. Diversity

We expect the companies and/or investment vehicles in which investments are made to be committed to diversity and inclusion, therefore the following will be taken into account:

- a) We will vote against if the board does not include at least one female member. We prefer that boards of directors have at least 30% of their membership represented by women.
- b) We prefer that the composition of boards of directors take into account diversity factors, including gender, ethnicity and age. We also recommend taking into account professional characteristics such as industry, area of expertise and geographic location.
- c) We expect disclosure of the process by which candidates are identified and selected, including whether professional firms or other sources have been engaged for the purpose of identifying and/or evaluating candidates.

- d) We prefer that boards of directors combine the skills, experience and other qualities necessary to effectively oversee and guide management with the long-term strategy in mind.

Competencies and qualities we expect:

- Integrity, high ethical standards, and a strong commitment to good governance.
- Good reputation, based on a transparent, coherent, and diligent professional and civic practice.
- Integrity: technical and human competencies with a business approach.
- Conviction about the business orientation towards sustainable development, well-being, and equity.
- Decision-making skills in the business context.
- The candidate must have personal and professional qualities, academic preparation and / or work experience that certifies him/her as a suitable and competent person to lead and guide.
- Specific competencies that allow him/her to contribute to areas such as knowledge of the industry, financial aspects, risk or internal control, legal matters or commercial, technological, or economic issues.

3.2.3. Committees

We encourage the existence of at least two (2) committees to support the board of directors, the Audit Committee being one of them. These committees are an important component of corporate governance and contribute to the proper functioning of the board of directors.

- a) We expect the Audit Committee to be composed of a majority of independent directors who have the appropriate qualifications, experience, skills and ability to contribute effectively. It should also have at least one and preferably two members with experience in auditing, accounting, or finance.
- b) We expect that there will be a committee that includes within its terms of reference compensation, talent and nominating issues.
- c) We expect that there will be a committee that includes within its terms of reference Sustainability issues.

3.3. Remuneration

We believe that both the structure and level of executive compensation should be designed to promote the long-term success of the company. The committee responsible for compensation issues should have policies in this regard and ensure that executive compensation is aligned with the context of the business environment and the company's performance.

We expect companies to have performance indicators and targets in incentive plans, whereas material and appropriate, for the integration of social, environmental and corporate governance issues in performance measurement.

We will vote against the election or re-election of board members when disclosure about board compensation practices is insufficient or when board compensation policies are associated with criteria that favor excessive risk-taking.

3.4. External Audit

We believe that high-quality external auditing is critical to the healthy functioning of companies and the success of investments. We will vote against the election or re-election of the external auditor if we have unresolved concerns about the independence of the auditors or oversight bodies, the integrity of the selection processes, or the strength of internal controls.

In connection with the external audit:

- a) We expect disclosure of information related to the selection or ratification of an external auditor. In particular, we expect an explanation of any changes in the external auditor and a report on the process of selecting a new external auditor. Any resignation of the auditor prior to the end of his contract should be disclosed along with the reasons given by the auditor. We will vote against the appointment of auditors when the company fails to respond to requests for information in this matter.
- b) b) We attach great importance to the independence of the external auditor and the objectivity of the audit process. We expect the Audit Committee to maintain a direct and continuous dialogue with the external auditor. We will not support proposals that limit the responsibilities of the external auditor.
- c) c) We believe it is prudent for companies to have practices of rotating the external auditor at least every ten (10) years to ensure independence. We will vote against the company's auditors when they have been engaged for more than ten (10) years.

4. Environmental and Social Criteria

We believe that well-managed companies will effectively address relevant material environmental and social factors (hereinafter "ES") in a way that contributes to environmental and social development.

4.1. ES Disclosure

In Grupo Bancolombia, we consider essential the adequately disclosure of significant social and environmental risk factors and opportunities to which a company is exposed. This disclosure provides information on matters that could have a present or future impact on the generation

of business value, the creation of value for shareholders, society and the environment. In this matter, our recommendations are as follows:

- a) We will encourage companies to report on the social and environmental policies that are important to their business.
- b) We expect the adoption of a disclosure approach that takes into account ES strategy, corporate governance, performance and perspectives.
- c) We expect alignment with global disclosure standards such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) of the Value Reporting Foundation (VRF), or any superseding standard or framework, according to the industry to which they belong.
- d) We expect companies to report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), or any superseding framework or standard.
- e) We encourage companies to participate in the Carbon Disclosure Project's disclosure programs and other initiatives to improve market reporting on important environmental and social issues.
- f) We will vote against election to the Board of Directors when we consider that the company, according to our measurements, presents significant and unjustified lags in terms of disclosure, business practices or objectives.

4.2. Environmental management and climate change

In Grupo Bancolombia, we believe that a company's environmental management can have a long-term impact on its financial performance. Companies should consider the impact of their operations on the environment, the cost of compliance with laws and regulations related to environmental issues, physical damage to the environment (including cleanup and remediation costs), and consumer preferences and capital investments related to climate change. In this matter, our recommendations are as follows:

- a) We believe that corporate shareholders have a legitimate need for information that enables them to assess the potential risks and opportunities that climate change and other environmental issues pose to the company's operations, sales and capital investments, and that companies should share such information with the market.
- b) We encourage companies to disclose their exposure to a potential decrease in demand for products or services due to environmental considerations and whether they incorporate environmental or social issues into a risk assessment or risk reporting framework.
- c) We will seek to support proposals for companies to prepare and plan to mitigate the risks of climate change. This includes, among others, energy efficiency and renewable energy. All of the above, under criteria of reasonableness and prior analysis of the company's context.

- d) We will vote against the board members of companies that show significant lags and that for several years have been lagging behind in environmental protection issues and that lack a remediation plan.

4.3. Human capital development and diversity

Gender diversity improves corporate governance, talent attraction and human capital development, which fosters value creation both within companies and for their stakeholders and society. In Grupo Bancolombia, we support the dissemination of specific diversity objectives and action plans to close gender pay gaps in companies.

4.4. Other social criteria

In Grupo Bancolombia, with respect to social criteria, the company's labor practices, the supply chain and the monitoring of these criteria by the company are taken into consideration.

4.5. Board oversight of ES issues

In Grupo Bancolombia, we encourage companies to include among the responsibilities of a standing committee on the board of directors the oversight of the management of their material environmental and social impacts and to ensure that they comply with their obligation to report to shareholders on the company's performance in these areas. We believe it is increasingly important for boards to address these issues.