

CONTROVERSIAL ISSUES POLICY

Bancolombia Group as a financial entity and as an investor may positively or negatively impact the environment and the society. Being aware of that situation, it is relevant for building trust and for generating shared value throughout the operation of the business, to define a model regarding the intervention on economic activities that cause socio-environmental impacts.

Objective: To define the activities that shall not be financed because of their high social and environmental impact, and the conditions for financing and investing on economic sectors with high environmental and social impact.

Scope: Financing and investing operations of any business line of Bancolombia Group where this policy can be applied.

Procedures: We shall not finance projects related with the production, commercialization or usage of any of the products, substances and activities mentioned in the following exclusion list:

- Those implying slavery, forced labor, and child labor
- Those considered as illegal according to the local norms and laws or according to international agreements and treaties, or those subject to international forbidding.
- Gambling, casinos and similar activities.
- Manufacture and commercialization of weapons, ammunitions, unless it is a monopoly of the State.
- Commercial operations of forest harvesting or the purchase of equipment for those ends, aimed to be used in virgin humid tropical rainforests, i.e., those relatively intact or that have not been considerably modified by human activity in the last 60 to 80 years.

Projects or activities that affect national parks or any similar protected area, without the authorization of the competent authorities. Additional to the areas designed for each country, this includes, among others: the World Heritage sites (defined in The World Heritage Convention: <http://whc.unesco.org/nwhc/pages/doc/main.htm>), the List of National Parks and of Protected Areas of United Nations, the Lists of Wetlands of International Importance (defined in the Ramsar Convention: www.ramsar.org), or determined areas (for example, Natural Reserves or Native Areas, Natural Parks, Natural Monuments or Areas of Management of habitats or species) defined by the IUCN (International Union for the Conservation of Nature: <http://www.iucn.org/>).

- Those that affect property lands or lands claimed by awarding of indigenous people and ethnic minorities, without previous consulting and approving of the competent authority.
- Fishing in the ocean with trawl nets that have more than 2.5 kilometers of length.

- Radioactive materials. This does not apply to the purchase of medical equipment, quality control (measure) equipment, and any other equipment that demonstrate that the source of radioactivity will be insignificant.
- Asbestos fiber. This does not apply to the purchase or usage of asbestos cement containing less than 20% of asbestos, or if this is not the core activity of the client.
- Those containing polychlorinated biphenyl (PCB).
- Pharmaceutical products that are being progressively retired of the market or that have been internationally forbidden, according to United Nation's publications.
- Both commercialization of wild flora and fauna nor production and commercialization of related products; regulated in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, www.cites.org).
- Pesticide or herbicide that are being progressively retired of the market or that have been forbidden at an international level according to the Rotterdam Convention www.pic.int) and the Stockholm Convention (www.pops.int).
- Substances that damage the ozone layer and that are being progressively retired of the international market. Regulated by the Montreal Protocol.
- Border movement of waste or wasted-products defined in the Brasilia Convention (www.basel.int), instead of innocuous waste for recycling or those that are authorized by the competent authority.
- Persistent Organic Pollutants (POP), defined in the Stockholm Convention on Persistent Organic Pollutants; including pesticides such as: aldrin, chlordane, dieldrin, endrin, heptachlor, mirex and Toxaphene, as well as the industrial product Chlorobenzene (www.pops.int).

Complying Certification on the Exclusion List: Our clients will be asked to certify that the project to be financed by Bancolombia has nothing to do with the activities included in the exclusion list. Such Certification will be enough accreditation to keep going on the financing of the project.

Financing conditions for high social and environmental impact sectors: Economic sectors with higher social and environmental impacts will be evaluated and some guidelines will be agreed with the business areas in order to find a balance between finance interests and environmental and social impacts mitigation.

Responsibilities on the diffusion and implementation of the Controversial Issues Policy: According to the issues covered in the policy the responsibility will be in the head of the areas of: Risks, Business Units and Sustainability.

Evaluation: The Sustainability Area will periodically revise the results of compliance of the policy, at least annually.

Divulgation: The material progress on this policy will be divulged to stakeholders through the official channels disposed for such purpose and will be consolidated in the annual report.

CARLOS RAUL YEPES

President
Bancolombia Group

FRANCO ALEXANDER PIZA

Manager
Sustainability