

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) RISK MANAGEMENT CIRCULAR

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At Grupo CIBEST, we are committed to sustainability, which is why we adhere to the following agreements: the World Bank's Equator Principles, the United Nations Environment Programme – UNEP-FI, the Dow Jones Sustainability Index, the Partnership for Carbon Accounting Financials – PCAF, and we actively participate in the Green and Social Protocol of the National Government, the standards set by the International Finance Corporation – IFC, among others that may apply. Through these commitments, we seek to promote sustainable economic development and contribute, as a financial actor, to mitigating the effects of climate change by supporting mitigation and adaptation actions through financing decisions for industries with high greenhouse gas emissions.

In this policy, we consolidate the governance frameworks and guidelines in the following areas:

- I. Environmental and Social Risk Analysis – ESRA
- II. Controversial Business Topics
- III. Industries sensitive to climate change

I. ENVIRONMENTAL AND SOCIAL RISK ANALYSIS - ESRA

Purpose:

Conduct our commitment to responsible and sustainable financing within credit and leasing operations, through the evaluation of socio-environmental risks and impacts that may materialize and prevent their repercussion in affecting credit.

Addressed to:

The guidelines of this Chapter are corporate in nature and apply to the Credit and Leasing Portfolio of the Corporate, Business and SME segments, of the different business lines of Grupo CIBEST and its international subsidiaries.

1 CORPORATE SCOPE OF OPERATIONS TO BE EVALUATED

1.1 Equator Principles and IFC Performance Standards Scope

For the environmental and social risks assessments in the banks that conform Grupo CIBEST, the standards defined by World Bank's Equator Principles and IFC Performance Standards are applied through its guides on Environment, Health, and Safety.

In accordance with the foregoing, credit and leasing operations that fall within the following categories will be subject to environmental and social risk analysis by the Credit Risk department of each geography, as follows:

- 1.1.1 Project Finance Advisory Services where total Project capital costs are US\$10 million or more.
- 1.1.2 Project Finance with total Project capital costs of \$US10 million or more.
- 1.1.3 Project-related Corporate Loans, where all three of the following criteria are met:
 - 1.1.3.1 Most of the loan is related to a Project over which the client has Effective Operational Control (either direct or indirect).
 - 1.1.3.2 The total aggregate amount loan is at least US\$ 50 million.
 - 1.1.3.3 The loan tenor is at least two years.
- 1.1.4 Bridge loans with a tenor less than two years that are intended to be refinanced by Project Finance or Project-related Corporate Loans that meets the relevant criteria described in 1.1.2 and 1.1.3.
- 1.1.5 Project-related refinancing and Project-related acquisition finance, where all the following criteria are met:
 - 1.1.5.1 The underlying Project was financed following the Equator Principles framework.
 - 1.1.5.2 Project Completion has not yet occurred at the time of the signing of the facility or loan agreement. This requirement applies to those projects that are shown in numeral 1.1.2.

These conditions will apply without distinction to all the business units of the Banks that conform Grupo CIBEST. Projects developed by real estate banking and construction clients may be excluded from the assessment, at the discretion of the local Credit Risk department, given that the development of these projects is normally carried out in urban areas where municipal entities have defined their Territorial Organization Plan and that, in addition, they have the due controls to the technical and regulatory components. However, if the construction project meets one or more of the following criteria, the environmental and social risk analysis must be conducted, and the respective Environmental Concept issued:

- a. It is in protected areas or bordering them.
- b. There is a presence of ethnic minorities.
- c. Requires permits and/or environmental authorizations to subtract the reserve area and/or lift the ban.
- d. When the area where the project is built has a history of conducting environmentally sensitive activities (e.g., hydrocarbon, chemical and agrochemical or pesticide storage areas, mining, tanneries).
- e. When the area where the project is built has requirements on the nation's historical or archaeological heritage.
- f. When it is in risk areas due to climatic events (landslides, floods, heavy rains).

1.2 Scope of the Ecuador Principles for Companies Other Than Bancolombia S.A.

For Banistmo, Banco Agrícola, and Banco Agromercantil, the above-defined guidelines regarding compliance with the Ecuador Principles and IFC Standards are considered good practice. For Bancolombia S.A., compliance is mandatory as it is a signatory to the Ecuador Principles, and it only applies when the transaction originates in Colombia or its offshore subsidiaries (Bancolombia Panamá, Bancolombia Puerto Rico).

1.3 Sectoral Scope

In addition to the conditions described in the previous numeral, it will correspond to the credit risk department of each region, through local environmental and social risk assessment policies, to determine the sectoral scope for the socio-environmental studies of those operations that, due to their characteristics, do not fall within the scope of the equator principles and IFC performance standards (section 1.1). For this, they must show the economic sectors and productive activities subject to evaluation, based on the dynamics of each region and its regulations.

2 ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT IN THE RECEIPT OF GUARANTEES SUPPORTING CREDIT OPERATIONS OR ASSETS DELIVERED IN LEASING OPERATIONS OR ASSETS RECEIVED IN PAYMENT OR RESTITUTED

For the environmental risk assessment in the acceptance of guarantees and the acquisition of assets for leasing operations, the following conditions must be integrated into the local environmental and social risk analysis circulars and their corresponding management processes:

2.1 Determination of assets requiring environmental assessment

The local Credit Risk department must determine the guarantees of credit operations, the assets to be delivered in leasing operations and the assets proposed to be received as dation in payment, which will be subject to an environmental risk assessment. This determination shall apply to the Corporate, Business and SME segments and to real estate.

In accordance with the foregoing, the Credit Risk departments of each region must establish the properties subject to environmental assessment, based on local dynamics, regulations, and the activity's ability to generate an environmental liability, such as real estate containing solid waste processing plants, retail distribution stations for liquid fuels (gas stations), chemical and agrochemical production, processing or storage plants or properties located in risk departments due to climatic events (landslides, floods, heavy rains), among other properties.

2.2 Determination of excluded assets

The local Credit Risk department must determine the credit operation guarantees, assets to be delivered in leasing operations, and assets proposed to be received as payment in kind that will not be accepted due to their direct linkage to the production processes of companies engaged in activities considered highly sensitive to environmental impacts. This determination must apply to the Corporate, Business, and PYME segments, as well as real estate assets.

In line with this, the Credit Risk departments of each region must identify excluded real estate properties based on regulations and the potential of the activity to generate significant or irreversible environmental liabilities. Examples include properties used for mining activities or sanitary landfills, among others.

Additionally, the exclusion of assets defined in section 3.1.5 of the Industries Sensitive to Climate Change chapter of this Policy must be considered. This refers to the non-acceptance of collateral (guarantees or securities) for real estate properties where coal mining, coal-based power generation,

or any related activities have been, are currently, or are planned to be conducted. This also includes any assets used for these activities, such as machinery (see Annex 1).

- 2.3 Conditions during the execution (receipt) of guarantees, restitutions, or receipt of dations in payment of real estate subject to this policy, judicially or voluntarily

For the activities determined in section 2.1, for the receipt of the guarantee, the following aspects must be considered.

- 2.3.1 In all applicable cases, the local Credit Risk department will provide the environmental concept on the guarantee, which includes, among other aspects, environmental recommendations on the suitability of the property and the inclusion of the commitments and recommendations for risk mitigation.
- 2.3.2 In cases where there is not enough information to determine the impact, suitability can be determined within the corresponding Risk Committee in each bank, with the participation of the local Sustainability department.
- 2.3.3 For all operations, it must be established, as a contractual obligation, that in the event of delivery of a property resulting from the execution of a guarantee or restitution of a property delivered via leasing or a property delivered as dation in payment, this must be fully remedied and supported.
- 2.3.4 For those properties classified by the local Credit Risk department with physical risk potential, a climate change adaptation and mitigation plan must be requested, which demonstrates that the threat faced by the property is mitigated.

3 GENERAL CONSIDERATIONS OF ENVIRONMENTAL AND SOCIAL RISK ANALYSIS

- 3.1 The local Credit Risk departments must develop, implement, and execute an Environmental and Social Risk Assessment Policy that addresses the aspects and considerations contained in this chapter. Likewise, it must establish the procedures and/or processes that guarantee compliance with the conditions defined in this chapter, including, but not limited to, the filing flows of studies applications for credit, leasing, and guarantee operations, monitoring and covenant monitoring and internal reporting and disclosure schemes.
- 3.2 The internal Credit Risk department, within the local Environmental and Social Risk Assessment Policies, must include, when applicable, the commitments acquired with international or multilateral organizations, voluntary agreements with authorities or cooperation organizations.
- 3.3 It will be the responsibility of the local Credit Risk departments to inform the Corporate Emerging Risks department of the modifications, updates or adjustments made in the local Policies, to guarantee the adequate governance scheme of the Corporate ESG Risk Policy.

- 3.4 The documentation required for the environmental and social risk assessment will be defined by each local Credit Risk department, in accordance with the dynamics, regulations and technical consideration of each sector.
- 3.5 The environmental and social risk assessment in leasing operations will be developed only for direct operations, excluding subleasing, and outsourcing of services that clients can provide with the financed assets. For operations that include subleasing and outsourcing, each Bank will include the third-party control and liability clause, defined by the Leasing legal teams.
- 3.6 In all cases, it is the responsibility of the credit departments to include the environmental clauses and/or covenants generated during the environmental risk assessment and in the credit analysis and/or recommendation.
- 3.7 Financing under the Project Finance modality, which exceeds US \$10MM, must have an independent review, generated by a recognized external environmental and social consultant, using the Equator Principles and the respective Performance Standards as an evaluation standard.
- 3.8 For all cases, the Environmental Concept must be understood as a precedent for credit recommendation.
- 3.9 Sector-wide operations categorized as A and B will be analyzed based on their Environmental Management System, environmental legal status, Environmental and Social Impact Assessment, and Environmental Management Plan.
- 3.10 For those projects located in risk category C, the General Environmental Clause will be applied, defined for these cases by the local legal teams.
- 3.11 Once the information has been analyzed and the risk categorization determined, the result is generated, which may be one of the following three types of concepts:

- 3.11.1 Environmental Favorability: the information contains the project's environmental and social programs, which describe the methods of control, prevention, mitigation, compensation, and remediation of environmental and social impacts. Likewise, it contains the respective authorizations issued by the environmental authority.
 - 3.11.2 Conditional Environmental Favorability: the information does not include all the necessary elements for compliance with a specific environmental and/or social program. However, the rest are in accordance with the requirements for control, prevention, mitigation, compensation, and remediation of environmental impacts. This concept is issued in exceptional cases.
 - 3.11.3 No Environmental Favorability: the information does not contain the necessary elements for the control, prevention, mitigation, compensation, and remediation of environmental impacts. A potential risk for Grupo CIBEST is evident. This concept will also be issued if the project does not have the legal environmental authorizations in force and necessary for the development of its activity, as well as if it is a recurring breach of its environmental obligations with the bank.
- 3.12 For those Concepts that have resulted in ENVIRONMENTAL FAVORABILITY or CONDITIONED ENVIRONMENTAL FAVORABILITY, the Environmental and Social Risk Analyst, at his discretion, will assign a term based on the socio-environmental risks and impacts identified, as well as the measures to control them. In all cases, the minimum validity will be one year.
- 3.13 The concept may include the following types of Environmental Covenants: (a) punctual and (b) follow-up.
- 3.13.1 Specific Covenants: are those requirements that will be applied at a single moment, in the short term and will be evidence of the environmental and social management of the activity. They must be presented within the defined period, according to the result of the Assessment.
 - 3.13.2 Follow-up Covenants: are those requirements that will have a follow-up and monitoring frequency established for the delivery of information, which must be presented within the defined deadlines, according to the result of the assessment.
 - 3.13.3 Monthly monitoring of covenants nearing expiration will be carried out, according to the dates defined by the environmental analysts, to ensure the proper management of the commitments acquired by the clients
- 3.14 The teams that conduct the credit analysis must transcribe the environmental clauses and/or covenants that are generated from the environmental concept within the credit recommendation, and the approval instance must transcribe them within the approval act and the contractual figures that apply.
- 3.15 Regarding monitoring, the commercial team is the main department responsible for compliance with the established covenants. For this they must request the respective evidence from the client according to the agreed periodicity and must send them to the Environmental and Social Risk Analyst who will validate their compliance. In case of non-compliance with covenants, the commercial team must require a corrective action plan with the client, and, in addition, the respective waiver must be managed in the corresponding credit instance.

- 3.16 If the breaches are recurring or it is considered that they could trigger considerable environmental and social risks, the Environmental and Social Risk Analyst may propose the incorporation of the client in the Special Client Administration List.
- 3.17 According to the evaluation conducted and in accordance with the authorization by the local Credit Risk department, projects with a favorable conditional result and with a high-risk category, may be evaluated on site and directly determine their environmental and social viability.
- 3.18 In all cases, the process of the applications through the credit analysis flow must guarantee that before transferring the applications to the approval instance, the respective environmental concept is obtained, according to the amounts, products, economic sectors, guarantees, and other criteria defined in this chapter.
- 3.19 It should be considered that there are productive sectors that also present environmental and social risks that may affect the payment of financial obligations. Additionally, they are subject to authorizations, approvals, licenses, and environmental permits. For these sectors, environmental and social risk assessments may be conducted at the express request of the commercial departments, attribution entities, credit risk department, emerging risks, credit analysis department, legal departments, assets, sustainability, compliance, guarantees and linking customers, if the request is reasonably supported.

4 EXCEPTIONS

4.1 Exception from conducting an Environmental and Social Risk assessment.

The exception of conducting an environmental and social risk assessment for credit and leasing operations that by Policy must have an environmental concept, must be requested supporting the commercial and technical reasons for this.

For operations in the PYME and Business segments, the exception is the responsibility of the local Credit Risk department of the corresponding segment. For transactions within the Corporate segment, the exception is the responsibility of the local Vice President of Risk, who must thoroughly review the technical criteria and the exposure that would result from such a decision. It is essential to maintain a record and traceability of the analyses performed. If the transaction being evaluated for an exception has implications for two or more companies within the Cibest Group, this decision must be reviewed by the Vice Presidents of Risk of the participating companies. In any case, supporting documentation must be provided to justify the exception, detailing the commercial and/or technical reasons, as well as identifying the individuals who participated in the review and the conclusion reached.

4.2 Approval of operations with No Environmental Favorability

Evaluations rated as “NO ENVIRONMENTAL FAVORABILITY” will not be considered for credit prospects. This condition may be exempted by the local Risk Vice President, except for assessments issued based on the activities listed in the exclusion list of Chapter II of this Policy.

4.3 Elimination of Environmental Covenants

The inclusion of environmental covenants in the contractual figures that apply, may be excepted by the local Risk Vice Presidencies, who must consider the information contained in the Environmental Concept and risks assumed by the non-inclusion of the covenants. If the elimination of an environmental covenant proceeds, the decision taken must be communicated to the environmental risk and commercial departments.

4.4 Exception of documents

For the exception of requiring specific documents for the environmental analysis of an operation, the Commercial department may request the environmental and social risk analyst who, at his/her technical criteria and depending on the relevance of the document, may waive this requirement.

4.5 Exception for the acceptance of guarantees and receipt of assets as dation in payment

For the acceptance of real estate fixed assets as collateral, the acquisition of assets for leasing, or the receipt of assets as payment in kind, when they are directly linked to the production process of companies engaged in activities considered highly sensitive to environmental and social impacts within the defined sectors, an exception request must be submitted to the credit committee.

If the acceptance as collateral or payment in kind is approved, the decision made by the committee must be communicated to the environmental and commercial risk department.

This exception does not apply to the assets described in the **Industries Sensitive to Climate Change** chapter of this Policy, specifically regarding the non-acceptance of collateral or securities for real estate related to operations/production in the coal mining or coal-based power generation sectors, or any assets used for these activities, such as machinery.

5 LOCAL RESPONSIBILITIES IN COMPLIANCE WITH CHAPTER I ON ENVIRONMENTAL AND SOCIAL RISK ASSESSMENTS, OF THE ENVIRONMENTAL, SOCIAL AND GOVERNMENT RISK MANAGEMENT SYSTEM POLICY – ESG

5.1 Responsible

The Commercial and the Credit department, with the support of the local Credit Risk department, will be responsible for identifying the operations that require an evaluation for the mitigation of customers' environmental and social risks.

II. CONTROVERSIAL BUSINESS TOPICS

Purpose:

Establish activities that will not be financed and define the financing and investment conditions in economic sectors with high environmental and social impact.

6 SCOPE AND GUIDELINES**6.1 Scope**

Financing and investment operations, in all segments of Grupo CIBEST business lines.

6.2 Guidelines

Based on the legal commitments that our clients must comply with to carry out their activities and their validation in the registration process, we determine that we will not finance projects related to the production, commercialization or use of the products, substances and activities mentioned in the following exclusion list. Each local Credit Risk department may internally add to this list the businesses and activities that, according to its knowledge, criteria, experience, regulations, or external commitments, should not be financed, indicating the reason for their addition or removal.

- 6.2.1 Under Regulatory Compliance
 - 6.2.1.1 Those that imply slave, forced or child labor.
 - 6.2.1.2 Commercial logging operations or purchase of logging equipment for use in pristine moist tropical forests or rainforests
 - 6.2.1.3 Works, projects, or activities that affect national parks or other similar protected areas. In addition to areas designated by each country, this includes, but is not limited to, World Heritage Sites.¹
 - 6.2.1.4 Those who affect the lands owned or claimed by adjudication, of ethnic minorities.²
 - 6.2.1.5 Those that are illegal under local laws and regulations or ratified international conventions and agreements, or subject to international prohibitions.
- 6.2.2 Under international frameworks
 - 6.2.2.1 Controversial weapons. Chemical, biological, nuclear weapons, cluster weapons and all those prohibited by international humanitarian law.
 - 6.2.2.2 Commercialization of wild flora and fauna or manufacture and commercialization of products related to them and that are regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, www.cites.org)
 - 6.2.2.3 Pesticides or herbicides and persistent organic pollutants (POPs) that are being phased out of the market or have been internationally banned under the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int).
 - 6.2.2.4 Pharmaceutical products that are being phased out of the market or have been banned internationally, according to the United Nations publication.
 - 6.2.2.5 Transboundary movements of waste or waste products defined in the Basel Convention (www.basel.int).³
 - 6.2.2.6 Substances that are harmful to the ozone layer and that are being progressively withdrawn from the international market. These substances are regulated by the Montreal Protocol (<https://ozone.unep.org/treaties/montreal-protocol/>).
- 6.2.3 Internationally accepted criteria for the financial sector
 - 6.2.3.1 Gambling, casinos, and similar activities.
 - 6.2.3.2 Pornography and prostitution.
 - 6.2.3.3 Cannabis: Cultivation, production, sale and distribution of cannabis and by-products derived from the cannabis plant for recreational use.⁴
 - 6.2.3.4 Mining and commercialization of asbestos and asbestos fibers.

¹ Salvo que cuente con aprobación de las autoridades competentes.

² Salvo que haya realizado el debido proceso de consulta previa y aprobación de la autoridad competente

³ Salvo que sean residuos inocuos destinados al reciclaje y cuenten con aprobación de la autoridad competente

⁴ Directriz de las políticas de cumplimiento

- 6.2.3.5 The entire Oil & Gas production cycle using unconventional methods (Fracking/Shale Oil & Gas, liquefied natural gas from unconventional sources, ultra-deepwater resources, tar sands, Arctic oil), for new clients or existing clients, as well as for the expansion of existing projects, including infrastructure for exploration, extraction, and transportation.
- 6.2.3.6 Those that use polychlorinated biphenyl (PCB) compounds, particularly in the Energy sector.⁵
- 6.2.3.7 Manufacture and sale of arms and ammunition.⁶
- 6.2.3.8 Production, tanning, manufacturing, and commercialization of skins of non-domestic animals and wild animals.
- 6.2.3.9 Fishing with trawl nets in the sea, using nets of more than 2.5 kilometers in length.
- 6.2.3.10 Genetic engineering from the use of human embryonic stem cells, for cloning purposes.
- 6.2.3.11 Radioactive materials.⁷

7 RESPONSIBILITIES REGARDING CONTROVERSIAL BUSINESS TOPICS

Each entity within Grupo CIBEST has the following responsibilities in ensuring compliance with the provisions of this chapter:

⁵ Salvo aquellos proyectos que hayan implementado un Plan de Eliminación de PCB's y este se encuentre en ejecución

⁶ Salvo que sea un monopolio del Estado

⁷ Salvo la compra de equipos médicos, equipos de control de calidad (medición) y cualquier equipo para el que pueda demostrarse que la fuente de radioactividad será insignificante.

7.1 Responsibilities and control scheme:

- 7.1.1 Commercial Department. The commercial department must identify if the activities for which financing and/or investment are requested are part of the list described in this Chapter to be financed and will inform the applicants of the impossibility of continuing with the operation. If it is necessary to determine if the operation applies (or not) with any of the conditions defined in this Chapter, the team may seek interpretation with the Corporate Emerging Risks Department.
- 7.1.2 Customer application. In addition to the responsibility defined in the previous numeral, the customer relation department of each bank must establish an identification scheme of activities associated with the list defined in section 1.2.3 of this Chapter, in such a way that, if they occur requests associated with these activities, the customer relation department can inform the commercial department about the impossibility of continuing with the relationship, financing or investment of these activities.
- 7.1.3 Credit Analysis (Origination). For clients engaged in any of the activities listed in this chapter, who have an approved credit line or limit in place before the issuance of this policy, no increase in these limits or new credit requests in any form or term (including working capital and long-term financing) should be considered in the next renewal process or credit review.
- Additionally, a system for identifying activities related to the list defined in sections 6.2.1, 6.2.2, and 6.2.3 of this chapter must be established. This will ensure that if credit requests associated with these activities arise, credit analysts inform the commercial departments about the impossibility of proceeding with the financing or investment request.
- 7.1.4 Credit risk. For those credit and leasing operations indicated in the Scope of Chapter I of this Circular and that are subject to ARAS, it will be through socioenvironmental risk studies where it is identified and determined that the financing is not associated with any activity of the numerals 1.2.1 and 1.2.2 of this Chapter. In the event of identifying that the operation to be financed is related to the production, commercialization or use of the products, substances and activities mentioned in this Chapter, the Concept of Environmental Non-Favorability must be issued.

III. INDUSTRIES SENSITIVE TO CLIMATE CHANGE

Purpose:

Establish risk management guidelines for the origination of new operations and the monitoring of current operations for clients in sectors identified by Grupo CIBEST as critical in contributing to climate change.

These definitions are based on the principle of respecting current clients and the bank's strong interest in supporting their transition toward sustainable operating models. To this end, the bank facilitates advisory services through its commercial and sustainability teams.

Each risk department is responsible for implementing these guidelines within its local processes and procedures, complementing them with the regulatory provisions set by their respective authorities.

8 SCOPE

The guidelines of this Chapter are corporate in nature and apply to the different lines of business of Grupo CIBEST, in all its segments:

- Credit Portfolio
- Derivatives
- Bank Guarantees
- Transactional lines: checking account, credit card, and virtual lines.
- Own Investment Portfolio
- Leasing
- Factoring
- Renting
- Any other asset placement and/or leasing business of the bank not previously included.
- Asset Management, Distribution, and Sales
- Treasury allocations
- Investments and other active credit operations
- Subscription of fixed-income products and assets (this product is not offered by the Group)

9 CRITICAL SECTORS

The most critical sectors identified by Grupo CIBEST due to their responsibility for the generation of climate change are the following:

- Coal power generation
- Coal extraction
- Oil extraction
- Livestock
- Manufacture of cement
- Basic iron and steel industries
- Air transport
- Maritime transport
- Vehicle manufacturing

10 ACTION SCHEME BY CRITICAL SECTOR

10.1 Limited exposition

These are industries where Grupo CIBEST has determined to limit financing relationships in the medium and long term. Currently, the sectors identified in this action plan include:

- Coal extraction (CIU 510-520), with thermal coal considered when the swelling index result is less than or equal to 4; values above this are considered metallurgical coal.
- Coal-based electricity generation (CIU 3511), clarifying that the CIU code 3511 includes all clients in the energy generation sector, but this policy only restricts those dedicated to generating energy from thermal coal.

Note: For more details on the scope of this identification, Annex 2 specifies the eligibility criteria for the transition plans defined by the Sustainability team, and Annex 1 includes the technical supplements that help interpret the coal production chain and the support model.

10.1.1 Support scheme:

- Financing may be provided for the sectors of coal-based energy generation, thermal coal mining, and their infrastructure with a maximum payment date of December 2029.
- Products offered within the scope that do not correspond to sustainable lines nor support the clients' transition must have a maximum payment date of December 2029 (considering the provisions in section 11.2).
- Transition financing may be provided for the sectors mentioned in this chapter, for which clients must present transition plans that meet the eligibility and credibility criteria defined by the Sustainability team (see Annex 2). It must be considered that:
 - The approval of the transition plan is the responsibility of the Sustainability EVC.
 - It must be processed through the “Sustainability at a Click” application and disbursed under credit plans that have an ESG marking for reporting purpose-driven businesses.
 - This approval must be requested prior to the credit application.
- Clients in the coal extraction sector may be financed, provided they are dedicated to the extraction of metallurgical coal, considering that:
 - They must present a laboratory certificate with the swelling index of the coal (see requested documentation).
 - All operations must undergo review by the local ARAS team to identify the type of coal and environmental classification where applicable (see local ARAS policy).
 - The construction of beehive ovens will not be financed.

10.1.1.1 Starting in 2030, services defined within the scope will not be provided for **infrastructure dedicated exclusively to thermal coal**, which may include railways and trains, ships and barges, conveyor lines or pipelines, coal terminals and ports, coal transport companies, and coal processing plants (e.g., washing, sorting, etc.), as well as any other infrastructure for this purpose.

10.1.1.2 Bancolombia will look to minimize exposure to activities associated with the sector. This financing condition was established through the IPCC (Intergovernmental Panel on Climate Change) guidelines, to limit the impact of climate change and stay on the 1.5°C pathway. With this, the gradual and phased elimination of assets related to thermal coal will be ensured by 2030.

11 Considerations:

11.1 The service framework applies to new operations and reassessments.

11.2 This Policy acknowledges that there are existing financings that may extend beyond the target deadline and that, in the future, through client refinancing/restructuring processes and considering clients' payment capacity, these loans may exceed the 2030 deadline. For operations that were signed and disbursed prior to the publication of this Policy, no new approvals, extensions, or term increases will be granted.

11.3 Reassessments: Clients with an existing limit who need to update the validity of the limit and/or request an increase must comply with the previously established guidelines for the allocation of resources.

11.4 Collaterals: Do not accept as collateral (guarantee or security) properties where activities related to the operation and production of clients in these sectors have been, are being, or are planned to be developed, or any asset used for such activities, such as machinery.

For clients belonging to sectors different from those established in the objective of this section, if a property where an asset associated with coal-based energy generation previously operated is offered as collateral, an environmental assessment must be conducted to avoid potential environmental liabilities in the event of a possible repossession.

11.5 Investments: For the coal mining and coal-fired power plant sectors (including existing or expanding projects), Grupo CIBEST will reduce its investment portfolio exposure and achieve zero (0) exposure by 2030 for manageable positions in fixed-income and equity investments. In mutual funds and ETFs, a maximum tolerance of 2% will be allowed for asset participation within the portfolio.

For the aforementioned sectors, as well as for the additional sectors identified, their participation in the investment portfolios will be monitored monthly to assess exposure to these industries. The results will be shared with the relevant business areas and presented to the various risk committees.

12 Transition

These sectors represent areas where Grupo CIBEST aims to drive the transition toward a low-carbon economy through Sustainable Financing Lines. This involves identifying and leveraging opportunities

that contribute to the transformation of each sector while expressing a clear commitment to supporting clients in their transition processes.

Currently, the sectors identified within this framework include Oil Extraction, Livestock, Cement Manufacturing, Basic Iron and Steel Industries, Transportation, and Vehicle Manufacturing.

Below are some of the activities that Grupo CIBEST will seek to promote through sustainable financing lines, aligned with the corresponding transition plans:

- 12.1 Oil Extraction. Operations that contribute to diversifying income sources with renewable energies, energy efficiency projects (such as waste heat recovery, efficient lighting, refrigeration, motor replacement, among others), clean transportation and efficient logistics (electric, hybrid, or gas-powered vehicles), and the use of alternative fuels (such as biomass, high-energy-content waste, and natural gas).
- 12.2 Cement Production. The reduction of clinker proportion by incorporating alternative materials such as ash and slag, energy efficiency projects (such as waste heat recovery, efficient lighting, refrigeration, motor replacement, among others), clean transportation and efficient logistics (electric, hybrid, or gas-powered vehicles), the use of alternative fuels (such as biomass, high-energy-content waste, and natural gas), waste treatment, and water reuse systems.
- 12.3 Livestock. The adoption of silvopastoral systems, clean transportation, and efficient logistics (electric, hybrid, or gas-powered vehicles), waste treatment, and water reuse systems.
- 12.4 Iron and Steel. Furnaces with technologies that reduce CO2 emissions, such as electric arc furnaces, energy efficiency projects (such as waste heat recovery, efficient lighting, refrigeration, motor replacement, among others), clean transportation and efficient logistics (electric, hybrid, or gas-powered vehicles), the use of alternative fuels (such as biomass, high-energy-content waste, and natural gas), increased use of recycled raw materials, waste treatment, and water reuse systems.
- 12.5 Transport. Acquisition of aircraft that reduce current emissions under IATA guidelines, clean transportation and efficient logistics, the use of alternative fuels such as hydrogen, synthetic, and carbon-free fuels, as well as hybrid engines, investments aimed at improving the energy efficiency of production plants, projects that ensure fuel consumption efficiency and gas emission reduction, hybrid or electric vehicle production plants, projects such as waste heat recovery, efficient lighting, refrigeration, motor replacement, waste treatment, and water reuse systems.

13 EXCEPTIONS

This chapter is aligned with the statements made by the organization regarding standards and commitments; therefore, it does not include exceptions.

Annexes.

Annex 1. Technical Annex

Annex 2. Climate Transition Plans



Cordially,

Rodrigo Prieto Uribe

Corporate Vice President of Risks

Maria Luisa Ochoa Gonzalez

Corporate Director of Non-Financial Risks