

**GRUPO BANCOLOMBIA
GOOD GOVERNANCE CODE**

(January 2018)



INTRODUCTION

For GRUPO BANCOLOMBIA, the Good Governance Code (hereinafter referred to as “The Code”), is a set of principles, policies, practices, and direction, administration, and control measures intended to create, promote, strengthen, consolidate, and preserve a culture based on corporate transparency in each company of the Group (hereinafter referred to as “companies” or “company,” as the case may be) with our investors and the other groups of interest.

BANCOLOMBIA, holding of the corporate group, adopted its first Good Governance Code in 2001 and since then, it has been including adjustments looking for the best standards in principles and practices that should regulate all corporate actions of the companies, specially the ones related to shareholders, its Boards of Directors, managers, employees, customers, and financial consumers, control bodies and all other groups interested in the functioning, performance, and results of Grupo Bancolombia (hereinafter referred to as “The Group”).

In order to develop the commitment with the good corporate governance, Bancolombia’s Board of Directors has updated such a Code in 2001, 2013, 2014, 2015 and 2018, and each company of the Group has also updated it, in such a way that we have with unique policies and guidelines to offer to our stakeholders.

It is our commitment to comply with the provisions of this Code and to disclose it and periodically evaluate the employees’ knowledge of the Code.



SECTION 1. GENERAL PRINCIPLES OF “GRUPO BANCOLOMBIA” GOOD GOVERNANCE

For Grupo Bancolombia a culture based on principles and ethical values and transparency, among other aspects, is a useful tool to increase and promote in a sustained and coordinated way the generation of value of each one of its Companies. For this reason, it is of great importance to incorporate the following regulatory good governance principles, which shall also be used as guide and interpretation by people and entities which should comply with provisions contained in this Code.

1.1. Interpretation of the Good Governance Provisions

This Code is made for all shareholders, managers, and employees of the Group; therefore, they should comply with all provisions set forth in the Code and should understand both nature and purpose of its principles and policies as an acting model, as well as the supplementary standards of Good Governance and Ethics that the Group may voluntarily adopt in other internal documents.

In case of any doubt concerning the application of these provisions, Bancolombia Juridical Vicepresident/ Secretary General should be consulted with the purpose of reaching clarification and orientation concerning the scope of such provisions.

When improper meaning and contradictions are found or when the incorporation of any special provision is needed to clarify some aspects of this Code, this will be notified to “Grupo Bancolombia” Good Governance Committee to proceed with relevant evaluation and reach necessary solutions.

1.2. Competent Body to Issue Good Governance Policies and Measures. The Good Government Code is a dynamic document complementary to the bylaws of the Group’s companies, which should be frequently updated and adjusted to fit several situations the Group’s Companies are faced to; for this reason, creation, modification, and revocation of provisions related to the Group’s good governance will be executed by the Bancolombia Board of Directors, as the parent of the Group. Each affiliate or subsidiary company’s board of directors shall approve and adopt this Governing Code and shall assure its implementation within each Company.

When one of the Group’s companies needs to adopt a specific good governance policy or measure, based on its kind of business or norms, it will be evaluated by the bodies created by Bancolombia for these purposes.

The Group’s Good Governance Committee shall be the body competent to study the proposals on statutory reforms in relation to Corporate Governance and Good Governance Code measures, as well as on modifications, updates, and revocations of all other provisions



relating to the Corporate Governance of the Group and to submit such proposals to the Board of Directors' judgment.

1.3. Fair Competition. Fair competition shall be the fundamental element in all operations and relations with other banks and institutions of the financial and stock exchange market, in the country and abroad. For such a purpose, an action or event against the fair competition will be the breaching of relevant norms, loyal business customs or the good faith principle in the market where products or services are offered.

1.4. Good Governance of the Stakeholders. With respect to good governance, the Group acknowledges as its main stakeholders (but not only limited to them) its investors, shareholders, Board of Directors, the companies' high management, employees, suppliers, customers and financial consumers, internal and external control bodies, and each company's control and supervision entities.

For the Group, relations with each company's stakeholders should be based on a philosophy and general guidelines intended to grant total warranty to those stakeholders, a proper protection to their rights, and equitable treatment. For such a purpose, each of the Group's companies, in its relations with each stakeholder, should promote and encourage an active participation and cooperation to create value, to share relevant information on a timely and complete basis for topics they are involved in (according to norms and laws in force), and to assure that relations are executed with transparency and adherence to norms. Grupo Bancolombia shall promote an effective conflict solution with its stakeholders.

1.5. Good Governance relation to the entrepreneurial social responsibility. For Grupo Bancolombia, the entrepreneurial social responsibility is one of the main performance factors to execute in each of its Companies and it is a permanent commitment the Group makes to execute special social programs to the benefit of its employees, the community, the environment, and several identified stakeholders, in general.

Grupo Bancolombia thinks that entrepreneurial social responsibility is different, although it supplements the corporate government model. Our entrepreneurial social responsibility model and its results may be consulted at our website: www.grupobancolombia.com.



SECTION 2. GOOD GOVERNANCE PRINCIPLES AND MEASURES RELATED TO SHAREHOLDERS. INTERNAL REGULATION OF THE SHAREHOLDERS' ASSEMBLY

Each company recognizes a shareholder as the person or entity registered in its Shareholder Registration Book, indicating the number of subscribed and registered shares and under the conditions set in current regulations applicable to each company.

In relation to good governance, the companies' shareholders are a group of great importance which is granted a number of rights, prerogatives, benefits, and obligations consistent with legal provisions, bylaws or social agreements and in this Code.

Hence, all shareholders shall have, among other things, the opportunity to know and exercise their rights, to make relevant observations to the management, and to propose amendments or establish relevant legal proposals to achieve the best performance of the company in which they are shareholders.

Grupo Bancolombia shall commit to:

- a. Recognize and promote its shareholders' rights.
- b. Disclose duties and obligations of its shareholders with the Group's companies.
- c. Disclose the internal regulation of the assembly of shareholders, in order to promote shareholders' participation.
- d. Set necessary mechanisms so that shareholders become duly informed about the main figures and indicators of the Bank's businesses and those of the most relevant companies of the Group, the ratings obtained by the companies, the general financial, risk, and audit policies of the Group, and all other topics related to the issue of shares.

2.1. Shareholder's Rights

In addition to other rights set forth by law and bylaws, each Company provides its shareholders with the following rights:

- a. **Dividends:** To have a participation of the dividends as established by the Company's Shareholders' Assembly, according to the type of shares they are holders of, provided that there is distribution of the same.
- b. **Exercise of political rights:** According to the type of shares owned, to participate and vote in the Assembly of Shareholders for making decisions, including designation of bodies and people who, according to law and bylaws, should be elected. Likewise, the shareholders shall be entitled to have effective mechanisms to be represented in the meetings.

Bancolombia's shareholders and shareholders of the Group's companies that issue shares in the Colombian Stock Exchange, that represent 5% or more in applicable Company's stock capital, shall be given the opportunity to request, in the beginning of the meeting Assembly



where any reform to the company's bylaws is intended to be made, the revision and voting of some articles in a separate or independent manner and to request the revision of other articles so that the analysis can be made based on an article-by-article basis. When such a request is rejected, the petition shall be voted by all the members.

All petitions shall be duly supported and presented to the president of the meeting of Assembly, who shall inform all other shareholders the content of the petition. Without prejudice of the aforesaid and as a way of assuring the effectiveness of the meeting, all petitions made with the exclusive purpose of delaying the meeting without a good reason or the petitions not duly supported to result in an individual revision of the articles to be reformed shall be rejected.

c. To transfer or assign their shares, as contemplated by law, the articles of incorporation, and shareholders' agreements, if any; and to know the share registration methods and the identity of the company's shareholders, as established by law.

d. To have access to the company's public information in a clear, timely, integral, and complete manner, so that they can make decisions on their investment in the company.

e. To make recommendations about Bancolombia Group's good governance through Bancolombia's Shareholder and Investor Service Office.

f. To associate themselves to exercise their rights.

g. To request, together with other shareholders, calls to meetings, as contemplated in provisions herein contained or by law.

h. **Right to withdraw:** With respect to Bancolombia and the financial companies with domicile in Colombia, the shareholders shall be entitled to exercise their right to withdraw as contemplated in the applicable provisions of each Company. This right shall be exercised when, in case of an agreed merger, the resulting exchange relationship of the technical study is modified by decision made by a majority exceeding eighty five percent (85%) of subscribed shares of each of the interested entities.

In this case, the shareholders who are not in agreement with the new relationship, shall have the right to withdraw. When a Company's shareholder decides to exercise this right, the Company shall pay the shares at the relevant price in cash within a month following the date when the meeting where the merger was decided; such acquisition shall be paid by the Company, in the form of reduction of capital or acquisition of own shares, as contemplated by the relevant Supervision Entity. The price of such shares shall be equal to each share price used as the basis for the exchange relationship proposed in the technical study.

Likewise, shareholders shall be entitled to exercise their right to withdraw in the spinoff events where such a right may be applicable, as set forth in relevant applicable regulations. In all cases, the right to withdraw shall be subject to provisions of norms in force.



i. **Special Audits:** A Shareholder or a group of shareholders having a participation equal to or higher than five percent (5%) of the Company's capital (percentage deemed as sufficiently representative and from which financial legislation and Stock Market legislation recognize certain rights to shareholders) shall be entitled to request, before the Presidency or Shareholder and Investor Service Office of the Company, an authorization to hire, at the shareholder's or group of shareholders' expense and responsibility, special audits based on the following terms:

- Special audits shall be conducted within ten (10) business days of the Ordinary Assembly of Shareholders held during the first quarter each year, and within the first ten (10) business days of October each year.
- When conducting a special audit, under no circumstances, the violation of the Company's rights, its information or its customers' information, its projects, its contracts deemed as competitive benefits or any document deemed as confidential or restricted information or that of third parties will be allowed, as contemplated in current regulations in force applicable to the Company.
- Special audits cannot be conducted about industrial confidential information or with respect to topics covered by legislation about intellectual property rights or information over which there is a confidentiality commitment.
- Special audits shall only cover the information and documentation study the Company possesses and with an execution date not exceeding two (2) years.
- Under no circumstances, special audits shall affect normal operation of the Company or its managers' autonomy and competence, as contemplated by law and bylaws.
- A request to conduct special audits shall be made in writing no later than one (1) month before the date the special audit will be conducted, indicating clear reasons and facts such a request is based on, specific topics for the audit consistent with the cited reasons and the duration time which should not exceed 15 calendar days. The request should include specific information to have access to, and no general, unspecific or ambiguous requests will be admitted.
- Such a request shall be filed with the Company Presidency or Grupo Bancolombia's Shareholder and Investor Service Office.
- When an audit cannot be performed, the Board of Directors, through its Good Governance Committee, shall analyze the reasons and shall inform the shareholder about this decision within fifteen (15) calendar days from the date of receipt of the request.



- All firms hired to conduct such audits shall at least have the qualification of the Fiscal Audit designed by the Assembly of Shareholders of the Company for relevant period and known as a firm with professional expertise and reputation. Additionally, the audit firm shall accredit independence criteria with respect to competitors of the company to be audited, with no conflicts of interest.
- The Company subject to an audit shall set a space and assign people responsible for the execution of special audits.
- Work documents provided to the special auditor or audit firm conducting the special audits, as well as the audit results, shall be subject to confidentiality and will be retained by the Company. No physical or electronic copies of the consultation documents will be provided. The Company reserves its right to take necessary measures to assure confidentiality of documents and release of the Company's confidential information.
- Results obtained shall be kept by the Company at least during a period of time not less than five (5) years from its date of issue.
- The audit results will not be disclosed without prior written consent of the Company.

j. **Equitable treatment of shareholders:** Shares of Bancolombia and those of the Colombian financial companies shall be registered and capital shares, and can be common shares, preferred shares or shares with preferred dividend and with no voting right.

Bancolombia's companies shall assure all its shareholders an equitable treatment, bearing in mind that each shareholder shall have the same rights according to the kind and number of shares owned.

Consequently, the companies shall assure that all shareholders are treated equally and shall assure timely and complete response to their inquiries, claims, and petitions presented relating to information associated to topics of mandatory disclosure, information about the Corporate Governance and, in general, non-confidential information or information that can damage the company's interests. All without prejudice of the events where, due to regulatory circumstances or directions of competent authorities, any specific information must be disclosed to a specific shareholder.

In Colombia, shares with preferred dividend shall not confer upon the holders the right to vote in a Shareholders' Meeting, except for the cases set forth in the Company's articles of incorporation and legal provisions. When such a case occurs, the Company shall timely inform it to relevant shareholders so that they can exercise their right to vote or grant relevant powers to be represented in the meetings. In all cases, the Company shall make its best efforts to assure its shareholders with preferred dividend (and with no right to vote) to be timely notified of the Shareholders' Meetings and to have a chance to be represented in the



meetings where their vote may be required, and they should appoint a spokesman to represent them.

k. **Shareholders' Representation:** Shareholders are entitled to be represented in all assembly of shareholders through a written power. Representatives should identify themselves as contemplated in relevant legal regulations.

In compliance with the companies' articles of incorporation in Colombia, managers and employees are not entitled to exercise powers to represent third parties' shares in the Shareholders' Meetings or to replace powers granted. They do not have right to vote (not even with own shares) to make decisions intended to approve balances and end-of-year accounts or liquidation accounts.

In the same way, an employee who is also a shareholder of a Group's company with domicile in Colombia and has decided to represent his/her shares in an Shareholders' Meeting or have representation in those meetings through a power, should expressly inform, when requesting his/her credential or in the power granted, his/her condition as a shareholder so that his/her vote cannot be taken into account when approving the financial statements.

Except for provisions of paragraph above, managers or employees of the applicable Company shall be entitled to exercise the political rights inherent to their own shares and those shares they may be representing when acting as legal representatives or in those cases expressly set forth in current regulations in force.

With the purpose of assuring an equitable treatment of shareholders and avoiding potential conflicts of interest, the following prohibitions are included addressed to directors and employees of the Company, as well as to the entity in charge of managing the Company's shareholders book, if such administration is under the responsibility of a third party.

- To promote, encourage or suggest the shareholders to grant blank powers where the name of the representative in Shareholders' Meetings is not clearly defined.
- To receive from shareholders relevant powers to attend the meetings, where the name of relevant representative is not clearly defined.
- To admit powers granted by shareholders as valid documents when not in compliance with legal requirements. Powers should be granted in writing indicating the representative's name, his/her deputy (if any), and the date of the meeting. Juridical persons granting a power should attach a recent certificate as evidence of their existence and representation as contemplated by law.
- To suggest or specify the name of those people to act as representatives in the shareholders' meetings.



- To recommend the shareholders to vote for a specific list. This does not prevent the Board of Directors or the President from submitting proposals before the meeting.
- To coordinate or agree with any shareholder or any shareholder's representative, a vote in favor or against any proposal submitted in the meeting.

Actions described above shall be also prohibited when they are executed through proxy, intermediary or third party.

l. Mechanisms to avoid capital dilution: In relation to companies that issue shares in the stock market in Colombia, when an increase of subscribed capital with the waiver of the right of preference for the subscription of shares, merger, scission or segregation the Board of Directors of the company shall provide the shareholders, during the term of the meeting call, with a report containing the main terms of the transaction to be executed. The report shall include an opinion of an independent external advisor hired by the company for such a purpose. In relation to merger, spinoff, and transformation the term to submit reports shall be of at least fifteen (15) business days before the date of the meeting.

m. Incorporation of new points in the ordinary meetings' agendas: Bancolombia's shareholders and shareholders of all other companies issuing shares in the Colombian stock market shall be entitled to request the company's management the inclusion of additional topics in the agenda. For this purpose, they shall comply with relevant procedures set forth in this Code.

The request to include new topics in the meeting agenda shall be received in writing, addressed to the President or the Secretary General at the address of the company's main domicile, or through the Shareholder and Investor Service Office within five (5) calendar days following the call to the meeting. The request shall contain the reasons to request the inclusion of the topic.

Within ten (10) calendar days, the Company shall respond any request received, by indicating in writing whether or not the request has been accepted; when the request is rejected, relevant reasons shall be provided.

When the inclusion of new topics is accepted in the agenda, the management, with prior approval of the Board of Directors, shall publish on relevant website, no later than fifteen (15) calendar days of the date of the meeting, the new agenda of the meeting.

When a request to include new topics in the agenda is made by a shareholder or a group of shareholders representing five percent (5%) or more of the company's stock capital, and such a request is going to be rejected, the reasons for such a rejection shall be informed to the Board of Directors through its Good Governance Committee.

n. Presentation of proposals: Bancolombia and the Group's companies issuing shares in the Colombian stock market shall present the shareholders through its website and prior to



the meeting all proposals of the Board of Directors, the management or the shareholders, provided that they have already been accepted.

With the purpose of assuring the domestic and international shareholders' right to be informed about the proposals made in the meeting and to prepare their vote, the shareholders interested in presenting proposals shall, in compliance with the Corporate Governance provisions, present such proposals in writing through the President's Office or the Secretary General's Office or the Shareholder and Investor Service Office, at least three (3) business days before the date of the meeting.

2.2. Main Obligations of the Shareholders

By the purchase of their shares, the Companies' shareholders herein accept to comply with bylaws and rights and obligations contemplated in the Good Governance Code. The main obligations are as follows:

- a. To keep the Company informed about their current address or that of their legal representative or proxy, as the case may be, so all notifications or communications can be sent to that address and have an effective and direct contact with them, when necessary.
- b. In case of loss of a share certificate, the shareholder should request the Company replacement of the same, enclosing relevant legal report on the loss and giving relevant warranties to the Company as contemplated in the company's articles of incorporation.
- c. Transfer of shares can be made through agreement between the parties, but the shareholder executing the transfer should report such transfer to the Company so the transfer can be duly and validly executed; the document should include the number of shares to be transferred and full name and identification of the transferee, in order to make relevant registration of the operation in the shareholder registration book or to make relevant electronic registration, all without prejudice of the previously mentioned steps and procedures set forth in the company's by-laws to transfer shares to third parties, as well as internal procedures related to prevention and control of money laundering and terrorist financing.
- d. To comply with norms set forth to execute inspection right.
- e. To comply with the procedure set forth in the Code in order to request the inclusion of topics in the agenda or to present proposals before the meeting.
- f. In case of participation in meetings, such intervention shall be made with respect and in a short and timely manner and related to the topic being discussed, according to provisions of this Good Governance Code. This is also an obligation for the shareholders' representatives.



2.3. Relationship between the Shareholders and the Company

Shareholders should act with loyalty and in good faith with the Company they have shares in, refraining themselves from participating in actions where there is a conflict of interest or actions which may result in offenses related to money laundering and terrorist financing or when assets coming from such activities are intended to be hidden, and those general cases where the entity's interests can be damaged or released or the company's confidential information is involved or its sustainability is at risk.

Business relations of the Company with its main shareholders shall be conducted within the limitations and conditions set forth in relevant norms and, in all cases, under the market conditions. These relations shall be disclosed in the notes to the financial statements of the Company.

Section eleven (11) includes principles and measures related to management of businesses of Bancolombia S.A. with its main shareholders.

2.4. Policies related to the exercise of political rights of the Colombian Pension Fund Management Companies ("AFPs")

Bancolombia, based on the legal regulations in force in Colombia relating to AFPs (Pension Fund Management Companies) that make investments in the Bank's shares with third parties' funds, has implemented the following policies so that such companies can legally exercise their political rights.

a. Without prejudice of the inspection right AFPs have as shareholders and with the purpose of providing a timely, clear, and accurate information that allows them to exercise their voting right, Bancolombia shall take care of any request, petition and requirements on information before the meetings held by the people assigned by the AFPs. For this purpose, the AFPs will be required to assign a representative by means of whom the information relating to topics of the meeting agenda will be disclosed.

b. The Bank shall be entitled to request a certification evidencing that the person assigned does not have conflicts of interest with Bancolombia to access the information to be provided.

c. With the purpose of assuring an equitable treatment and access to information under equal conditions for all shareholders, Bancolombia shall publish on its website all answers given to the AFPs, in such a way that such answers can be available for all shareholders. In all cases, Bancolombia shall not provide information related to its customers or users, information related to special projects or strategic information about businesses or contracts that may constitute competitive advantages, or other documents that may be deemed confidential or information about third parties, in compliance with applicable regulations and internal policies set forth by Grupo Bancolombia.



d. When the agenda of the meeting includes a proposal for the election of the Auditing Company, Bancolombia, in addition to complying with the policies set forth for the assignment of such company in this Good Governance Code and legal provisions, shall publish on its website the proposal already approved by the Audit Committee, as well as all other criteria taken into consideration for such a proposal.

e. When the agenda of the meeting of assembly includes a proposal for the election of the Board of Directors, Bancolombia shall inform about the proposals previously presented by shareholders and taken into consideration by the Good Governance Committee that complied with legal requirements, by publishing on its website a brief summary on each candidate's profile.

f. In case of reelection of the Board of Directors, information will be given about the attendance of such members to the meetings (Board of Directors and supporting Committees).

g. Likewise, Bancolombia shall provide, within its possibilities, all certifications requested by the Colombian AFPs, certifying whether or not a candidate is a person independent from relevant AFP.

h. In relation to statutory reforms, Bancolombia shall publish on its website the most relevant aspects to be modified and the reasons alleged to present such a proposal.

2.5. Norms of the General Meeting of Shareholders' Operation for Colombian Companies

The highest management body of the Company is the General Meeting of Shareholders. Preparation and celebration of each meeting shall be governed by provisions set forth in the Company's articles of incorporation and the following guidelines should also be followed:

a. Call to shareholders' meetings of Assembly: Without prejudice of the mechanisms set forth in the company's articles of incorporation to convene shareholders' meetings or shareholders' boards, the Group's companies to hold the meeting and having a significant number of shareholders located in different parts of the territory, shall use electronic mechanisms to disclose and convene the meeting and the agenda to be discussed. In the case of Bancolombia, the call shall also be published on the company's website.

b. Right to inspection: At least fifteen (15) business days before the date set for the assembly of shareholders of the companies with domicile in Colombia, shareholders will have access to the financial statements, the managers' reports, and all other documents and information at the main office facilities, as necessary to make relevant decisions. In relation to companies with domicile abroad, the right to petition or right to information for shareholders shall be understood as within the terms set by law.



In the case of Bancolombia, and with the purpose of assuring and protecting the Bank's information, a procedure which allows having more clarity, transparency, and effectiveness for exercising the right to inspection will be implemented, and such a document shall be made available on the Company's website and will be binding upon the parties who intend to make an inspection on the Bank's books and documents.

The companies shall promote the access to the information of all its shareholders and shall make available on its website all necessary information to make decisions during the meeting, including financial statements, profit distribution project, and management report. The proposals shall be published on the website as soon as they are presented to the management.

c. Agenda: The Agenda proposed for the shareholders at the beginning of regular or special Assembly of Shareholders, shall include several businesses to be treated in such a way that they cannot be confused with other businesses, keeping a logical order, except for those topics which should be discussed together due to their association.

The Group's companies shall refrain from promoting (in the agendas of the meetings) expressions such as "proposals and miscellaneous," "miscellaneous," and "other businesses," and have defined, within the terms indicated in this section, relevant procedures so that shareholders interested in presenting proposals can do it in advance.

In addition to the aspects respect to which this is a legal requirement, in Colombian companies the following topics or decisions shall only be analyzed and developed by the Assembly of Shareholders, only when they have been expressly included in the call to shareholders' meeting: change of trade purpose, waiver to right of preference, change of trade domicile, advanced dissolution, and segregation (improper spinoff).

d. Information: Shareholders shall be entitled to make questions or request supplementary information or clarifications about the businesses of the agenda through the Shareholder and Investor Service Office or the Secretary General's Office, during the period set to exercise the right to inspection.

The Company shall publish on its website all answers given, in such a way that such answers can be made available for all shareholders. In all cases, the Companies shall not provide information related to its customers or users, information related to special projects or strategic information on businesses or contracts that may constitute a competitive advantage or all other documents deemed as confidential or information on third parties, in compliance with provisions of applicable regulations and internal policies set forth by Grupo Bancolombia.

e. Kinds of meetings: There will be a regular meeting of assembly each year (by March 31st or before), in order to analyze the Company's situation, to appoint directors and all other officers according to the periods set for each position, to consider reports, accounts, and



end-of-year balances, to resolve about profit distribution, and to agree on all resolutions deemed as appropriate for assuring compliance with the Company's trade purpose.

There will be a special meeting when required for the Company's emergencies or unforeseen needs, through notice made by the Board of Directors, the President or the Auditor, or by request made by a number of shareholders representing not less than twenty percent (20%) of subscribed shares. The meeting shall not discuss topics different from the ones contemplated in the Meeting Agenda described in the notice, except for decision made by the number of shareholders demanded by law and upon completion of the Agenda.

The shareholders' request shall be made in writing before the Company's President clearly indicating the objective of the call, the topics to be treated in the meeting, and relevant reasons for holding the meeting.

f. Meeting Suspension: When there are extraordinary circumstances which avoid normal development of the meeting of assembly, the shareholders shall be entitled to request suspension of the meeting during a period of time necessary to reestablish conditions to continue with the meeting or they shall be entitled to postpone the meeting the number of times decided by a majority of shareholders; that is, at least fifty one percent (51%) of shares represented at the meeting.

In all cases, deliberations cannot take longer than three days, except for those cases where all subscribed shares are represented.

g. Intervention of shareholders in the meetings: When developing the Agenda, shareholders shall be entitled to have an intervention in those topics related to the business being developed in the agenda. Each shareholder having an intervention shall identify himself/herself indicating full name and citizenship card number. In the case of a proxy, he/she should provide the name of the shareholder he/she is representing. Each intervention cannot exceed five (5) minutes.

h. Quorum to Deliberate and Make Decisions: A quorum necessary to deliberate and make decisions in the meetings shall be the number of shareholders with voting right, representing 50% plus 1 of subscribed and paid-up shares, except when regulations demand a special quorum for specific meetings.

As a general rule, decisions made by the Shareholders' Meeting shall be adopted by the majority of votes corresponding to shares with right to vote duly represented in the meeting, bearing in mind that each share gives the right to a vote, except as contemplated by law and the Company's articles of incorporation.

Decisions adopted by the Shareholders' Meeting shall be binding upon all shareholders, without prejudice of legal provisions in force with respect to absent or dissident shareholders.



i. Discrepancies in Shareholders' Criteria: Discrepancies in shareholders' criteria in relation to the general operation of the company, its operations, projects, and businesses, shall be discussed and resolved according to legal provisions and the Company's articles of incorporation.

j. Attendance of the members of the Board of Directors to the assembly: The members of the Board of Directors of the Group's companies that issue shares in the Colombian stock exchange, and especially those who act as presidents to supporting committees shall attend all ordinary assembly.



SECTION 3: GOOD GOVERNANCE PRINCIPLES AND MEASURES RELATED TO MANAGERS AND MAIN EXECUTIVES AND INTERNAL REGULATION OF THE BOARD OF DIRECTORS

Managers and main executives of each company of the Group shall act in good faith, with loyalty and due diligence of a good businessman. Their actions shall be oriented to comply with the Company's interests bearing in mind its shareholders' interests and complying with their duties as contemplated in relevant applicable norms, bylaws, and in this Good Governance Code.

For a proper fulfillment of their positions, managers and main executives shall:

- a. Make the best efforts to achieve a proper development of the Company's trade purpose.
- b. Promote total fulfillment of legal provisions and bylaws.
- c. Allow an appropriate completion of the duties conferred upon several control bodies of the Company, especially the External and Internal Audit offices.
- d. Keep and protect banking, stock exchange, commercial, and industrial confidentiality of the Company and confidentiality of businesses executed with consumers and suppliers.
- e. Refrain from making an undue use of confidential information.
- f. Refrain from participating in person or through a third party for personal benefit or for a third party's benefit, in activities implying competition with the entity or in actions where there could be a conflict of interest.
- g. Supervise application and compliance with the corporate government and ethics provisions of the Group and adopt necessary mechanisms to strengthen the same.

3.1. Boards of Directors' Internal Regulation.

The activity of the Boards of Directors, as the highest administrative bodies of the Companies, shall be specially focused on defining general policies and strategic objectives of them, as well as on supervising all actions taken to achieve the objectives, in a permanent search for the shareholders' rights and the Company's sustainability and growth. Specific functions of the Board of Directors have been established in the Company's articles of incorporation and duly contemplated by law and this Code.

The Board of Directors shall also promote the best treatment and assistance to shareholders, customers, consumers, employees, suppliers, and all its stakeholders in



general. Powers of the Board of Directors shall be sufficient for ordering the execution of any action or contract as contemplated in the Company's trade purpose and for making necessary decisions so the Company can comply with its purposes as contemplated by law and bylaws.

a. Election, Composition, and Remuneration of the Board of Directors: According to each country's law and the Company's articles of incorporation, the Company's Board of Directors shall be elected by the Shareholders' Meeting and shall consist of the number of members set forth in the Company's articles of incorporation.

Members of the Board of Directors (hereinafter referred to as "Directors") shall hold their positions during a two-year (2) period, but they shall keep their positions until electing their successors, except for prior removal or declaration of incompetence, or if they have resigned from their positions. These situations shall be reported before the Financial Superintendency or the Mercantile Registry, as the case may be.

Directors can be freely reelected and removed by the Shareholders' Meeting, even before termination of their period.

For election of the Board of Directors' Members:

- In the case of companies issuing shares in the Colombian stock market, shareholders will be informed (before the meeting) about profiles and resumes of the candidates.
- All shareholders will be assured with a possibility to submit lists of candidates to occupy the Board of Directors, as long as those lists are in compliance with requirements demanded by the norms applicable to each Company, the company's bylaws, and the Good Governance Code. Proposals or lists of members for the Board of Directors not meeting the requirements demanded shall be eliminated from the election processes.
- Evaluation of suitability and compliance with the selection requirements defined in this Code in relation to candidates to the Boards of Directors shall be performed prior to the shareholders' meeting, duly led by the Good Governance Committee.
- In Colombia, the electoral quotient system shall be applied.
- For the election of their Directors, all companies of the Group shall comply with all provisions contained in the company's bylaws and the manuals or policies of the SARLAFT (Money Laundering and Terrorist Financing Risk Management System).

In order to set the Directors' remuneration, the Shareholders' Meeting shall bear in mind number and quality of its members, their responsibilities, and time required in such a way



that such remuneration can be consistent with the contribution expected by the Company from its Directors.

Shareholders shall be entitled to approve remuneration other than that of the President of the Board of Directors in relation to the other members of the Board, bearing in mind competences and responsibilities of their positions as well as the time devoted to such a position.

b. Criteria for the Selection of Directors: Shareholders could verify before the assembly the proposals of the candidates to form the Board of Directors received by the management which have complied with procedures in relation to propositions presentation, prior evaluation of Good Governance Committee set up in this Code.

For the election of the Directors, the Assembly shall take into consideration the selection, suitability, and incompatibility criteria contemplated by law, the company's bylaws, and this Code, which will be informed to the shareholders so that they can have necessary judgments elements to appoint the Directors.

The Shareholders' Meeting shall have into account the following criteria for selecting the Directors:

-General principles: The selection principles shall be applicable to all candidates for the Board of Directors. When possible, each Director shall offer a professional specialization consistent with the Company's business. Each Director shall be assure sufficient time to comply with his/her obligations and responsibilities.

-Academic and professional history: During the process to evaluate candidates, verification shall be made to check their personal and professional qualifications, academic preparation, and/or labor history which accredit them as suitable and competent people to manage and guide the Company.

Bancolombia, as the parent company of the Group, shall seek the members of the Board who may offer valuable contributions concerning orientation on relevant and strategic decisions of Grupo Bancolombia, as well as on the Bank's businesses and products, and shall verify that such members understand their responsibilities all financial entities have with their users, customers, shareholders, and all other stakeholders.

-Basic competences: All Directors shall have necessary basic skills that allow them to execute an appropriate performance of their functions, such as analytical and managerial skills, a strategic vision of the business, objectivity, capacity to give their opinion, necessary skills to evaluate superior managerial scenarios and analyze the main components of several control and risk systems and financial results and indicators. Additionally, they shall have necessary capacity to understand and question the financial information and business proposals and work within an international environment.



-Specific competences: In addition to basic competences above, the members of the Board of Directors shall offer specific skills that allow them make contributions in financial or risk areas, as well as in legal areas or commercial or economic topics.

The Company shall make its best efforts to assure the most appropriate knowledge of each Director in relation to businesses and general aspects. When a Director is appointed for the first time, he/she shall be provided with necessary information to have a specific knowledge relating to the Company and the sector where its trade purpose is being developed, as well as necessary information relating to responsibilities, obligations, and powers inherent to their positions.

-Availability: Every candidate for Director of any of the companies shall assure that they have necessary time available to assume their responsibilities with the Group.

Availability includes, in addition to attendance to Board meetings and Board supporting committees (attendance shall never be below 80% of total meetings per year, except for justified force majeure), evaluation of information before the meetings, supervision of information about the financial sector, training programs, meetings with supervisors, and, in general, necessary time to perform studies and make recommendations to the Company.

-Not to be involved in Disqualifications or incompatibility: Without prejudice of cases of ineligibility and disqualifications set forth in regulations in force and each company's bylaws, the following conditions shall be taken into consideration:

- i. Directors of Colombian companies cannot be members of over five (5) Boards of Directors in Colombian public limited companies.
- ii. In the case of financial entities (credit entities), Directors cannot be members of the Board of Directors of other credit entities with similar trade purposes, except for companies of the same Group.
- iii. The Board of Directors shall never have a majority formed by people related through marriage, kinship until the third degree of consanguinity or second degree of family relationship or first degree of kinship by adoption.
- iv. The Boards of Directors shall never be formed by a number of members working for the applicable company, who may form themselves a majority necessary to make decisions.

In all cases, the Directors shall inform each Company about any potential cause of ineligibility or disqualifications to exercise their positions as Directors of a specific company of the Group.

-Eligibility before the Financial Superintendency: For the case of Colombian financial institutions of the Group, all candidates for Directors shall assure their eligibility before "Superintendencia Financiera de Colombia" (Colombia Financial Superintendency) that will



perform a detailed analysis of their history, academic and professional history, disciplinary and credit records, among other aspects.

-Independence: Independent Directors shall verify requirements demanded by each country's regulations and prove compliance with such requirements with necessary supporting certification.

In relation to Bancolombia Board of Directors, when a candidate is nominated as an independent candidate, he/she shall prove before the entity and domestic and foreign pension funds his/her compliance with independence criteria necessary to guarantee such a capacity. Such certification shall also include the certification of each candidate's independence respect to the Bank's high management.

Likewise, the Bank's Board of Directors shall execute a procedure to certify that it has checked compliance with the independence criteria demanded and that the candidate is a person independent from the Board of Directors.

In addition to the independence criteria set forth in Law 964 of 2005 for the issue of securities in Colombia, the election of a member independent from Bancolombia's Board of Directors shall be in compliance with provisions set forth by New York Stock Exchange.

-Election by gender: As a way of assuring equality for all candidates for the Boards of Directors, Grupo Bancolombia's companies shall refrain from promoting nomination of its Directors exclusively grounded on their gender.

Without prejudice of the last power of the Meeting to nominate Directors, the Board of Directors of the companies issuing securities in Colombia (through their Good Governance Committee) shall be entitled to execute a prior internal non-binding procedure intended to evaluate potential legal ineligibility or conflict of interest and preparation of the candidate to fit relevant profiles set forth by the Meeting, if any, and the requirements set forth in this Code. When necessary, the Board of Directors shall inform the results of such a procedure.

Whenever the Board of Directors identifies other profiles or characteristics necessary to form the Board (in addition to the ones set forth in this Good Governance Code), it shall disclose such information on the company's website.

c. Directors' Performance Principles: With the purpose of keeping the highest objectivity, independence, and knowledge when making decisions, Directors shall be governed, individually and as a collegiate entity, by the following principles:

- Once elected, Directors shall represent all shareholders and shall not act to the benefit of specific shareholders or groups of shareholders.



- They shall perform their functions in good faith and on an independent basis, with due diligence, loyalty, and care, always assuring that their decisions are to the best interest of the entity.

-They shall do their best effort to be as equitable and fair as possible in all the decisions with respect to all shareholders.

- They shall promote and apply, in association with their functions, total fulfillment of applicable laws, articles of incorporation, the Good Governance Code, the Code of Ethics, anticorruption norms, and all other norms and rules adopted by the Company.

-They shall exercise their positions in an objective and independent way and showing an active participation.

-They shall define plans, strategies, and objectives of the Company.

- They shall know financial and operating conditions, as well as the important segments of the company's businesses.

-They shall actively participate in meetings of both the Board of Directors and the Committees they belong to, knowing and reviewing in advance the study and analysis material for the meetings, and this material shall be appropriately, completely, and timely provided by the Company. The management shall be committed to send necessary information for each meeting at least two days (2) before each meeting.

- They shall avoid conflicts of interest with the Company, informing about the existence of these conflicts to all other members of the Board of Directors and refraining from voting with respect to the topic subject matter of the conflict, except when the Board of Directors, with unanimous vote of all other members attending the meeting, has decided that this Director is not involved in a conflict of interest.

-They shall refrain from participating, either directly or through third parties, in activities involving competition for the Company.

-They shall refrain from using confidential or restricted information of Grupo Bancolombia and that of several stakeholders they may have access to due to their positions.

d. Main Responsibilities of the Board of Directors: In addition to legal provisions and the articles of incorporation, the main duties and powers of the Board of Directors are as follows:

-Concerning Good Governance: The Board of Directors shall be responsible for promoting its own performance and fulfillment of functions and powers. It shall also be responsible for conducting a strict follow-up to good governance principles, policies, and measures contained in this Code, assuring relevant adoption, fulfillment, and implementation of them, and searching for a progressive development of better standards compatible with the



Group's culture and philosophy, according to the normal development of the topic nationally and internationally.

- **Ethics and Transparency:** The Board of Directors of each Company shall promote an ethical and transparent behavior, according to principles and guidelines set forth in the Group's Code of Ethics.

Bancolombia's Board of Directors shall establish existence and composition of a Group's Committee of Ethics and shall govern its operation. Such a committee shall be in charge of supervising compliance with provisions contained in the Code of Ethics and relevant supplementary attachments, as well as determining necessary actions for assuring knowledge, release, and strengthening of the highest ethical behavior standards of the Group and resolution of conflicts under its competence.

Without prejudice of the information provided above, each Board of Directors of the Companies shall conduct a strict follow-up to principles, policies, and guidelines of the Code of Ethics and relevant supplementary attachments which may be applicable to the Company, and shall determine the cases where creation of Committees of Ethics may be necessary within its Company, case in which such committees shall act in a coordinated and complementary manner with the Group's Committee of Ethics.

- **High Management:** With respect to the Presidency and the Vice-presidency of the Company, the Board of Directors shall be responsible for relevant selection, evaluation, remuneration, and replacement and for the assignment of the main responsibilities and supervision of the succession plan. In relation to Bancolombia, the Board of Directors' responsibilities shall be fulfilled in relation to Vice-presidencies having the nature of Corporate Vice-Presidencies.

- **Business:** In relation to the business operation, the Board of Directors shall be entitled to approve and review the main projects, the risk policy and management, the new products and services, the strategic planning, and the way to supervise total compliance with the strategic planning and to know the main financial projections as well.

- **Control:** The Board of Directors shall promote integrity of the accounting, information, corporate government, internal control, risks, and financial consumer service systems, among others. Additionally, it shall promote an appropriate operation of each control, risk supervision, and legal compliance systems. Likewise, the Board of Directors shall also make a follow-up to the entity risk profile and shall approve the segmentation, identification, measurement, and control methodologies with respect to money laundering and terrorist financing.

If there were material weaknesses or comments issued by the Fiscal supervisor in its annual report of financial statements, they will be reported to the Auditing Committee. In case the Management has a different opinion relayed to them, the Board of Directors will issue a



report to be submitted to the Assembly including corresponding considerations and explanations and the reasons of criterion differences with the Fiscal Supervisor's opinion.

e. External Advisors: The Board of Directors shall be entitled to hire or order the management to hire external advisors for serving the Board of Directors; such advisors should be different from those hired by the management when it may deem it necessary for a better performance of its functions.

The Director who requests intervention of an external advisor should inform if there is a conflict of interest between him/her and the advisor requested, any blood relationship or commercial or personal relationship between him/her, his/her spouse or relatives in the second degree of consanguinity and affinity; in this case, the decision to hire the advisor shall be made by all other members of the Board. In all cases, the advisor being hired should keep topics subject matter of the advisory as confidential and should refrain himself/herself from showing a behavior having a conflict of interest or driving to the use of confidential information.

f. Budget: The Board of Directors will prepare on a yearly basis a budget of expenses required to develop its management. This budget shall specifically include the aspects related to fees deemed as necessary for hiring external advisors different from the ones hired by the management when needed, national and international trips, representation expenses, attendance to seminars and events, Board supporting committee fees, and all other expenses required to assure an appropriate management.

g. Board of Directors Meetings: Meetings of the Board of Directors shall be held for periods of time as contemplated by law and bylaws. With respect to Bancolombia and the financial institutions with domicile in Colombia, the Board meetings shall be held at least once a month; however, when special circumstances occur, special meetings shall be held when convened according to provisions set forth in the company's bylaws.

The Board of Directors shall meet at least once a year in a special meeting in order to analyze, evaluate, and decide on planning and strategies of the entity.

Minutes of the Board of Directors meetings shall include studies, bases, and all other information sources used for making decisions, as well as the favorable and unfavorable reasons taken into account for making such decisions, in those cases where a unanimous decision is not made by the attending members. The minutes shall also certify the cases when a member of the Board has informed about a conflict of interest.

The Board of Directors of each company of the Group shall approve the yearly schedule for its ordinary sessions, without prejudice of the meetings to be held on a special basis.

h. Meetings with no Presence of the Management: The Board of Directors shall be entitled to celebrate all necessary meetings with no presence of officers belonging to the company's management. These meetings shall be held when required by the Board of



Directors and its decisions shall be totally valid as long as they comply with legal requirements and the Company's bylaws.

i. Intranet or any other Information and Communication Media for Analysis, Discussions, Documents, etc.: Members of Group's companies' Board of Directors shall have prior access to information relevant for making decisions, according to the Agenda of the meeting. For such a purpose, this information shall be sent or made available for Directors at least two (2) days before through any physical or electronic means that assures reception of the information.

j. President and Vice-President of the Board of Directors: The Board of Directors shall have a President and a Vice-President, and such positions can be rotated among the members of the Board as determined by the Board. President and Vice-President shall be responsible for assuring efficiency and best performance of the Board.

The Board's President, in conjunction with the Company's President or the Secretary, shall cooperate to prepare the yearly schedule for meetings and shall provide necessary guidelines to comply with such a schedule. The Board's President shall assure timely and efficient delivery of the information to the Board of Directors and shall guide relevant discussions to assure participation of Directors and the relevance and admissibility of the debates. The Board's President shall lead the Directors' interaction among them and with the Board and shareholders.

k. Secretary of the Board of Directors: The Board of Directors shall have a Secretary duly appointed by the Board of Directors. The Secretary's powers and responsibilities shall be defined in relevant bylaws. In general, the Secretary shall be responsible for the following activities:

i. To call the Board's meetings according to the yearly schedule set for such a purpose and to coordinate the organization of the Board of Directors' meetings.

ii. To assure delivery of information when required prior to a meeting of the Board of Directors; in general, the Secretary shall be responsible for providing information as necessary and relevant to keep Directors totally informed and make decisions.

iii. To keep, according to law, relevant Board of Directors' minutes book, as well as relevant attachments; to authorize, with his/her signature, the issue of copies certifying the agreements adopted by the Board.

iv. To assure compliance with policies and guidelines set forth in the company's bylaws and this Code in relation to the operation of the Board of Directors.

v. All other powers and responsibilities set forth in regulations applicable to each company or the Group.



3.2. Appointment of President and Main Executives

The Board of Directors shall be responsible for appointing and remove the President of the Company, his/her Deputy, and all other vice-presidents responsible for the ordinary course of the business.

Sixty five (65) years is the age established as the maximum age to occupy high management positions (President, Corporate Vice-president, and Managers, as the case may be) within the companies.

In order to set remuneration for President and Senior Management, the Board of Directors shall take into account their qualifications, experience, responsibilities, functions, generation of value added to the entity, and financial status of the entity. When such remuneration involves variable remuneration elements, the Board of Directors shall adopt general policies established by the meeting for this purpose.

Appointment of such officers shall be made bearing in mind that the candidates share the Group's corporate culture and philosophy, as well as principles and values, and have relevant managerial skills, technical knowledge, human virtues, and moral suitability.

With respect to Bancolombia and financial companies in Colombia, government and management functions conducted by the President and the Juridical Vice-president/Secretary General or Secretary General, as the case may be, have been established in the Company's bylaws and this Good Governance Code. Functions of all other executives shall be set by the Presidency.

Basic information about Directors, President, and Main Executives of the Group's companies can be consulted on each company's website. In relation to Bancolombia, such information can be consulted on the yearly report presented in 20F Form and on the SEC's website: <http://www.sec.gov>.

3.3. Bancolombia (holding) Supporting Committees Appointed by the Board of Directors

Without prejudice of the supporting committees required by law to operate in the Group's companies, Bancolombia, as the parent company, shall have corporate supporting committees of the Board of Directors to assist in developing and strengthening the powers of the Board of Directors.

In order to form its supporting committees, the Board of Directors shall take into consideration profiles, knowledge, and professional experience of its members.

These Committees are the following:



- **Good Governance Committee:** The Good Governance Committee shall be only one for Grupo Bancolombia and shall consist of at least three (3) members of the Board of Directors, one of them being an independent member. Bancolombia's President shall attend this committee permanently. Bancolombia's Juridical Vice-president/Secretary General shall act as the Committee Secretary.

The Good Governance Committee shall have internal regulation to govern aspects such as composition and guests to the meetings, competences, and responsibilities of the Committee and its internal regulation.

The main purpose of this Committee is to attend Bancolombia's Board of Directors to supervise compliance with the Corporate Governance measures set by the Group and review any potential change to such measures. This Committee shall also support the Board of Directors in cases related to the implementation of succession policies of the Board of Directors and its remuneration.

This Committee shall submit reports on the activities performed by the Bank's Board of Directors and shall approve a yearly report on Corporate Governance to be submitted before the Assembly of Shareholders.

- **Appointment, Compensation, and Development Committee:** The Appointment, Compensation, and Development Committee shall consist of at least three (3) members of Bancolombia's Board of Directors and at least two (2) of them shall be independent members.

This Committee shall have internal regulation to govern aspects such as composition and guests to the meetings, competences, and responsibilities of the Committee and its internal regulation.

The main purpose of this Committee is to support the Board of Directors in cases related to the implementation of selection, appointment, hiring, and remuneration policies for senior management officers and everything related to Grupo Bancolombia's remuneration model.

This Committee shall submit reports on its activities to the Bank's Board of Directors and, upon request of the president of assembly, this committee's president shall be entitled to inform the meeting about specific aspects on the job performed by it.

The Group's companies (financial institutions) shall also have the following supporting committees for each Board of Directors:

- **Audit Committee:** The Audit Committees of the Group's companies shall have members of the Board of Directors from relevant entity. They shall also have internal regulation to



govern aspects such as composition and guests to the meetings, competences, and responsibilities of the Committee and its internal regulation .

Without prejudice of other powers granted to this Committee by norms, bylaws or internal regulations of each company, the main purpose of this committee shall be to support the Board of Directors in aspects such as supervision of the Company's internal control system effectiveness.

Bancolombia's Audit Committee shall consist at least of three (3) independent members of the Board of Directors. At least one of its members, in compliance with norms in force, shall be an expert in financial topics. The Committee shall have a president and a secretary, duly appointed by this same Committee.

This Committee is intended to support the Board of Directors when supervising the effectiveness of the internal control system, decision making concerning control and improvement of the activities performed by the Company and its managers, and when supervising accounting procedures, relationship with the auditor and, in general, when supervising the Bank's and the Group's control architecture. Additionally, this Committee shall verify that internal control procedures are adjusted to the company's needs, objectives, goals, and strategies and in compliance with the company's internal control objectives such as effectiveness and efficiency of operations, reliability of financial reports, and compliance with applicable law and regulations.

For this purpose, the Committee shall define necessary mechanisms to consolidate the information of the control bodies to present it before the Board of Directors. This committee shall establish policies, criteria, and practices to be employed by the entity for construction and release of its financial information.

The Committee shall not replace the functions of the Board of Directors or the Management with respect to supervision and execution of the Company's internal control system. For reaching an appropriate operation, in addition to provisions of the applicable norms in force, the Audit Committee shall have Internal Norms to establish its objectives, functions, responsibilities, and internal regulation.

The Audit Committees shall present before each company's board of directors reports on its activities.

In relation to issuing companies in Colombia, the Audit Committees shall prepare a yearly report of activities to be submitted before the assembly and, upon request of the President of assembly, the Audit Committee president shall inform the meeting about specific aspects on the job performed by it.

Bancolombia's Audit Committee shall establish necessary mechanisms to promote communication channels with Boards of Directors, Audit Committees, and Presidents of subordinate companies of the Group, in such a way that such channels can be used to



supervise the operation of the internal control system and all other aspects of the entire Group associated to its nature.

- **Risk Committee:** The main objective of this Committee is to serve as a support for approval, follow-up, and control of policies, guidelines, and strategies for risk management of each entity.

Bancolombia's Risk Committee shall support the Bank's Board of Directors in aspects such as knowledge and understanding of the risks assumed by the Bank and the entire Group and the funds required for this support.

Bancolombia's Risk Committee shall consist of three (3) members of the Board of Directors and at least two (2) of them will be independent members. This committee shall be attended by the Bank's President (as special guest), the Risk Vice-President, and other officers of the Group, according to the relevance of the topics to be treated in such meetings.

The Risk Committee shall have internal regulation to govern aspects such as composition and guests to the meetings, competences, and responsibilities of the Committee and its internal regulation.

The Risk Committees shall present before each company's board of directors reports on its activities.

In relation to Bancolombia and all other issuing companies of the Colombian stock market, upon request of the president of assembly, the Committee's president inform the meeting about specific aspects on the job performed by it.

Bancolombia's Risk Committee shall establish necessary mechanisms to promote communication channels with Boards of Directors, Risk Committees, and Presidents of subordinate companies of the Group, in such a way that such channels can be used to supervise the operation of the risk management systems and all other aspects of the entire Group associated to its nature.

Other Committees Appointed by Bancolombia's Board of Directors:

The Board of Directors has made relevant arrangements for creating a number of committees for addressing strategic matters; composition of these committees shall be decided by the Board of Directors. Such committees are the following:

- **Credit Committee:** The main objective of this Committee is to make decisions about the credit approval process, structure and composition of the fund portfolio, methodologies, and credit risk management tools, and to know the report on operations approved by lower authorities. Additionally, this Committee shall approve



the exception regime, define relevant urgent operation mechanisms, and delegate powers to other committees or bodies.

The Board of Directors shall determine its members. Among others, this Committee shall count on the participation of the Bank's President, the Risk Vice-president, and some other Vice-presidents and employees of the Company.

- **(GAP, for its initials in Spanish) and Investment Committee:** The objective of this Committee is to serve as a support to adopt, implement, follow-up, and control general policies intended to reach an optimal management of the Bank's assets and liabilities, and the Treasury operations and investments.

Without prejudice of the creation of special committees formed in other Companies of the Group, different from the Bank, Bancolombia's GAP and Investment Committee shall be entitled to know the topics related to its competence and associated to the affiliates. The Committee shall have internal regulation.

The Board of Directors shall determine the Committee's members; some Vice-presidents of the company shall be allowed to participate in this Committee.

- **Committee of Ethics:** The Group has a Group Committee of Ethics responsible for supervising compliance with provisions of the Code of Ethics and supplementary attachments created for the Code, as well as determining necessary actions to know, disclose, and strengthen the highest standards on behavior and ethics of each company of the Group and resolution of conflicts within its jurisdiction. This Committee shall have internal regulation. This Committee shall report to the Audit Committee.
- **Disclosure Committee:** Bancolombia has a Committee responsible for supervising the way the Bank discloses its information in the market, with the purpose of assuring clear, sufficient, and timely information in compliance with relevant regulations applicable to the company. This Committee shall report to Bancolombia's Audit Committee.

The Group's Companies shall take the committees appointed by Bancolombia's Board of Directors as a reference to implement internal committees with similar powers.

The Group's companies' presidents shall be entitled to arrange the creation of other strategic committees to support different management activities and affairs.



3.4. Procedure for Authorization and Control of Transfer of the Company's Shares by Managers from Companies with Domicile in Colombia

As contemplated in Colombian law, Directors and Managers of Companies with domicile in Colombia shall be entitled to transfer and acquire, directly or through third parties, shares of the Companies they work for, while occupying their positions, provided that they are operations with no speculation purposes and duly authorized by the Board of Directors; this authorization should be granted by a favorable voting of two thirds (2/3) of the members (excluding the requester's vote), or when necessary at the Board of Director's discretion, with authorization of the Shareholders' Meeting and a favorable vote of the majority (excluding the requester's vote), as contemplated in the Company's bylaws.

In all cases, negotiation of shares conducted by the managers should be free of speculation purposes; speculation can be supposed, for instance, when the following three circumstances occur simultaneously: i) periods of time suspiciously short between purchase and sale of shares; ii) situations exceptionally favorable for the Company have occurred; and iii) a significant profit has been reached with the operation.

For effects of monitoring and effective compliance with the adopted procedure, the following requirements should be met:

- i) Manager's duty to provide advanced information to the Juridical Vice-presidency/Secretary General Office of the Bank or the entity acting as such in the Company, indicating the intention to acquire or transfer shares of the Company and/or its affiliates, bonds converted into shares or titles representing shares, number of shares, kind of shares or approximate price of the investment, and reasons for this negotiation.
- ii) The Juridical Vice-president/Secretary General or the person acting as such, shall take the request to the next Board of Directors meeting, so that the Board can make a decision thereof according to the provisions set forth in law and in the Good Governance Code.
- iii) In relation to Directors, Presidents or General Managers and Corporate Vice-presidents, the above mentioned authorization shall be revealed in the market as relevant information, in those Companies which issue securities in the Colombian market.
- iv) The Board of Directors shall establish a maximum term of two months, from the date of the authorization, so that the operation can be completed, with the purpose of avoiding speculation.
- v) The Manager shall inform the Juridical Vice-presidency/Secretary General Office, or the entity acting as such, about the moment the authorized operation is completed and the conditions under which such operation was completed.
- vi) The Good Government Committee shall be entitled to monitor the development of authorized operations.



vii) When a case of variable remuneration occurs, recognized through Fondo de Acciones SVA, no authorization is initially required to transfer shares at the moment in which participation of managers is available; however, a future indirect transfer through directions given to the management company really requires an authorization.

In all cases, the operation associated to Bancolombia's shares cannot be conducted during the following periods:

- i) In January, April, July, and October each year and during the first ten (10) calendar days of remaining months.
- ii) During the time going from the moment the managers know a relevant operation or business to be made by the entity to the moment such operation or business are revealed in the market.

When a case for exercising the preferential right in the Companies' share issue occurs, managers shall be entitled to exercise such a right without a prior authorization of the Board of Directors, but they will really need an authorization to acquire additional rights they may be entitled to according to their share participation.

These regulations are strictly binding upon the members of the Board of Directors and executives of Bancolombia Senior Direction.

3.5. Economic Relations of the Company with Directors, President, and Main Executives

Economic relations of the Group with its Directors, President, and Main Executives shall be developed within limitations and conditions contemplated in relevant norms and regulations on prevention, management, resolution of conflicts of interest.

All relevant information related to the economic relations between the Companies and its Directors, President, and Main Executives, shall be disclosed in the market in reports appertaining to each exercise.

3.6. Evaluation Mechanisms of Directors, President, and Main Executives

Boards of Directors shall annually conduct an evaluation of their management and that of their supporting committees, and such evaluation shall include, among other things, attendance of its members to the meetings, active participation of its members in decisions, follow-up conducted to the Company's main aspects, evaluation of its tasks, and its contribution to define strategies and projection of the entity. The Board of Directors shall determine the mechanisms by means of which such evaluation will be performed and shall be entitled to change between an internal self-evaluation and an external evaluation.



Likewise, the Boards of Directors, through their respective Board of Directors President, shall annually evaluate the Company's President's management. Each President or General Manager of the Group's companies shall do the same with respect to the executives under his/her direct direction.

In the case of Bancolombia and all other companies issuing shares in the Colombian stock market, the evaluation to the President or General Manager shall be made with the support of the Appointment, Compensation, and Development Committee. Furthermore, the President or the General Manager of the company shall keep the President of its Board of Directors informed of all general operations and results of the evaluations shall be reported to its Direction Team.



SECTION 4: GOOD GOVERNANCE PRINCIPLES AND MEASURES ASSOCIATED TO FINANCIAL AND NON-FINANCIAL INFORMATION AND TRANSPARENCY

With the purpose of providing a proper knowledge to the stakeholders of each company of the Group, financial and non-financial information shall be revealed to each company through the channels already established in this Code for such a purpose:

Among some other issues, each Company shall inform its shareholders and investors, when necessary, about the following:

- a. Main foreseeable risks and relevant measures to face them, as well as the mechanisms used for risk management. Each company shall determine the way to disclose these mechanisms to its shareholders.
- b. Financial statements, in the periods established by law, bearing in mind that end-of-year reports shall be analyzed by the Auditor.
- c. Relevant findings made by the Auditor and external audits hired by the Company. Reports containing such findings shall be disclosed as they are produced by the means established by law. Each Company shall determine the way it will disclose these findings to its shareholders.
- d. Significant findings produced by the internal control systems implemented by the Company, as well as important projects associated to such a system and any relevant change in its structure.
- e. Kinds of shares issued by the Company and amount of shares issued for each type, shares in reserve, as well as rights and obligations resulting from each type of share.
- f. Main shareholders understood as those who are real beneficiaries of over 5% of the Company's outstanding shares and all relevant changes in both share participation and control. This is not applied to the Companies which are not issuers of the Colombian Stock Market.
- g. Agreements between the main shareholders known by the Company, which purpose is the shares, its rights, the exercise of such rights, the company's management, among others.
- h. Relevant businesses executed between the Company and its main shareholders, and with its Directors, Managers, and Main Executives. This is not applied to the Companies which are not issuers of the Colombian Stock Market.



- i. Notice of the Assembly of Shareholders and any other information deemed as necessary for the development of the Meeting.
- j. Development of regular and special meetings of the Assembly of Shareholders, including decisions adopted or rejected.
- k. All other reports about relevant facts with respect to financial, risk, and internal control matters which can physically affect the Company.

These facts shall be disclosed as they occur through the information channels deemed as appropriate for each specific case, when necessary, through the appropriate information channel of the Companies issuing securities in Colombia

Relevant information published by Bancolombia S.A. shall be published through the mechanisms set by the Securities and Exchange Commission (hereinafter referred to as "SEC") and shall also be available for investors on the Company's website.

4.1. Information Channels for Shareholders, Investors, and Market in General.

The Group shall keep the following information channels with its shareholders, investors, and market in general:

- **Corporate website:** The Group's companies have an easily accessed corporate website in Spanish, as an important channel by means of which information can be disclosed about each company, the company's governance bodies, its main products and services, the organizational structure, the financial information, and the documents relating to Corporate Governance and Ethics, as well as mechanisms by means of which the stakeholders can contact each company's direction and management bodies.

Bancolombia, as the holding of the Group, also has a website in both Spanish and English, which provides information of interest for investors, shareholders, and market in general; this website also offers a space called "Investor Relation."

This website can be accessed at: <http://www.grupobancolombia.com>.

- **Shareholder and Investor Service Office:** The Investor Relations Management of Bancolombia develops, among other things, the functions corresponding to the Shareholder and Investor Service Office.

The main objective of the Investor Relations Management is to provide clear and objective information about Grupo Bancolombia and its activities, to allow shareholders and investors to make informed decisions with respect to their investments in the Group. Such a Management shall keep an ongoing contact with national and international shareholders, investors, and analysts.



Any stakeholder requiring information related to the provisions governing Good Governance and Ethics in the Group's companies, shall address its request to the Shareholder and Investor Service Office that is the body responsible for sent such a request to the competent area and shall assure that the requestor may obtain an answer.

This office can be accessed visiting the Bank's virtual branch at: www.bancolombia.com, writing to the following e-mails:

relacionconinversionistas@bancolombia.com
investorrelations@bancolombia.com

or in writing to:

Gerencia Relación con Inversionistas
Carrera 48 No. 26-85 Torre Sur
Medellín - Colombia

All other companies of the Group are duly authorized to create a contact e-mail on their own website to have direct communication with their investors; they can also have a physical space for consultations and requests, as they may deem relevant and necessary.

- **Management Report:** Each company of the Group shall annually prepare a document called Management Report which will include all the reports of the Board of Directors and the President to be submitted before shareholders, as well as individual and consolidated financial statements, when necessary, and evaluation of the Auditor (or external auditor) and notes to the financial statements as well.
- **Relevant Information and Basic Update of Issuers:** The Group's companies which are issuers of the Colombian Stock Market shall strictly comply with the norms governing the relevant information and update of issuers, publishing on the Financial Superintendency website the information required by such norms. Bancolombia, as the Group's holding, shall also publish relevant information of other companies of the Group, whenever such information is relevant for reaching the Group's objectives.

Relevant information is that which would have been taken into account by a prudent and diligent expert when purchasing, selling or keeping securities, as well as that information which would have been taken into account by a shareholder when exercising his/her political rights in the respective shareholders' meeting or competent body, according to legal regulations applicable to Bancolombia.

Shareholders, investors, and market in general shall be entitled to consult at any time the relevant information of the Bank and the companies issuing in the Colombian stock market on the Financial Superintendency website: www.superfinanciera.gov.co, and information of Bancolombia on the Company's website.



The Group's companies issuing securities have defined procedures, people and entities responsible, terms, and necessary structure necessary to completely and timely disclose relevant information which can be of interest for the market, as well as to update the entity's basic information.

- **Information Provided Abroad:** Bancolombia shall publish quarterly reports with information about its performance, to be made available for shareholders and market in general, both in Colombia and abroad.

Likewise, Bancolombia shall refer through the USA "SEC" an annual report under the 20F Form, with information about the Bank's results during the year. Relevant information published by Bancolombia S.A. shall also be published through a mechanisms established by SEC.

- **National and International Meetings and Conference Calls:** Bancolombia's management shall celebrate on-site and conference calls with national and international investors and shareholders. Meetings and conference calls shall be held by the Presidency within a specific period of time, with the purpose of providing information about the Bank's results and its general operation.
- **Confidentiality:** According to provisions of the Code of Ethics, the employees of the Group's companies shall keep due reservation about the work documents and confidential information under their custody or that information they have had access to for their positions. Therefore, they shall control and avoid an undue use of such information in any office of the Company they work for or avoid its knowledge by people not authorized to know this information or people not belonging to the respective area.

Also, they are not allowed to disclose or transfer to other officers or third parties technologies, methodologies, know-how, and industrial, commercial or strategic confidential information of the company, its customers or suppliers. They are not allowed to disclose or transfer this kind of information to people who have had access to that information due to their positions. Likewise, they shall not have or try to have access to information deemed as industrial, commercial or strategic confidential information in an illegal manner.

4.2. Risk Rating Agencies: The Group's companies shall be entitled to hire independent securities rating companies with the purpose of conducting relevant analysis and reporting to market about the probability of making timely payments of obligations resulting from securities issued by the entity and, in general, giving an opinion about the Company's



qualities as a market generator according to terms contemplated in the norms governing such activity.

The Companies will be also rated by other international firms which will evaluate the entity's situation and publish relevant reports on a periodical basis.

Additionally, each issue of bonds or trade papers of the Company will be accompanied with a risk and investment rating conducted by independent and international securities rating companies.

4.3. Money Laundering and Terrorist Financing Risk Management System. The Group shall have an integral system for prevention and control of money laundering and illegal events; the system was initially created to know the customer, to determine and analyze movements of each user and client, market knowledge, detection and analysis of unusual operations, and to determine and report suspicious operations. In order to verify compliance with this integral system, a Compliance Officer has been appointed for each Company where regulation demands operation of this system and policies will be included for prevention and control of money laundering to include norms and policies which should be followed.

4.4. Financial Consumer Defense Office: The Group's Companies supervised by Colombia Financial Superintendency have a Principal Financial Consumer Defender and his/her Deputy, both duly appointed by the Assembly of Shareholders. This Defense Office shall act as spokesperson for customers or users before the Company and shall objectively know and resolve, with no charges, all individual complaints within legal terms which may be made in relation to an entity's potential noncompliance with legal or internal norms governing development and execution of services financial entities offer, or with respect to service quality.

As a sign of respect for the rights of customers and financial consumers, with the purpose of assuring total transparency in all their operations, the companies in Colombia commit (exceeding demands contemplated in current norms in force) to follow all decisions made by the Defense Officer, as long as the customer does accept them.



SECTION 5: GOOD GOVERNANCE PRINCIPLES AND MEASURES ASSOCIATED TO THE INTERNAL CONTROL SYSTEM AND CONTROL ARCHITECTURE

For Grupo Bancolombia, the control architecture is an essential element of the Corporate Good Governance which involves aspects relating to the Internal Control System and the Risk Management System in such a way that a government structure can be assured and internal policies and guidelines of each company can be consistent with the achievement of strategic objectives established by the Group.

For this purpose, the Group's companies, based on the nature, structure, and volume of each company's operations, shall define clear action rules relating to the control architecture and shall make their best efforts to strictly comply with norms applicable to the sector they are involved in.

a. Internal Control System: The Group has an Internal Control System based on the Group's set of values, principles, and philosophy, duly developed through policies, norms, procedures, and actions which allow the management to assure on a reasonable way that the incorporation of suitable, sufficient, and adequate control procedures any risk faced by the companies does not affect compliance with its basic and strategic objectives.

The Internal Control System is a useful tool for reaching the entity's objectives, the time spent trying to complete its operations and activities according to internal norms, and regulations applicable to each company.

With the Group's commitment to have an solid internal control system to assure sustainability and retention of the Group's businesses throughout time; the Boards of Directors of the companies (through their Audit Committees), shall regularly review the elements and components of such a System with the purpose of developing corrective measures and incorporate new national and international standards applicable to this area. In this way, the Group shall make sure that the internal control system is in compliance not only with the norms and practices applicable in Colombia but also with the United States regulations, such as the Sarbanes-Oxley Act, demands and recommendations of NYSE, and all other norms and principles that regulate the internal control and its disclosure in both markets, especially the ones contained in COSO I, COBIT, and their relevant amendments.

b. Risk Management System: The Risk Management System of each company of the Group encompasses risk policies and guidelines, specific objectives for risk management, definition and implementation of the system components (identification, evaluation, measurement, management, monitoring, and reporting of risks), creation and follow-up of a risk map, as well as minimum and maximum exposure limits, among others.

General policies and objectives on risk management take financial companies into consideration, so that cohesion and control can be achieved with them.



Internal Control and Risk Management systems require organizational culture and philosophy based on principles such as self-control (understood as the capacity of all people of the organization to take control into consideration as an inherent part of their responsibilities and decision-making processes).

Based on such a principle and pillars such as internal control and risk culture and philosophy of the Group, the companies have implemented necessary mechanisms to effectively communicate, at all levels of the organization, such culture with the purpose of assuring with the information provided that all employees understand the importance and the role that a risk management and an appropriate identification of controls have for business sustainability.

c. Compliance program. Bancolombia group has a compliance program which objectives are to promote the fulfillment of applicable regulation to each one of the companies and corporate policies, to promote ethical standards inside the organization and to protect the reputation; all this within an approach based on the risk linked to the strategy.

In relation to integral management and administration of compliance risk at a corporate level, Bancolombia Group will have a compliance officer, who will report to the Auditing Committee and will be responsible of assuring the execution of guidelines defined by the Board of Directors in relation to compliance and to promote the ethical culture inside the Group.

Bodies responsible for monitoring the control architecture efficacy:

-Fiscal Auditor: The Group's Companies shall have a Fiscal Auditor or external auditor; the Fiscal auditor shall execute the functions contemplated in relevant regulations applicable to each country where the Group has operations, and audit shall be subject to provisions thereof, without prejudice of provisions set forth in the Company's articles of incorporation.

The Fiscal Auditor or External Auditor shall be elected by the General Assembly of Shareholders for two-year periods. Shareholders' Assembly shall be responsible for setting the auditor's remuneration and removing him/her when necessary. Election of the Fiscal Auditor shall be made based on an objective evaluation made by the Audit Committee, with total transparency and after analyzing at least two alternatives in aspects such as offered services, costs and fees, experience, knowledge of the sector, etc.

In his/her report to the Assembly of Shareholders, the Auditor shall include, in addition to comply with legal requirements, all relevant findings found so that shareholders and all other investors can obtain necessary information to make decisions on relevant amounts.

The Fiscal Auditor cannot be a person or an entity that had received income from the companies and/or their economic group, representing twenty five percent (25%) or more of his/her last annual income. Likewise, the Group's companies shall not hire with the Fiscal Auditor of its affiliates services different from those directly or indirectly related to the audit.



Bancolombia

Bancolombia's Audit Committee shall make its best efforts to avoid that one audit firm provides services to Grupo Bancolombia for a period of time exceeding ten (10) years, and shall make sure that the audit firm has implemented international practices concerning staff rotation.

The audit firm shall rotate natural persons who may be executing such a function, at least every five (5) years. The persons who have been rotated can only retake audit of the same Company after a two-year period. Same periods shall apply when the Auditor is a natural person.

Grupo Bancolombia shall make its best efforts to have only one Audit Firm or External Audit for all the Companies of the Group.

-Internal Audit: The Group has an audit area in charge of evaluating the Internal Control System, the risk management, and the corporate governability, and this is a contribution to its better efficiency.

Internal audit shall include a team of professionals to support all audit functions and activities within all national and international companies.

The Internal Auditor shall report to Bancolombia's Audit Committee, without prejudice of the reports and special reports required for each company of the Group.



SECTION 6: GOOD GOVERNANCE PRINCIPLES AND MEASURES RELATED TO CAPITAL INVESTMENT OF THE GROUP IN OTHER COMPANIES

The Group, aware of the importance and relevance that the Good Governance can have in a company, and that ethics, transparency, and good governance issues can become a high risk for shareholders or partners, generating financial, operating, reputational, and legal consequences, among others, expects that the companies receiving investments from the Group's Companies' resources can have at least the following good governance principles and policies to the benefit of shareholders:

- To give equitable treatment for shareholders and to assure respect and compliance with legal provisions and bylaws associated to the shareholders' rights.
- To celebrate meetings with a minimum yearly recurrence where managers can present relevant management reports, financial statements (including notes to financial statements), and other information which can be relevant for shareholders and their investment in the Company.
- To process information requests, petitions, complaints or claims of the shareholders and to assure a timely response to the same.
- To establish necessary mechanisms with the purpose of assuring confidentiality of the Company's and the shareholders' information, as well as setting prevention and control mechanisms to avoid use of confidential information.
- To establish necessary mechanisms with the purpose of having an alternative solution to possible conflicts which can arise with shareholders, such as direct agreements, arbitration, conciliation, etc.
- To have high ethical standards to develop their businesses.

The Group shall refrain from supporting with its vote any proposal that can violate provisions named above.



SECTION 7: PRINCIPLES AND POLICIES RELATING TO THE ORGANIZATIONAL STRUCTURE OF GRUPO BANCOLOMBIA

Grupo Bancolombia is a Latina American Financial Group with a shared vision addressed to meet its customers' financial needs with integral and innovative solutions and value generation for its investors.

In order to comply with its vision, the Board of Directors of Bancolombia (holding of the group), has decided to implement and incorporate a corporate strategy to govern the actions of all the companies for achieving its purposes and using synergies for maximizing value and sustainability.

An organizational structure has been implemented based on the following principles:

- a. The structure should assure an implementation integrated to and coordinated with the corporate strategy, where businesses in each country can be viewed as part of the global strategy, assuring that all business and supporting functions have a common objective.
- b. Integral government vision of all the Group's companies, in the country and abroad, with clear reporting lines and assignation of responsibilities.
- c. The Bank's president, with the support of his/her corporate vice-presidents (high management) shall be the person who will address goals and objectives of each business and validate the strategic execution and plans by assuring that they are consistent with the Group's context.
- d. The Bank, as the holding of the Group, has Corporate Vice-presidents (for commercial, financial, service, legal, risk, audit, and human talent areas), who shall be responsible for their own actions in all countries. The Corporate Vice-presidents, according to the instructions given by the Bank's President, shall be part of the Board of Directors of Grupo Bancolombia's companies.
- e. At an international level, the Group's companies have a local responsible person (local presidents) in each jurisdiction, whose function is to lead the execution of the strategy defined by the parent company and representation of the Group within the country, assuring knowledge of local realities. Local Presidents shall report to the Board of Directors of their companies.
- f. Concerning risks, audit, and money laundering prevention, the local responsible persons in each country, as well as the Corporate Vice-presidents, shall report to the local Board of Directors and the parent company through their Audit and Risk committees.



g. The Group's companies in Colombia have established a shared service model for executing processes with multi-company teams; this model is used to identify functions and common processes of the companies or business units of the Group.

This model is intended to reach a unique integral management of processes to manage efficiency and compliance with policies and guidelines given by the holding Group. The model is also intended to reach the company's purposes, consistency of information, automation, measurement, documentation, contingency support, scalability, and standardization.

Under this system, each company shall provide human talent and assume operating costs before third parties.

Provided that this is a viable and beneficial model, it shall be extended to the companies in other jurisdictions.

Structure and operation of Grupo Bancolombia shall follow regulatory requirements applicable to the companies, according to the norms applicable to each of them.



SECTION 8: GOOD GOVERNANCE PRINCIPLES AND GUIDELINES ASSOCIATED TO OPERATIONS AND AGREEMENTS WITH THE COMPANIES CONTROLLED BY BANCOLOMBIA AND OTHER ASSOCIATES (RELATED PARTY TRANSACTIONS)

Grupo Bancolombia acknowledges the importance of having high good governance and transparency standards to conduct operations and enter into agreements and contracts (hereinafter referred to as “Operations”) among the companies controlled by Bancolombia and other associates. For such a purpose, the following principles and guidelines have been established:

8.1. Operations among companies controlled by Bancolombia

a. The following operations shall be executed according to the following provisions:

-Execution of operations shall be promoted when a better service and better conditions can be offered to customers and consumers with the results of the operations.

-Operations shall promote the use of synergies inherent to a business group, according to limitations and restrictions set by law.

-Operations shall generate value to the Group’s businesses.

-Operations shall never affect the companies’ capacity to comply with their obligations before third parties.

-Operations shall respect minority shareholders’ rights in the companies with this kind of shareholders.

-When market prices can be taken as a reference framework, operations shall be made at prices as close as possible to those of the market. When market prices cannot be taken as a reference framework, given the specific, exclusive, and non-comparable conditions of the operation, some conditions shall be set to establish synergies among the companies.

8.2. Bancolombia map of associates: Without prejudice of other legal and contractual definitions Bancolombia should comply with concerning economic associates or related parties, for effects of the Corporate Government the following natural or juridical persons (in addition to the companies controlled by Bancolombia) shall be deemed as associates:

a. Members of the Board of Directors; President and Corporate Vice-presidents of Bancolombia.

b. Spouse and children of Bancolombia Board of Directors members, corporative President and vice-president.



- c. Capital investments in corporations higher than 10% carried out by Bancolombia's Board of Directors Members, corporate President and vice-president.
- d. Bancolombia's shareholders owning over 10% of the Bank's stock capital.
- e. Companies controlled by Bancolombia.

8.3. Regulations on operations executed between Bancolombia and its associates:

The operations executed between Bancolombia and its associates shall be classified as recurrent, material, and non-material operations.

A recurrent operation shall be understood as that operation corresponding to the ordinary course of the Group's companies' businesses; therefore, this kind of operations shall not require prior approval of the Bank's Board of Directors, notwithstanding the amount, except otherwise provided by law. Recurrent operations involve the following:

- a. Active credit operations
- b. Operations to raise funds, payments, and collections
- c. Treasury operations and currency purchase and sale operations
- d. Agreement for the use of Distribution Channels
- e. Stock market operations
- f. Structuring and investment banking operations.
- g. Trust businesses
- h. Leasing operations
- i. Businesses resulting from collective investment funds.
- j. Factoring operations
- k. General framework contracts; adhesion contracts or standardized contracts for financial products and services.

When dealing with non-recurrent operations, they shall be understood as non-material operations; therefore, the operations below 5% of one of the following accounts of the financial statements require no prior approval of the Bank's Board of Directors: Total assets, total liabilities or total equity.

Within non-recurrent operations, an operation shall be understood as a material operation when its yearly amount is equal to or exceeds 5% of one of the following accounts of the financial statements: Total assets, total liabilities or total equity.

For estimating materiality of the operations, the last financial statements of the Bank, as prepared by the audit firm, shall be taken.

Material and non-recurrent operations shall be attached with a report containing the criteria that were taken into consideration for determining the price of the transaction; this price should be previously known by the Audit Committee. With the approval of the Audit Committee, relevant operations can be executed whether or not they are submitted to the



approval of the Board of Directors; the approval of the Board of Directors shall require a quorum of 50% plus one of the Board members and the members shall at least include two of the Board's independent members.

8.4. Disclosure of operations with associates: Bancolombia shall disclose its operations with associates within the notes to the financial statements of each exercise. Material operations shall be disclosed in the Corporate Governance report made available for the shareholders.

All other companies of the Group issuing in the Colombian stock market shall observe the same criteria adopted by Bancolombia in relation to operations with associates.



SECTION 9: PRINCIPLES AND MEASURES RELATED TO CONFLICTS OF INTEREST

For Grupo Bancolombia a conflict of interest shall be understood as that situation in virtue of which a person, as a result of his/her position or activity, is faced to several alternatives of behavior or decision with respect to those interests opposed and incompatible among them, neither of which to be given a position of privilege for its legal or contracting obligations.

9.1. Situations that may result in conflicts of interest

Due to the impossibility to describe all possible conflicts of interest, the Group relies on the commitment, transparency, good criterion, and good faith of its employees, as an essential element for managing personal and professional issues and for managing situations which may result in a conflict of interest.

9.2. Procedure for Management, Administration, and Resolution of Situations that May Result in Conflicts of Interest

The Group thinks that the conflicts of interest should be managed and resolved pursuant to special characteristics of each case. Every situation generating a doubt in relation to the possible existence of a conflict of interest shall be solved as if it really existed.

Conflicts of interest can be classified as permanent and sporadic. A conflict of interest can be deemed as a permanent one when the person exhibits ineligibility, incompatibility to exercise his/her position or is not competent to make decisions relating to the entire number of operations of the company. All other conflicts of interest shall be understood as sporadic cases.

The Group's companies shall never assign, as managers, people who may be involved in a permanent conflict of interest, when such a conflict of interest is directly related to functions expected for his/her position.

People who may face a possible conflict of interest or think that they could possibly be facing a conflict of interest, shall act according to the following provisions:

- **Directors and Presidents of Companies**

When a Director (member of the Board of Directors) finds that in the exercise of his/her functions he/she may be facing a conflict of interest resulting from personal situations or situations caused by his/her associates, he/she shall immediately report it to the other members of the Board, no later than the next meeting of the Board, and in all cases he/she will refrain from participating in the discussion and decision of the issue resulting from the conflict of interest. The decision will be made by the other members of the Board of Directors.



In those cases in which the president or the general manager of a Company may be before a conflict of interest resulting from personal situations or situations caused by his/her associates, he/she shall immediately report it to the president of the Board of Directors, who will take care of the case and report it to the Board of Directors.

Not every abstention in decision making processes shall be understood as a conflict of interest of Directors or the President.

- **Employees**

As a general rule, it has been established that any person facing a possible conflict of interest and should make a decision, shall refrain from participating in the decision and report the case to his/her direct head, without a prejudice of the cases in which the Group sets mechanisms for managing the conflict of interest or establishes the nonexistence of the conflict.

In any event in which an employee, other than the President or the General Manager of the Company, finds that exercising his/her activities may be before a conflict of interest, he/she shall immediately report such a situation to his/her direct head, who shall be either a Director (for “administrative” departments) or a Zone Manager (for branches and agencies).

The Director or the Zone Manager (or his direct head), as the case may be, will preliminarily evaluate a possible conflict of interest and if it is found that he/she is before a conflict of interest, he/she will use necessary mechanisms to manage the conflict. If there is any doubt about the way he/she should manage the conflict of interest, the case shall be reported to the Vice-president of the area, who will study the case and will determine the way the case should be managed.

In relation to situations involving an officer of the senior management, the competence shall be assigned to the President.

In all cases, if an employee may think that there is a situation that should be reported to the Committee of Ethics, he/she shall file relevant request before the Committee’s secretary or before the Internal Auditor who will report the case to the Committee so that the committee may determine whether or not there is a conflict of interest and the way such a conflict should be managed and solved.

Any situation that may be deemed suspicious by the Vice-president, Director or Zone Manager (or direct head) in relation to a potential conflict of interest shall be managed as if such situation really existed.

(*) The position of Director, as described in paragraphs above, corresponds to an internal position included in Grupo Bancolombia organization chart. Such a position shall never be understood as the position held by a member of the Board of Directors of the Company.

9.3. Revelation



When required, the annual Corporate Governance report submitted before the shareholders shall include the revelations of the Board of Directors in relation to abstention or statements on potential sporadic conflicts of interest.



SECTION 10: PROHIBITED SITUATIONS FOR MANAGERS AND EMPLOYEES OF GRUPO BANCOLOMBIA

The Group has identified a set of prohibited situations which shall be observed by the employees of the Group's companies. Such situations are the following:

- To refrain from participating in activities, businesses or operations contrary to law or to the Group's interests, which may damage the compliance of his/her duties and responsibilities or put at risk the reputation of the Group.
- To refrain from making any business or operation based on feelings of friendship or enmity.
- To refrain from advising the execution of an operation, based on confidential information he/she may know for his/her activities or position in the company.
- To avoid obtaining personal or family benefits from suppliers, contractors, third parties, customers or users, except for what has been set in the Code of Ethics for gifts and invitations.
- To refrain from offering, requesting or accepting commissions or any other remuneration in any transaction or business in which the Group is involved, with the purpose of assuring the effectiveness or the results from such business or transaction.
- To refrain from granting any kind of discounts, preferential rates, reductions or exemptions, based on friendship or kinship or which do not correspond to the Group's trading policies.
- To refrain from taking advantage of the benefits the Group has exclusively granted to him/her as officer to the benefit of relatives or third parties.
- To personally manage customers' businesses; therefore, they shall not act as advisors, proxies or representatives of customers; consequently, it is execution of operations on behalf of customers is prohibited.



SECTION 11. PRINCIPLES AND MEASURES FOR MANAGING THE BANK'S BUSINESSES WITH ITS MAIN SHAREHOLDERS

Bancolombia's main shareholders are also its customers and, as such, they deserve an integral assistance and an excellent service; hence, the following principles shall be set to assist these customers–shareholders:

- a. Competence: According to the regulations applicable to the Bank, Bancolombia does not have a control shareholder. The main shareholders of the Bank correspond to independent and autonomous business groups that have commercial relations with other financial groups different from Grupo Bancolombia; therefore, they are free to compete for their businesses, pursuant to price and service conditions.
- b. Business relations with the main shareholders as customers are the result of the interests each party has to obtain the best conditions for its own business.
- c. Value generation: Provision of financial services by Grupo Bancolombia to the main shareholders of the Bank shall be subject to analysis of profitability, and the offer of products and services shall be executed with prices according to the value generation.
- d. Prices shall be placed in such a way that the business relation as a whole generates a financial contribution to Grupo Bancolombia. The Board of Directors shall always know the operations executed by the Bank with its shareholders, which must be executed by this body according to law and the Bank's bylaws.
- e. Grupo Bancolombia's operations with the main shareholders of the Bank will have, as a main premise, the compliance with legal norms.



SECTION 12: GOOD GOVERNANCE CODE COMPLIANCE PRINCIPLES AND MEASURES

If a director, manager or officer breaches the procedures or norms of this Code and the Group's Code of Ethics, either by omission or by action during the execution of their obligations, such director, manager or officer will be imposed penalties set forth in relevant Labor Code, Labor Internal Norms, Financial System Organic Statutes, and regulations in force, without prejudice of the civil or criminal responsibility actions which will be executed by the representatives of the Company.

In order to assess the penalty, factors such as prior records, losses for the Company or the customers, among others, will be taken into consideration. Such provisions will be included in relevant agreements and will be reported to the managers.

Claims Related to the Good Governance Code

Shareholders and investors of each one of the Group's companies shall be entitled to submit requests before Grupo Bancolombia's Shareholder and Investor Service Office or the Presidency of the other companies, if they think there has been a failure to comply with the Good Governance Code; in these cases, the Company's Management, through such office or area, shall provide a clear and sufficient answer to the requester with diligence and on a timely basis.

By using the same means, shareholders and investors shall be entitled to submit claims and complaints before the Auditor, for failures to comply with the Good Governance Code. In these cases, the Company shall provide a timely reply to the requests of the Auditor in relation to the claim and will accept requests submitted when the mentioned failure to comply is established.

Any amendment, change or supplement to this Code shall be disclosed through the legal means on the company's website, and in the case of companies with domicile in Colombia, such amendments, changes or supplements shall be disclosed on the Financial Superintendency's website.