



## **CORPORATE POLICY OF SUSTAINABLE PROCUREMENT**

Version No. 2

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<b>1.</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>2.</b>	<b>OBJECTIVE AND SCOPE .....</b>	<b>1</b>
A.	General Objective.....	1
B.	Specific objectives .....	1
C.	Scope .....	2
<b>3.</b>	<b>GOVERNING GUIDELINE FOR SUSTAINABLE PROCUREMENT POLICY ...</b>	<b>2</b>
<b>4.</b>	<b>GENERAL CRITERIA TO CARRY OUT A SUSTAINABLE PROCUREMENT...3</b>	
<b>6.</b>	<b>RESPONSIBILITIES .....</b>	<b>4</b>
<b>7.</b>	<b>MONITORING .....</b>	<b>4</b>
<b>8.</b>	<b>DISCLOSURE.....</b>	<b>5</b>

## 1. INTRODUCTION

This policy is presented as a key tool for the deployment and development of Sustainability in the Bancolombia supply chain, a responsible management process that favors the acquisition of products and the contracting of environmentally friendly services and manufactured or generated in socially fair conditions.

The interpretation of this policy must be aligned with the following definitions:

- 1.1. Sustainable Procurement: Process by which organizations meet their needs for goods, services, works and public services obtaining the 'best value for the money spent' in terms of generating benefits not only for the organization but also for society and the economy, at the same time that damage to the environment is minimized <sup>(1)</sup>.
- 1.2. Lifecycle: Set of stages through which a product goes through, from the extraction of the raw material, its manufacture, distribution and use, until its final disposal.
- 1.3. Environmentally Friendly Products: They are all those goods that, throughout their life cycle, can reduce adverse environmental effects, compared to other products in the same category, thus contributing to an efficient use of natural resources and environmental protection.

## 2. OBJECTIVE AND SCOPE

### A. General Objective

Integrate in the decision process prior to the procurement or contracting, criteria predefined by the culture and ethical values of Bancolombia, which affect the environmental, social and economic impacts of the procurement in order for them to be positive.

### B. Specific objectives

2.1. Reduce the indirect environmental impact generated by Bancolombia and the possible direct effects on the health of collaborators.

2.2. Promote the sustainable development of the country.

2.3. Reduce Bancolombia's legal risk due to non-compliance with environmental and social laws / regulations by vendors and contractors.

<sup>(1)</sup> Definition adopted by the International Working Group on Sustainable Public Procurement based on the SPP policy of the United Kingdom, 2006.

2.4. Develop vendors and contractors on sustainability issues generating a competitive advantage in them.

2.5. Have a sustainable supply chain.

2.6. Encourage the proper use of resources, avoiding unnecessary purchases, which has been called seeking the consumption of the "Minimum Vital".

2.7. Mitigate Climate Change through responsible consumption, with products and services that generate a lower carbon footprint.

2.8. Promote respect for human rights in our supply chain.

2.9. Promote climate change strategies in our supply chain.

### **C. Scope**

The Sustainable Purchasing Policy applies to procurement and services contracted by employees of the Grupo Bancolombia and/or companies designated to carry out such activity, in all countries where it has operations.

Applies for the following products and / or services:

- Construction of venues, subsidiaries and ATMs.
- Adjustments and / or locative maintenance of venues, subsidiaries and ATMs.
- Office supplies.
- Maintenance at venues and subsidiaries.
- Technology.
- Cleaning services.
- Promotion, marketing and advertising.
- Cafeteria implements.
- Transport and distribution (includes courier).
- General Services (Call Center, Phone sales, Telemarketing, Physical Security, etc).

Does not include:

- Consulting services.
- Advisory.
- Notary services.
- Tax services.

### **3. GOVERNING GUIDELINE FOR SUSTAINABLE PROCUREMENT POLICY**

**Under no circumstances will a service be hired or a product procured, from a company that violates human rights, that is outside the law, that does not comply with legal requirements or that threatens the health of the community or employees of the company.**

#### **4. GENERAL CRITERIA TO CARRY OUT A SUSTAINABLE PROCUREMENT**

Four areas of action are highlighted in relation to a sustainable procurement, and each one of them presents important criteria to consider when defining and / or negotiating the procurement, due to its repercussions on the environment, society, employees, suppliers, customers or other stakeholders.

- 4.1. Environmental Procurement: It incorporates environmental criteria with the objective of minimizing the impacts generated by business activity. Example: pollution prevention, compliance with environmental legislation, reduction of solid waste generation, preference for resources from recycling or renewable processes, use of recycled materials, use of recyclable materials, use of non-hazardous substances, use of less toxic materials, purchase of organic products, reduction in product weight / volume (to optimize transport), lower energy consumption, less packing/packaging, efficient transport, more efficient logistics in delivery, lower consumption of consumables, optimization of shelf life, product reuse, ease of repair, among others.
- 4.2. Social Procurement: It incorporates social criteria with the objective of ensuring quality in employment, gender perspective mainstreaming, human rights, among others. Example: working conditions, quality of employment, Industrial security, occupational health, local development, human rights, equal opportunities for women and men, universal accessibility for all people, child exploitation, discrimination, labor insertion of disadvantaged groups, disability, among others.
- 4.3. Ethical Procurement: Derived from the social procurement; incorporates ethical criteria with the objective of ensuring compliance with decent working conditions and fair and transparent practices throughout the supply chain. Example: support for fair trade initiatives, anti-bribery and anti-corruption practices, compliance with regulations applicable to the company, respect for international conventions especially those of the International Labor Organization on "decent work", solidarity economy, transparency about the geographical origin of the products, traceability along the supply chain, among others.
- 4.4. Economic Procurement: It incorporates economic criteria in order to ensure the quality of products and services, at a fair price. Example: procurement price, delivery terms, deferred payment, market price, quality, service, among others.

#### **5. SPECIFIC CRITERIA TO CARRY OUT A SUSTAINABLE PROCUREMENT**

- 5.1. There is a sustainability clause (Annex 1 - Sustainability Clause) in contracts and purchase orders, about the environmental and social responsibilities that the vendor must fulfill, and where he undertakes himself to have a responsible procurement policy of sustainable products and services, that is, that include sustainability criteria in their procurement and contracting services decisions.

5.2. When there is an **RFP**, within the integral qualification of the proponent, in the quality section, there is a sustainability criterion that is measured by the result of the evaluation of System B that must be carried out by the proponent. The sustainability rating will be given proportionally to the System B score, where 80 points or more equals 100% in this area.

## 6. RESPONSIBILITIES

6.1. All persons included in the scope of this Policy have the individual responsibility to comply with the guidelines and commitments established herein, as well as to seek guidance if necessary.

6.2. Below are the specific roles and responsibilities of the areas involved in the attention of the demand for goods and services by Bancolombia users:

- Contracting and Procurement Department: Responsible for contracting goods and services, as well as hiring and vendors' payment.
- Sustainability Management: Responsible for providing support in the area of Sustainability to the Procurement and Purchasing Department in the hiring and RFI process, and to review in detail and qualify the bidders in the RFPs.
- Users Owners of the service to hire: Responsible for presenting the need for the good and/or service to the Supply Chain, to evaluate the criteria for evaluating the RFP, to accompany the Supply Chain in the selection of the vendor and to approve the contractual minutes of the good and/or service.

## 7. MONITORING

7.1 The results of compliance with this policy will be reviewed frequently, at least annually, activity that will be carried out by the Sustainability Management.

7.2 Additionally, if necessary, the current methodology and criteria established by the policy in its technical annex for the products and services acquired for the Grupo Bancolombia will be reviewed.

## **8. DISCLOSURE**

8.1. The material advances of this policy will be disclosed to the stakeholders through the official channels established for this purpose, and in any case they will be consolidated in the annual management report.

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