

**Sustainable purchasing policy**

The sustainable purchasing policy is a key tool for the implementation and development of Sustainability in Bancolombia's supply chain, a responsible management process that favors the acquisition of products and the contracting of products that respect the environment and that are produced in socially fair conditions.

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

Sustainable purchase: "The process for companies to satisfy their needs on goods, services, constructions and public services getting the 'best value for the money spent' in terms of benefit generation, not only for the organization but also for the society and the economy, as well as minimizing the damages to the environment". (Definition adopted by the International Group work on sustainable purchasing based on the policy of the SPP of the United Kingdom, 2006)

Life Cycle: Stages by which a product goes through, from the extraction of raw material, to the production, distribution and usage, until its final disposition.

Environmentally friendly products: Those goods that throughout its life cycle are able to reduce the adverse environmental effects, compared with other products of the same category, contributing in this manner to an efficient use of natural resources and to the protection of the environment.

**General objective:** To integrate to the decision process previous to purchase or contracting, criteria predefined by Bancolombia's culture and ethic values that influence on the environmental, social and economic positive impacts of the purchase.

**Specific objectives:** This policy seeks the following specific objectives:

- To reduce the environmental impact generated by Bancolombia and the possible direct affectations to employees' health.
- To promote the sustainable development of the country.
- To reduce Bancolombia's legal risk for incomppliance of social and environmental legislation by suppliers and contractors.
- To develop suppliers and contractors in sustainability matters, generating a competitive advantage on them.
- To have a sustainable supply chain in Bancolombia.
- To promote the right usage of the resources, avoiding unnecessary purchases, what is so-called, look for the "minimum vital"
- To mitigate climate change through a responsible consumption, with products and services that have a lower carbon footprint.
- To promote respect for Human Rights in the supply chain.
- To promote climate change strategies in our supply chain.

**Scope:** The Sustainable Purchasing Policy applies for the purchases and services contracted by employees and/or companies designated to carry out this activity, for the organization in all the countries where is present.

Applies to the following products and/or services:

- Construction of headquarters, branches and ATM's.
- Adaptation and/or maintenance of headquarters, branches and ATM's.
- Office supplies
- Maintenance of headquarters and branches.
- Technology
- Cleaning
- Promotion, marketing and publicity.
- Cafeteria implements
- Transport and distribution (including messenger service)
- General services (call center, telesales, telemarketing, physical security, etc.

Does not include:

- Consulting
- Advising
- Notary services
- Tax services

**General criteria to make a sustainable purchase:** There are four areas of applicability related to a sustainable purchase; each of them presents important criteria to take into account at the time of defining and/or negotiating the purchase, because of its repercussions on the environment, the society, the employees, the suppliers, the customers and other stakeholders. These are their definitions:

*Environmental purchase:* Includes environmental criteria with the purpose of reducing to the minimum the impacts generated by the activity of the company. Example: pollution prevention, environmental legislation compliance, reduction of solid waste generation, preference for resources made of recycled or renewable processes, usage of recycled materials, usage of recyclable materials, usage of non dangerous substances, usage of less toxic materials, purchase of ecological production products, reduction of weight/volume of the product (in order to optimize transportation), less energy consumption, less packaging/wrapping, efficient transportation, more efficient logistics for the delivery, less fuel consumption, optimization of service life, re-usage of the product, repairing easiness, among others.

*Social purchase:* incorporates social criteria with the objective of ensuring the quality on employment, integration of genre, human rights, among others. Example: labor conditions,

employment quality, industrial safety, occupational health, local development, human rights, equal opportunities for men and women, universal accessibility for everybody, child exploitation, discrimination, labor insertion of unflavored collectives, handicap, among others.

*Ethic purchase:* Derived from the social purchase, incorporates ethical criteria with the objective of guaranteeing the compliance of dignified working conditions and fair and transparent practices in the entire supply chain. Example: Support to fair trade initiatives, bribery and corruption, compliance of the applicable legislation to the company, respect for the international conventions, especially those of the International Labor Organization about “decent work”, solidary economy, transparency about the geographic origin of products, traceability along the supply chain, among others.

*Economic purchase:* incorporates economic criteria with the objective of ensuring the quality of products and services at a fair price. Example: purchase price, delivery times, late payment, market price, quality, service, among others.

**Guiding principle of the sustainable purchasing policy:**

IN ANY CASE BANCOLOMBIA WILL CONTRACT A SERVICE OR BUY A PRODUCT TO A COMPANY THAT VIOLATES HUMAN RIGHTS, IS NOT LEGAL, DO NOT COMPLY LEGAL REQUIREMENTS OR THREATENS THE HEALTH OF THE COMMUNITY OR OF THE EMPLOYEES OF THE COMPANY.

**Specific criteria to make a SUSTAINABLE PURCHASE:** This policy has an operational annex that presents the specific criteria for each kind of good or service to be purchased or contracted under the sustainability criteria. Those criteria will be incorporated by the responsible of the process of contracting services or buying goods.

**Responsibilities on the process of contracting services or buying goods:** In attention to the demand of good and services by the users of Bancolombia, the following areas will have responsibilities inside the process: Supply Chain Direction, Sustainability Area, and the users owners of the services to be contracted.

**Evaluation:** The Sustainability Area will periodically, at least annually, revise the results of compliance of the policy. Additionally, if necessary, the methodology and the current established criteria by the policy on its operational annex for the products and services that are acquired for Bancolombia Group will be revised.

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

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