

Environmental Policy and Climate Change Banco de Occidente and Subsidiaries

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1. ENVIRONMENTAL POLICY AND CLIMATE CHANGE

1.1 Generality:

Banco de Occidente is recognized for its commitment to environmental conservation. Together with our subsidiaries, we understand that climate change is a phenomenon that impacts us all, present and future generations, both environmentally and socioeconomically. Taking the Paris Agreement, the Sustainable Development Goals (SDGs) and the Carbon Neutral Colombia strategy as a reference, we recognize that our region is vulnerable to the consequences of climate change, so as a financial institution we play a key role in offering financing alternatives that contribute to the transition to a low-carbon economy and we have the responsibility to raise awareness and sensitize all stakeholders with whom we interact.

We are aware that our activities have an impact on the environment, mainly due to the use of resources such as energy, paper and water, which are relevant to the development of our operations. As a result, our Sustainability Strategy includes the “Care for the Environment” front, in which we are committed to mitigating and adapting to climate change, to the management of natural resources, to a positive relationship with the environment and to constant work on environmental impact.


1.2 Target

In this policy we establish the general principles that we must follow to organize and develop initiatives that respond to the environmental and climate change commitments of our Sustainability Strategy aligned with the business strategy, aimed at reducing our negative impacts, promoting the efficient use of natural resources, identifying risks and opportunities related to climate change, designing sustainable products, promoting sustainable practices among our stakeholders and contributing to the fulfillment of the Sustainable Development Goals (SDGs) and the Paris Agreement.

1.3 Scope of application

This Policy is applicable to Banco de Occidente, its subsidiaries Panama, Barbados and Fiduciaria de Occidente, taking into account the similarity in the nature and core business. It also serves as a reference framework for its subsidiary Nexa BPO.

The above without prejudice of the modifications that may take place in order to comply with the regulation of its business and the requirements of the entities that supervise them. Likewise, this policy covers all operations where we have a presence, identifying the economic sectors most vulnerable to climate change, those that generate greater environmental impacts by the development of their activities and those that may represent greater opportunities through the implementation of mitigation and adaptation measures. For the application of this policy, each entity takes into account its business model, activities and processes developed, as well as the local and sectorial regulations in force.


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1.4 National and international environmental standards assumed

- Asobancaria
- Green Protocol
- United Nations Global Compact Sustainable Development Goals (SDGs)
- Principles for Responsible Investment (PRI)
- United Nations Environment Programme Finance Initiative (UNEP-FI)
- Task Force on Climate-Related Financial Disclosures (TCFD)

1.5 Environmental principles

1. Support compliance with the country's environmental regulations in force and applicable to our activities where Banco de Occidente and its subsidiaries operate, as well as the voluntary commitments it adheres to.
2. Design and implement a social and environmental risk management system for projects financed by Banco de Occidente and its financial subsidiaries.
3. Promote the financing of eco-efficient projects and initiatives for both companies and individuals.
4. Develop and strengthen green and/or blue products and services for the different business segments and measure their environmental impact.
5. Implement an environmental management system with practices of responsible use and consumption of resources such as energy, paper and water, and with objectives and performance indicators.

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6. Promote training and awareness of employees, customers, suppliers and other stakeholders on environmental care and protection.
7. Strengthen initiatives with a high environmental impact, such as our Blue Planet Award and the Ecolibros, which honor educational and productive actions that benefit ecosystems and natural resources
8. Promote sustainable practices in our suppliers and include these criteria in our evaluation and selection processes for the purchase of goods and services
9. Support environmental projects aligned with our sustainability strategy, mainly those aimed at energy transformation.

1.6 Lines of action and procedures

In accordance with our environmental principles, this policy includes lines of action and procedures that seek to manage the risks and opportunities of climate change, which will be a reference for the different areas of Banco de Occidente and its Subsidiaries.

1.6.1 Direct impact procedures


We understand this impact as the one we exert through the use of natural resources, as well as the direct affectation that can be generated to our business and operations. Therefore, we are committed to the following:

1. Measuring our Greenhouse Gas (GHG) emissions.

- Quantification of GHG emissions scope 1, 2 and 3 in the categories applicable to our administrative facilities and offices, including our subsidiaries in Panama and Barbados and Fiduciaria de Occidente. In scope 3, we will include financed emissions and perform an analysis of the exposure of our portfolio to different climate scenarios.

2. Definition of GHG reduction targets

- Establishment of goals to reduce our direct consumption and initiatives aimed at contributing to meeting the goal of reducing 51% of emissions in Colombia by 2030 and achieving carbon neutrality by 2050.
- Implementation of practices for the responsible use of resources such as energy, paper and water, being one of our main focuses the energy efficiency project in our offices and the sustainable construction and remodeling of our facilities. In addition, the adoption of measures focused on the management and reduction of waste generation and its correct disposal.

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3. Offsetting our direct GHG emissions

- We are committed to be a carbon neutral entity by 2050 in our direct emissions and to offset them through ecological restoration programs, energy efficiency and others that we consider implementing, with recognized entities with experience in the subject.

4. Climate change risk management

- Include in our risk management, those associated with climate change: physical and transition risks, to identify, quantify and mitigate those that may affect the operation and continuity of our business.
- Implementation of the Environmental and Social Risk Analysis System (SARAS) in the process of evaluating and granting credit and investment in our business segments.
- Develop procedures to manage the environmental, social and climate change risks of the projects and businesses financed.

1.6.2 Indirect Impact Procedures


We understand this impact as the indirect impact that can be generated to our business and operations, through credit, legal and reputational risks, caused by the damage or affectation of the business of customers, suppliers and other of our stakeholders. Therefore, we are committed to the following:

1. Monitoring our indirect GHG emissions

- Promote sustainable mobility actions aimed at our employees.
- Implementation of the Corporate Sustainable Procurement Policy for the evaluation of the positive and negative environmental impacts of our supply chain.

2. Participation in climate change mitigation and adaptation initiatives

- Promote with our stakeholders programs and actions aimed at mitigating and adapting to climate change and that contribute to generate environmental awareness.

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- Participate in initiatives developed by the private and public sector, aimed at developing environmental and climate change strategies and action plans.

3. Financing climate change mitigation and adaptation and carbon neutrality projects


- Develop and implement alliances to promote projects aimed at zero net emissions by 2050.
- Offer a portfolio of products for climate change mitigation and adaptation aligned with the sectors and economic activities defined in Colombia's Green Taxonomy

1.7 Governance Model

1.7.1 Environmental Policy and Climate Change

The Policy has been prepared by the Sustainability Department of the Vice-Presidency of Human Resources and Administration, and its Director will be responsible for it, and will be in charge of submitting it for approval by the Sustainability Steering Committee. Likewise, she shall promote its knowledge among the areas subject to it, including the subsidiaries. The Sustainability Department will be responsible for monitoring compliance with the Policy within the Bank and its subsidiaries, as well as for adopting the corresponding measures when it is not being applied correctly and reporting to the Sustainability Steering Committee. The persons in charge of the areas subject to the Policy shall disseminate it among their teams, shall provide relevant information on its application when appropriate, and shall facilitate within their processes the tools, systems and equipment for its compliance. The Sustainability Steering Committee will know the progress of the implementation of the Policy, according to the reports received by the Sustainability Management and the areas that involve the environmental and climate change strategy in their activities and business lines.

The President's Office and the Sustainability Department will be responsible for contributing to the implementation of the Policy, through the follow-up and control of the commitments and initiatives established in the Policy and positioning the decisions and activities of the business. The content of the Policy will be reviewed periodically or whenever a modification is required by the Sustainability Management, making the changes that may be necessary.

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The Sustainability Steering Committee shall approve this Policy and submit it to the Sustainability Steering Committee for approval.

This Policy has been approved and becomes effective upon publication.

1.8 Policy Disclosure

The progress of this policy will be disclosed to our stakeholders through the official channels established for this purpose, and in any case will be consolidated in the annual sustainability report.

Cesar Prado Villegas President
Banco de Occidente

Natalia Palacios Ladino
Sustainability Director

Change Control					
Version	Date	Modification	Prepared	Reviewed	Disclosure
1.0	01/09/2022	Document creation	Paola Cardoza Sustainability Specialist	Natalia Palacios Sustainability Director	DPP-APY-