

# **Social Investment Policy**

## **Banco de Occidente**

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## 1. GENERAL OVERVIEW

Private Social Investment refers to the *"voluntary allocation of financial and non-financial resources to initiatives that support local communities and other stakeholders in achieving their development priorities"*. Additionally, Private Social Investment includes all initiatives that involve the allocation of resources transfer of technical capacities from the private sector to the communities, with the aim of contributing to territorial development. (Andi, 2016)

Banco de Occidente S.A. recognizes the commitment to promote the development of our people and society, which is why this is one of the fronts of our Sustainability Strategy. Being aware of the needs of the regions where we operate enables us to understand them, identify our role and act as a partner in promoting sustainable development.

## 2. OBJECTIVE

To guide Banco de Occidente employees in the implementation of the social investment guidelines within the framework of the Sustainability Strategy.

This policy is complemented by the rest of Banco de Occidente's policies, including the Sustainability Policy, Code of Ethics and Conduct, and ABAC procedures for Contributions or Initiatives under the Sustainability Strategy. It is also aligned with the Sustainability Model of its parent company Grupo Aval in the Environment Pillar (Society and Environment).

## 3. SCOPE

It is the responsibility of all Banco de Occidente employees to know, abide by and strictly apply the provisions established in this document.

All social investments made by Banco de Occidente, under any modality, must be in line with the provisions of this policy and have the prior concept of the Sustainability Management.

## 4. GLOSSARY

- **Senior Management:** Board of Directors, President and Vice Presidents of Banco de Occidente.
- **Administration:** President and Vice Presidents of Banco de Occidente.
- **Strategic alliances:** a cooperative relationship between two actors to achieve the same objective.
- **Public-private partnerships:** relationship between a private sector company and a government entity

- **Social contribution:** Delivery of in-kind and economic resources, which seek to build social fabric in the communities according to the needs expressed by them.
- **Social Investment Areas:** are all sectors in which practices or strategies that allow the development of a community or territory can be promoted.
- **Employee:** Employees including Senior Management, interns and trainees of Banco de Occidente and its Subsidiaries.
- **Cooperation:** Joint work or mutual help based on common interests.
- **Corruption:** Dishonest activity in which a Employee, or Contractor uses his position to obtain an undue benefit for the Company or in a personal capacity or an undue advantage, for the Company, for himself or for a third party.
- **Territorial Development:** economic, social, and structural growth of the territory
- **Donation:** A purely voluntary act by which a natural or legal person gives resources in money or in kind for the benefit of another, without obtaining anything in return.
- **Sustainability strategy:** This corresponds to Banco de Occidente's commitment to the economic, social and environmental development of the territories where it operates, within the framework of its purpose: "To make the development of people, the growth of businesses and the transformation of the country a reality, to guarantee the well-being of its employees, the future of the new generations and the sustainable and profitable growth of the business; the Sustainability Strategy contemplates four (3) fronts: (i) We mitigate climate change and take care of resources (ii) We promote the development of our people and society; (iii) We drive sustainable business growth.
- **Impact:** These are the positive or negative consequences that arise from the implementation of the social investment strategy.
- **Indicators:** Units of measurement that allow the evaluation of the execution for the achievement of the goals of a project or program.
- **Measurement:** Compare the situation of the community or territory before and after the implementation of a strategy, program or project, to determine the effectiveness of the programs.
- **Goal or objective:** Situation of improvement that is to be reached with the implementation of an action plan that responds to a problem.

- **Need:** It is the lack or absence of a service essential for human survival or to have a decent quality of life.
- **Sponsorship:** Financial support given for advertising and brand exposure purposes.
- **Policy:** Documented and communicated guidelines or guidelines, through which general guidelines are outlined aimed at meeting the strategic objectives.
- **Problem:** Situation or issue that needs to be resolved.
- **Solution:** Response to a problem.
- **We contribute to the development of the regions:** Material issue of the Sustainability Strategy in which the bank's commitment to promote the development of the regions is defined through the promotion of initiatives that improve the quality of life, promote employment and prosperity of vulnerable communities.
- **Shared value:** these are all the actions carried out by a company to increase its competitiveness and that contribute to improving the economic and social conditions of the communities located in the place where it carries out its economic activity.

## 5. RESPONSIBILITIES

All Banco de Occidente employees are responsible for identifying, evaluating, managing and controlling possible risks related to the initiatives and/or contributions made by the entity under the Sustainability Strategy, in accordance with the provisions of this policy and the documents described below:

- Anti-Corruption Instructions Environment Pillar (Society and Environment) of Grupo Aval.
- MAN-APY-377 External and internal fraud management process and its formats.
- MAN-APY-378 External and internal fraud management policies and their formats.
- ANX-APY-1125 Procedure for Donations and Public or Political Contributions

## 6. GENERAL GUIDELINES AND GUIDELINES

## 6.1. SOCIAL INVESTMENT

The social investments carried out by Banco de Occidente are voluntary and comply with all the aspects outlined in this policy. It is important to note that their voluntary nature does not exempt the bank from adhering to internal regulations related to fraud prevention, criminal conduct, or other regulatory violations.

Banco de Occidente seeks to establish a strategic approach that enables it to identify, prioritize, implement, and monitor the outcomes of its social investments, ensuring alignment with its strategic objectives, sustainability strategy, and the Sustainable Development Goals (SDGs) it supports.

All departments within Banco de Occidente that carry out social investment programs or initiatives must align with the following investment areas. In addition, they must ensure compliance with the impact measurement criteria outlined in section 6.2 the requirements of numeral 6.4. and other guidelines of this policy. In all cases, the areas must request prior approval from the Sustainability Manager, who will issue their concept based on compliance with the policies established herein, as well as the concept of the ABAC Officer. :

**Environmental conservation:** Programs, projects and initiatives that seek the protection and preservation of natural resources, flora and fauna of our country, as well as programs focused on the adaptation and mitigation of climate change, and the reduction of environmental pollution.

**Education for development:** Programs, projects, and initiatives focused on strengthening the knowledge and capacities of different populations, with the aim of contributing to their personal, family, professional, and career development.

**Conscious social growth:** Programs, projects, and initiatives that promote social progress and improve the quality of life of different populations throughout the Colombian territory.

## 6.2. IMPACT MEASUREMENT

Every social investment program carried out by Banco de Occidente must have indicators or methodologies for measuring impact, which demonstrate the benefits that the target community has received or is receiving from the bank. It is important to take into account the following steps within this measurement:

- **Define the focus and identify the problem or need withing the community:** the social investment programs developed by Banco de Occidente must contribute to and/or help solve problems related to at least 1 of the 3 lines defined in paragraph 6.1 of this document.

- **Target Population:** A clear definition of the target population must be established, identifying those expected to benefit from the program. This characterization must contain, among others, aspects such as: Geographical location, gender and age group (example: women, men, children and adolescents, older adults, etc.), belonging to ethnic groups or indigenous communities. Likewise, other demographic characteristics such as: age, education, income level, among others.
- **Objectives:** Define specific goals that meet the SMART criteria: specific, measurable, achievable, relevant, and time-bound.
- **Duration of the program:** Indicate the duration of the program, which may be extended as long as the established goals are being met and no alerts have been identified that could affect its implementation.
- **Monitoring indicators:** Include indicators to measure the program's effectiveness and to detect early warnings of risks, delays, or other issues that may hinder the achievement of objectives, these indicators must have a periodicity of measurement that is during the period determined for the execution of the program. Banco de Occidente may request progress indicators to measure the effectiveness of the program, project, or initiative.
- **Program budget:** an executable budget must be established for the duration of the program, which, if it is multi-year, must contemplate the respective increases associated with the activities to be implemented, as well as economic factors such as inflation.
- **Monitoring :** Any social program voluntarily supported by Banco de Occidente must include a monitoring process led primarily by the Sustainability Management, along with other areas such as Audit and Senior Management, to ensure that no risks are materializing and that resources are being used as intended.
- **Report:** The beneficiaries of any form or method of social investment by Banco de Occidente undertake to share, in accordance with the execution schedule of the program, project and initiative, the results obtained and the impacts on the populations directly involved.

### 6.3. WAYS OR METHODS:

The following methods have been established for executing the Social Investment Programs:

- Cash donations: Only by electronic transfer to deposit accounts in the name of the beneficiary entity. They can only be managed through the Sustainability Management.
- In-kind contributions (Social Contributions): provision of goods or services of Banco de Occidente that are in line with the purpose of the program.
- Corporate Volunteering: Allocation of working time to a group of employees of Banco de Occidente and its Subsidiaries.
- Awards and/or Recognitions: Delivery of financial resources in recognition of initiatives that promote sustainable development.

Exception: In the event of receiving a request from Grupo Aval whose approach or method of contribution is not in line with what is described in this policy, it will be processed through the entire verification and approval process by ABAC.

#### **6.4. REQUIREMENTS FOR SOCIAL PROGRAMS**

Banco de Occidente has manuals and policies<sup>1</sup> designed to ensure that these initiatives and/or contributions are made in compliance with transparency standards and seeking the benefit of society. Therefore, the following conditions must be met:

- They are initiatives and/or contributions that are aligned with at least 1 of the 3 focuses established in numeral 6.1 of this policy.
- The beneficiaries must be duly constituted legal entities.
- Deliveries of money, donations in kind or others must be delivered directly to the requesting third-party entity, and under no circumstances should they be delivered to individuals.
- They are accounted for in accordance with what is approved and controls are designed to shield the process from its approval to its objective.
- The recipients of the initiatives and/or contributions must be domiciled in Colombia or in the countries where Banco de Occidente's Subsidiaries operate.
- The initiatives and/or contributions must be fully supported by documentation that allows establishing their cause, the date of their execution, their amount, their recipient, the means of payment, such as invoices, public deeds, meeting minutes, or donation certificates.

#### **6.5. POWERS FOR APPROVALS**

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<sup>1</sup> Anti-Corruption Instructions Environment Pillar (Society and Environment) of Grupo Aval.  
MAN-APY-377 External and Internal Fraud Management Process.  
MAN-APY-378 External and Internal Fraud Management Policies



Social Contribution initiatives under the Sustainability Strategy must obtain the corresponding approval as follows:

Amount	Approver	Budget
Up to 6.4 MLMW	Sustainability Management	Social Responsibility Programs
Greater than 6.4 up to 50 MLMW	Vice President of Human and Administrative Talent	Social Responsibility Programs
Up to 50 MLMW	Sustainability Committee or Presidency	Social Responsibility Programs

All social investment programs established within Banco de Occidente must include the participation and prior approval of the Sustainability Management team.

The social contributions made under the environment pillar (society and environment) of the sustainability model by different areas of the organization must meet the necessary requirements for their implementation as outlined in the corresponding manual:

Social contributions and initiatives: they must comply with the levels of approval and requirements established by MAN-APY-377 and MAN-APY-378, in the numeral "Contributions or initiatives under the environmental pillar of the Sustainability Model"

Donations: must comply with the levels of approval and requirements established in ANX-APY-1125 ABAC Procedure – Donations and Contributions.

## 6.6. UNAUTHORIZED PRACTICES

- It is prohibited to carry out or promote any type of initiative or contribution with the intention of influencing any act or omission with a purpose of helping Banco de Occidente to obtain an inappropriate advantage.
- Activities that promote conduct that may negatively affect Banco de Occidente's reputation.
- Those that do not respect human rights and do not recognize both their importance and their universality. It should be borne in mind that Banco de Occidente:
  - It respects and promotes the rights set forth in the Universal Charter of Human Rights.
  - It respects the universality of these rights, that is, that they are indivisibly applicable in all countries, cultures and situations.

- In situations where the law or its implementation does not provide adequate protection of human rights, it adheres to the principle of respecting international standards of conduct.
- Respect and promote diversity and inclusion. Corporate Diversity and Inclusion Policy.
- When the initiative and/or contribution may give rise to a condemnable act or that would lead to substantially negative impacts on society, economy or the environment.
- Those initiatives and/or contributions that are used as a mechanism to cover up misconduct.
- Those that involve contracting commercial relationships with entities and individuals where there are doubts or well-founded suspicions of not respecting the applicable regulations, human rights or significant negative impact on society and the environment.
- Banco de Occidente and its Subsidiaries must refrain from engaging with economic sectors or companies where there are credible doubts or suspicions regarding compliance with applicable regulations, human rights, or potential significant negative impacts on society and the environment. These include, but are not limited to, the following sectors:
  - Those sectors recommended by the Financial Action Task Force (FATF)
  - Gambling and chance
  - Illicit drugs
  - Companies that discriminate based on gender or race
  - Weapons of mass destruction
  - Illegal mining
  - Child labor.