



El futuro
es de todos

Gobierno
de Colombia

BANCOLDEX 
COLOMBIA'S BUSINESS DEVELOPMENT BANK

SUSTAINABILITY REPORT 2020





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1. **PRESIDENT'S LETTER**

GRI 102-14



2020 was one of the most difficult and challenging years for humanity. The pandemic caused by COVID-19 has led us to rethink ourselves from everyday activities to the way we do business. We were able to show, throughout this year, how vulnerable the economy, and society in general, is to these risks and global phenomena.

This year has also shown us that, despite all economic and social difficulties, we can join forces and work together to overcome the challenges that we face as a society, and that, ultimately, our role as a business development bank is key to overcoming the crisis and promoting economic reactivation in the country.

This is how, during 2020 and in response to the crisis caused by COVID-19, we launched 36 credit facilities of the Responde portfolio of and 8 Adelante facilities.

We benefit more than
71.000*
entrepreneurs (99% MSMEs)
with disbursements of \$1.45
trillion through the Responde
loan portfolio.

*Higher number than reported in the management report due to subsequent legalizations of microfinance institutions.

As a result of a sum of efforts throughout the organization, we received the Distinguished Crisis Leadership award from Global Finance magazine for our outstanding leadership and service to Colombian companies in the COVID-19 emergency.

We disbursed \$1.32 trillion to 162,000 microenterprises across the country.

As a result of our experience in microfinance and actions against COVID-19, we were also chosen as an example to position the role of development banks before the international community in Public Development Banks in Action.

On the other hand, 2020 brought with it the merger whereby Bancóldex absorbed its affiliate Arco Grupo Bancóldex to consolidate a more powerful and appropriate entity to support the business sector in Colombia, to strengthen SMEs with direct credits, leasing and factoring services.

We are also aware that our human talent is one of our most important assets, and that without it we would not be able to achieve our goals. For this reason, I am pleased to announce that we were acknowledged by the Great Place to Work as one of the best entities to work for in Colombia.

Pursuant to our commitment to promoting the cultural and creative economy, sustainable development and social

impact, during 2020 we published the performance reports of our Social, Orange and Green bonds, in which we provided accountability reports to all our stakeholders about the use and impact of these funding activities.

None of this would have been possible without coordination with various local, regional, national and international entities and initiatives, for which we want to thank all those who made possible reaching thousands of entrepreneurs in the country in such a challenging and atypical year as 2020.

During the last 30 years, Colombia has had a development bank that has leveraged on the growth and expansion of the business fabric, as well as on the internationalization of the economy. In 2021, entrepreneurs will have a business development bank that has become stronger to face the challenges of the country's economic reactivation and recovery. For the next three decades, we will continue working hard to make the necessary tools available to our country and for our entrepreneurs to move forward.

I am therefore pleased to present, as is usual in our commitment to sustainable development, our 2020 sustainability report under the GRI Standards, which contains our social, environmental, economic and corporate governance management and performance results.

Javier Díaz Fajardo
 President of Bancóldex

2. HIGHLIGHTS

+\$6.76 trillion

disbursed benefiting more than 172,000 companies.

71.347 entrepreneurs

Launch of 36 "Responde" facilities in response to COVID-19, in cooperation with the National Government and local authorities. Disbursements of \$1.45 trillion were achieved, to more than 71,000 entrepreneurs.

USD 400 millones

To address the emergency, Bancóldex accessed loans from international banks in the amount of USD 400 million, supported by a guarantee from the World Bank through the Multilateral Investment Guarantee Agency (MIGA), other multilateral sources and the Colombian capital market.

\$167,236 million

million disbursed in PDET (Development Programs with a Territorial Focus) and ZOMAC (Areas Most Affected by the Armed Conflict) areas with 34,441 operations.

+\$850,000 million

disbursed outside major cities with more than 5,000 operations.

\$1.32 trillion

disbursed to microenterprises throughout the country.

DIRECT CREDIT

Absorption of the affiliate ARCO to strengthen direct credit, leasing and factoring services to SMEs.

21% ↑ / 13.2% ↑

21% growth in assets reaching \$10.3 trillion and 13.2% growth in portfolio reaching \$7.6 trillion.

Profits of

\$132,703 million



Awarded by Great Place to Work as one of the best entities to work for in Colombia, showing a very outstanding result with 84 points.

LEADERSHIP AND SERVICE

We received the Distinguished Crisis Leadership award from Global Finance magazine for the outstanding leadership and service to Colombian companies during the COVID-19 emergency.

EXPERIENCE IN MICROFINANCE

Our experience in microfinance and action against COVID-19 was chosen as an example to position the role of development banks before the international community in Public Development Banks in Action.

BEETHOVEN CONTIGO

Cultural and social responsibility initiative "BEETHOVEN CONTIGO", with the interpretation of 6 Beethoven piano sonatas by Colombian artists, inspired by the Bancóldex Crea Crece strategic facility, in support of creative industries.

DIRECT SUPPORT CREDIT LINE

Launch of the Direct Support Line, together with the National Government, the Ministry of Commerce, Industry and Tourism, the Emergency Mitigation Fund and Bancóldex, seeking to generate alternative solutions for the reactivation of the economic activity of the country's SMEs, in accordance with the provisions of Decree 468/2020.

3.

ABOUT THIS REPORT

◦GRI-102-54, GRI- 102-50

This report has been prepared in accordance with the GRI Standards, Essential option, and presents the environmental, social and economic performance of Bancóldex for the period between January 1 and December 31, 2020.



3.1 MATERIALITY ANALYSIS

o GRI 102-46, GRI 102-47

Pursuant to our commitment to managing and reporting the social, economic and environmental information that is relevant to our stakeholders, and the risks and impacts of the business, during 2020 we prepared our materiality analysis with the support of the consulting firm conTREEbute.

The process to determine materiality consisted of 8 main steps:

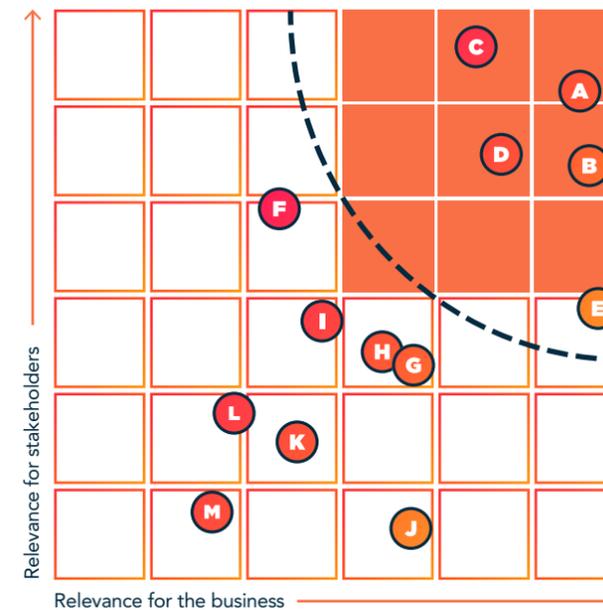


During the issue identification process, standards such as the Global Reporting Initiative (GRI), SASB, IIRC, UNEP-Fi, DJSI, the Equator Principles, the Principles of the Global Compact, the OECD guidelines, as well as the Sustainable Development Goals (SDG), the Principles for Responsible Investment (PRI) and the World Economic Forum (WEF), were taken into account. This step also included an analysis of best practices from peer companies.

In order to know the perspective of stakeholders, surveys were carried out with entrepreneurs, financial intermediaries, suppliers, employees and suppliers. These inputs, together with press analyses and corporate documents, allowed building the Y-axis of the materiality matrix, which refers to the relevance of stakeholders and allows us to understand expectations and interests, as well as the issues that impact and influence the decisions of Bancól-dex stakeholders.

To determine the most relevant issues for the business, in terms of impact and risks, and to build the X-axis of the materiality matrix, a workshop was held with the areas of the Bank in charge of sustainability in the organization and an interview with the Vice President of Corporate Strategy.

The result of the identification of topics resulted in the following materiality matrix, which highlights the most relevant topics for stakeholders and for the business, taking into account the most important risks and impacts. Efficient management issues are those that were not a priority for stakeholders but allowed the execution of material issues and that must also be monitored.



MATERIAL ISSUES

- A** Financial sustainability and business profitability.
- B** Competitiveness of entrepreneurs and micro-entrepreneurs throughout the national territory.
- C** Economic recovery and reactivation program.
- D** Social impact and sustainable development.
- E** Growth of green and resilient economies.

EFFICIENT MANAGEMENT ISSUES

- F** Innovation in channels and products.
- G** Corporate governance.
- H** Human capital management.
- I** Strategic relations with stakeholders.
- J** Comprehensive risk management.
- K** Information security and cybersecurity.
- L** Integrity, ethics and transparency.
- M** Ecological efficiency and environmental management.

OUR 3.2 STAKEHOLDERS

o GRI 102-40, GRI 102-42

At Bancóldex, we have a robust group of stakeholders, identified through methodologies such as Accountability and the Global Reporting Initiative (GRI), with whom we interact based on our purpose, their interests and expectations. These are:

- **SHAREHOLDERS/NATIONAL GOVERNMENT**
- **INVESTORS**
- **MEDIA**
- **BUSINESSMEN**
- **FINANCIAL INTERMEDIARIES**
- **FUNDERS/MULTILATERAL SUPPORT ENTITIES**
- **RISK RATERS**

- **SUPPORT ENTITIES**
(UNIONS, ASSOCIATIONS, CHAMBERS OF COMMERCE AND UNIVERSITIES)
- **EMPLOYEES**
- **SUPPLIERS**
- **CONTROL AND OVERSIGHT ENTITIES**
- **GENERAL PUBLIC OPINION**

o GRI 102-43, GRI 102-44

We maintain a permanent relation with all our stakeholders through different channels and instruments, such as mass events in regions, videos, reports, specialized studies, our website and the Bancóldex line. For more information, please see chapter 8.1 of this report “Strategic relations with our stakeholders”.

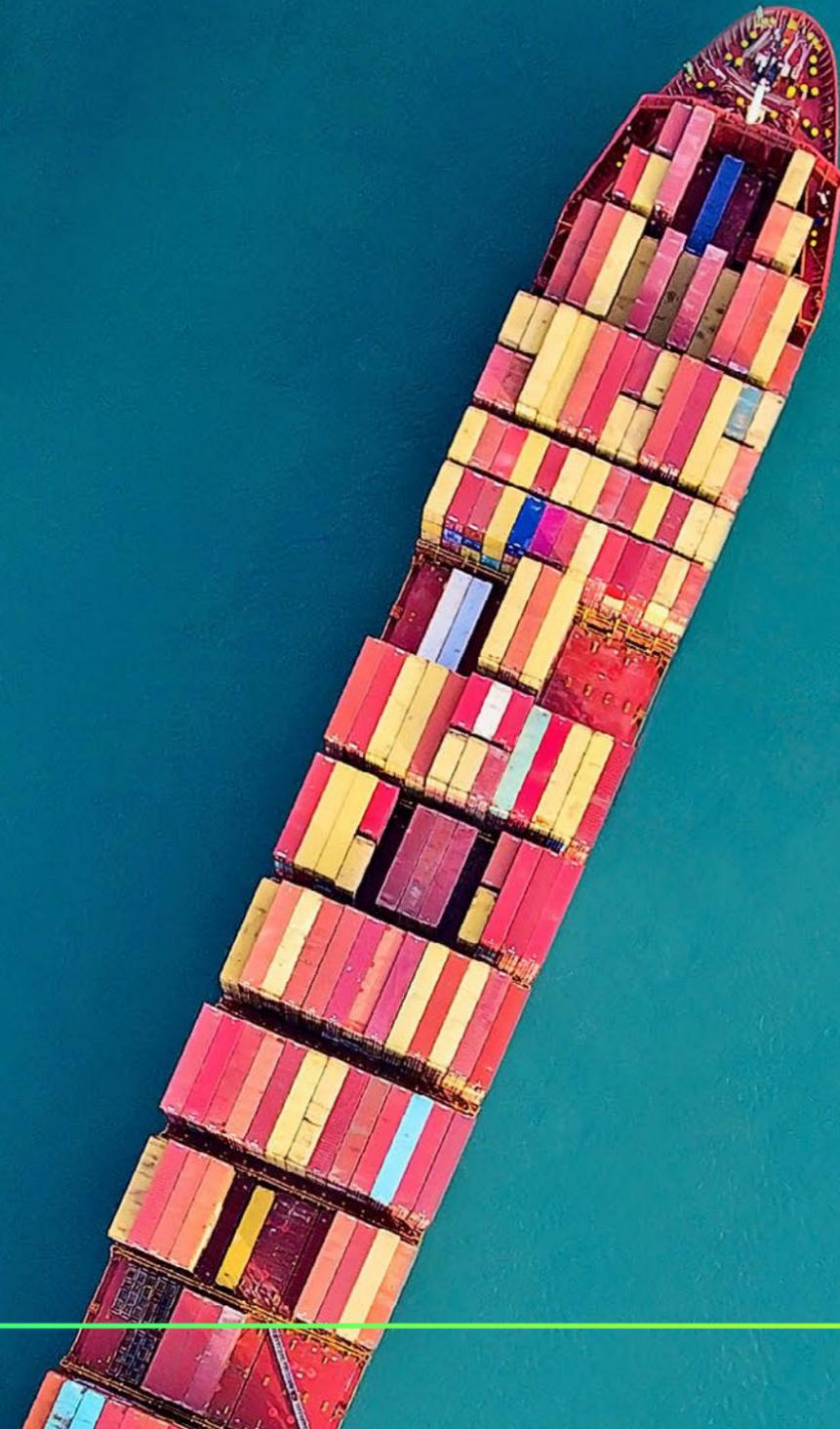


4.

OUR BANK

◦ GRI 102-1; GRI 102-5; GRI 102-6; GRI 102-9, GRI 102-10

Banco de Comercio Exterior de Colombia S.A. - Bancóldex, is a mixed economy company, organized as a bank credit establishment and supervised by the Financial Superintendence of Colombia.

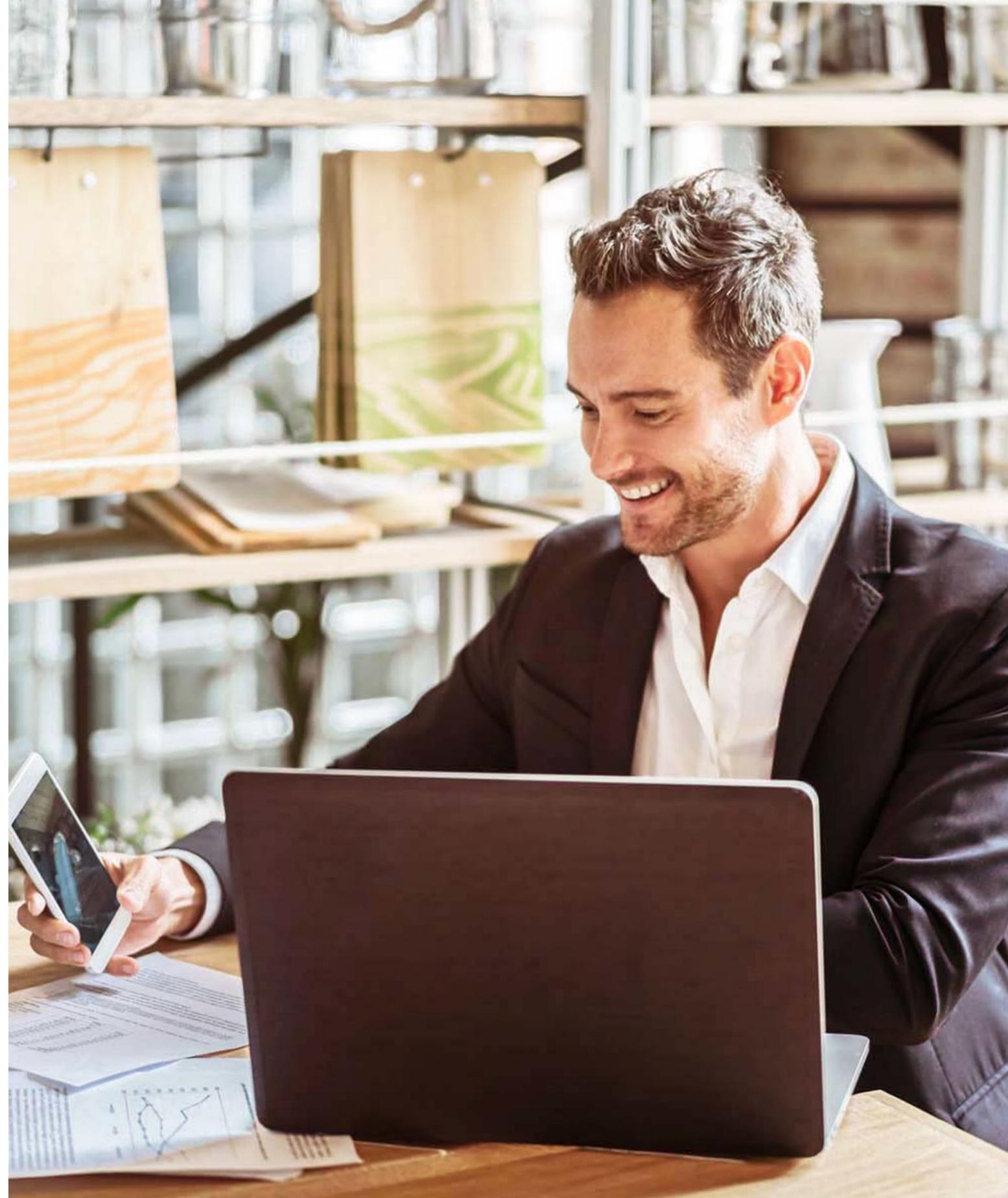


We support the productive transformation of the country with an

emphasis on MSMEs, we promote exports and environmental sustainability and the creative economy.

We finance, mainly but not exclusively, activities related to exports and

to the national industry, acting as a discount or rediscount bank rather than as a direct intermediary.



Our main allies are those through whom we disburse credit resources to

entrepreneurs, such as banks, financing companies, financial corporations and cooperatives, savings and credit cooperatives, non-governmental organizations (NGOs), compensation funds and employee funds, among other entities monitored and not monitored by the Financial Superintendence of Colombia.

We establish alliances with organizations to facilitate the approach to the

business sector, such as multilateral entities, unions, chambers of commerce, associations, ministries, territorial entities and universities.



OUR HISTORY

Bancóldex was created under article 21 of Law 7/1991, as a national mixed economy corporation, organized as a bank credit establishment. We began operations on January 1, 1992 after obtaining the operating permit issued by the current Financial Superintendence of Colombia.

As a consequence of the liquidation of the Fondo de Promoción de Exportaciones –Proexpo-, we assumed the financial promotion of Colombian exports and the organization of the export credit insurance system. In 2003, we carried out the partial assignment of assets, liabilities and agreements from Instituto de Fomento

Industrial -IFI- to the Bank, which allowed us to expand our scope of action to finance the national industry.

Then, in 2006, by means of Decree 3078 of 2006, the Investment Program “Banca de las Oportunidades” was created, which is managed by us according to the Inter-Administrative Agreement entered into with the Ministry of Finance and Public Credit in 2007.

In 2011, upon the issuance of Law 1450, 2010-2014 National Development Plan “Prosperity for all”, it was determined that we should migrate to a “comprehensive development banking model incorporating develop-

ment agency functions and offering supplementary credit services and activities”. Likewise, we were entrusted with the administration of the Modernization and Innovation Fund for Micro, Small and Medium Enterprises, of the Development and Innovation Unit –Innpulsa- and the Productive Transformation Program. We carried out these management activities until 2016, date on which Law 1815 established that these trusts could be administered through Bancóldex affiliates; consequently, they are now managed by its affiliate, Fiduciaria Colombiana de Comercio Exterior S.A. – Fiducol-dex.

In 2015, upon the issuance of Law 1753, 2014-2018 National Development Plan “Everyone for a new country”, we began to act as a structuring, manager and/or investor in investment vehicles which nature is seed capital funds, entrepreneurial or private capital or in funds that invest in said funds.

Two years later, in 2017, the statement was made by the Bancóldex business group and its affiliates, Fiduciaria Colombiana de Comercio Exterior S.A. and Arco Grupo Bancóldex S.A. Compañía de Financiamiento. In 2019 we carried out a thorough analysis of our affiliate Arco Grupo Bancóldex, where we identified that this company had strategic products (leasing, factoring and direct credit) that would complement the Bank’s service offering aimed at SMEs.

Based on the above, we carried out the merger by absorption of Arco Grupo Bancóldex to supplement the Bank’s service offering aimed at SMEs and to support as a priority the provisions of Decree 468/2020. On August 1, 2020, the merger agreement was executed, and the integration was carried out as a business unit that gave rise to the Vice Presidency of Direct Credit for SMEs, which operates under the same scope and conditions in terms of financing and guarantees.

Consequently, the Bancóldex Group is now made up solely of Bancóldex as the parent company and Fiducol-dex as an affiliate.

In accordance with the provisions of Article 1 of Decree 492/2020, on August 13, 2020 the Ministry of Commerce, Industry and Tourism requested the transfer of its stake in Bancóldex on to the Ministry of Finance and Public Credit and the latter, on September 24, 2020, contributed all of its share ownership as capital of Grupo Bicentenario S.A.S. As a result of the above, Grupo Bicentenario S.A.S. has a 99.72% stake in Bancóldex. The Nation - Ministry of Finance and Public Credit is a 99.99% shareholder of Grupo Bicentenario.



Where we are?

As a national development bank, we operate throughout the Colombian territory.

Similarly, we have a network of international correspondents available to leverage business abroad.

How do we operate?

We operate mainly as a second-tier bank. When an entrepreneur requests a loan from a financial institution or an entity engaged in microenterprise credit, the latter can request from BancolDex the resources required by the entrepreneur under more favorable conditions. BancolDex delivers them to the entity or financial intermediary and it in turn to the entrepreneur.

Our clients

Are visionary, focused entrepreneurs capable of leading the transformations of their industries, who dare to grow and are determined to be successful where opportunities lie. These range from MSMEs to large companies and belong to various segments or sectors of the economy, which operate in the national or international market through exports.

BANCÓLDEX, THREE DECADES MAKING HISTORY

During the last 30 years, Colombia has had a development bank that has leveraged on the growth and expansion of the business fabric, as well as on the internationalization of the economy. For the next three decades, we will continue working hard to make the necessary tools available to our country and for our entrepreneurs to move forward.

\$83.3 trillion disbursed to the business sector.

1.5 million entrepreneurs served.

2.5 million credit operations carried out.

We are the third entity with the highest generation of profits in the National Government without captive funding sources.

More than 90 allied financial intermediaries in more than **20** countries.

BANCÓLDEX SHAREHOLDING STRUCTURE

AS OF DECEMBER 31, 2020.

SHAREHOLDERS	NUMBER OF SHARES	%
Grupo Bicentenario s.a.s	1,059,563,515	99.72%
Particulares	3,031,453	0.28%
Total	1,062,594,968	100%

Likewise, as a consequence of the merger by absorption with Arco Grupo BancolDex, the subscribed and paid-in capital of the Bank increased by \$38,096,000 due to the entry of two shareholders from the absorbed entity, with 19,092 and 19,004 shares, respectively.

GRI 102-12

STANDARDS AND INITIATIVES WE FOLLOW

Global Reporting Initiative

Green Protocol

Corporate Governance Development Framework

Principles of Green and Social Bonds

Equator Principles

Common Principles for Monitoring the Financing of Climate Change Mitigation Activities

Performance standards on environmental and social sustainability - IFC

Statement of the Paris Development Banks on gender equality and the empowerment of women

Public statement of respect for human rights - Ministry of Finance and Public Credit

Decalogue of good corporate governance, transparency and information disclosure practices - Ministry of Finance and Public Credit

GRI 102-13

ORGANIZATIONS OF WHICH WE ARE PART

CGF: The Financial Management Committee is part of the National Climate Change System of Colombia (SISCLIMA)

Club of Financial Institutions for Development IDFC

Latin American Network of Corporate Governance for State Companies

Colombian Banking and Financial Entities Association - Asobancaria

Colombian Institute of Corporate Governance

Latin American Association of Development Financial Institutions - Alide

Institutional Limited Partners Association (ILPA)

Latin American Private Equity & Venture Capital Association (LAVCA)

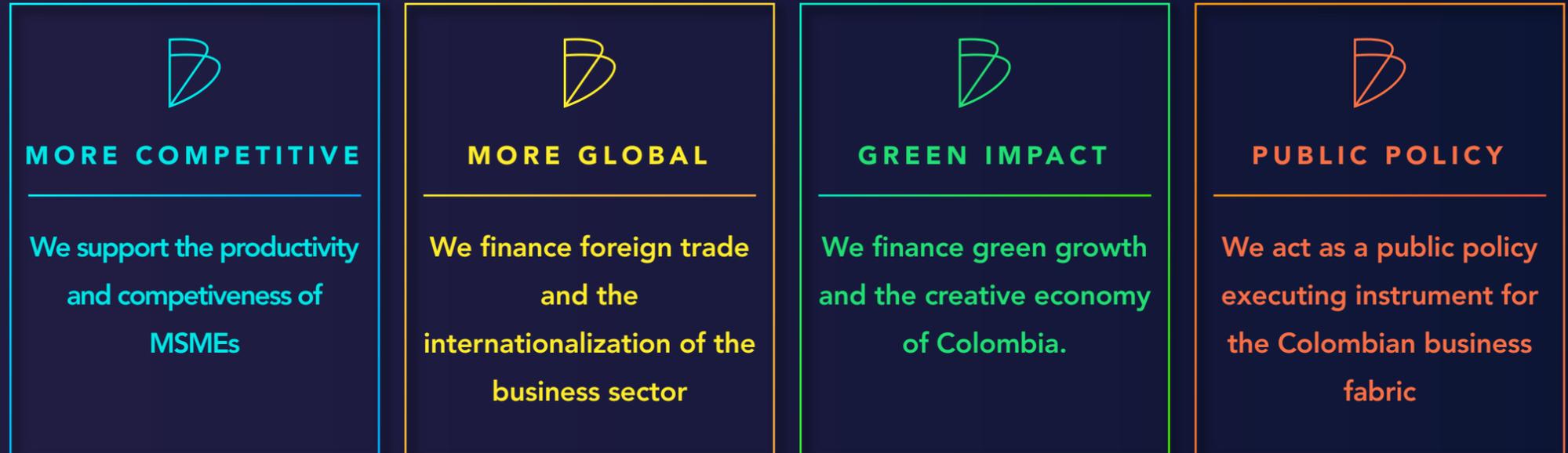
Colombian Association of Private Capital Funds - ColCapital.

For more information on the associations we are part of, please see the GRI Index, [page 72](#) 

OUR CORPORATE STRATEGY

As a key player in the promotion of business development, we have drawn four main strategic lines offering solutions for micro, small, medium and large companies. Each solution has products that are offered through our national or international financial partners or directly:

STRATEGY



For more information on the strategy, please visit the [Bank's website](#). 

PORTFOLIO FOR BUSINESS DEVELOPMENT

oGRI 102-2

We offer 3 types of solutions for micro, small, medium and large companies (i. Credit and guarantees; ii. Investment in funds; iii. Business strengthening). Each solution has products that are offered through our national and international financial partners or directly:

1. Credit and guarantees: We have 8 products through financial partners and direct credit.

PRODUCTS	FINANCIAL ALLIES OF BANCÓLDEX	TERM
REDISCOUNT CREDIT	<ul style="list-style-type: none"> TRADITIONAL FACILITIES: <ul style="list-style-type: none"> Working capital: for the liquidity and operation of companies. Investment: for business growth and consolidation. SPECIAL FACILITIES: <ul style="list-style-type: none"> Region: funding through alliances with territorial entities for business development. Sector: credits for high-impact sectors or large projects of the National Government. Social and Current Situation: Business funding with a social impact or economically complex situations 	SHORT, MEDIUM AND LONG TERM
CREDIT THROUGH MICROFINANCE INSTITUTIONS		
FUNDING TO FOREIGN TRADE	Funding to purchasers of Colombian goods and services abroad to provide liquidity to exporters	CORTO PLAZO
CREDIT TO FINANCIAL ENTITIES	Funding to national and international financial entities	CORTO PLAZO
PRODUCTS	BANCÓLDEX DIRECT	TERM
LEASING	<ul style="list-style-type: none"> Real Estate Machinery and equipment Leaseback Agricultural 	LONG TERM ARCO GRUPO BANCOLDEX
INVOICE DISCOUNT	<ul style="list-style-type: none"> Liquidex Factoring Confirming 	SHORT TERM ARCO GRUPO BANCOLDEX
DIRECT CREDIT	<ul style="list-style-type: none"> SMEs Corporate Structured (project finance) 	LONG TERM ARCO GRUPO BANCOLDEX
GUARANTEES	<ul style="list-style-type: none"> Endorsements Bond issues Projects 	LONG TERM

2. Investment in funds:

We offer two products for this service, which are Bancóldex Capital and Fondo de Fondos, both long-term.

PRODUCTS	TERM
BANCÓLDEX CAPITAL	LONG TERM
FUND OF FUNDS	LONG TERM

3. Business strengthening:

Pursuant to our commitment to training, knowledge and technical assistance for the development of business skills, we have the following available entrepreneurs.

PRODUCTS	
TRAINING, KNOWLEDGE AND TECHNICAL SUPPORT FOR THE DEVELOPMENT OF BUSINESS SKILLS	<ul style="list-style-type: none"> Virtual campus. Conecta: Business development routes in the national territory. Datlas: Big Data tool for the identification of opportunities for diversification and sophistication in the exportable offering of the country, together with Harvard University. Delta: Structuring of sustainable development and innovation projects. Specific technical support with regional, national and international allies.

Chapter 6 of this report provides more information on the most outstanding products.

2020 STRATEGIC MAP

We have also included 5 components in 2020 that measure the performance of the goals set by the Bank to achieve strategic targets:



EXECUTION OF PUBLIC POLICY

o GRI 103-1, GRI 103-2

In accordance with the provisions of the document of the National Economic and Social Policy Council CONPES 3927, Bancóldex is part of the group of State companies engaged in developing public policy objectives, which implies that the Bank must correct inefficiencies and market externalities and maximize social welfare by maintaining the Colombian business fabric, in order to promote the productivity and competitiveness of companies.

o GRI 103-3

We have participated in the design and preparation of different CONPES documents. During 2020, we were involved in:

- CONPES 3983 - Spatial Development Policy: Enabling conditions for the promotion of national competitiveness - 2020
- CONPES 4005 - National policy of inclusion and economic and financial education - 2020

INDICATOR	2019	2020
MINCIT Sector Strategic Plan Disbursements to increase the productivity of micro-enterprises	\$880,425 million were disbursed in loans to microenterprises, with 91% compliance with the goal for the year.	\$1.32 trillion were disbursed, with 148% compliance with the goal for the year.
National Development Plan Investment commitments in Private and Entrepreneurial Capital Funds	\$184,298 million were committed in 14 capital funds, which translates into 93% compliance with the goal.	\$205,843 million were committed, with 96.6% compliance with the goal.
National Development Plan Small and medium-sized companies that benefited from Bancóldex financial products	Loans were disbursed to 7,656 SMEs, meeting the annual goal of 121%.	Loans were disbursed to 9,359 SMEs, meeting the annual goal of 131%.

For more information on this topic, see the 2018-2019 Sustainability Report, in the chapter Bancóldex at the service of public policy. [▶](#)

OUR RESULTS IN 2020

We confirm that the Bank's mission is aimed at promoting exports, supporting productivity and competitiveness with an emphasis on MSMEs, contributing to the defense of the environment, mitigating and adapting to climate change, and acting as an instrument for the reestablishment of the business fabric. in areas of disaster or deteriorating economic conditions.

Goal:

\$6.14 trillion

Result:

\$6.76 trillion which represents a **110.09%** compliance with the goal.

TO ACHIEVE THIS, THE BANK FOCUSED ON:

Financing foreign trade and the internationalization of the business sector, managing to disburse \$1.5

trillion corresponding to a progress of 79% compared to the 2020 goal.

Entrepreneurship and productivity of MSMEs, disbursing \$1.32 trillion to micro-enterprises and \$2.23 trillion to small and medium enterprises.

Green growth and creative economy in Colombia: with a total disbursement of \$1.2 trillion to creative and cultural industries, which translates into 140% compliance compared to what was proposed for 2020. On the other hand, loans were disbursed in the amount of \$84,711 million to finance sustainable development projects, with 11.9% compliance with the goal set.

Public policy instrument for the maintenance of the Colombian business fabric: with the creation of credit facilities under special conditions, especially for companies affected by the economic contingency due to COVID-19, for their recovery and economic reactivation throughout the national territory. \$1.7 trillion were disbursed through these facilities during 2020, showing a 13% increase compared to the previous year.

BANCÓLDEX AT A GLANCE

	2018	2019	2020
Total number of employees	283	283	385 <small>(variation due to merger with Arc)</small>
Total number of operations		14 cities in the country	
Net income	\$2.38 trillion	\$2,20 trillion	\$3,77 trillion
Total portfolio	\$6.52 trillion	\$6,70 trillion	\$7,58 trillion
Assets	\$8.42 trillion	\$8,55 trillion	\$10,37 trillion
Liabilities	\$6.92 trillion	\$6,98 trillion	\$8,80 trillion
Equity	\$1.50 trillion	\$1,57 trillion	\$1,57 trillion
Net profits	\$107,633 million	\$126.834 million	\$132.703 million
Disbursements	\$4,81 trillion	\$5,4 trillion	\$6,76 trillion

OUR GOALS FOR 2021

To disburse \$1.3 trillion to increase microenterprise productivity.

To benefit 10,000 SMEs through all Bancóldex financial products.

To support more than 1,100 exporting companies with disbursements of \$1.5 trillion.

To achieve investment commitments in Private Capital Funds of \$227,500 million.

To support companies in the creative and cultural economy with disbursements of \$1 trillion.

To carry out the Economic Reactivation Boost Program to disburse \$300,000 million through competitive MSMEs facilities, disburse \$500,000 million with the Adelante portfolio and have a quota of \$400,000 million for direct credit to SMEs.

Employees by employment agreement and by sex

2018				2019				2020			
FEMALE		MALE		FEMALE		MALE		FEMALE		MALE	
FIXED	INDEF.	FIXED	INDEF.	FIXED	INDEF.	FIXED	INDEF.	FIXED	INDEF.	FIXED	INDEF.
0	158	1	124	0	158	1	124	0	214	1	170
283				283				385			

*Fixed term / Indefinite term.

Employees by employment agreement and by region

CITY	FEMALE		MALE	
	FIXED	INDEFINITE	FIXED	INDEFINITE
Bogotá	0	184	1	159
Cali	0	3	0	4
Medellín	0	9	0	3
Barranquilla	0	7	0	0
Armenia	0	1	0	0
Bucaramanga	0	5	0	1
Ibagué	0	1	0	0
Manizales	0	1	0	0
Neiva	0	0	0	1
Pasto	0	0	0	1
Pereira	0	2	0	0
San Andrés	0	1	0	0
Villavicencio	0	0	0	1
Total	0	214	1	170

*Fixed term / Indefinite term.



Disbursements by product

restated total disbursements

PRODUCT CATEGORY	2019	2020	var. %
EOCMs loans	\$501,573,878,757	\$854,844,838,288	70%
Direct Loan to Companies	\$116,106,736,087	\$71,999,065,352	-38%
Liquidex Total	\$144,006,863,143	\$158,515,052,387	10%
Rediscount and Leasing	\$2,916,371,078,754	\$4,196,093,026,272	44%
Interbank loans	\$1,116,244,667,384	\$1,024,868,650,838	-8%
Comex	\$561,476,252,708	\$258,087,314,051	-54%
Total	\$5,355,779,476,833	\$6,564,407,947,189	23%

In 2020, the Bank's disbursements amounted to \$6,564,407 million, which show a positive variation of 23% compared to the previous year, highlighting the placement of credit resources through EOCMs and the rediscount and leasing operations.

Disbursements by size

restated total disbursements

The highest growth in disbursements took place in the medium-sized and microenterprise segments, with 62% and 47%, respectively, due to operations intended to direct credits to Entities Engaged in Microenterprise Credit.

The sectors with the highest disbursements are metal extraction, manufacturing of computer products, scientific research, water treatment and association activities, among others.

Figures do not include disbursements from the Vice Presidency of SMEs Direct Credit.

SIZE	PRODUCT CATEGORY	2019	2020	var. %
Big	Foreign Trade	\$501,231,589,581	\$218,306,442,404	-56%
	EOCMs Direct Credit	--	\$1,510,928,453	100%
	Interbank Loan	\$7,543,305,233	--	-100%
	Rediscount and Leasing	\$831,833,905,552	\$1,489,283,417,628	79%
	Subtotal	\$1,340,608,800,366	\$1,709,100,788,485	27%
Medium	Foreign Trade	\$5,849,867,703	\$3,124,644,809	-47%
	EOCMs Direct Credit	\$526,000,000	\$2,439,348,186	364%
	Rediscount and Leasing	\$711,703,985,574	\$1,155,025,205,289	62%
	Subtotal	\$718,079,853,277	\$1,160,589,198,284	62%
Small	Foreign Trade	\$779,155,343	--	-100%
	EOCMs Direct Credit	\$10,884,905,926	\$23,635,333,992	117%
	Rediscount and Leasing	\$770,965,640,577	\$994,304,069,028	29%
	Subtotal	\$782,629,701,846	\$1,017,939,403,020	30%
Microenterprise	Foreign Trade	\$990,601,173	\$38,301,742	-96%
	EOCMs Direct Credit	\$481,431,254,719	\$809,033,501,495	68%
	Interbank Loan	\$178,282,592	--	-100%
	Liquidex Total	\$5,972,166,415	--	-100%
	Rediscount and Leasing	\$363,339,230,266	\$469,324,558,694	29%
	Subtotal	\$851,911,535,166	\$1,278,396,361,931	50%
Others*	Foreign Trade	\$52,625,038,907	\$36,136,783,300	-31%
	Direct Credit to Companies	\$116,106,736,087	\$71,999,065,352	-38%
	EOCMs Direct Credit	\$8,731,718,112	\$16,495,271,977	89%
	Interbank Loan	\$1,108,523,079,559	\$1,024,868,650,838	-8%
	Rediscount and Leasing	\$238,528,316,785	\$88,155,775,634	-63%
	Subtotal	\$1,524,514,889,450	\$1,237,655,547,101	-19%
No classification available	Foreign Trade	--	\$481,141,796	100%
	Direct Credit to Companies	--	--	--
	EOCMs Direct Credit	--	\$1,583,454,185	100%
	Interbank Loan	--	--	--
	Liquidex Total	\$138,034,696,728	\$158,515,052,387	15%
	Subtotal	\$138,034,696,728	\$160,579,648,368	16%
Total		\$5,355,779,476,833	\$6,564,407,947,189	23%

*Disbursements to financial intermediaries abroad or to entities engaged in business microcredit, as long as they are not legalized.

5.

FINANCIAL SUSTAINABILITY AND BUSINESS PROFITABILITY

◦GRI 103-1

The economic performance of Bancóldex is essential not only for the continuity of the business but also to generate the desired impacts as a promoter of the business community.



In addition, economic performance generates greater leverage capacity for Colombian business growth, fosters the creation of new products and services, and supports the achievement of the Bank's strategic objectives.

Our generation of value is based on fully serving the Colombian business sector in all its development stages, which means that we are the Colombian business development bank.

o GRI 103-2, GRI 103-3

Despite the global economic difficulties from COVID-19, Bancóldex's performance during 2020 was outstanding.

Loan placement increased by 26% compared to the previous year and reached \$6.76 trillion (including \$196.381 million from the Vice-presidency of Direct Credit for SMEs), with a significant percentage from support facilities due to COVID-19, generating a growth in the net portfolio balance of 13.2% compared to 2019.

This increase was leveraged with CDT deposits geared towards the short part of the curve (taking advantage of the decrease in market spreads in these terms) and asset duration, seeking an optimal funding cost.

On the other hand, we continued with the expansion of the institutional savings account product, expanding the volume of on-demand resources with favorable rate

conditions, and improving the cost of the total mix in pesos for the Bank.

In addition to the above, as previously indicated, the merger process with Arco Grupo Bancóldex allowed the integration of its portfolios, broadening the spectrum of customer segments to be served and generating operational and administrative synergies. This operation added more than \$865,000 million in credit operations to the Bank's portfolio.

Net profits for the year 2020 amounted to \$132,703 million, which is equal to 172% budget compliance and is the highest profit obtained in the history of the Bank.

With these results, the ROE profitability indicator stood at 8.48%, the highest in recent years since the implementation of IFRS in 2015 as an accounting standard.

On the other hand, the total portfolio contributed to the financial margin with \$171,623 million and reached a margin of \$130,224 million for the peso portfolio, \$22,373 million for the dollar portfolio and \$19,026 million for the Direct Credit SME portfolio.

The investment portfolio contributed \$75,524 million to the financial margin, which represents a positive performance, considering that the fixed income market was characterized by high volatility as a result of the devaluation of the portfolios during the first half of the year, as a

result of the pandemic and its consequent impact on the world economy, and with subsequent recoveries in the second half of the year.

o GRI 201-1

Direct economic value generated and distributed figures in \$ million

Valor Económico Directo Generado (VEG)	2019	2020	variación absoluta	variación relativa
Margen Cartera de Créditos	130.394	171.623	41.229	31,6%
Portafolio	52.546	75.524	22.978	44%
Otros Ingresos Ordinarios (Incluye ingresos netos no operativos y diferencia en cambio)	46.959	47.142	184	0,4%
Total Valor Económico Directo Generado	229.899	294.289	64.390	28%
Valor Económico Distribuido (VED)				
Proveedores	21.206	30.064	8.858	42%
Empleados	42.480	53.048	10.568	25%
Administración Pública	50.992	90.156	39.164	77%
Accionistas	118.480	114.337	-4.143	-3%
Accionistas Minoritarios	335	327	-8	-2%
Total Valor Económico Distribuido	233.493	287.932	54.439	23%
Valor Económico Retenido (VER)				
Provisiones, depreciación y amortización	-11.613	-11.682	-69	1%
Reservas	8.019	18.039	10.020	125%
Valor Económico Retenido (VER)	-3.594	6.357	9.951	-277%
Ingresos netos (utilidades):	126.834	132.703	5.870	5%

*El valor asociado para accionistas y reservas, corresponde al cálculo inicial de dividendos de esa vigencia, previo a la Aprobación de la Asamblea General de Accionistas. El valor económico distribuido a los accionistas es inferior debido al monto de las reservas, sin embargo la utilidad generada fue mayor.

The economic value generated by Bancóldex amounted to \$294,289 million, showing an increase of 28% compared to 2019. This was possible as a result of the higher dynamics in the loan portfolio, caused by the creation of support facilities for all economic sectors to face the situation caused by COVID-19. Additionally, the strategy used to manage the investment portfolio regarding market volatility caused the income from this item to increase by 44%.

On the other hand, during 2020 there was an increase in the distribution of economic value to the public administration (77%) as a result of higher business taxes, which are the result of greater dynamics in deposits and a higher accrual of the income tax.

In addition to the above, the value distributed to suppliers and employees was higher than in the previous year, as a consequence of the merger with ARCO Grupo Bancóldex.

Financial indicators

	2019	2020
ROAA	1,53%	1,25%
ROAE	8,39%	8,78%
Solvency ratio	17,33%	22,83%
Portfolio quality:		
Non-performing portfolio / total portfolio	0,50%	1,93%
Provision/non-performing portfolio (times)	4,8	1,2
Efficiency*	35,87%	34,98%

The return on average assets (ROAA) decreased due to the increase, to a greater extent, of the Bank's assets (21%) compared to the increase in profits (5%).

In relation to the profitability over average equity (ROAE), an increase of 39 bps is observed caused by the higher profits for the period.

The solvency ratio in 2020 reached 22.83%, showing an increase of 551 basis points in relation to 2019. This variation is due to the fact that during 2020 Bancóldex calculated the indicator under the Basel III methodology.

Portfolio quality results decreased in 2020 mainly due to the increase in non-performing loans, as a consequence of the market situation and due to the merger with Arco Grupo Bancóldex.

Finally, the efficiency indicator reached 34.98%, showing a decrease of 2.5% compared to the previous year due to the increase in the gross financial margin (33%) compared to the increase in operating expenses (30%), which includes the effect of merger with Arco.

OUR RESULTS IN 2020

ROAE goal (return on equity): The result was 8.74% compared to a goal of 5.2%

Intermediation margin goal: The intermediation margin in pesos was 2.11% compared to a goal of 1.91% and 0.65% in dollars compared to the goal of 0.40%.

Average net portfolio balance goal: The result was \$7,641,808 million compared to a goal budget of \$6,462,565 million

OUR 2020 HIGHLIGHTS

In order to ensure access to resources to meet the demand for loans arising from the situation, we executed a guarantee with the agency attached to the World Bank MIGA (Multilateral Investment Guarantee Agency) which allowed us to access financing with foreign banks for an amount of \$5.5 trillion.

OUR GOALS FOR 2021

To make disbursements of **\$7.9 trillion**, which represents an increase of 17% in relation to 2020.

To have a gross financial margin of **\$307,520 million**.

To reach a **ROAE of 3.6%**. It is reduced in the 2021 goal due to the establishment of provisions that strengthen the Bank's Credit Risk Management System.

To have a gross portfolio balance of **\$7.3 trillion and USD 360 million**.

6. IMPACT OF OUR PORTFOLIO ON SUSTAINABLE DEVELOPMENT

At Bancóldex, we seek to promote, in each of our financing activities, the social impact and sustainable development of the country. This chapter will cover the results of our product portfolio and its impact on the business fabric during 2020.



ECONOMIC RECOVERY AND REACTIVATION PROGRAM

o GRI 103-1

The crisis generated by COVID-19 has presented an unprecedented scenario globally. Since the beginning of the year, oil prices and cancellations in the tourism sector began to affect multiple sectors such as aviation, entertainment, recreation and their value chains. After this, the measures taken by governments to stop the spread of the virus, such as social distancing and confinement, forced a halt in the vast majority of economic activities, affecting jobs, productive chains and the financial support of many companies in the country.

Aware of the responsibility we have and in order to meet the liquidity needs of companies, the “Responde” portfolio was created, where we launched 36 facilities in cooperation with the National Government and local authorities.



Through this portfolio, and in response to the crisis, we disbursed \$1.45 trillion (out of \$1.82 trillion available), reaching more than 71,000* entrepreneurs.

* This figure is higher than that reported in the management report due to the subsequent legalizations of microfinance institutions.

Now, in response to the economic reactivation phase, we launched the “Adelante” portfolio of facilities, which offer more favorable terms and grace period compared to Responde facilities. Thus, during 2020 we launched 8 Adelante facilities, with a budget of \$981,480 million.

For more information on the Colombia Responde and Adelante credit facilities, please visit the Bank’s website. [▶](#)

o GRI 103-2

Special credit facilities

At Bancóldex, we have created special credit facilities through the economic contribution of a territorial entity, or an entity interested in a certain region.

This purpose allows:

Motivating territorial entities to allocate resources to be directed to priority business segments in those regions of the country.

Motivating financial intermediaries to meet, in certain regions, the needs of special business segments.

Encouraging business activities through loans under more favorable conditions than traditional loans.

Expanding the impact of the resources allocated by each territorial entity with the multiplier offered by Bancóldex in the agreements.

From the contribution of the territorial entity, the differential value of the interest rate is covered, which allows the financial conditions of the program to be more favorable for entrepreneurs. In turn, Bancóldex places the additional resources to be lent, multiplying the initial contribution and providing greater coverage in the region.

The conclusion of an agreement can be originated by:

- The result of a needs analysis to develop a productive chain in a region.
- Contributing to solving difficulties in accessing credit for a certain company size.
- The need to financially condition companies affected by circumstances such as natural phenomena and economic events, among others.

GRI 103-3

OUR RESULTS IN 2020

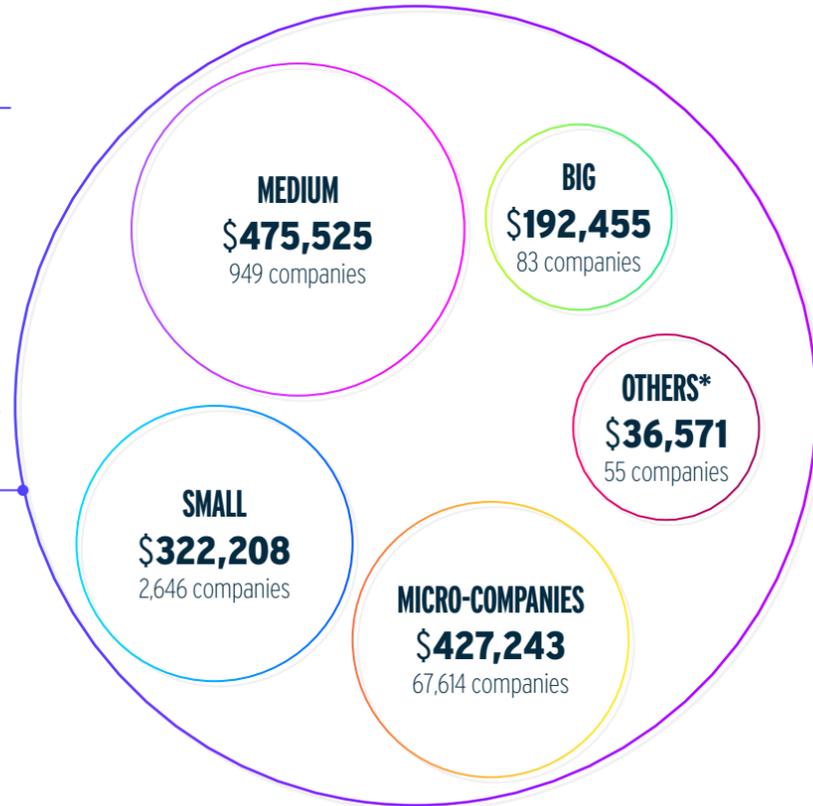
“RESPONDE” CREDIT LINES PROGRAM

Disbursements for

\$1.45 trillion out of \$2.53 trillion available, impacting more than **71,000 companies**.

34% of the amount disbursed was received by medium-sized companies, followed by micro-companies (30%) and small companies (23%).

Regarding the economic sector, 35% of disbursements were made to the commerce sector, 18% to the manufacturing industry and 11% to the transport sector.



*Corresponds to disbursements made to microfinance institutions that have not been legalized.
Figures in million COP.

71% of the operations have a rate lower than 10% per annum.

MORE THAN 60% of companies served from the wholesale-retail, lodging and food services, administrative services and constructions sectors are new companies.

52% of the operations have a term of more than 2.5 years.

100% of beneficiaries of the Guainia Responde facility are new.

64% of microenterprises served are new (they have not had any product with Bancóldex in the last 5 years).

MORE THAN 60% of the beneficiaries of regional facilities in consolidated economies (Antioquia Responde, Bogota Responde, Caldas and Manizales Responde) are new.

WE HAVE ARRIVED FOR THE FIRST TIME IN THE LAST FIVE YEARS TO TIMBIQUI (CAUCA), CARMEN DEL DARIEN AND BOJAYA (CHOCÓ).



ADELANTE / REACTIVATION FACILITIES PROGRAM

THE ADELANTE FACILITIES

portfolio was created to promote the reactivation of companies.

The facilities provide a term of 5 years and a grace period of up to 12 months.

Facility	Maximum amount
TRANSPORTE MEDELLÍN	\$64.000
INNPULSA CAPITAL	\$28.980
ECONOMÍA PARA LA GENTE	\$78.000
SAN ANDRÉS ADELANTE	\$30.000
BUCARAMANGA SE REACTIVA	\$16.000
HUILA ADELANTE	\$4.500
CARTAGENA ADELANTE	\$4.500
TRANSPORTE RESPONDE 2	\$715.000
TOTAL REACTIVATION FACILITIES	\$981.480

OUR 2020 HIGHLIGHTS

Enry Castrillon Calume - Owner Droguerías Farmacosta, Mompox (Bolívar)

Droguerías Farmacosta is engaged in the marketing of pharmaceutical, cosmetic and personal hygiene products, and has 11 employees.

At the beginning of the pandemic, the operation of the drugstore was affected because they had to implement delivery services, along with the implementation of biosafety protocols and the training of staff.

They took a loan from the Reactivate facility (Colombia Responde portfolio) of \$60 million, which was destined for the implementation of biosafety measures in various locations and for the expansion of inventory.

“It is important to access this credit facility, since through it we can help to reactivate the economy of our country and support many more families.”

In the Reactivate facility, 61.6% of the final rates of operations to entrepreneurs served by rediscount are lower than 10%. Regarding the term, 88% of rediscount operations have a term of more than 2.5 years (out of a maximum of 3 years).

Innovative business models, impact on the SDGs and the impact of COVID-19 on development banks

In a joint effort to understand the effect of COVID-19 on business, we carried out an exercise with the development banks of Brazil - BNDES and Morocco - CDG, in order to identify innovative business models that impact the SDGs. and how these development bank business models have been affected by the pandemic.

To this end, we conducted two surveys of 15 development banks in the world, which responded about their business models, contribution to the SDGs and innovation, as well as the impacts that the pandemic brought to their business models. As a result of this exercise, 32 examples of innovative business model initiatives were identified.



OUR GOALS FOR 2021

In order to continue supporting the economic reactivation of companies in the country, we will continue expanding the portfolio of “Adelante” facilities, in collaboration with the National Government and local authorities. These facilities offer a term of up to 5 years and grace periods of up to 12 months.

6.2 STRENGTHENING DIRECT SERVICE TO SMEs

o GRI 103-1

An essential part of financial sustainability is made up of SMEs and MSMEs, which are a key player for national contribution in components such as job creation and GDP. For this reason, and understanding the dynamics of the business market, at in Bancóldex we have committed ourselves to offering more and more intelligent solutions as a result of a joint exercise with our strategic allies to enable advice, customizations and flexibilities, which in turn allow achieving the business growth and provide funding for the evolution of these companies.

o GRI 103-2

With the merger by absorption with Arco, Bancóldex evolved to be closer to entrepreneurs and has consolidated itself as a more powerful and suitable development bank to promote the business sector in Colombia, with a more complete and robust portfolio. We strategically seek new solutions for the business sector and that is why from that time Bancóldex's offer was supplemented with leasing, factoring and direct credit services with a focus on business strengthening.

Bancóldex is and will continue to be a second-tier bank that works in partnership with financial intermediaries and that

now has a special window for new products headed by the Vice-presidency of Direct Credit for SMEs. These services will continue operating within Bancóldex under the same premise as Arco operated: to provide loans to SMEs under adequate risk parameters, at competitive market rates.

Accordingly, we have created a complete leasing, credit and factoring portfolio that allows us to meet the following financing needs:

- In the long term, funding of productive assets for the modernization, growth and improvement of processes and the expansion of productive capacities.
- To meet the needs of working capital in the medium term and solve the cash flow challenges faced by SMEs.
- In the short term, to meet liquidity needs and production chains.

Real Estate Financial Leasing:

purchase of real estate for industrial, commercial and service facilities, with terms of up to 15 years and the possibility of grace periods.

Machinery and Equipment Financial Leasing:

purchase of productive assets for the development of industrial, commercial and service activities, with terms of up to 10 years and the possibility of grace periods.

Leaseback:

purchase of a productive movable or immovable property from the client and delivery in financial lease with a purchase option, for the client to free up working capital. With terms of up to 10 years and the possibility of grace periods.

Credit:

broad and versatile portfolio for the satisfaction of short, medium and long-term needs, based on the knowledge of the client and the purpose of the investment, as well as on the guarantees offered by the entrepreneur.

Factoring:

product to immediately meet the liquidity needs of the company, by discounting invoices or agreements. It arises from the understanding of the relationship of the SME entrepreneur with its suppliers and/or clients.

o GRI 103-3

The following are the results and figures of the Vice Presidency of Direct Credit for SMEs.

During 2020, we comprehensively managed the risks inherent to our business, seeking the healthy growth of our portfolio, providing solidity to the balance sheet, understanding and providing solutions to the adverse conditions faced by entrepreneurs, such as giving relief in credit conditions to 495 companies.

We prioritized medium and long-term financing needs, with **77%** of disbursements granted with terms of more than one year.

Likewise, we continue to support the growth and consolidation of Colombian SMEs with financing proposals for investment and, above all, under the COVID-19 situation, business sustainability.

We highlight the achievements in leasing and credit products, with a fulfillment of goals of 118% and 127%, respectively.

We also managed to increase disbursements by 13%, favoring SMEs, which accounted for 76% of total disbursements.

We made disbursements to MSMEs in the amount of \$345,841 million, which represents a 21% increase compared to the previous year. Disbursements for this segment represented 83% of total disbursements.

OUR 2020 HIGHLIGHTS

Como resultado de la gestión de
As a result of the management efforts of the Vice Presidency of Direct Credit for SMEs, in 2020 we financed

- 155 companies through leasing, with total disbursements of \$115,362 million, broken down into 51% for real estate leasing, 21% for machinery and domestic equipment, 13% for imports and 14% for leaseback.

635 companies

with total disbursements of

\$ 418,893 million

which represents a budget compliance of 107%.

- 475 companies through credit, with \$223,271 million disbursed and 55% with guarantees from the National Guarantee Fund - FNG.

- 49 companies through factoring.

- 42% of disbursements were intended to manufacturing, 26% to services and 28% to commerce.

It is important to highlight the importance of Orange Economy businesses, which showed a 23% growth in disbursements compared to the previous year, accounting for 11% of the total direct SME portfolio.

- We financed the modernization, productivity and the expansion of the installed capacity to 143 business projects through leasing operations.
- We increased the share of disbursements for MSMEs by 21%, reaching 83% compared to 77% the previous year.
- We obtained a 17% growth in the volume of applications compared to the previous year, with a total of 985 applications.
- We increased the Bank's total portfolio balance by 13%.
- We implemented improvements in the factoring product offering, which provided liquidity to companies at reasonable costs and the growth in services and in response capacity.
- We were able to offer differentiated credits with long terms and grace periods as a result of the situation caused by COVID-19, with access facilities such as those offered by the FNG and the adoption and acceptance of novel instruments such as security interests.
- Launch of the Direct Support Line of \$400,000 million, together with the National Government, the Ministry of Commerce, Industry and Tourism, the Emergency Mitigation Fund and Bancóldex, seeking to generate alternative solutions for the reactivation of the economic activity of SMEs in the country, in accordance with the provisions of Decree 468/2020.

OUR GOALS FOR 2021

We will work to strengthen direct services to SMEs and achieve greater efficiency and productivity, strengthening the service culture and strengthening our internal team to achieve a better approach to the market.

To create and enhance new opportunities to reach SMEs in different regions and take advantage of growth potential, with flexible financial products and services.

To achieve disbursements of more than **\$1 trillion** through our different products.

REDISCOUNT AND CORPORATE DIRECT CREDIT PORTFOLIO

6.3

At Bancóldex, we offer financial and non-financial products and services for various types of companies and needs and interests. These products include rediscount credit and direct corporate credit.

Rediscount credit

o GRI 103-1, GRI 103-2, GRI 103-3

Given its status as a second-tier bank, Bancóldex funnels credit resources to the business sector through financial intermediaries subject to the inspection, control and oversight of the Financial Superintendence of Colombia, such as banks, financial corporations, financing companies and cooperatives. financial institutions, as well as through entities engaged in microenterprise credit not supervised by said control entity, such as financial NGOs, savings and/or credit cooperatives, financial foundations, compensation funds, employee funds and other entities with a credit limit approved in Bancóldex.

The general financial and operating conditions, as well as the use of the resources of the second-tier credit facilities offered by the Bank, are established in external regulation letters addressed to the aforementioned intermediaries.

It is important to note that within the framework of the conditions defined by Bancóldex, each intermediary, in accordance with its internal policies and procedures for granting loans and guarantees, determines the specific requirements that the company must meet, so that the respective approval and application procedures must be carried out by the employer directly with that entity, which makes the credit analysis of debtors, takes the decision to grant the loan, requests guarantees, collects and manages the portfolio, among other activities.

It is also important to point out that the resources of rediscount credit facilities are intermediated by Bancóldex: captured in financial markets, originated from investors and institutional clients, and disbursed to financial intermediaries as they are requested by them (and to them by entrepreneurs).

Crédito directo corporativo

o GRI 103-1, GRI 103-2, GRI 103-3

At Bancóldex, we are committed to generating direct credit operations to companies and projects that drive business growth. With this product, we offer a medium and long-term financing solution for investments in CAPEX (capital expenditure) in excess of \$20,000 million. The following are some added values of this product:

- Grace period for capital during the construction and implementation phase of the project.
- Structuring of amortizations tailored to the cash flow of the company.
- Possibility of assigning IBR, DTF, IPC and Libor rates.
- Financing in pesos and/or dollars.

Main focus of the rediscount and direct credit financing portfolio:



Green projects: operations that have a positive impact on the environment (energy efficiency, generation of energy from renewable sources, electric mobility, waste recovery, etc.)



Internationalization: operations of companies and platforms that involve components related to foreign trade. Includes financing for Free-Trade Zones, industrial parks, among others.



Orange Economy: operations related to segments identified in the cultural and creative economy.

OUR RESULTS IN 2020

2020 was a challenging year since most investment decisions were suspended or canceled due to the current situation caused by COVID-19. As a result of this, the priority of different economic sectors was focused on the achievement of working capital operations and the substitution of liabilities.

Therefore, in 2020 we will focus on strengthening our relationship with key allies, such as multilateral banks, investment banks, business structuring teams of commercial banks, unions, chambers of commerce, free-trade zones, among others.

Likewise, we strengthened the capacities of the work team involved in the analysis of this type of operations in the Bank, in order to efficiently and timely respond to the financing requests that we identify.

We also achieved the approval of Project Finance, which opens a wide path for us to follow up on this type of structuring activities, especially in renewable energies.

As a result of these efforts, we obtained the approval for operations of

\$370,000
million

OUR GOALS FOR 2021

To make disbursements for a total amount of **\$550,000 million** in direct credit operations, including the new partial guarantee product.

We expect that at least 50% of disbursements will result from **projects that have a positive environmental and social impact**, for us to contribute to the country with the reduction of emissions, job generation, productive modernization, among other variables of interest.

6.4 COMPETITIVENESS OF ENTREPRENEURS AND MICRO-ENTREPRENEURS THROUGHOUT THE NATIONAL TERRITORY

Pursuant to our commitment to the competitiveness of entrepreneurs and micro-entrepreneurs throughout the national territory, at Bancóldex we support the export and internationalization of the business sector, consulting and technical assistance (non-financial services for business strengthening), regionalization and financial education.

SUPPORT TO EXPORTS AND TO THE INTERNATIONALIZATION OF THE BUSINESS SECTOR

According to the World Bank, The participation and involvement of countries in international trade and in global value chains is related to improvements in their economic growth, the reduction of poverty and the generation of quality jobs.

As the business development bank of Colombia, we are committed to play a fundamental role in promoting financial and non-financial tools to support the participation and entry of Colombian companies in international markets.

Through our specialized products tailored to their needs, entrepreneurs can strengthen their internationalization processes, improve their competitiveness and positioning and thus achieve greater diversification in their basket of exported goods.

In line with the strategic objective “Bancóldex more Global”, in 2020 we created the Export Sector Office, which allows strengthening the design and implementation of financial and non-financial products aimed at supporting the needs of Colombian exporting companies in a more specialized manner.

With this, we consolidate the Bank’s efforts with products such as buyer credit, document discount and international banking operations (OBI), in order to expand the offering of products for entrepreneurs and thus strengthen their internationalization processes, improving the positioning of their exportable offer and effectively entering global value chains.

We have made available to entrepreneurs different tools such as “Foreign Exchange Coverage, protect the profitability of your business”, as well as DATLAS Colombia, a tool developed with the support of Harvard University, which allows identifying the possibilities for diversification and sophistication of the country’s sectors, products and cities, as well as opportunities for companies and regions to develop a more sophisticated exportable offer with greater added value.

GRI 103-3

To control and evaluate our management efforts in the support to exports, we measure the number of benefited companies and the resources allocated:

	2018	2019	2020
Number of exporting companies benefited from Bancóldex disbursement	891	894	1,051
Total resources disbursed to exporting companies benefiting from Bancóldex (million pesos)	1,585,645	1,571,241	1,521,818

During 2020, **1,051 companies** benefited from the disbursements made, representing an increase of **17.6%** compared to 2019.

However, the total amount of such disbursements decreased by 3.1% as a result of COVID-19, since the economy contracted and businesses were affected. However, and despite the fact that it was a difficult year for the economy and entrepreneurs, disbursements maintained a behavior similar to that of the last 2 years.

¹ Dad World Bank. 2020. World Development Report 2020: Trading for Development in the Age of Global Value Chains. Washington, DC: World Bank. doi:10.1596/978-1-4648-1457-0. License: Creative Commons Attribution CC BY 3.0 IGO

OUR RESULTS IN 2020

Disbursements to users in free-trade zones

Goal: **\$49,000 million**
 Result: **\$242,038 million**

Disbursements to operators in free-trade zones

Goal: **\$21,000 million**
 Result: **\$16,144 million**

OUR GOALS FOR 2021

- To disburse \$1.5 trillion to exporting companies.
- To serve 1,100 exporting companies.
- To launch a special credit facility with contributions from the Ministry of Information Technologies and Communications to support the internationalization of MSMEs.
- To implement the new “Pre-embarque” product.
- To consolidate the special credit facility of the Ministry of Information Technologies and Communications.



CONSULTING, TECHNICAL ASSISTANCE AND FINANCIAL EDUCATION

During 2020, we expanded our coverage in the provision of non-financial services through consulting programs, technical assistance, training and structuring of projects according to the business needs generated by COVID-19, migrating to virtual formats for the transfer of business knowledge and promoting business strengthening for economic and productive reactivation, reaching 390 municipalities in the 32 departments of the country.

On the other hand, we consolidated the Virtual Campus as a space for the development of managerial skills, where we received support from different allied entities and the participation of micro and small companies from 369 municipalities in the country.

We also promoted the Delta 3.0 program in order to invest in research, technological development and innovation projects for SMEs, supporting them in the structuring of projects to increase the possibilities to access tax benefits.

In response to the emergency caused by COVID-19, we consolidated the Bicinnova project, which provides tools to companies to implement biosafety protocols, review their innovation processes and prioritize digital actions for

companies to migrate to a digital business model.

As a result of the joint work carried out with different entities, we expanded the offering of non-financial products for entrepreneurs, making it possible to consolidate an entrepreneurial credit program with the IDB in order to expand financing channels for companies in early stages.

Similarly, we generated training spaces to provide tools for economic reactivation together with the District Secretary for Economic Development of Bogota; as well as useful guidelines for managing the crisis and changes generated by COVID-19 with the International Finance Corporation (IFC).

o GRI 103-1

Development -or non-financial- services are composed of a series of training, consulting and technical assistance instruments, which allow us to promote business strengthening and growth through strategic interventions and the transfer of specialized knowledge, enhancing both business and regional growth.

o GRI 103-2

Our portfolio of non-financial services in 2020 included the following:

VIRTUAL CAMPUS:

a space for training and business development with free courses to strengthen management skills of micro, small and medium entrepreneurs.

STRUCTURING OF INNOVATION PROJECTS - DELTA 3.0:

specialized support for the identification and structuring of business projects with innovation and/or technological development components, which can additionally be applied to obtaining tax benefits.

STRUCTURING OF SUSTAINABLE DEVELOPMENT PROJECTS - GREEN DELTA:

specialized support for the technical and financial structuring of projects related to energy efficiency, non-conventional sources of energy and waste recovery.

VALUATION OF ENERGY EFFICIENCY PROJECTS:

financial valuation and submission of results of energy efficiency projects to mobilize private investments to implement energy efficiency measures in the industrial sector in Colombia.

ENTREPRENEUR CREDIT PROGRAM:

expansion of credit granting channels for companies in early stages, with financial intermediaries and entrepreneurship support entities (developed with international cooperation resources).

DIGITAL TRANSFORMATION MFIs:

allows microfinance institutions to understand the importance of the proper digitization of their processes.

SUSTAINABLE DESIGN AND FINANCIAL MANAGEMENT:

allows identifying, developing and proposing sustainable design solutions and alternatives to improve financial management and strengthen business models and value propositions.

FINANCIAL READINESS FOR COMPANIES WITH EXTRAORDINARY GROWTH:

specialized financial consulting with the purpose of facilitating access to financing resources and private equity funds.

EMERGING PRIVATE EQUITY FUND MANAGERS:

strengthening of the knowledge, skills and abilities of participating managers to understand the private equity fund industry.

BENEFITS FROM FTAs:

support from experts specialized in foreign trade, for companies to take advantage of market opportunities in at least two (2) countries with which Colombia has trade agreements in force.

BICINNOVA 2020:

provides tools to companies to implement biosafety protocols, review their innovation processes and prioritize digital actions for the company to migrate to a digital business model.

IFC SEMINARS:

online seminars in order to build the capacities of micro and small companies to manage their businesses during the economic reactivation.

PRODUCTIVITY FACTORIES FOR COMPANIES IN ORANGE INDUSTRIES:

support from expert consultants for companies to improve their productivity in areas such as strategy, business strengthening, human talent management, process improvement and innovation management.

Number of companies benefiting from the support of the DELTA I+D+i Program - Tax benefits

25 companies

5 companies completed the structuring process of Energy Efficiency projects - Green Delta.

3,028 certifications generated in the Virtual Campus.

11 companies through the use of FTAs.

Service facilities related to the structuring of Sustainable Development projects

10 companies The Sustainable Design and Financial Management program was implemented, supporting in proposing sustainable design solutions and alternatives to improve their financial management.

35 companies participated in the Productivity Factories process.

10 microfinance entities participated in the digital transformation process.

10 companies participated in the financial readiness program for companies with extraordinary growth.

31 fund managers participated in the private equity fund program.

9 companies received an assessment of their energy efficiency projects.

47 companies received training in the Bicinova program and 20 obtained direct technical support.

220 entrepreneurs participated in the seminars carried out with IFC.

Number of companies and institutions benefited from Consulting and Training

3 financial entities linked to the IDB Entrepreneur Credit Program, 35 companies received resources and support, 26 entrepreneurship support entities strengthened their capacities and 10 obtained an in-depth diagnosis.

OUR RESULTS IN 2020

We were able to increase the coverage of municipalities by supporting the Bank's regionalization strategy through programs such as Conecta and Virtual Campus.

We promoted the strengthening of private equity funds through the program to strengthen emerging managers and financial readiness for companies with extraordinary growth.

We designed, structured and implemented new initiatives with an emphasis on environmental sustainability with participation of the United Kingdom in the project and its commencement with the evaluation of energy efficiency projects.

Number of companies that received technical advice and support

	2018	2019	2020
Training	303	500	5,082
Consultancy/ATD	45	109	495

OUR 2020 HIGHLIGHTS

Conecta

Together with the Ministry of Commerce, Industry and Tourism, we carried out Conecta, the Business Development Route, which objective is to improve the management, performance and competitiveness of the country's MSMEs with the generation of training spaces, direct technical assistance and valuable connections between entrepreneurs and financial partners.

We managed to carry out 3 versions under this program, benefiting 2,454 entrepreneurs throughout the national territory.

Conecta:
713 entrepreneurs, 140 companies and 353 participants.

Conecta Digital:
1,014 entrepreneurs, 175 companies and 500 participants.

Conecta Clúster:
727 entrepreneurs, 100 companies and 358 participants.

The total investment of Conecta and Conecta Digital was \$755,797,640.

Conecta Cluster was carried out under an alliance with Confecamaras.

We began the development and implementation of the improvements approved in Datlas Colombia, based on the establishment of the strategy with the guidelines to improve the use of the tool as an input to companies seeking to diversify and sophisticate their offering.

We deepened in the development of new content and material to promote business financial education, with content updating to facilitate access and relevance in any digital format; as well as the development of new content in process of virtualization.

We achieved the adaptation of the non-financial service portfolio taking into account the new reality created by COVID-19, migrating to online forms of training and technical support.

We designed and implemented programs consistent with the Bank's strategic objectives, serving and strengthening the development of MSMEs, supporting internationalization processes, driving and promoting projects that generate environmental benefits and strengthening companies that are part of the orange economy.

Campus Virtual

With the purpose of expanding the coverage and increasing the options for accessing the content of the Virtual Campus, we established business training alliances with 46 entities (Chambers of Commerce, Microfinance Institutions and a Mayor's Office) to offer Virtual Campus courses to entrepreneurs.

One of the alliances to be highlighted was made with the Secretary of Culture of the Mayor's Office of Valledupar for the training of cultural agents of the municipality in the Business model structuring online course for creative and cultural companies.

The alliances allowed the generation of 1,696 certifications in the various courses offered and, with the Secretary, 15 entrepreneurs were certified in the course and obtained knowledge on how to formulate business models under the CANVAS method.

OUR GOALS FOR 2021

To implement a pilot digital platform to facilitate access for entrepreneurs to the various non-financial services offered by the Bank has for the economic reactivation of companies.

To develop a product that adds value to the financial services portfolio.

To deepen in the virtual content on related topics to enhance the economic reactivation of companies.



more regionalized attention to entrepreneurs, especially for those located in remote areas.

o GRI 103-2, GRI 103-3

Based on this, the Bank's Board of Directors and Management included two metrics in the 2020 corporate indicators specifically intended to serving entrepreneurs in regions.

At Bancóldex, we measure the attention to entrepreneurs in the regions through the number of operations outside Bogota, Barranquilla, Medellin and Cali, and in municipalities in the PDET and ZOMAC areas.

During 2020, we carried out 5,076 operations outside Bogota, Barranquilla, Medellin and Cali and 34,441 operations in PDET and ZOMAC areas.

REGIONALIZATION

o GRI 103-1

Pursuant to our commitment to the business development of the country, as a result of our role as a public policy instrument and in line with the regionalization policies of the Ministry of Commerce, Industry and Tourism, in 2020 we included in our strategic lines of action a

Disbursements by region total disbursements amounts restated in \$ o G4 FS6

REGION OF ORIGIN OF THE BENEFICIARY	2019	2020	var %
Overseas	931,882,999,559	922,485,486,679	-1%
Atlantic Region	334,353,487,523	681,121,757,532	104%
Bogota Region	2,263,917,411,538	2,473,300,850,859	9%
Santander Region	321,923,044,133	314,646,667,699	2%
Valle Region	638,332,451,609	840,429,589,416	32%
Coffee Growing Region	203,074,265,481	327,342,248,827	61%
Antioquia Region	662,295,816,989	1,005,081,346,178	52%
Total	5,355,779,476,833	6,564,407,947,190	23%

* Figures do not include disbursements from the Vice Presidency of Direct Credit for SMEs.

In 2020, the Bank showed significant growth in the Atlantico and Antioquia regions, where rediscount, leasing and direct credit operations to EOCMs (Entities Engaged in Micro-enterprise Credit) are noteworthy.

OUR RESULTS IN 2020

Goal:
4,800 operations outside Bogota, Barranquilla, Medellin and Cali.

Result:
141% COMPLIANCE.

Goal:
27,000 operations in municipalities in PDET and ZOMAC areas.

Resultado:
174% COMPLIANCE.

OUR 2020 HIGHLIGHTS

Raúl Rodríguez Manager of Moto Japon RJ (La Dorada - Caldas)

Moto Japon RJ is a company engaged in the marketing of motorcycle spare parts and has been in the market for 26 years. The company has 16 direct and 50 indirect employees. As a result of COVID-19, its cash flow reduced almost entirely.

They accessed a loan of \$200 million, which was used to maintain cash flow and to pay suppliers.

"[The loan helped us] bring in new inventories, and thus try restart our work again."

In the Caldas and Manizales Responden facility, 60.8% of the final rates of operations to entrepreneurs served by rediscount are less than 10%. Regarding the term, 85% of rediscount operations have a term of more than 2.5 years (out of a maximum of 3 years).

OUR GOALS FOR 2021

To disburse \$270,000 million to SMEs in departments with lower placement rates.

To serve 10,000 SMEs.

To continue working with municipalities and departments to enter into agreements to launch credit facilities under special conditions for entrepreneurs in the framework of economic recovery.

BANCÓLDEX CAPITAL FONDO DE FONDOS

Bancóldex Capital Fondo de Fondos allows the mobilization of resources towards the capital fund industry in Colombia and in the region, thus promoting the development of alternative financing mechanisms for entrepreneurs and businessmen.

In July 2020, one year of operation of the Bancóldex Capital Fondo de Fondos private equity fund was completed, as a natural evolution of the Bancóldex Capital program, with its entrepreneurial capital compartment, which purpose is to invest in Colombian and regional entrepreneurial capital funds, to invest in high-impact, scalable and transversal ventures in the sectors of commerce, industry, tourism, services and creative industries.

This compartment groups resources of \$116,091 million, where Bancóldex acts as an anchor investor with an amount of \$45,000 million, also with the participation of iNNpulsa Colombia, the Ministry of Science, Technology and Innovation, a multilateral entity and a Japanese corporation.

During 2020, we set the goal of approving 3 new venture capital funds and increasing investment commitments, by hiring new investors. These goals were achieved throughout the year, and our investment committee approved three new venture capital funds, one of which is a new Colombian professional manager and the remaining two international professional managers, all with a focus on Colombian entrepreneurship. Likewise, the onboarding of the Japanese corporate investor with an investment commitment of USD9.5 million was achieved.

Indicators

COMPARTMENT	\$MILLION	PORTFOLIO	NUMBER	INVESTMENT \$MILLION
Committed to underlying funds	20,595.00	Invested ventures	9	94,754.16
Disbursed to underlying funds (A)	8,222.27	Colombian ventures (B)	2	43,249.50
Colombia Multiplier B/A	5.26 times	Colombia/total	22.2%	45.6%

The underlying funds of the Compartment have invested in 9 ventures, 2 of which are Colombian, and these have received \$43,250 million, which account for 45.6% of the total resources invested by these funds. This shows the

multiplier effect of resources, since local entrepreneurs have received 5.26 times the resources disbursed by the compartment.

OUR GOALS FOR 2021

To approve 6 new venture capital funds and double the size of the compartment, i.e. to obtain additional resources for USD 30 million.

6.5 INCLUSIVE FINANCING AND STRENGTHENING THE PORTFOLIO OF PRODUCTS WITH SOCIAL BENEFITS

o GRI FS13

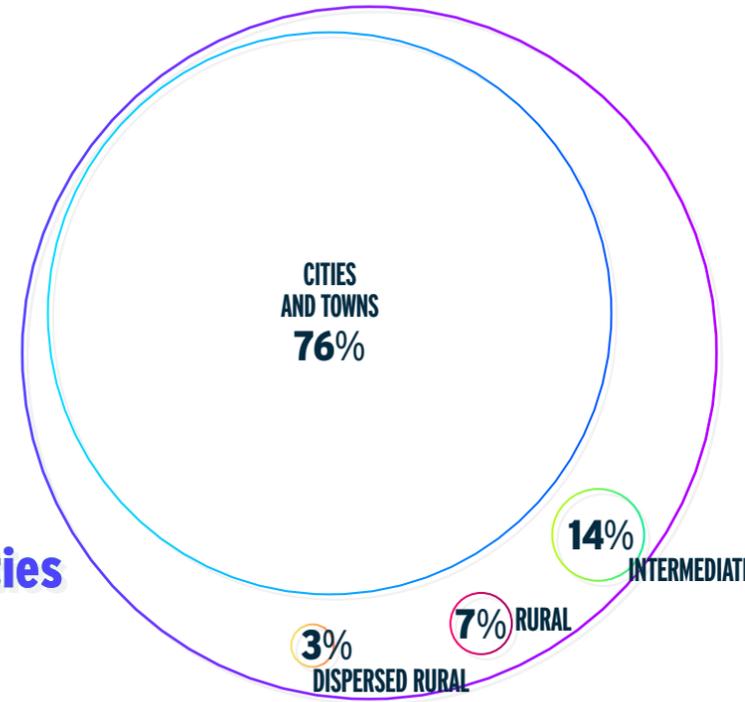
In order to reach more and more entrepreneurs, in 2020 the Bancóldex Microfinance Department, which focuses on serving micro-businesses through rediscount operations channeled through EOCMs (Entities Engaged in Micro-Business Credit), managed to serve 143,000³ micro-businesses. through 149,371 operations. The micro-enterprises served were, for the most part, family businesses, located in multiple municipalities, classified as cities and towns, intermediate, rural and dispersed rural areas, and PDET and ZOMAC municipalities - affected by the armed conflict.

This approach is carried out through specialized intermediaries that have the capillarity, experience and microfinance methodology to generate conditions for financial access and support, managing to offer better conditions than in the non-bank market, in order to contribute to the financing of viable productive value units with a capacity for growth.

Participation of the municipalities served

In 2020, we reached over 996 municipalities

966 municipalities



o GRI 103-3

INTENDED TO	CREDIT OPERATIONS	VALUE (\$)	PARTICIPATION
Cities and towns	97,100	653,759,626,245	76%
Intermediate areas	31,214	121,611,056,982	14%
Rural areas	14,278	56,120,935,955	7%
Dispersed rural areas	6,769	25,490,465,774	3%
Total	149,361⁴	856,982,084,956	100%

³ The number of units served may vary, since the legalization of operations by microfinance institutions shall be made after the end of 2020.

⁴ Given that of the total resources disbursed during 2020, there are credit operations pending legalization by microfinance entities, the number of operations is estimated to be around 180,000.

⁵ There are credit operations pending legalization by microfinance entities, so it is estimated that the number of operations shall be around 180,000.

o GRI 103-2

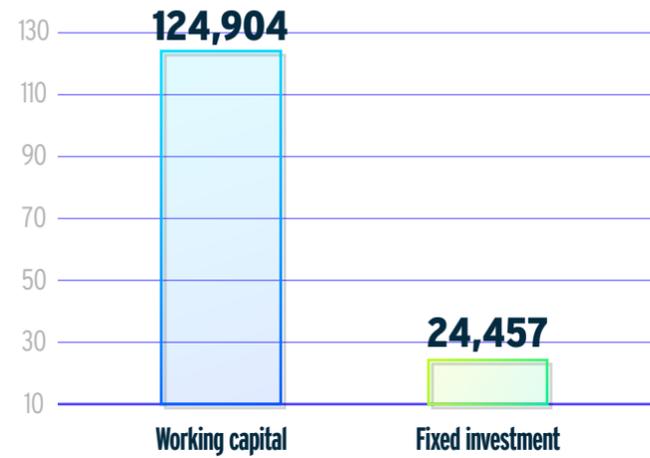
In order to meet the needs of micro-enterprises and properly manage the supply for this segment, at Bancóldex we have created credit facilities with the support of the National Government, ensuring that resources reach areas that have been temporarily threatened by their economic dynamics, and those with the greatest difficulty in accessing credit. Similarly, we have created regional credit quotas for microenterprises as a result of the joint work carried out with territorial entities.

Pursuant to the mission of promoting business development in Colombia and in order to solve regional difficulties caused by natural or social phenomena, **during 2020 we deployed a comprehensive strategy of more than \$1.3 trillion in financial resources**, intended to companies affected by the economic contingency caused by COVID-19, to support their recovery and economic reactivation throughout the national territory.

o GRI 103-3

During 2020, Bancóldex made disbursements of \$856,982 million in 149,361⁵ credit operations, covering 996 municipalities in the 32 departments of the country.

Purpose of credit operations



Distribution of disbursements by the Microfinance Department by use of investment

DESTINO	2019	2020
Microfinance	527,900	856,982
Armed conflict victims	113,392	146,550

INTENDED TO	CREDIT OPERATIONS	VALUE (\$)	PARTICIPATION
Working capital	124,904	730,803,046,668	85%
Fixed investment	24,457	126,179,038,288	15%
Total	149,361⁶	856,982,084,956	100%

VALOR (\$)	MACROSECTOR
37% 316,897,621,202	Wholesale-retail trade; vehicle repair
16% 133,885,038,147	Financial and insurance activities*
12% 99,041,250,359	Other service activities
11% 98,517,140,631	Manufacturing industries
5% 45,746,636,267	Accommodation and food service activities
19% 162,894,398,350	Others

According to the CIIU classification, 37% of disbursements were made to micro-enterprises belonging to the whole-sale-retail trade, 16% to financial and insurance activities, 12% to other service activities, 11% to manufacturing industries, 5% to accommodation and food service activities and the remaining 19% to other macro sectors.

OPERACIONES DE CRÉDITO | 62,386 | 287 | 12,169 | 25,664 | 10,184 | 38,671 | **Total 149,361⁷**

OUR 2020 HIGHLIGHTS

We continued with the institutional strengthening process through the Virtual Corporate Governance Forum, in which 18 entities participated.

We launched the credit facility for the strengthening and productive development of female micro-entrepreneurs in the country, with a placement of \$99,996 million, in 22,289 credit operations.

We completed the technical assistance and accompaniment program in digital transformation, which sought to improve the user experience in order to promote the growth of digital services, intended to 10 microfinance entities.

⁶ Given that of the total resources disbursed during 2020, there are credit operations pending legalization by microfinance entities, it is estimated that the number of operations shall be around 180,000.
⁷ Idem.

OUR GOALS FOR 2021

We expect to make microfinance disbursements of \$1.3 trillion in 150,000 credit operations, of which:

45% of disbursements are to women.

15% of disbursements are to microenterprises located in PDET and ZOMAC municipalities.

15% of operations are to companies of victims of the internal armed conflict. We expect to cover 680 municipalities.

GROWTH OF GREEN AND RESILIENT ECONOMIES

6.6

o GRI 103-1

The role played by the financial sector is paramount for the fulfillment of national development goals, since it acts as a catalyst by financing the implementation of projects that generate social, economic and environmental impacts.

For this reason, at Bancóldex we are responsible and careful when granting loans, since we must incorporate environmental variables that allow us to evaluate and identify actual and potential impacts, as well as the necessary measures to mitigate such impacts.

We are committed to green financing, which encompasses energy efficiency, renewable energies, and adaptation and mitigation of climate change; as well as the incorporation of environmental criteria in the design and development of financing schemes; the measurement of the carbon footprint of the portfolio; support and technical assistance in sustainability matters for entrepreneurs, and measurement of the impact of this type of financing activities.

We have managed to position ourselves as a relevant and recognized pioneer in the financing of green projects.

o GRI 103-2

As a sign of the Bank's commitment to the growth of green and resilient economies in the country, we have prioritized projects that promote climate change mitigation in the 2019-2022 strategic plan.

This is materialized by the constant development of financial and non-financial products that improve national capacities, in order to identify and analyze the impacts of sustainable investments. For this reason, we are working on strengthening the environmental and social risk analysis system -SARAS - in order to include, among others, climate risks as relevant variables in the analysis of investments.

On the other hand, strategic alliances have been generated and strengthened with different players for the development of innovative financial solutions. During 2020, with the support of the IDB, training was offered to more than 10 first and second-tier financial entities in the establishment of the SARAS in banks and in building

capacities to evaluate, under a Project Finance scheme, renewable energy projects in the country.

During 2020, a facility intended to the financing of adaptation measures based on ecosystems -MEBA- was consolidated, with resources from the United Nations Multi-donor Fund for Peace. These resources allowed the construction of innovative solutions to increase investment in adaptation and improve the adaptive capacity of small agricultural producers.

In line with Bancóldex's duty as the executor of public policies, a cooperation agreement was entered into during 2020 with the German Society for International

Cooperation -GIZ- to become the financial executors of the NAMA (Nationally Appropriate Mitigation Action) for refrigerators. de Colombia, which seeks to contribute to the country's refrigerator manufacturing companies in offering more efficient refrigerators, while promoting the replacement of the old refrigerators existing in Colombian homes.



In 2020, we launched the MEBA facility and asked allied microfinance entities to report the amount disbursed to various actions that promote adaptation to climate change.

GREEN CREDIT FACILITY

Bancóldex has green credit facilities for all companies interested in improving their environmental profile and reducing their impacts. These facilities offer financial conditions for projects aimed at managing climate change, mitigating greenhouse gases, and adaptation measures to reduce vulnerability and build adaptive capacities in the face of extreme climatic events.

During 2020, the Bank had an offering of \$250,000 million to finance this type of projects. However, due to COVID-19, a large number of companies prioritized investments in working capital and postponed sustainable investments, for which we financed a total of \$84,771 million, mainly in cargo fleet renewal projects.

GREEN BONDS

Since 2017, we have worked to promote projects aimed at the transition towards an economy that is resilient to climate change and low carbon emissions, as well as to promote greater financing in sustainability in the market.

Consequently, we created the Green Bonds, which are intended to finance the following projects:

 **POLLUTION CONTROL AND EFFICIENT USE OF RESOURCES**

 **SUSTAINABLE TRANSPORT**

 **ENERGY EFFICIENCY**

 **RENEWABLE ENERGY**

 **SUSTAINABLE CONSTRUCTION**

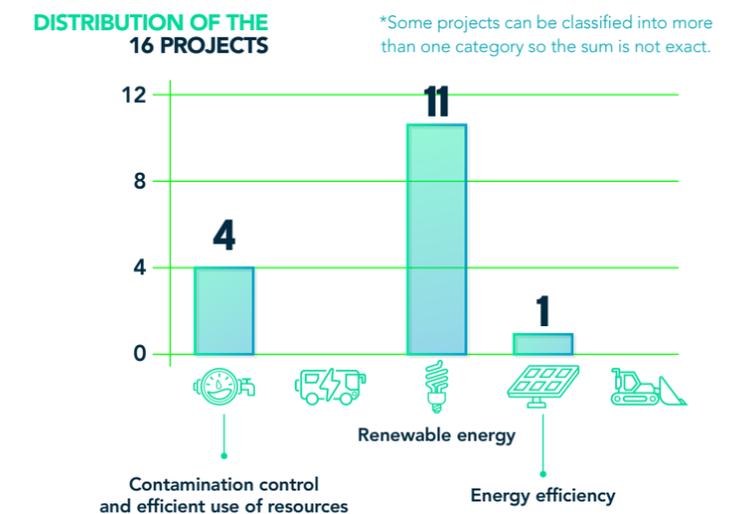
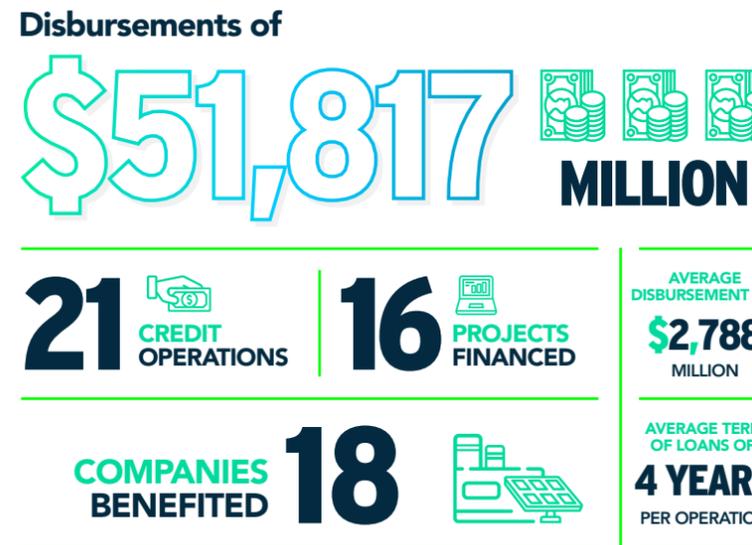
As a result of these efforts, we have managed to finance 308 projects intended to reduce carbon emissions and mitigate environmental impact.

By June 2020, we financed \$436,916 million, i.e. 2.18 times the value of the original issue. Likewise, since 2017 we have leveraged financing for 213 loans in 308 projects, benefiting 190 companies.

In 2020, we also published our third report on the use of Green Bonds proceeds, among which we highlight the following:



RESULTS OF THE PROJECTS FINANCED BY BANCÓLDEX GREEN BONDS JUNE 2019 TO JUNE 2020



GRI 103-3

In order to evaluate our endeavors in the growth of green and resilient economies, we have goals in place associated with disbursements for this type of projects and we monitor the expected impacts of companies, with a focus on savings in energy consumption, reduction of greenhouse gas emissions and the amount of energy generated from renewable sources.

G4 - FS8

PRODUCTS WITH ENVIRONMENTAL BENEFITS	2019	2020
	Amount to promote green projects	\$383,000 million

On the other hand, and in response to the growing interest of investors in evolving credit facilities, we have increasingly financed more efficient technology, renewable energy and waste management projects, among others.

In 2020, we managed to reduce and avoid **3,680 tons of CO₂** in response to the financing of environmentally friendly projects.

OUR RESULTS IN 2020

Goal:

To finance \$710,000 million in green projects.

Result:

Although during 2020 the amount of disbursements was not achieved due to the socioeconomic situation caused by COVID-19, the definition of certain programs that will allow, during 2021, financing innovative projects in sustainable investments was achieved.

OUR 2020 HIGHLIGHTS

We incorporated environmental criteria into the design and development of financing schemes.

- We carried out the carbon footprint measurement of the portfolio.
- We provided technical support and assistance in sustainability to entrepreneurs.
- We incorporated the measurement of impacts of green financing.
- We financed green projects for energy efficiency, renewable energy, adaptation and mitigation of climate change.

OUR GOALS FOR 2021

To implement the programs of the MEbA and NAMA refrigerator facilities. Thereby, we expect to impact a significant number of entrepreneurs who have implemented climate change management measures.

To achieve a recovery of green disbursements with an amount close to \$350,000 million.

To continue working jointly with different national and international players, to achieve the construction and development of innovative financial and

non-financial mechanisms for mass sustainability investments in the country.

To advance in the construction of the Bank's sustainability strategy, which incorporates social, environmental and economic components.

To reduce 40,000 Ton of CO₂ through financed companies. To finance 80 green projects. To reduce the energy consumption of the companies financed by 130GW/H/ year.



6.7 FINANCING AND SUPPORT TO THE ORANGE ECONOMY

o GRI 103-1, GRI 103-2

The Orange Economy is a development model in which cultural diversity and creativity serve as essential cornerstones for the social and economic transformation of the country.

Taking this into account, the legal framework of Law 1834/2017 and the national interests embodied in the 2018-2022 National Development Plan, Law 1955/2020 "Pact for Colombia, pact for equity", at Bancóldex we are committed to promoting industries and culture in 2020, with more than \$1.2 trillion disbursed in this sector.

The promotion and promotion of Orange Economy companies is key since this industry contributes to GDP and job creation, has a social value by basing its development model on the promotion of creative groups such as scientists, engineers, artists, among others. Likewise, it has an innovation value based on talent and creativity and, finally, a sustainable value, since creativity and intellectual capital are an unlimited resource that contin-

ually proposes improvements in processes with cleaner, ecological and sustainable economic models.

For this reason, Bancóldex, as a business development bank and as a public policy executing instrument, has been aware of the relevant role that the Orange Economy plays in the development of the country and has built support tools through financial and non-financial services focused on this sector, to promote these values and contribute to the social impact of the country.

o GRI 103-3

We have defined an orange strategy with a long-term action plan that encompasses financing, investment and knowledge.

Financing:

Bancóldex makes its portfolio of financial products available to orange entrepreneurs so that they can invest in working capital, modernization, consolidation of liabilities or to finance their internationalization with traditional and special credit facilities which are designed with favorable conditions for entrepreneurs, which can be accessed through financial intermediaries with a quota in Bancóldex.

Investment:

This line of action is aimed at mobilizing third-party resources, where Bancóldex, through a Fund of Funds,

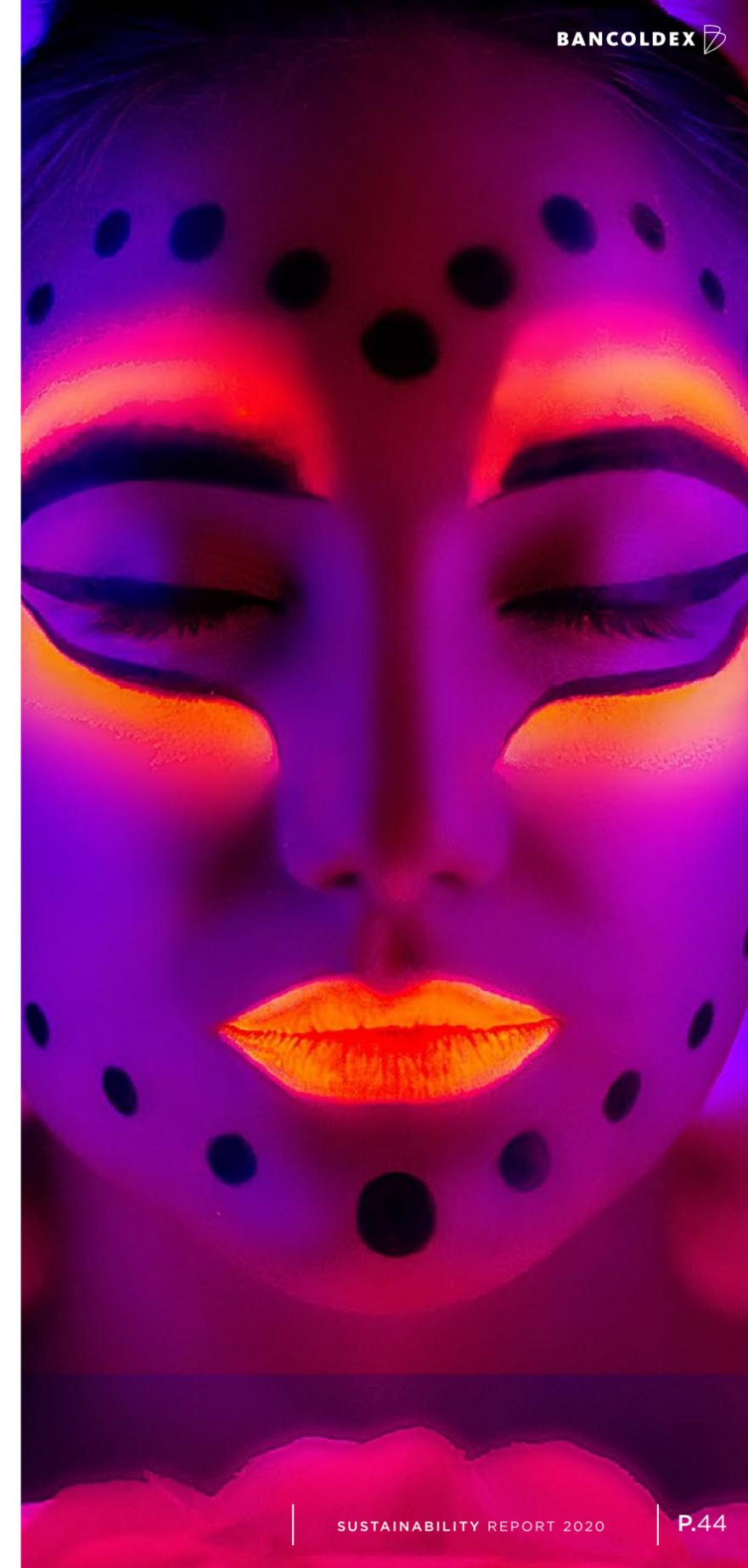
invests in equity funds that support scalable ventures with an orange focus. The purpose is for CCI's to have alternative financing mechanisms.

Knowledge:

Its main purpose is to support companies and the various players of the cultural ecosystem through non-financial services to improve their knowledge, capacities and implement business strengthening programs.

For the year 2020, the following objectives were established to support creative and cultural industries:

- disburse \$900,000 million to companies in the orange economy.
- To enter into at least 4 inter-administrative agreements/alliances with the purpose of improving the bank's product portfolio focused on CCI's.
- To direct at least 30% of disbursements to regions other than Bogota, Valle, Antioquia and Atlantico.
- To direct at least 25% of disbursements to orange microenterprises.
- To direct at least 20% of disbursements to activities considered orange.

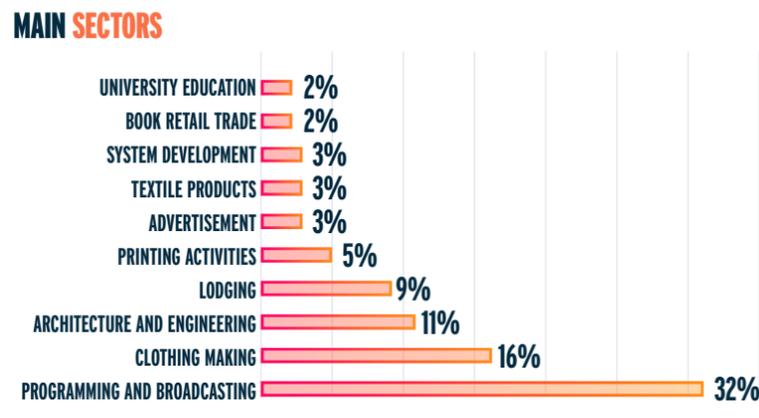
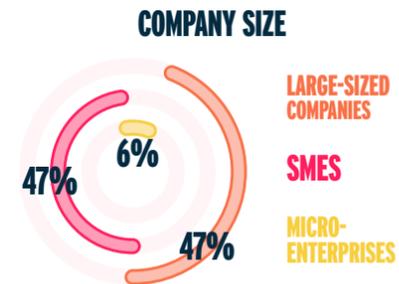


OUR RESULTS IN 2020

Bancóldex disbursed \$1.2 trillion to the creative and cultural industries, with a 133% performance with the established goal.

More than 45,800 entrepreneurs from the Orange Economy benefited, of which 75% were MSMEs, in 31 departments of the country and in the city of Bogotá.

Second Annual Orange Bond Report:



OUR 2020 HIGHLIGHTS



We supported the financing of museology for a museum in the country through the orange credit facility, in the amount of \$1,200 million for lighting, clothing and logistical adjustments of the three stories of the facilities.

The Museum, due to restrictions caused by COVID-19, had to close after two months. In that time, it collected more than \$105 million per month (which was the goal).

It is expected that, after reopening, 12 jobs can be generated, of which 9 will be direct jobs, and 3 will be SENA interns.

NUESTRAS METAS PARA 2021

To make disbursements of \$1 trillion to companies in the orange economy (103 economic activities).

To create at least 10 financial and non-financial products to benefit creative and cultural industries.

To make 25% of disbursements to microenterprises of the orange economy.

To disburse loans to 80% new companies of the orange economy (which have not received loans from Bancóldex in the last two years).

7.
**BANCÓLDEX
AS MANAGER OF
SPECIAL PROGRAMS**



BANCA DE LAS OPORTUNIDADES INVESTMENT PROGRAM

We are the managers of the Banca de las Oportunidades Investment Program, which follows the National Government's strategy to reduce poverty, promote social equality and stimulate economic development in Colombia, providing access to financial services to lower-income families, entrepreneurs and micro, small and medium-sized businesses.

In recent years we have reached notable milestones in financial inclusion in the country. In terms of financial coverage, we have managed to maintain, since 2015, the availability of at least one access point in the 1,105 Colombian municipalities.

At the end of 2019, 82.5% of the adult population had access to at least one financial product, i.e. of the 35.6 million adults in the country, 29.4 million had a deposit or credit product. A decade ago, this indicator was only 57.3%, which implies that more than 12 million Colombians have entered the financial system.

As of September 2020, 31.6 million adults had at least one product or service in the financial system, a figure that increased by 2.2 million adults in the first three quarters of the year.

Thus, the access indicator stood at 87.1%, reaching the Government's goal for the four-year period two years ahead of schedule. Likewise, 26.5 million adults had at least one active financial product, with which the use indicator reached 73%, thus becoming an advance to achieve the 77% goal of the four-year period.

Regarding products, we have identified that savings accounts continue to be the product most used by Colombians, although digital products, such as electronic deposits, have gained greater relevance.

We want to highlight the role of cash transfer programs such as Solidarity Income and VAT Compensation, since more than 730,000 of their beneficiaries activated their products or opened one for the first time.

Regarding the loans disbursed to micro-entrepreneurs by banks, financing companies, micro-credit NGOs and financial cooperatives, at the end of 2019 a total of 2.3 million microcredits with an accumulated amount of \$10.8 trillion were disbursed. While, as of the third quarter of 2020, more than 1 million microcredits were disbursed for an amount of \$5.7 trillion.

OUR 2020 HIGHLIGHTS

Security Interests

As a result of a joint effort between Banca de las Oportunidades and the International Finance Corporation (IFC) of the World Bank to promote the use and scale of security interests in order to facilitate credit access by MSMEs in Colombia, a cooperation agreement was entered into at the end of 2019 in order to provide technical assistance, for two years, to a group of financial institutions to promote the financing of MSMEs through security interests. In 2020, diagnoses were carried out and technical assistance was provided to a banking entity.

The contributions from Banca de las Oportunidades to participate in the financing of technical support amounted to **\$1 billion**

Security Interests:

The term of this program called "Guarantees for your future" has been planned until November 2021.

We managed to advance diagnoses for 3 financial institutions that expressed their interest in joining the project.

We entered into an agreement with Banco Caja Social to carry out the pilot electronic payment pledge.

We prepared the technical document of the methodology for the eligibility of movable property to be subject to securities with the Financial Superintendence.

We held awareness sessions with nine financial institutions, Chambers of Commerce and other players.

Financiar para Avanzar: Technical Support Program to Promote Small Business Financing - Canadian Government - Phase II

In order to continue with the technical support program to promote the financing of small businesses, during 2020 we entered into a new cooperation agreement with Développement International Desjardins (DID) with an execution period of two years.

Under this facility, we have managed to provide technical support to 4 financial entities: Interactuar, Contactar, Finanfuturo and Banco Mundo Mujer. In addition, pilot projects were started in targeted regions of the project such as Antioquia, Valle del Cauca, Nariño and Caldas.

The contributions from Banca de las Oportunidades to finance technical support and project execution amounted to **\$1,715 million.**

Financial education program for micro and small entrepreneurs, “Mis finanzas lab”

In 2019, Banca de las Oportunidades entered into a cooperation agreement with Bancóldex and the Bogota Chamber of Commerce, in order to identify and develop digital financial education materials suitable to the char-

acteristics, context and needs of MSMEs, and to commence the virtual financial education pilot with Bancóldex and the Bogota Chamber of Commerce.

During 2020, we managed to enter into ten agreements with the country’s regional chambers of commerce to participate in the program. These are San Andres, Providencia and Santa Catalina, Barrancabermeja, Arauca, Ibague, Tuluá, Armenia, Pamplona, Magangue, Bucaramanga and Casanare.

The investment by Banca de las Oportunidades for the development of virtual materials amounted to **\$392 million.**

Support to Bank Correspondents - Vivo mi Corresponsal

In order to contribute to the enhancement of banking correspondents through technical, operational, commercial and financial strengthening, we established alliances with Davivienda, Bancamia, Banco de Bogota and Banco Agrario, ConRed de Carvajal and achieved the participation of Baloto.

We carried out four pilot projects in La Guajira, Cauca, Cundinamarca and Tolima, reaching 23 municipalities in 5 departments and 122 correspondents.

Value of the project **\$1,192 million.**

Technical support program and expansion of coverage with financial cooperatives “Cooperamos Contigo”

We engaged nine financial cooperatives that received technical support from the operator hired by Banca de las Oportunidades, for the implementation, start-up, monitoring and follow-up of the correspondent model.

At the end of 2020, we managed to open the first correspondent for the Coomuldesa project in Arcabuco, Boyaca. Under this facility, we have projected the opening of 100 co-managers in ten departments of the country.

The contributions of Banca de las Oportunidades for technical support amount to **\$1,500 million.**

Program to boost the inclusive insurance market in Colombia “Más seguro, más futuro”

Within the framework of the agreement with Fasecolda to promote inclusive insurance, we hired Compañía Seguros Mundial to co-finance the “Segurísimo” insurance project. Moreover, we entered into a memorandum of understanding with the ILO, where four technical workshops were held on rural insurance and parametric insurance.

We invested **\$693 million.**

Solidarity income

Due to the crisis caused by COVID-19, we supported the Ministry of Finance and Public Credit, the National Planning Department (DNP) and the Department for Social Prosperity (DPS), in the implementation of the Solidarity Income program through the following activities:

- Cross-referencing of databases for the identification of the product and channel through which transfers to beneficiaries will be made.
- Promotion strategy through videos, radio ads and information graphics for the dissemination of the Program.

On the other hand, we carried out financial inclusion reports and specialized studies as learning for the implementation of electronic and digital means of payment in the traditional channel, which are determining factors of the demand for credit by microenterprises in Colombia, among others.

OUR GOALS FOR 2021

To open 99 correspondent sites with a mobile advisor within the framework of the Technical Support program and to expand our coverage with financial cooperatives.

To provide technical support within the framework of the Milab Fintech program for the strengthening of up to ten (10) selected technological solutions.

To engage two insurance companies to carry out projects to boost inclusive insurance.

To carry out a project to support the financial sector to promote the creation of innovative digital and mobile correspondent solutions in order to facilitate access for Colombians still excluded from the financial system, especially those who live in rural areas.

To carry out a diagnosis of postal services and their role in the development of the payments ecosystem.

To hire a consultant to develop a methodology for the valuation of movable property that can be established as security interests.

8. OUR COMMITMENT TO EFFICIENT MANAGEMENT

Below we present the Bank's performance in 2020 regarding "efficient management issues", which are those issues that were not a priority for stakeholders but that enable the performance of the material issues explained in chapter 6, which we also monitor.



STRATEGIC RELATIONS WITH OUR STAKEHOLDERS

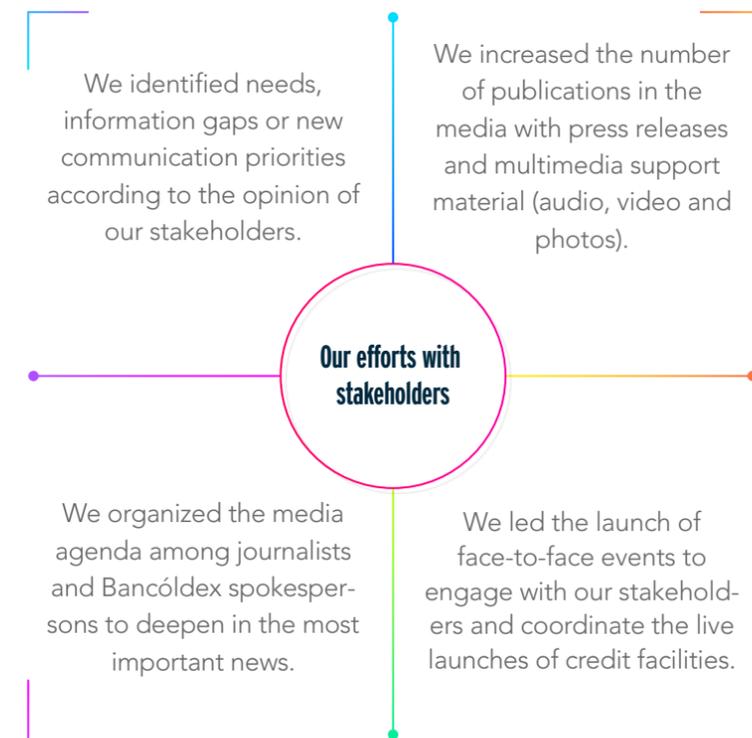
8.1

GRI 103-1

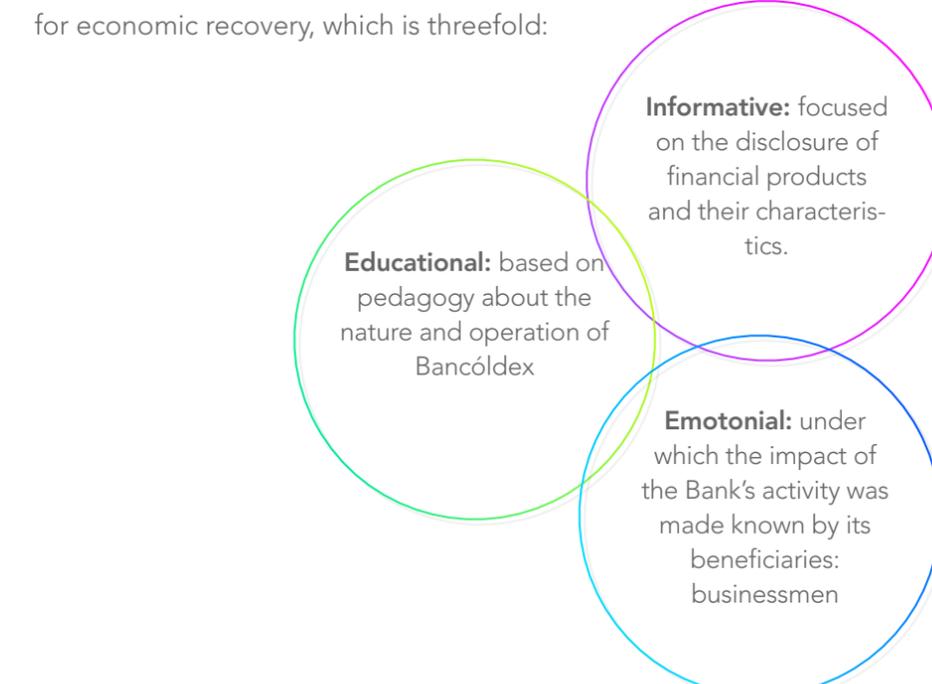
The relations with our stakeholders are paramount since this allows us to broaden the knowledge of Colombians about the mission, operation and scope of Bancóldex. Simultaneously, we convey key messages to various audiences, reaching municipalities and territories for the first time.

GRI 103-2

From external communication, we focus on the implementation of strategies and on the materialization of actions that lead to the strengthening of the reputation among the audiences of interest from different perspectives:



- During 2020, we transformed social media communications and implemented educational, transparency, frequently asked questions, and appreciation campaigns.
- We implemented several tactics that allowed us to be closer to our audience, covering the live broadcasts on YouTube and Facebook.
- We prepared graphic pieces and Playground videos to explain in a more friendly way the information of credit facilities.
- We carried out and published testimonials from businessmen who benefited from various credit facilities and cities in the country.
- The event “Investments that Impact, from financing to sustainable development” was carried out in order to build a dialogue around the development of the capital market and sustainable investments, where we presented the impacts generated by the issuance of social and green bonds.
- We participated five times in the television program of the National Government, “Prevention and Action”.
- At the “Finance in Common” event - the first global summit of the 450 most important public development banks in the world - we positioned ourselves as one of the development banks that has promoted the economic recovery of companies affected by COVID-19 in the country.
- We created a digital campaign focused on generating knowledge and training for entrepreneurs within the framework of the economic reactivation of companies after the effects of the health emergency. Topics included the strengthening of marketing strategies and social media management.



Similarly, and in response to the public emergency caused by COVID-19, the following initiatives were carried out to engage key stakeholders:

- Intensive communication of the portfolio of credit facilities for economic recovery, which is threefold:

the strengthening of marketing strategies and social media management.

In addition to this, we carried out the following strategic relationship initiatives:

- We supported the consolidation of alliances with entities such as the Ministry of Culture, Confecamaras, A\$I, Fenalco, Colombia Crea Talento, Teatro Colon and Asobancaria, managing to multiply the reach in social networks and in the media among businessmen, unions and chambers of commerce,

shareholders, allied ministries and entities of the sector.

- We promoted in social networks a more active listening with our audiences, where we carried out campaigns tailored to the interests of entrepreneurs, through surveys that allowed us to generate conversations with content of greater interaction and interest.

GRI 103-3

We have several key tools in place to carry out an adequate follow-up and monitoring of the relations with stakeholders: monitoring the scope, visibility and favorability of the message in the national media; a survey to the internal public to know their satisfaction with respect to topics such as the handling to requests for communication; surveys on different social networks; evaluation of the segmentation of digital guidelines in our digital channels, to attain a greater reach, among others.

OUR RESULTS IN 2020

We made 2,382 publications at national level and 1,398 at regional level, surpassing the publications of 2019 by 540% and 206%, respectively.

We increased the presence of Bancóldex spokespersons in the media by 450%, achieving 313 meetings in 2020.

During the pandemic, social networks became a key source of communication for entrepreneurs to learn about Bancóldex financial solutions in alliance with the National Government to promote economic recovery.

Interactions went from 75,000 in 2019 to 206,000 in 2020, showing a growth of 274%.

OUR 2020 HIGHLIGHTS

Blended event "Bancóldex Responde 2020"

We presented the results for a historic year in the department of Atlantico, together with the Mayor's Office and the Government, including the newspaper El Heraldo as a strategic ally. We communicated to the public opinion the most important milestones of Bancóldex in 2020 and conveyed our message:

"A historic year for Bancóldex with 157,000 companies served with loans of \$6.15 trillion."

We managed to impact more than 42,000 viewers on social networks and reach an audience of 5 million people in the media, with 37 publications managed through free press.

We invested in live broadcasting through the El Heraldo and Bancóldex platforms, moderated by the journalist Erika Fontalvo.

We collected 125 videos of testimonies from entrepreneurs who benefited from the credit facilities activated during the pandemic. We disseminated this material on social networks to inspire more Colombian entrepreneurs interested in taking their businesses and companies to another productive level. They can be consulted on our website. [▶](#)

We generated high empathy among the audience, increased the positive perception of the Bank, the Top of Mind and the Top of Heart. We also increased interaction on social networks, having a greater reach and attracting new followers.

Our experience on your side to move forward as a country

Through the Marketing Department, we launched the campaign "Our experience on your side to move forward as a country" hand in hand with the portfolio "Responde" built in response to the business situation created by the health emergency.

This campaign served to approach entrepreneurs, as well as to have a better understanding of their realities through language and communication tools familiar to them.

Then, we joined forces to strengthen the Bank's website as a tool focused on leveraging its positioning at national level and creating an English version of the website in constant improvement.

As a result of this, the number of visits to the website increased:

- We went from having 802,294 visits in 2019 to 2,482,365 visits in 2020, which is an increase of 209%.
- We went from having 3 countries with more than 1,000 visits a year to having 9 countries.
- We went from having 4 cities with more than 10,000 visits a year to having 10 cities.

Additionally, we held 195 meetings (talks and Webinar) to disseminate the Bank's products and services, with more than 65,350 users nationwide.

OUR GOALS FOR 2021

To enhance the knowledge and favorable image of the Bank as a support entity for the economic recovery of the country, based on the development of narratives that connect audiences and effectively impact business development.

We expect to reach out, with special emphasis, to entrepreneurs, shareholders and the Government, employees, financial intermediaries, support entities, unions and associations; media, funders and multi-lateral support entities, investors and the public opinion.

8.2 INNOVATION IN CHANNELS AND PRODUCTS

o GRI 103-1

Innovation is a lever to meet medium and long-term strategic objectives and to respond to present and future business challenges. It is a means to create new products and services that allow us to deepen our role as business development banking, provide differential solutions to the market, meet customer needs more accurately, approach entrepreneurs through non-traditional channels and generate value.

o GRI 103-2

During 2020, and as a result of the efforts undertaken in 2019 with the multidisciplinary work team I-Team, we set up the Innovation Office, which purpose is to create innovative financial and non-financial solutions that generate value for various segments and customers, as well as to promote a culture of innovation in the organization. Thus, we seek to mitigate market failures, project business development transformation schemes and generate new income.

o GRI 103-3

In order to monitor innovation projects, since 2018 we have established agile innovation methodologies that allowed us to obtain higher levels of flexibility, speed and self-management.

During 2020, we carried out 3 innovative solutions designed for internal or external challenges of the organization. In addition, we created 17 virtual and face-to-face spaces to promote innovation.

OUR RESULTS IN 2020

Work was carried out on the design of a new product to promote access to credit under better conditions for micro-entrepreneurs, as well as mechanisms to optimize the capital structure and improve the cash flow of SMEs, which will be implemented in 2021.

Regarding the innovation culture, we carried out 5 ideation and co-creation workshops with multidisciplinary teams, in order to find solutions to internal challenges in communication issues, new products and services and positioning, among others. In addition, we built and shared 6 podcasts with our employees, which objective was to share the Bank's innovation initiatives and capacity building.

Finally, we incorporated the Innovation Tour, which sought to promote the culture of innovation through knowledge transfer on agile tools and teamwork. The Tour was made up of multiple activities and 12 virtual challenges and had the participation of 13 teams.

More than 70% of our employees participate in the different spaces for promoting innovation.

NUESTROS DESTACADOS DEL 2020

Beethoven Contigo Program

We designed and implemented the cultural program "Beethoven Contigo", which sought to promote wellbeing to the population most affected by COVID-19 through music.

From this initiative, we reached the homes of more than 55,000 Colombians, including our employees and their families, businessmen, hospitalized patients, medical personnel and the elderly.

As a result of the Program, we impacted the vulnerable population as a result of the 20 allies that joined the initiative, such as clinics, hospitals and retirement homes. We also managed to awaken emotions of wellbeing, tranquility and gratitude in our audience, every Friday for 6 weeks.

Additionally, we created and shared 5 podcasts about the life and work of Beethoven and the artists who accompanied us in the activity, achieving 3,600 views and more than 1,200 playbacks.

For more information on this Program, please visit the Bank's website.



OUR GOALS FOR 2021

To **implement** products that promote access to credit under better conditions for micro-entrepreneurs, as well as mechanisms to optimize the capital structure and improve the cash flow of SMEs.

To **design** solutions to consolidate the Bank's digitization strategy and improve customer experience, as well as solutions to boost the financing of business innovation in the regions leveraged on different resources.

We **will** continue working on the development of innovation irradiators and spaces that trigger creativity to strengthen the innovation culture.



CORPORATE GOVERNANCE

8.3

o GRI 103-1

Corporate governance is an essential element for our sustainability and competitiveness, which allows us to have a transparent, participatory decision-making scheme available to all stakeholders.

We seek to maintain a corporate governance system in accordance with the Bank's legal nature and business, to serve as our own benchmark to stakeholders. We want to teach by example, strengthening our corporate governance, actively participating in different national and international initiatives on the subject and training entrepreneurs on the matter.

In accordance with the above, Bancóldex is a founding partner of the Colombian Institute of Corporate Governance and a current member with participation in its Board of Directors. This non-profit association seeks to promote in the country a greater knowledge of corporate governance and the promotion of best practices in this matter, by all types of organizations, regardless of their size, legal nature or sector.

Pursuant to our commitment to gender equality, during 2020 30% of the Board of Directors of Bancóldex was **made up of women**.

Governance structure

o GRI 102-18

PRINCIPALES	SUPLENTE
<p>Andrea Catalina Lasso Ruales Legal Advisor to the Minister of Commerce, Industry and Tourism, appointed by the Minister of Commerce, Industry and Tourism.</p>	<p>Carlos Ernesto Escobar Vargas Advisor, appointed by the Minister of Commerce, Industry and Tourism.</p>
<p>César Augusto Arias Hernández Director General of Public Credit and the National Treasury, appointed by the Minister of Finance and Public Credit.</p>	<p>María Inés Agudelo Valencia Alternate appointed by the Minister of Finance and Public Credit.</p>
<p>Roberto Arango Delgado Appointed by the General Shareholders' Assembly.</p>	<p>Oswald Loewy Núñez Appointed by the General Shareholders' Assembly.</p>
<p>Augusto López Valencia Representative of the private sector, appointed by the President of the Republic.</p>	<p>Carlos Alberto Garay Salamanca Representative of the private sector, appointed by the President of the Republic.</p>
<p>Adriana Senior Mojica Representative of the private sector, chosen by exporter associations.</p>	<p>Luis Gustavo Flórez Enciso Representative of the private sector, chosen by exporter associations.</p>

The Board of Directors has set up specialized support committees that act as study bodies on specific matters, with their own operating regulations and the ability to make recommendations. The composition of the support committees takes into account the profiles, knowledge and experience and profession of members.

During 2020, the Board of Directors had the following support committees:

SUPPORT COMMITTEES

Corporate Governance, Appointments and Remuneration Committee:

Supports the Board of Directors to ensure compliance with the best governance practices implemented by the Bank and the provisions contained in its Good Governance Code, as well as to advise it on the implementation of best corporate practices. It also supports the Board of Directors in its decision-making or advisory functions concerning appointments and remuneration.

Audit Committee: Supports the Board of Directors in its supervisory duties through the evaluation of accounting procedures, the relationship with the Statutory Auditor and, in general, the review of the Internal Control System.

Risk Management Committee: Its objective is to support the Board of Directors in performing its supervisory risk management responsibilities.

External Credit Committee: Supports the Board of Directors in the performance of its responsibilities for approving credit limits and operations.

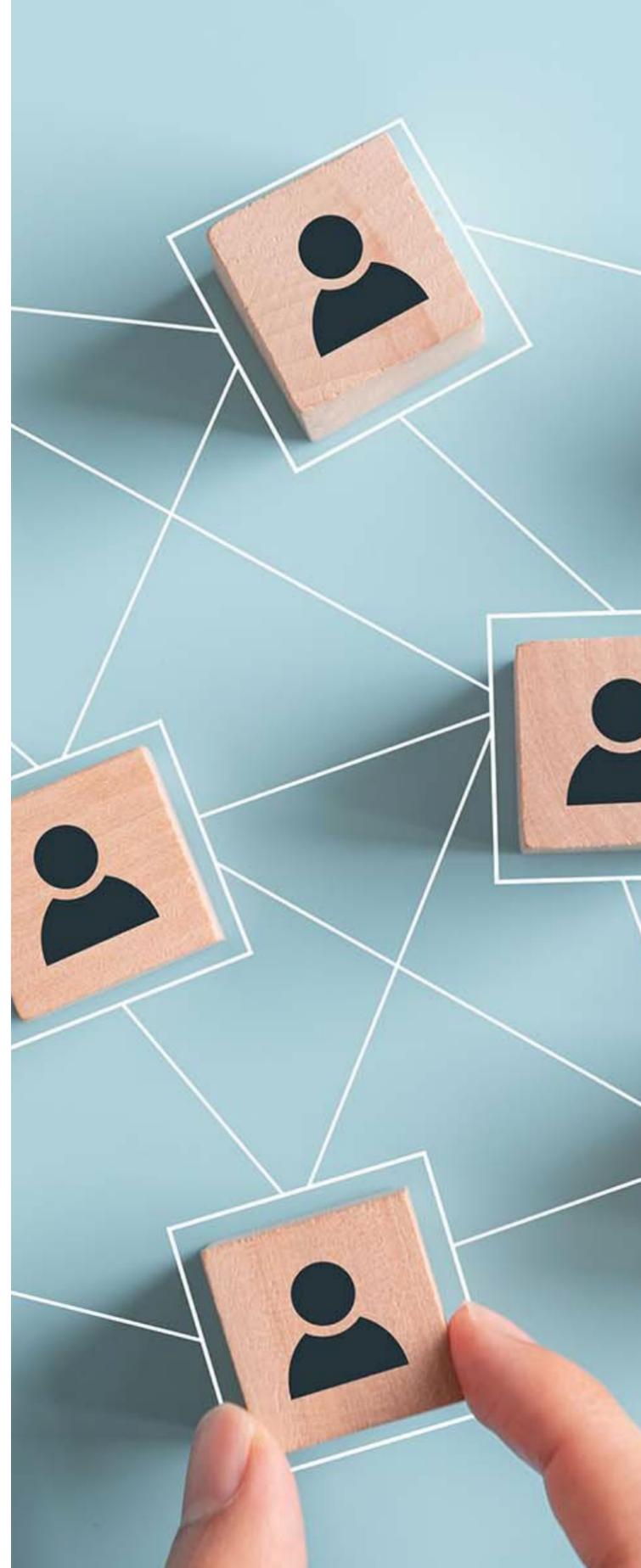
Complete information on Bancóldex corporate governance can be found in the 2020 Annual Corporate Governance Report, a document that is an integral part of this report and is available on the [Bank's website](#).

This Report highlights the efforts of the Corporate Governance, Appointments and Remuneration Committee in the

following aspects: i) monitoring of the 2020 action plan on organizational climate; ii) monitoring of compliance with corporate indicators and corporate strategy, and iii) participation and monitoring in external consulting on the Bank's corporate governance structure as a result of the absorption of Arco Grupo Bancóldex and the expansion of the direct credit and leasing product portfolio.

Regarding the aforementioned external consultancy, we highlight that its purpose was to make a diagnosis of the Bank's corporate governance structure as a result of the absorption of Arco Grupo Bancóldex, make recommendations for the improvement of the structure and implement those approved by the Board of Directors. More details of the results of the consultancy are presented in the 2020 Annual Corporate Governance Report.

Likewise, two virtual update sessions were held in 2020 for the members of the Board of Directors of Bancóldex and Fiducoldex. The issues to be updated were: best business practices from the investor perspective with Mr. Gabriel Hasson, VP Latam Investment Stewardship - BlackRock; economic agenda after the crisis and the role of development banks with Mr. Jose Antonio Ocampo, former Minister of Agriculture and former Minister of Finance; digital transformation trends in financial services with Mr. Diego Herrera Falla Lider Financial Markets - BID, and managing cyber risk during COVID-19 and remote work with Mrs. Olga Botero, Partner & Managing Director C&S.



8.4 MANAGEMENT OF HUMAN CAPITAL

o GRI 103-1

We are aware that the most important asset for the operation and continuity of the business are our employees. For this reason, we have a training program in place through which we develop and train human talent in order to provide tools for a better decision-making.

o GRI 103-2

To achieve this, we have implemented a training plan that includes 4 types of programs:

Cross-sectional

Training designed for an interdisciplinary group of officers to obtain new knowledge or strengthen a necessary skill for the performance of their duties, such as English.

Regulatory and technical

Acquire or update technical and/or regulatory knowledge, such as, for example, self-regulatory certifications for people who work in treasury or updates on SARLAFT, SARO, SAC issues, among others.

Managerial skills

Develop specific skills for officers to achieve their mission, objectives and better performance.

Long-term training

They are the result of the initiative of officers to acquire specific knowledge (undergraduate, postgraduate, master's degree), which will allow them to provide the Bank with more specialized advice,

We have a sponsorship for long-term studies, where the Bank grants between 50% and 70% of the value of the tuition fees, if the pre-established conditions are met.

o GRI 103-3

The management of our human capital is evaluated by monitoring the training hours imparted to employees, as well as through budget execution. At the end of each training, an evaluation of the programs taught is carried out, where aspects of compliance with objectives and expectations, applicability, methodology, logistical conditions, duration, achievement of new knowledge, and performance of the facilitator are considered.

TRAINING HOURS	2018	2019	2020
By employee	20.10	24.24	22.04
Men	16.41	53.86	27.90
Women	23.29	44.07	17.50

TRAINING HOURS BY LABOR CATEGORY	2018	2019	2020
Senior management	32.25	35.82	12.08
Middle management	50.73	34.08	54.46
Professionals	15.41	24.59	20.56
Assistants	16.49	14.51	9.72

It is important to note that every year there will be differences in the number of training hours, because the needs and interests of the organization and employees may change from one year to the next, taking into account the Bank's strategic challenges and regulatory changes, among others.

In 2020, the priority focused on the definition of Middle Management training and development processes, which is why this level has the highest number of training hours, which has also been the highest in the last 3 years.

2020 was the year to enhance the role and impact of Middle Management.

However, at general level in 2020, in terms of the Bank's interests and needs, for each category, employees were trained in the following topics:

In general: at all levels of the organization, employees participated in regulatory training on SARLAFT, SAC and SARO.

Senior management: participation in events and seminars, updating of certifications, biosafety protocols, supervision and monitoring of agreements.

Middle management: leadership, regulatory updates and certifications, Bancóldex applications, business intelligence (BI), teamwork, digital marketing, biosafety protocols, accounting and tax control, supervision and management of agreements.

Professionals: business intelligence (BI), teamwork, financial evaluation of renewable energy projects, supervision and management of agreements, Bancóldex applications, financial inclusion, biosafety protocols, updating of certifications and participation in conferences and institutional events.

Assistants: biosafety protocols, technical issues for assistants and drivers, such as road safety regulations update (theoretical-practical test), legal incidents in the event of a traffic accident, food handling course and industrial safety regulations in cafeteria and logistics activities.

OUR RESULTS IN 2020

As we indicated above, in order to prepare individual development plans and provide tools for a greater connection of leaders with their teams and to consolidate the vision of middle management, we implemented the plan "Enhancing the role and impact of Middle Management", which featured three programs:

The following courses were imparted by the Bank's employees, who provided their knowledge to carry out training on:

- SARLAFT
- SARO
- Workshop on the Definition of Evaluation Criteria and Contractual Follow-up
- Project management workshop

- (i) Construyendo tu desarrollo
- (ii) Liderazgo en Beta
- (iii) Creando Identidad

As a result of this initiative, we achieved:

PROGRAM	Persons trained	Number of sessions	Training hours
Construyendo tu desarrollo	53	3 sessions (5 hours in total)	265 (Support no training)
Liderazgo en Beta	65	8	2.080
Creando Identidad	38	3	456

OUR GOALS FOR 2021

To design the organization's Career Plan model.

In addition, we measured the organizational climate, which includes, among other variables, the "my leader" leadership style (direct report) and the Bank's leaders in general. In 2020, the perception was very favorable in part due to the enhancement of the role of Middle Management by the program.

INDEX	2019	Interpretation	2020	Interpretation	Trend
My Leader Leadership Style Index	42.2	Requires attention	85.3	Outstanding	Very favorable
Leaders Leadership Style Index	36.3	Requires a lot of attention	78.8	Outstanding	Very favorable



ORGANIZATIONAL CLIMATE

GRI 103-1

At Bancóldex, we want our employees to feel comfortable with their work environment, as we believe that a good work environment can become a competitive advantage to achieve the Bank's strategic objectives.

GRI 103-2, GRI 103-3

We carried out the annual measurement of the Work Environment with Great Place to Work, which allows us to identify strengths and opportunities for improvement in order to build a work plan to improve the perception of our employees.

As a result of the Action Plan implemented in 2020 on the Strengthening of Middle Management and Connection,

as well as the actions aimed at maintaining the health, wellbeing and connection of the Bank's team during the pandemic, we significantly improved the work environment index, from 59 points in 2019 to 84 points in 2020. According to the 2020 results, the Bank's work environment was rated as outstanding.



We received the Great Place to Work award for the first time, positioning Bancóldex as one of the most attractive employers in the country.

OUR RESULTS IN 2020

As a result of the efforts made to work in the organization's work environment, we exceeded the goal proposed in the Great Place to Work measurement by 22 points, in which 100% of the active employees of the Bank's staff participated.

OUR GOALS FOR 2021

The outlook for 2021, in terms of the work environment index (IAL), has been projected as follows:

Year	TARGET EXECUTION		OUTSTANDING EXECUTION		EXTRAORDINARY EXECUTION	
	IAL	STATUS	IAL	STATUS	IAL	STATUS
2021	90.6	Very outstanding	92.9	Very outstanding	95.6	Excellent

OCCUPATIONAL HEALTH AND SAFETY

o GRI 103-1

For Bancóldex, the most important thing is people. For this reason, we have implemented an occupational health and safety system, where risks are managed to prevent accidents and occupational diseases in the organization, promote the quality of work life of employees, their health and wellbeing, as well as the generation of a safe work environment and the reduction of absenteeism.

o GRI 103-2

For the proper monitoring of health and safety in the organization, we annually define a Work Plan where we manage both the priority risks and the improvement actions identified in the previous year on issues such as absenteeism, exam recommendations, occupational doctors and disabilities, work-related accidents, occupational diseases, case reports to the Work Coexistence Committee, performance of the Strategic Road Safety Plan, psychosocial risk measurements, climate and culture, among others.

Then, our management efforts are framed within:

Occupational medicine: We followed up on health cases, analyze the entry results, periodic and retirement examinations, and carry out promotion and prevention campaigns.

Psychosocial: We develop preventive activities and inter-

ventions associated with the psychosocial risk factor and its relationship with work.

Industrial Hygiene and Safety: Measurements of lighting, noise, thermal comfort, safety inspections, delivery of personal protection elements, analyses, investigation, activities for the prevention of work-related accidents and occupational diseases.

Emergencies: We set up resources for emergency preparedness and response.

Biomechanical: We carried out activities related to job analyses, physical therapies, active breaks, and follow-up on work recommendations associated with musculoskeletal risk control. We have an internal gym where employees can perform physical activity, under a technical guide and an instructor.

Road Safety: We defined and implemented strategies to reduce accident levels due to factors associated with traffic risk.

o GRI 103-3

At Bancóldex, we have indicators in place to control work-related accidents and occupational diseases, as well as to comply with the minimum standards defined in Resolution 0312/2019 issued by the Ministry of Labor, which evaluate the management of the Occupational Health and Safety System, in accordance with the goals set in each one of the processes.

Furthermore, we have audits carried out by an external party and by the Bank's comptroller, in order to assess compliance criteria independently and objectively within the applicable legal framework.

OUR RESULTS IN 2020

Goal:

To maintain and improve the performance of the Occupational Health and Safety Management System and the Strategic Road Safety Plan, with scores higher than 90% from their evaluations in accordance with the applicable regulations for the year.

Compliance: 96%

Goal:

Not to exceed the threshold of the Frequency Index (FI) of 3.50 and of the Severity Index (SI) of 55.00 for work-related accidents.

Compliance: I.F: 0.20, I.S: 0.

Goal:

To achieve a participation by Bank officers higher than 95%, in the application of the Psychosocial Risk Battery.

Compliance: The goal was initially defined prior to the hiring of ARCO staff, and under normal conditions for its application (prior to the health emergency due to COVID-19), so the results of the measurement process for 2020 were as follows:

Initial base: 382

Valid surveys: 302

Coverage %: 79%

OUR 2020 HIGHLIGHTS

Management efforts against COVID-19

The care of our employees was a priority throughout 2020. Since the first news came out in the world, we began to train officers on COVID-19 and how to prevent it. We also implemented all the necessary biosecurity measures in our offices to preserve the health of employees and visitors.

We joined the first quarantine simulation of the Bogota Mayor's Office and the Bank's operation went from 100% in person to 100% remote. During the pandemic, we worked on the following aspects:

- Definition of biosafety protocols.
- Monitoring of the health condition of officers
- Identification of the vulnerability level: Using the tool defined by the ARL (Occupational Risk Manager).

There have been no fatalities in the human capital of Bancóldex related to COVID-19. 4.44% of cases required hospitalization with satisfactory recovery and 95.56% of the cases recovered from home.

We invested in training and psychosocial support for our workers, and 355 reinvestment hours (ARL) in response to the health emergency and occasional work at home.

Commitment to human talent in times of crisis

Times of crisis give rise to uncertainty and different emotions among people, so in 2020, and in response to the crisis caused by the health emergency caused by COVID-19, Bancóldex prioritized the comprehensive care of its employees.

In order to manage this new risk and impact, we identified internal needs (perception surveys) and external needs (legal regulations), which may affect both the Bank's operation and employees, in order to define the actions, priorities and activities of human talent processes.

During the year, the programs migrated and adapted to virtual work, taking into account that most employees were working at home in order to comply with biosafety measures.

Bancóldex defined that the reporting of symptoms would be made through the ARL SURA, through which daily reports are submitted by employees on the presence of symptoms. Based on the workers' reports, a daily medical checkup is carried out individually, for both suspected and confirmed cases, until their recovery stage.

In addition to the activities carried out in Occupational Health and Safety matters in relation to COVID-19, we worked on the following aspects to support employees and their families:

- Wellbeing - Stay at home: We redesigned our Wellbeing Program so that activities could be carried out virtually, encouraging self-care by employees and their families.
- Communications: We created spaces for discussion with the Bank's President and all employees to learn how people felt in this new environment and how they and their families were doing.
- Return plan: We designed a gradual Return Plan for employees to return to work at the Bank's facilities, in compliance with all biosafety protocols.

In response to the crisis, and understanding the emotional and mental effects of COVID-19, during 2020 we scheduled virtual cafes with the Bank's president, where we conducted two-way conversations in order to know both the health and emotional state of employees and their families, and to clarify doubts and concerns about the continuity of the business during the crisis.

We conducted the Nuevo Mundo survey with the support of Great Place To Work, to find out the perception of employees regarding the Bank's management during the pandemic. The result was 76.1, which is interpreted Very Satisfactory and means that the actions defined by Bancóldex to face the crisis have responded to the needs and expectations of our employees.

OUR GOALS FOR 2021

To enable the corporate intranet as a new communication channel for the Bank.

To define and structure action plans according to the results of the Psychosocial Risk and Organizational Climate Battery.

To update the characterization of vulnerability to the risk of exposure to COVID-19 to 100% of the Bank's staff.

To modify the Return Plan in accordance with the provisions of the National Government and legal guidelines.

To continue with the provision of the psychosocial support service.

To define and carry out the SER 360 program, in response to the control of people with comorbidity (obesity), as a risk factor for intervention against COVID-19.

OUR 2020 HIGHLIGHTS

In response to the preventive isolation measures established by the Presidency of the Republic, we redesigned the wellness program "Live well 2020" with the purpose of promoting activities to care for the Bank's employees.

As a result of the above, we prepared the "Stay at home" virtual program, which is made up of multiple activities and weekly programs directed to and specialized in wellbeing, health and recreation issues, which provided different spaces and celebrations for both officers and their families.

Then, we carried out the following activities during 2020:

ACTIVITIES	PARTICIPANTS
Women's day	66
Birthday gifts to officers	284
Birthday gifts to children	138
Online workshop "Galleta Pizza"	97
Online bingo	172
Online workshop "encocado de camarones"	46
Online workshop "trilogía de postres"	57
Online pay dough workshop	116
Play "Hay un Complot"	133
Online coffee sampling	71
Online Frappuccino sampling	22
Wellbeing rituals	20
Program "Stay at Home "	141
Christmas embroidery workshop	20
Online workshop "personal finance"	60
Halloween "pintucaritas-brownny workshop"	90
Children's theater "Hansel y Gretel"	68
Children's Christmas "Show de Misi"	136

Talent attraction and retention

From the Human Talent department, we carried out all the activities required for the effective transition of the new employees who previously worked at Arco, for which we built a communication strategy on the status and progress of the merger.

On the other hand, we implemented the employer replacement scheme as of August 1, 2020 and held

individual meetings for new officers would to know their new conditions.

In addition, we implemented the Godfather Plan, where we provided support to new employees, promoting the Bancóldex culture and showing pride in belonging to the Bank.



8.5 COMPREHENSIVE RISK MANAGEMENT

◦ GRI 103-1, GRI 103-2

The financial sector is per se a business based on risk management to generate value. Proper management ensures a better allocation of resources, reduces the probability of losses, maximizes profitability and meets the expectations of shareholders and other stakeholders.

Bearing this in mind, at Bancóldex we comprehensively manage the various risks to which we are exposed, in order to consider, in addition to the characteristics of each one of the risks, the different interrelationships that may exist and thus minimize the impacts on the entity.

Comprehensive risk management also contributes to the Bank's internal control system, since it leads to improving the efficiency and automation of different processes in order to generate value.

For an effective risk management, Bancóldex has implemented the Comprehensive Risk Management System - SAR, which in turn is made up of 9 subsystems to address the different types of risks.

◦ GRI 102-11

The SAR is also based on the precautionary principle, the purpose of which is to prevent risks or situations from

materializing that may affect the Bank's operations, the environment or have negative impacts on different stakeholders.

Additionally, risk management is a cross-sectional process throughout the organization, which conforms both to the regulations in force and to the guidelines of the Board of Directors, where the independence of functions between the front, middle and back office areas is ensured. This facilitates management through the various risk systems on an individual and consolidated basis, including the identification, measurement, control and mitigation of risks.

At Bancóldex, we have also incorporated the statement of the risk appetite framework, which allows us to have metrics, limits and indicators in place for each type of risk (top-down and bottom-up approaches) to consider adverse scenarios and the negative impact it could have on the profitability, solvency and liquidity of the Bank, should a risk materialize. For more information on the SAR, please see the [2020 Management Report](#).

However, Bancóldex, as a development bank, is working to align its operations with global sustainability trends.

One of the most important trends is the transition to a low-carbon economy, in response to the mitigation of climate change. This translates, for the financial sector, into an opportunity around sustainable finance and a challenge when incorporating socio-environmental variables into the various components of the business. That means, to carry out the environmental, social and governance (ESG) risk and impact assessment on the portfolio.

In this regard, we have implemented a Corporate Environmental Management Policy, which establishes the Bank's commitment to supporting business growth and, at the same time, ensuring the protection of natural resources, promoting the wellbeing of society in the short, medium and long term. For more information on the Policy, please visit the [Bank's website](#).

Accordingly, the Bancóldex Environmental and Social Risk Management System (SARAS) seeks to identify, assess, mitigate and monitor the environmental and social risks of the operations it finances, both with direct credit and through financial intermediaries, with the possibility of:

- Improving relations with our stakeholders by supporting projects with better sustainability standards.
- Complying with the updates and requirements proposed in international standards such as the IFC, the Equator Principles and SDGs, to access greater international capital funding.
- Supporting our clients in the identification and management of their environmental and social risks, to improve their risk profile.
- Identifying new business opportunities by encouraging and supporting our clients in the implementation of the required management measures.
- Strengthening the disclosure and transparency system in Bancóldex risk management.
- Becoming a benchmark in sustainability and in the management of environmental and social risks in the country and the region.

The SARAS includes a set of policies, tools and procedures for the identification, assessment and management of environmental and social risks, so as to minimize the possible losses caused by their occurrence.

Socio-environmental analysis of operations:

Request	Categorization of environmental and social risks of the economic sector.
Evaluation	Environmental and social due diligence in order to identify the management capacity for the prevention, mitigation, correction and compensation of impacts. Establishment of specific requirements according to the operation.
Decision	Incorporation of requirements to the contractual agreement. Definition of commitments.
Disbursement	Confirmation of compliance environmental and social requirements and commitments.
Monitoring	Follow-up and monitoring of socio-environmental performance.

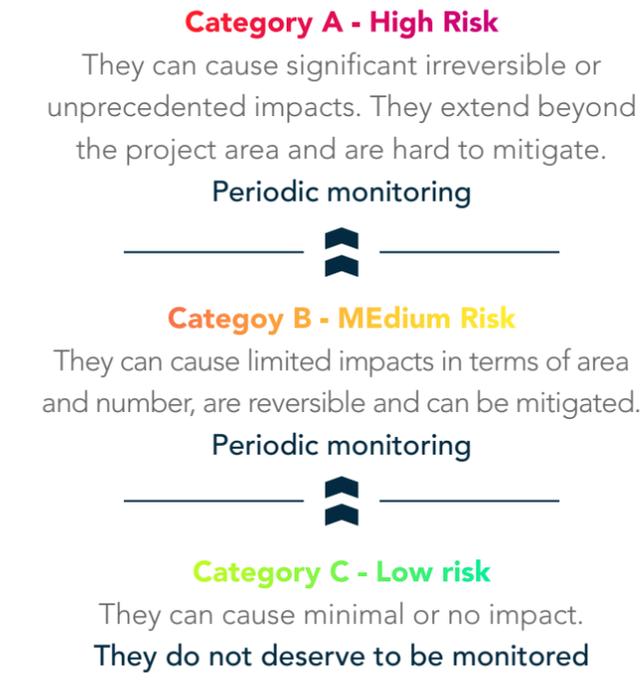
At Bancóldex, we also take into account the regulations that the beneficiary of the loan must comply with, as well as the Performance Standards and recommendations of the International Finance Corporation - IFC of the World Bank, among other standards.

o GRI 103-3

For the proper monitoring and follow-up of risks, at Bancóldex we have an Internal Control area where audits and controls are carried out on the entity's risk maps. In addition, we are periodically evaluated by the Fitch Risk

Rating Agency and we are accountable to control entities such as the Comptroller General's Office, which carry out audits to evaluate the Bank's management activities.

Regarding environmental and social risks, we have defined three risk categories for direct, structured and rediscount credit operations.



Taking this categorization into account, an analysis is carried out on the distribution of the amount and the economic sectors related to the operations approved by the Bank, according to the environmental and social risk category:

Table 1 Behavior by environmental and social risk level

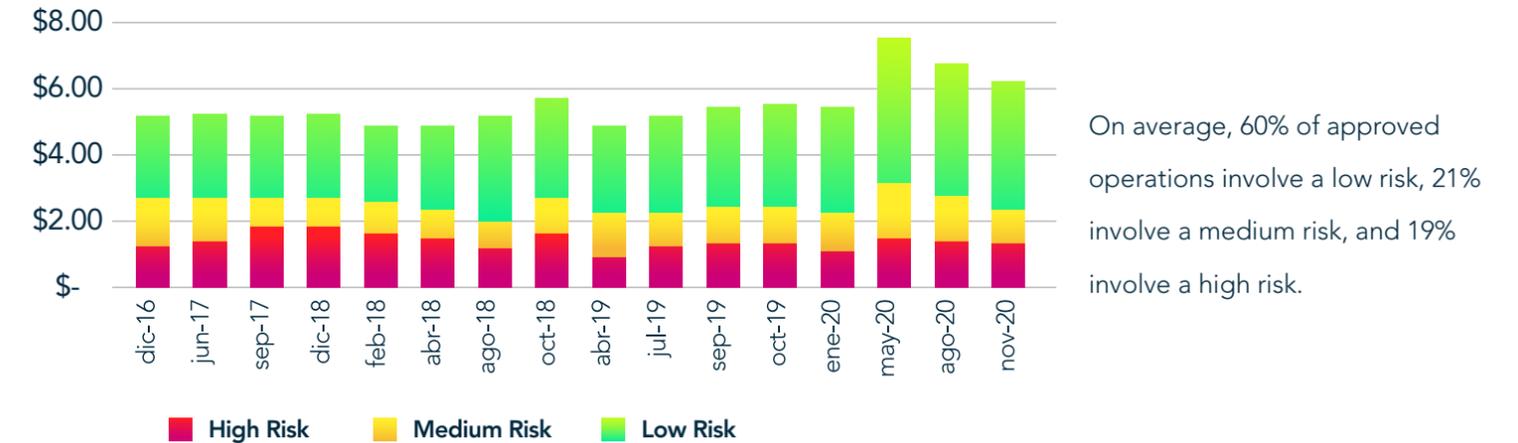
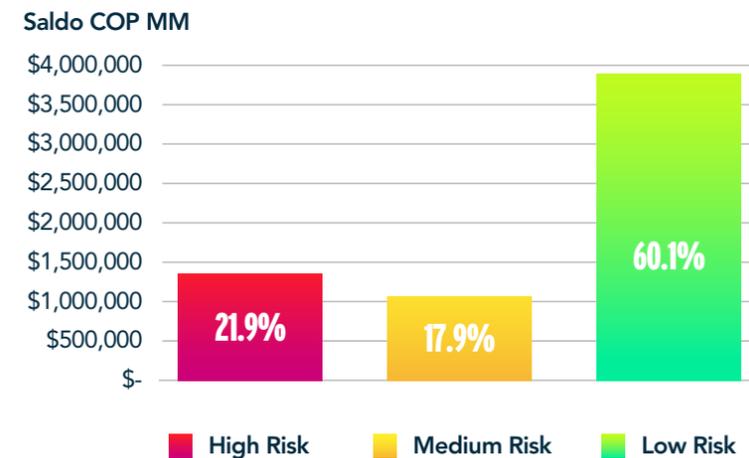


Tabla 2 Distribución del saldo por nivel de riesgo socio ambiental



• On the one hand, low-risk operations amounted to \$3.84 trillion. The most representative sectors are commercial banks, passenger transport, and programming and broadcasting activities.

• On the other hand, medium-risk operations amounted to \$1.05 trillion. The most representative sectors are clothing manufacturing, sugar refining and dairy product manufacturing.

• Finally, high-risk operations amounted to \$1.33 trillion. The most representative sectors are ground freight transport, power generation and retail trade.

OUR RESULTS IN 2020

Goal:

To carry out a diagnosis on the status of the Environmental and Social Risk Management System, in order to identify possible gaps or needs to improve the environmental and social risk management process at Bancóldex.

Result:

We identified the existing gaps in the SARAS Manual and began the improvement phase that includes updating the Manual, pilot tests, training and implementation.

On the other hand, the Information Security Office updated the Bank's information assets and implemented the Access Management methodology for applications with a security module, in order to mitigate operational risks for the Bank.

The operations of the direct SME loan portfolio, as part of the merger carried out in 2020 with Arco, were incorporated into risk reports, not only in relation to the Risk Appetite metrics, but also in the Bank's credit risk indicators.

OUR 2020 HIGHLIGHTS

Business Continuity Plan

We strengthened and evolved the Business Continuity Plan towards a Management System in accordance with the needs of the business, in compliance with the regulatory framework, internal policies, best practices and international standards, ensuring the provision of the services offered by the Bank.

This allowed the integration and inclusion of new risk scenarios, recovery strategies, adaptation of roles and responsibilities, among others.

Thereby, we are able to ensure that strategic goals and objectives are not undermined by unexpected interruptions. Moreover, we ensured the resilience of business activities against interruptions, increasing the availability of the services available to our clients.

Integration of Arco's policies and methodologies in Bancóldex

We integrated and consolidated Arco's risk management systems with those of Bancóldex, as a result of the merger carried out in 2020.

Therefore, SMEs have benefited from the merger by receiving not only of greater financial resources, but also by benefiting from the synergy carried out in terms of comprehensive risk management, since it allowed for a greater exposure to the risk entailed by the granting of direct loans.

OUR GOALS FOR 2021

To **update** and strengthen the Environmental and Social Risk Management System (SARAS), to optimize the environmental and social risk management of the operations it finances.

To **implement** the Business Continuity Management System.

To **ensure** the availability and integrity of SARO information through the implementation of a proper technological solution for regulatory compliance with risk management functions.

8.6 INFORMATION SECURITY AND CYBERSECURITY

o GRI 103-1

Given the nature of the business, information security is one of the most important assets for Bancóldex, because without a robust information protection and cybersecurity system, we would not have the trust or reputation of our stakeholders.

Information security and cybersecurity at Bancóldex includes topics such as information security governance and risk management, incident management, training and culture, and privacy protection and customer data management.

o GRI 103-2

Taking this into account, and considering technological advances, we maintain and permanently update the Information Security Management System - ISMS, which consolidates all the necessary measures and actions conducive to preserving the confidentiality, integrity and availability of information throughout its life cycle. Our ISMS is subject to the ISO 27000 standard as benchmark.

OBJECTIVES OF THE ISMS



Similarly, we have tools such as critical asset risk analysis, information asset management, self-assessment of risks and controls, incident and vulnerability management, measurement of ISMS indicators, security monitoring, among others, for the proper management of information.

Regarding the Information Security Management System, we have implemented the methodology of the Bank's Operational Risk Management System - SARO, which is reviewed on an annual basis by process leaders.

On the other hand, we have established the Incident Management procedure to ensure that security events and incidents that take place in relation to information assets are timely communicated and dealt with.

We have implemented the comprehensive personal data program, which includes the definition of a policy, a privacy notice, the definition of a responsible area, roles and responsibilities, training for officers, express authorizations to define data processing, petitions, grievances and claims, conveyance and transfer of information, in accordance with the requirements defined in the regulations in force.

To ensure compliance with the objectives set on all fronts, we make sure to provide cybersecurity training, orientation and awareness to all our employees.

o GRI 103-3

For the monitoring and evaluation of information security management efforts, we have monitoring committees, control mechanisms, internal and external audits by control entities, critical asset risk analysis, self-assessments of risks and controls, incident, vulnerabilities and information asset management, among others.

OUR RESULTS IN 2020

We complied with all the activities established, which made it possible to strengthen the information security and cybersecurity controls in the organization.

OUR 2020 HIGHLIGHTS

We implemented the Access Management methodology to applications with a security module, generating a matrix as input to recognize the applications to which employees must have access from the beginning of their activities in the Bank.

OUR GOALS FOR 2021

To comply with the new regulations issued by the SFC - CE033.

To strengthen access control procedures.

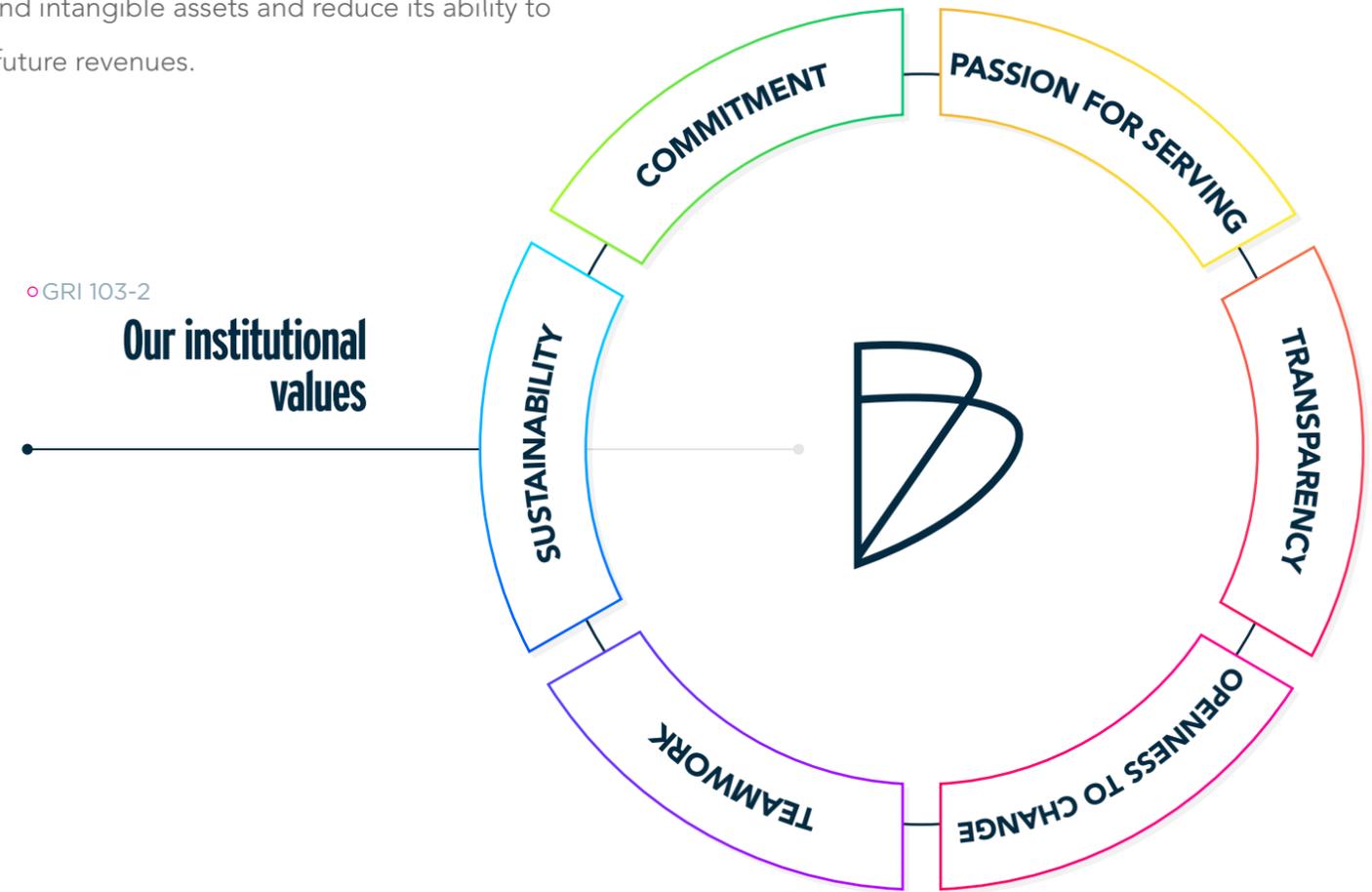
To enhance the risk prevention culture in the Bank, emphasizing issues of Information Security, Cybersecurity and Personal Data.

To strengthen the monitoring stage of the Information Security System.

8.7 INTEGRITY, ETHICS AND TRANSPARENCY

GRI 103-1
 Ethical behavior must be the basis for the operation of any company. For this reason, at Bancóldex we strengthened the culture of integrity, ethics and transparency to establish lasting financial and commercial relationships. At the same time, we implemented systems and controls to prevent fraud, corruption and money laundering, since as we they can negatively impact the value of the Bank's tangible and intangible assets and reduce its ability to generate future revenues.

We promote transparency in the disclosure of information about our management activities, understanding that it is essential for stakeholders to know what we do. We also seek to be in compliance with international standards on sustainable and responsible banking, which drives customer and investor loyalty.



GRI 103-2
 We have various formal integrity, ethics and transparency mechanisms, such as a policy for the disclosure of conflicts of interest, institutional behavior codes, whistleblowing channels, the Program for the Prevention of Fraud and Corruption Risks, among others. For more information, please see the 2018-2019 Sustainability Report.

During 2020, we focused our work on the prevention of corruption, which combined both dissemination and communication as well as training on issues associated with ethics, corruption prevention and transparency for different stakeholders. The activities carried out include the following:

<p>Training in operational risk</p> <ul style="list-style-type: none"> Orientation for new officers Whistleblowing channels 	<p>Training to suppliers</p> <ul style="list-style-type: none"> Critical suppliers with the support of Asobancaria 	<p>Awareness raising</p> <ul style="list-style-type: none"> Prevention of corruption and bribery risks Clients and officers 	<p>Internal awareness</p> <ul style="list-style-type: none"> Annual training on operational risk
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As a result of our management efforts, during 2020 we had no cases of fraud or corruption.

GRI 205-2

Employees to whom the Bank's anti-corruption policy and procedures have been communicated

LABOR CATEGORY	2018		2019		2020	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Senior Executives (president and vice-presidents)	7	100%	6	100%	9	100%
Managers and directors	35	97%	36	100%	102	100%
Coordinators and executives	83	100%	83	100%	54	100%
Professionals and Analysts	113	100%	72	100%	147	100%
Other positions	43	98%	95	100%	73	100%
Total	281	99%	288	100%	401	100%

During 2020, awareness-raising campaigns were carried out on fraud and corruption matters via email, which were sent to 100% of the Bank's employees.

Business partners to whom the Bank's anti-corruption policy and procedures have been communicated

LOCATION BY OFFICE	SUPPLIERS				FINANCIAL INTERMEDIARIES				OTHER ALLIES			
	2019		2020		2019		2020		2019		2020	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Bogotá (Principal)	95	100%	33	17%	0	0%	30	73%	0	0%	0	0%

Through ASOBANCARIA, we carried out annual training for suppliers in the financial sector on operational risk issues, which includes fraud as one of the classifications of this system. Likewise, in 2020 the presentation and awareness-raising campaign on Transnational Bribery carried out by the Superintendence of Companies to the members of

the Committee of Compliance Officers of ASOBANCARIA took place. Regarding financial intermediaries, we sent communications about the risks of fraud and corruption.

Government members who received anti-corruption training

100% of the members of the Board of Directors received training during 2020 in the Bank's anti-corruption policy and procedures. All members are based in the main headquarters, Bogota.

Employees who received anti-corruption training

LOCATION BY OFFICE	2019		2020	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Main Bogota office	258	97%	326	90%
Medellin office	5	100%	8	100%
Barranquilla office	5	83%	6	100%
Cali office	5	100%	8	100%
Bucaramanga office	3	75%	12	100%
Pereira office	1	100%	4	100%
Total employees	281	99%	364	91%

In 2020, the internal SARO training was carried out online with content on the prevention of fraud and corruption risks. Some of the officers who were unable to attend were on maternity or vacation leave or were officers who terminated their employment prior to annual training.

LABOR CATEGORY	2019		2020	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
Senior Executives (president and vice-presidents)	6	86%	7	78%
Managers and directors	35	92%	354	100%
Coordinators and executives	83	100%	97	95%
Professionals and Analysts	72	100%	138	94%
Other positions	84	88%	68	76%
Total	279	97%	364	91%

GRI 205-3

During 2020, no risk of fraud or corruption materialized.

OUR RESULTS IN 2020

- Through risk and control self-assessments, we identified and mapped the risks of fraud and corruption in the various processes of the Bank.
- We strengthened the Fraud and Corruption Risk Prevention Program with the inclusion of specific guidelines to manage alerts related to corruption or transnational bribery.
- We carried out training and awareness-raising campaigns for officers and other stakeholders about the possible risks of fraud and corruption.

OUR 2020 HIGHLIGHTS

During 2020, we raised the awareness, in addition to officers and suppliers, of other stakeholders about the risks associated with bribery and other forms of corruption. This was achieved through mailing campaigns sent to financial intermediaries and clients that included tools to identify this type of risk in their processes, as well as the channels available to the Bank for reporting possible irregularities.

OUR GOALS FOR 2021

To continue with the measurement and control of the risks associated with fraud and corruption, through the self-assessment of risks and controls carried out on an annual basis for all the Bank's processes.

To strengthen the Fraud and Corruption Risk Prevention Program through the implementation of strategies and tools for the better management of this type of risk in the organization.

To raise awareness among officers and other stakeholders regarding the prevention, timely detection and control of the risks of fraud and corruption. This, in order for our employees to become key players in the reporting and management of fraud risks that may permeate the organization.

SARLAFT

◦ GRI 103-1

Bancóldex, as a public policy executing instrument and as a driver for the development and modernization of the country, is committed to ensuring that its resources are placed with suitable persons. This is achieved by formulating policies and procedures for the resources granted not to be used to carry out or cover up criminal activities, including money laundering and terrorist financing (ML/TF).

◦ GRI 103-2

Due to the above, the Compliance Management and Office developed, amended and implemented during 2020 the policies and procedures of the Money Laundering and Terrorist Financing Risk Management System - SARLAFT, in order to establish operations and commercial agreements

with suitable third parties, who have complied with due diligence processes in accordance with local and international standards and the OECD principles, thus maintaining integrity and ethics in their businesses.

◦ GRI 103-3

In order to ensure that all Bancóldex officers contribute to the prevention and control of ML/TF risks, as well as to comply with the ethical principles, policies and support tools for the management of this system, we provided SARLAFT training to our employees.

Training for employees in the prevention of money laundering and terrorist financing (ML/TF) risks

TRAINING*	2018		2019		2020	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
TOTAL	290	98%	290	98%	391	98%

*Includes orientation for new officers, annual and targeted training.

Likewise, all clients that carried out operations with the Bank were subject to due diligence know-your-customer proceedings, approved by the Bank's Board of Directors, in compliance with the level of transparency and ethics required under the SARLAFT system.

OUR RESULTS IN 2020

- We completed the monitoring of the products of Phase II in the customer and transaction monitoring system ACRM - Advanced Compliance Risk Manager.
- We updated the SARLAFT Manual, including requirements of control entities, modifications to policies, procedures and methodologies for the segmentation and evaluation of risk factors.
- Evaluation of risk factors and the ML/TF risk profile by risk factors, associated risks and the Bank's consolidated risk level, both inherent and residual, keeping the latter within the level approved by the Board of Directors.

To raise the awareness among officers and other stakeholders regarding the prevention, timely detection and control of the risks of fraud and corruption. This, for our employees to become key players in the reporting and management of the fraud risks that may permeate the organization.

OUR GOALS FOR 2021

To consolidate the due diligence processes for the knowledge of clients and counterparties, as well as the comprehensive monitoring of their operations, including the business received from Arco, for the proper prevention and control of ML/TF risks and to adjust them to the new regulatory requirements of the SARLAFT system.

To continue with the measurement and control of the risks associated with fraud and corruption, through the self-assessment of risks and controls carried out on an annual basis for all the Bank's processes.

To strengthen the Fraud and Corruption Risk Prevention Program through the implementation of strategies and tools for the better management of this type of risk in the organization.

8.8 ECOLOGICAL EFFICIENCY AND ENVIRONMENTAL MANAGEMENT

◦ GRI 103-1, GRI 103-2, GRI 103-3

At Bancóldex, we are committed to minimizing the direct environmental impacts that may arise from our operations, for which we have taken the necessary actions to properly manage the resources we use, so as to ensure their rationality and diligence.

We carried out the classification, storage, delivery and final disposal of resources, to ensure their proper management in accordance with the applicable environmental regulations and best practices. On the other hand, and aware that resources are limited, we worked for the efficient management of water and energy, implementing the necessary measures to ensure that facilities are kept in optimal and efficient operating conditions.

We monthly monitor energy consumption and we measure the carbon footprint annually. In addition, we have a Corporate Environmental and Social Management Policy  in place, which seeks, among others, to promote the rational use of natural resources in the operation to generate the least environmental impact.

We have also installed savings mechanisms in administrative offices, such as motion sensors and LED lights, in

order to save energy. Internal awareness campaigns on sound water management have also been carried out to reduce and optimize water use in the facilities.

Pursuant to our commitment to minimizing the environmental impacts of our operations, we adhered to the [Green Protocol](#). 

We are aware that collective efforts are superior to individual efforts, which is why we have adhered to the campaigns carried out by the Management of the International Trade Center Building for the classification and management of non-hazardous waste.

o GRI 302-1

Internal energy consumption

	2018	2019	2020
Total energy (MJ)	2,639.36	1,921,276.8*	1,913,770.8*
Electricity Bogota Office (Kwh)	547,304	533,688	528,721
Gasoline (gallons)	4,973	N/A	2,882
Electricity (MJ)	1,970,294.4*	1,921,276.8*	1,903,395.6*
Gasoline (MJ)	655.24	N/A	10,375.2*

*The calculation was revised using the website's unit converter: 1 Kilowatt hour = 3.6 Mega joules.
<https://convertlive.com/es/u/convertir/kilovatios-hora/a/megajulios#533688>

In 2019, the consumption of gasoline was not considered because the compensation scheme for the Bank's executive body changed from the total provisioning of fuel by the Bank to a model in which a certain amount of money is allocated to the payment of gasoline and the system did not report the volume of gasoline consumed. This limitation was corrected by 2020.

In 2020, energy consumption retained its natural trend from previous years, with a slight downward trend, as a result of the lower energy consumed for lighting, due to the lower use of facilities as a result of the confinement measures taken to counteract COVID-19.

Total power consumption / number of disbursements

	2018	2019	2020
KW / Disbursement	4.12	5.41	2.81

o GRI 302-5

Water consumption

	2018	2019	2020
Total water consumed (m3)	4,937	5,339	3,551

During 2020, we decreased our total water consumption by 36%.

Waste generated

Non-hazardous waste generated				
	2017	2018	2019	2020
Paper and paperboard	N/A	N/A	N/A	182 kg
Containers and packaging	N/A	N/A	N/A	44 kg
Total				226 kg
Hazardous waste generated				
Lighting	N/A	78.6 kg	5.189 kg	207.45 kg
Toners and cartridges	25.8 kg	5.1 kg	16 kg	1.8 kg
Total hazardous waste generated	25.8 Kg	83.7 kg	5,205 kg	209.25 kg

All non-hazardous waste produced in 2020 were reused.

During 2020, we installed LED lights in warehouses and other non-administrative premises, in a lower proportion than those installed the previous year. Also, given the low utilization of printers, toner replacement was lower than in previous years.

o GRI 302-1

CO₂ emissions

In the recent history of the Bank, the level of the Bank's emissions has been changing, depending on the size of its staff, business dynamics and goals, and also on the measures it has implemented to reduce emissions over time. The results reported below correspond to the measurement of the Bank's corporate carbon footprint, which consists of the total Greenhouse Gas (GHG) emissions generated as a result of its activities and processes. This measurement is expressed in tons of carbon dioxide equivalent (tCO₂e), following the guidelines of the Greenhouse Gas Protocol, and covers

Bancóldex offices in Bogota, Medellin, Cali, Barranquilla, Pereira and Bucaramanga.

The following greenhouse gases were considered to calculate the carbon footprint: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), transforming them into equivalent CO₂ units (CO₂e), according to their respective global warming potential.

Scope 1
Direct emissions

Emissions from sources that are owned or controlled by the company and which carbon footprint is calculated.

Scope 2
Indirect emissions

Includes emissions associated with the generation of electricity acquired and consumed by the institution. Purchased electricity is defined as electricity that is purchased, or brought in, within the organizational limits of the company. Emissions within this scope are produced from a mixture of fuels used by plants where electricity is generated and injected into the grid.

Scope 3
Indirect emissions

Optional reporting category that includes other indirect emissions. Scope 3 emissions are a consequence of the company's activities but are produced from sources that are not owned or controlled by the company. Some examples of this type of activity are ground transportation in third-party vehicles, air transportation, corporate travel, among others.

SCOPE	SOURCE	2018	2019	2020
Scope 1	Transport in own vehicles	43.92	N/A	22.64
	Power plant fuel consumption		0.660	
Scope 2	Power consumption	71.37	83.25	103.35
	Corporate travels by plane	75.51	57	39.64
	Corporate travels by bus	1.85	1.513	0.96
Scope 3	Daily commuting of personnel	223,96	284.23	0*
	Daily commuting of personnel (collective transport)	4.53	*	0*
	Water consumption		0.448	1.36
	Paper consumption	3.79	6.139	3.84

*Due to the isolation of officers in their homes most of the year, the commutes of officers was not considered within the calculation of the carbon footprint, in exchange an estimated calculation of the generation of emissions from water and energy consumption in remote work was incorporated.

OUR RESULTS IN 2020

2020 was a year marked by contrasts due to the Covid-19 pandemic.

In terms of energy consumption, efforts were made to save on lighting facilities, while the computer center and personal computers maintained their normal operation.

Due to mandatory isolation measures, trips decreased significantly; other resources also showed a lower consumption: water, at the entity's facilities; paper, for fewer prints.

As of August, Bancóldex incorporated the facilities from the absorbed affiliate, Arco Grupo Bancóldex, into its energy and water consumption statistics.

For the first time, the consumption of water and energy in remote work was considered in the calculation of the corporate carbon footprint.

Goal:

To reduce monthly lighting energy consumption by 15%.

Result:

We reduced energy consumption by **33%**.

Goal:

To reduce annual water consumption by 5%.

Result:

In 2020 consumption decreased by 36% compared to 2019. It is basically explained by the isolation measures to contain the Covid-19 pandemic, under which the entity's officers stayed most of the time in their homes and consequently water consumption was lower than the previous year.

OUR GOALS FOR 2021

To **Consolidate** the involvement with Corporacion Centro Historico to ensure the collection of usable materials and waste.

To **reduce** water consumption between 2% and 5%

9.

GRI CONTENT INDEX



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	102-2 Activities, brands, products and services	Portfolió for business developmentl, Pag. 15	
	102-3 Location of headquarters	Bogotá D.C., Colombia	
	102-4 Location of operations	Our operations are developed in Colombia. We have commercial representation offices located in Medellín, Cali, Barranquilla, Pereira and Bucaramanga, and a commercial presence in Manizales, Armenia, San Andrés, Pasto, Neiva, Ibagué, Villavicencio and Tunja. We have a network of international correspondent banks available to support foreign trade businesses located in Bolivia, Brazil, Canada, Chile, Costa Rica, Ecuador, El Salvador, Spain, United States, France, Guatemala, Honduras, Holland, England, Japan, Mexico, Panama, Peru, Dominican Republic, Switzerland, among others."	
	102-5 Ownership and legal status	Our Bank, Pag. 9	
	102-6 Markets served	Our customers, Pag.12	
	102-7 Size of organization	Bancóldex at a glance, Pag. 18.	
	102-8 Information on employees and other workers	Bancóldex at a glance, Pag. 19.	
	102-9 Supply chain	"Our Bank, Pag. 9. Where we are? How do we operate?Pag. 12"	
	102-10 Significant changes in the organization and its supply chain	Our Bank, Pag. 11	
	102-11 Precautionary principle or approach	Comprehensive risk management, Pag. 62	
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	102-13 Membership in associations	Organizations of which we are part of, Pag. 13	
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	102-14 Statement by senior decision-makers	President's Letter, Pag. 04	
	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards and norms of conduct	Integrity, ethics and transparency, Pag. 66. Find more info about corporate governance: https://www.bancoldex.com/sobre-bancoldex/quienes-somos/informacion-de-interes-para-accionistas-e-inversionistas/codigo-de-buen-gobierno-603	

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	102-41 Collective labor agreements		
	102-42 Identification and selection of stakeholders	Our stakeholders, Pag. 08	
	102-43 Approach to stakeholder engagement	Our stakeholders, Pag. 08	
	102-44 Key issues and concerns mentioned	Our stakeholders, Pag. 08. Strategic relations with our stakeholders, pag. 51	
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	102-45 Entities included in the consolidated financial statements	The Bank's subsidiary: Fiduciaria Colombiana de Comercio Exterior S.A. - Fiducóldex and Arco Grupo Bancóldex S.A. until August 1, 2020 merged date with Bancóldex. Materiality analysis, Pag. 07.	
	102-46 Defining report contents and report coverage	Materiality analysis, Pag. 07.	
	102-47 List of substantial items	No restatement of information is presented with respect to the previous report	
	102-48 Re-expression of information	Durante 2020, se llevó a cabo la actualización del análisis de materialidad.	
	102-49 Changes in reporting	During 2020, the materiality analysis was updated.	
	102-50 Reporting period	2019	
	102-51 Date of last report	Annual	
	102-52 Reporting Cycle	Any concern, query or request for additional information about this report can be sent to	
	102-53 Contact information for questions about the report	José Alberto Garzón Gaitán: jose.garzon@bancoldex.com or Yuliana Cristina Cardona Duque: yuliana.cardona@bancoldex.com	
	102-54 Statement of compliance with GRI standards	This report has been prepared in accordance with the GRI Standards, an essential option.	
	102-55 GRI Table of Contents	Table of Contents GRI, Pag. 71	
	102-56 External verification	This report has not been subject to external verification.	

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