BOLSA DE VALORES DE COLOMBIA
COMMUNICATION WITH STAKEHOLDERS

Last updated on: June 30, 2015

BUSINESS STRATEGY

1. How does your exchange define and view the rationale for corporate sustainability and the exchange’s role in promoting it?

Bolsa de Valores de Colombia S.A – BVC, is a private company listed on the securities market based in Bogotá, Colombia. Its stock is traded under the Ticker Symbol BVC and it is part of the COLCAP, COLEQTY, COLSC and COLIR indexes. The Exchange manages securities trading platforms for the Equity, Fixed Income and Standardized Derivatives markets. Also, through its subsidiaries, it operates the Energy Commodities and Foreign Exchange Spot Markets and securities pricing services.

In order to increase the quality and competitiveness, and create long-term value for the Colombian capital market, the BVC has recognized the importance of sustainability and responsible investment with environmental, social and governance (ESG) criteria. In doing so, the BVC has been working on initiatives over the last few years aimed at promoting aspects such as: corporate governance, investor relations, disclosure standards, sustainability and responsible investment.

The Company has played an active role in its commitment to sustainability and therefore, has included the sustainability report in its management report since 2012 based on the standard of the Global Reporting Initiative – GRI, a network that establishes recommendations and standards for reporting sustainability at an international level.

In line with the initiatives that it has developed, the BVC is a signatory of the UN Global Compact since 2012, in which it has reaffirmed its commitment to the principles of the initiative. With regards to labor rights, the BVC has focused on the development of its employees as a strategic capital, and in relation to environmental principles, it has carried out impact investments through the Fondo Inversor, in an attempt to resolve social and environmental challenges through sustainable and economically profitable business models.

On July 22, 2014 BVC became the second exchange in Latin America that has joined the UN’s Sustainable Stock Exchanges Initiative (SSE). The SSE initiative is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators,
and companies, can enhance corporate transparency – and ultimately performance – on ESG (environmental, social and corporate governance) issues and encourage sustainable investment. BVC also launched the Sustainable and Responsible Guide to promote ESG investment criteria in the Colombian market.

In the interest of articulating the topics of sustainability at the local and regional levels, the BVC has been working since 2011 on the LatinSIF initiative (Latin American Sustainable Investment Forum), together with the Embassy of the Netherlands and the Sustainalytics, a consulting firm, to generate knowledge and the necessary networks required to adapt the topics to the reality and context of Colombia. So in 2014, training was provided to journalists from 12 Colombian media outlets, in which they had the chance to get to know the perspective of companies and investors on the importance of incorporating sustainability policies in their organizations. On this occasion, the event was attended by representatives of Bancolombia, Grupo Nutresa, IFC, GRI and Fondo Inversor as lecturers.

In addition, and with the support of the attending experts, the journalists were able to clarify doubts with regards to the best way to understand sustainability reports submitted by securities issuers and companies in general, which will be very helpful for them in order to analyze and convey relevant information on these aspects.

2. **How does your exchange’s senior leadership and organizational structure support the promotion of corporate sustainability in its market(s)?**

BVC has a sustainability area headed by the Investor Relations Office which reports directly to Chief Corporate Officer and to Chief Executive Officer. Also on a quarterly basis the company reports to the Board of Directors the advances on all the initiatives in sustainability. BVC’s mandate is to work in alignment with the WFE on the adoption of sustainability reporting standards, emphasizing that those recommendations should start first on a voluntary basis for our issuers in the local market. BVC as an issuer is already reporting its sustainability topics as part of its management report in accordance with the GRI 4 standard, and some large Colombian issuers are already reporting in GRI.

3. **What goals/objectives does your exchange have in regards to advancing sustainability in your market?**

BVC is committed to increasing awareness of responsible investment among key players in the Colombian market, specifically through in-person forums, dissemination of its Guides to Responsible Investment, and supporting the development of the Colombian chapter of the Latin American Forum for Sustainable & Responsible Investment (LatinSIF). Additionally, it contributes technical know-how to its in-house fund Inversor in its selection of optimal social investments.

To increase the awareness of sustainability with the ESG criteria among our market participants, BVC has developed training programs and seminars for media, institutional
investors and issuers with LatinSIF and GRI. Also BVC is committed with the impact social investments throughout its private equity fund: Inversor

The main challenge we face is getting Colombian market participants to start using the sustainability information (ESG criteria) as part of their investment decisions. There is already a relevant availability of information but demand for it is still quite low

In term of achievements Fondo Inversor was the first Colombian fund to adopt the GIIRS (Global Impact Investing Rating System) for its 3 main impact investments, which are: Waya Guajira, Gaia Vitare and Groncol. The GIIRS is the highest social and environmental impact measurement standard for Impact Investment Funds, and enables Fondo Inversor to increase its positioning at a regional and global level.

In 2014 Fondo Inversor completed the GIIRS assessment process, obtaining a grade 27.4% higher than the average of similar Funds (investment stage - emerging markets). The total score (on a scale of 200 points) consists of a weighting of the Professional Manager's assessment (10%), which rates the approach, criteria and management of the portfolio. The investment assessment (90%) grades corporate governance and the impacts on employees, communities and the environment.

TRANSPARENCY AND ISSUER REPORTING

4. Describe your exchange’s approach to promoting sustainability disclosure by companies.

BVC is promoting sustainability disclosure by listed companies on a voluntary basis, and is going to include sustainability disclosure requirements on its IR Committed Recognition Program which is also voluntary. Additionally BVC is working with GRI on the promotion of sustainability disclosure.

5. What is your exchange’s process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?

In order to continuously enhance market integrity, BVC is always open to reviewing listing standards where opportunities to better align them with international standards arise. Those potential changes identified are discussed with market participants, and their feedback is evaluated by our Board of Directors through its Regulation Committee.

6. How do you track sustainability reporting of your listed companies?
   a. In this question, please consider addressing:
      i. What percentage of your listed companies are issuing sustainability-related data points/reporting?

      51% of listed companies report sustainability
      36% of listed companies are reporting under GRI standard
      15% of listed companies are reporting under their own standard
ii. In what format are your companies disclosing this information- integrated report (stand-alone, only on website, etc)?

The common practice is to report stand alone or integrated, printed and on their websites.

iii. What is the timeline for disclosure? Is it released at same time as financial information?

Yes, the common practice is to release sustainability information on an annual basis at the same time financial information is disclosed.

iv. How do you allow for the accessibility by investors and other stakeholders of ESG disclosures made by your issuers? If you don’t currently track or disclose this information, are there plans to start?

Our plan is to include sustainability disclosure in our IR Committed Recognition Program, which is adopted by issuers on voluntary basis.

v. If reporting is required (including comply or explain), how do you monitor for compliance?

Sustainability reporting is currently neither a requirement by the financial supervisor nor by the BVC.

7. What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?

Incentives: IR Committed Recognition Program.
To make Colombia a more attractive market for global investment, the Colombian Securities Exchange (BVC) promotes, among side its listed companies, the adoption of best practices on disclosure and investor relations (IR).

This is done bearing in mind the relevance for investors of having sufficient and timely information for making their investment decisions. In order to achieve that the establishment of a communication channel that allows the issuer to position the company and build trust and credibility among the investment community is key.

It is therefore very gratifying for the BVC to be able to publicly high light the issuers who voluntarily adopt best practices in IR as outlined in its Recognition Program.

The following are the foundations of our IR Recognition Program:
- Issuers must have an investor relations representative capable of communicating both in English and Spanish.
• Issuers must publish quarterly consolidated balance sheets and income statements.
• Issuers must publish and regularly update its web site with information in English and Spanish other than ordinarily required.
• Issuers must conduct a quarterly event to present financial results.

The IR Committee, created by the Board of Directors of the BVC, is the body responsible for granting the recognition. Recognition is granted for an initial maximum term of 1 year and issuers may subsequently apply for an extension.

The BVC believes that by implementing the best practices required by its IR Recognition Program, issuers engage in a more professional investor relations practice which greatly benefits both themselves and other participants of the securities markets.

The IR Recognition granted by the Colombian Securities Exchange (Bolsa de Valores de Colombia S.A) is not a certification of the registered securities or the solvency of the issuer. Also, it does not imply an opinion on the quality and accuracy of the content, it only denotes a verification of the existence of the information on the website of the issuer.

8. What connections have you made between national sustainable development frameworks and goals, and your exchange’s existing standards and norms?

The BVC, as part of its commitment to sustainability, voluntarily participates in local and global sustainability initiatives like:

• The Sustainable Working Group of the WFE.
• The Advisory Council of the Global Reporting Initiative – GRI Colombia.
• The SSE.
• The Global Compact.
• The Colombian IR Quality Issuer standard, wherein it voluntarily agreed to continue complying with best international practices of investor relations and those pertaining to disclosure of sufficient and timely market information for its different stakeholders, both in Spanish and in English.
• of The LatinSIF.

Additionally, the BVC is aligned with Integrated Reporting in GRI 4

ISSUER CAPACITY BUILDING

9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.

BVC offers no sustainability guidance for the Colombian market. However in 2014 it launched the Sustainable and Responsible Guide to promote ESG investment criteria in the local market.
This guide explores the dynamic field of Sustainable and Responsible Investment (SRI) and offers a general overview of its origins and evolution, factors that impulse its growth and the strategic key points used by investors. Also, the report explores the SRI within a Latin-American context, taking into account the region's characteristics and circumstances that may influence the SRI's development in the upcoming years. Lastly, it provides a summary of the SRI in Latin-America and offers suggestions on how the financial field’s major organizations can contribute to the growth of SRI within the region.

10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?

The Colombian Financial Supervisor (Superintendencia Financiera de Colombia) requests all listed companies to report on a yearly basis a corporate governance survey (Code of Best Corporate Practices for Colombian Issuers – “Código País”) aligned with the OECD recommendations. Additionally all financial, insurance and securities market entities must report their social responsibility activities.

In accordance with the results of that corporate governance survey published by the Financial Supervisor in 2014, the BVC was the only entity which adopted 100% of the recommendations of Código País.

Responsible investment through ESG criteria is still new in the local market and has just started to become a relevant issue in Colombia. The BVC expects to be able to increase the awareness of responsible investment among key players in its markets and has therefore focused its efforts on the Colombian investor community, the main securities issuers and the financial media. On the issuers’ side 27 Colombian listed companies are reporting sustainability issues aligned to international standards and some of those reports are audited by third parties.

COLLABORATION AND ENGAGEMENT

11. Who does your exchange view as its key stakeholders and how does it engage and collaborate (or plan to do so) with these and potentially other stakeholders?

The BVC has defined as its priority the creation of channels of communication with its different stakeholders, in order to get to know their needs and be able to satisfy them in a consistent manner through action plans based on the feedback provided. Since 2007, and based on its annual Customer Satisfaction and Corporate Reputation surveys, the BVC has clearly identified the main groups of individuals and organizations with whom it interacts and has therefore defined the following main stakeholders: brokers, issuers, domestic investors, foreign investors, shareholders, journalists, students, communities, employees, providers and the government.

The BVC interacts with these stakeholders by means of a multichannel platform that counts with tools such as internet portals, customer service lines, e-mail and social media, such as Facebook, LinkedIn and Twitter. In addition, through its commercial
channels, the BVC addresses the needs of its clients and affiliates, with whom it also conducts market studies and research, such as the annual Customer Satisfaction Survey and ad hoc surveys on specific products and services.

On the dissemination and promotion front, another fundamental piece for corporate communication, the BVC carries out different educational and specialized training activities, in which it includes investors, the student community, the specialized media, providers, as well as affiliates and brokers of the securities market. With the latter, the BVC also carries out co-creation forums and events to promote market participation in the design of some of the company's products and services. Finally, the BVC has created spaces for interaction such as the BVC Training Centers (33 entry-level service centers throughout the country), as part of its strategy to reach out to the general public. The “Millionaire Exchange” contests with the Colombian Universities are also a part of this strategy. This contest, which has been around for thirteen years, is an event that helps undergraduate and graduate students to invest virtual money in real time in the Colombia derivatives and stock market through an e-trading platform provided by the BVC. A total of 7,888 students from 119 universities in 141 Colombian cities participated. Also since 2014, the contest was launched for school students school from all over the country.

SUSTAINABLE PRODUCTS

12. How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds, etc)?

The Colombian Securities Exchange is working in the feasibility study for implementing other sustainability-related products. As of today, the BVC has the COLIR Index, which includes the shares of the companies which have been awarded the IR Committed Recognition. The weight of each share is determined by the floating weight (adjusted by market cap) of each of the constituents. The COLIR Index basket may vary depending on the number of issuers with the IR Committed Recognition on the market information cutoff date. The reconstitution of the index basket takes place on a quarterly basis on the last business day of January, April, July and October of each year and is in force for the following three months. The maximum weight that a share may have in the index on the calculation date of the informative basket is 10%.

EXCHANGE NEEDS

13. Are there specific resources (meetings, commissioned research, webinars etc) that you would like from the SSE or other relevant groups to help you in your sustainability work?

The SSE could help us in the effort of increasing awareness among market participants by supporting training and education initiatives such as meetings, specific sustainability research initiatives, webinars, etc.
14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?

In terms of investors, the SSE could help us increase the use of ESG criteria in investment decisions from market participants, particularly by supporting conversations with pension and investment funds across LATAM. Another area could be awareness of sustainability issues by regulators, which in turn could help them enhance their Corporate Governance Policy efforts by incorporating environmental and social impacts.