



**Titularizadora**  
COLOMBIANA



**CORPORATE SUSTAINABILITY REPORT**

**2023**



## About Us

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Titularizadora Colombiana S.A. (hereinafter referred to as “Titularizadora” and the “Company”) is a joint stock company (*Sociedad Anónima*) that operates in Colombia and whose purpose is to acquire and mobilize mortgage and non-mortgage assets, including to structure, advise and act as manager for the securitization of such assets, as well as to issue securities and place them through public or private offerings.



## About this Report

This report has been prepared in accordance with the GRI 2021 standards.



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## Scope and Reporting Period

In alignment with the financial reports, the reporting period for this Sustainability Report is from January 1 to December 31, 2023.

The scope of the financial reports and this report covers all operations of Titularizadora Colombiana S.A.

In our 9<sup>th</sup> Sustainability Report, we report our performance and progress with respect to environmental, social and Corporate Governance matters. No restatements have been required on any information contained in previous reports.

We report on our identified material topics, which are incorporated in our strategic approach and contribute to the achievement of our sustainability policy called: “Transforming assets for a sustainable future,” in line with our business plan of financing various economic activities through the capital markets by means of the securitization of assets. This report has not been subjected to an external verification process. In this reporting period, no restatements have been made to previous reports.

This year’s publication has been delayed due to the implementation of a more rigorous methodology to ensure greater accuracy and transparency in the information presented. We appreciate your understanding and reaffirm our commitment to excellence in communicating our environmental, social, and governance impacts.

## Our Impact and Material Topics

### Economic/Governance

Corporate Governance and Adequate Risk Management / Stakeholder Management / Ethics, Integrity and Anti-Corruption / Transparency and Disclosure

Responsible Investment

Profitable Growth

Sustainable Finances

### Environment

Climate Change

### Social

Equity, Diversity, and Inclusion

Human Rights



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## Letter from the CEO



On behalf of all the members of Titularizadora Colombiana S.A., I am pleased to present our Annual Sustainability Report.

In recent years we have observed an increasingly volatile world, especially in three key megatrends that affect our industry: technology, climate and talent management.

For us, as a leading asset securitization services company, sustainability is more than a priority. It is a framework that guides the management of our business and the prioritization of our actions, leveraged by our purpose of sustainability: Connect the financing needs of the different economic activities with the capital market, with transparency, efficiency and under the principles of sustainability.

You will find that our **social responsibility** materializes in the ways in which we impact each of our stakeholders. We are committed to serving people across the country and achieving responsible economic growth through innovative financial solutions that contribute to the prosperous development of all our stakeholders.

During 2023, despite the challenges faced by private debt under a scenario of inflation and high interest rates, Titularizadora continued to stand out in the issuer market. We made two issuances of vehicle loans, demonstrating our commitment to the search for alternative investments for the Colombian market in times of high volatility, culminating another year of successful administration in all current investment funds.

Our mission drives **environmental action**. We are actively working to integrate environmental considerations into all our operations and financial decisions, promoting sustainable management and environmental conservation. Contributing to the protection of our company and the securitization system in Colombia.

Finally, we recognize that we cannot achieve our corporate mission or sustainability goals without strong **corporate governance**. Our governance structure reinforces the foundation of our Company and ensures that we achieve our mission with safety, soundness and sustainability.

In conclusion, this report is a tribute to our talented and dedicated colleagues at Titularizadora, who continue to drive our business, mission, and sustainability performance. I am proud of their work and inspired by their tireless commitment to securitization in Colombia.

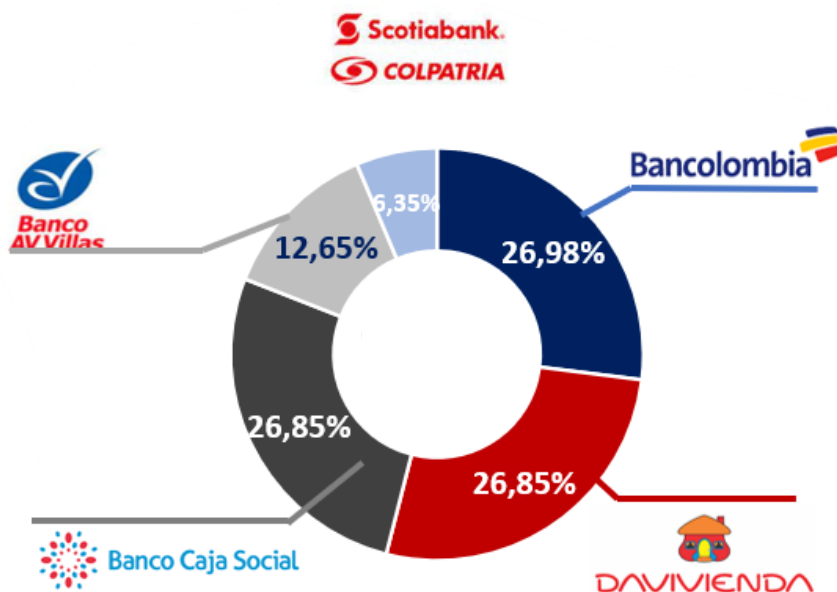
**Andrés Lozano Umaña - CEO**



## About Titularizadora Colombiana

Titularizadora was created in 2001 after the mortgage crisis. We are the first entity specialized in the securitization of assets in Colombia. We have assets of COP 138,708 million and we have made a total of 74 issuances in the market for COP 25.9 trillion. Our Company is supervised by the Financial Superintendence of Colombia.

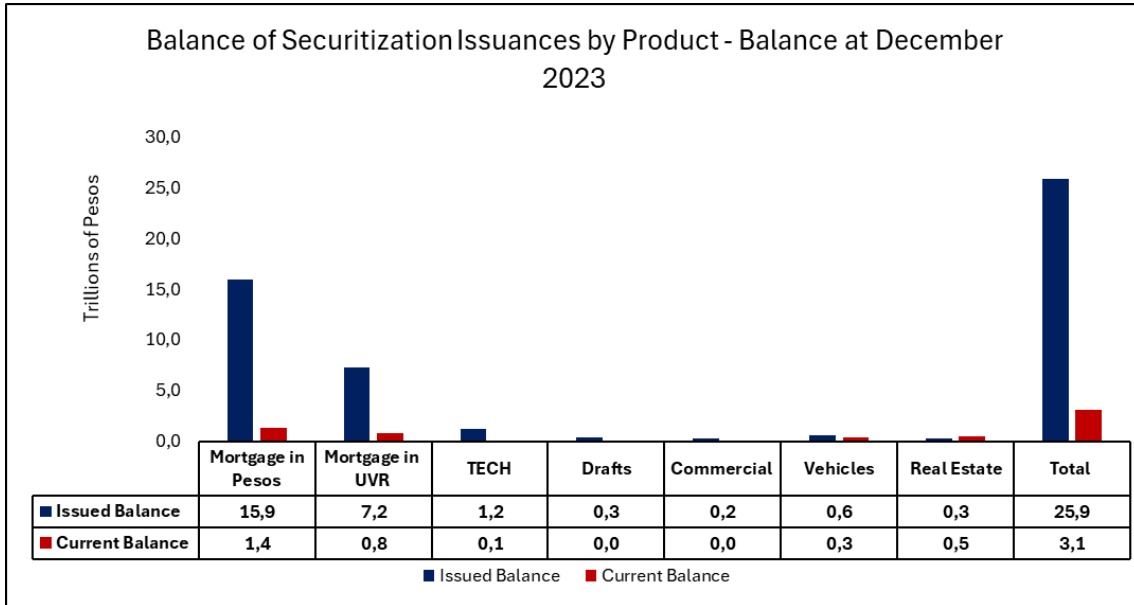
The shareholders of Titularizadora are financial institutions, insurance companies and associated entities. There are eight (8) shareholders, all Colombians with a long track record and widespread recognition in the local and regional market. Our shareholders are: Bancolombia, Banco Davivienda, Banco Caja Social, Banco AV Villas, Banco Scotiabank Colpatría, Compañía Inversora Colmena, Compañía de Seguros Bolívar and Seguros de Vida Alfa. The following are the main shareholders of the Company:



Graph 1. Main Shareholders of Titularizadora Colombiana. Source: TC, prepared by us

## Our History

Titularizadora Colombiana has had a highly significant impact on the stock market, as well as on the development of mortgage loans. Since our creation in 2001, the Company has generated a virtuous effect through the securitization of different assets, including mortgage loan portfolios, commercial loan portfolios, payroll loan portfolios, vehicle and real estate portfolios. This has freed resources in the system for more than COP 25 trillion, immediately releasing new funding for the operations of the various originators, such as credit establishments, compensation funds and vehicle financiers, among others.



Graph 2. Balance of Securitization Issuances by Product – Balance at December 2023. Source: TC, prepared by us

The following image summarizes our development path and growth, as well as some of the main milestones of Titularizadora.

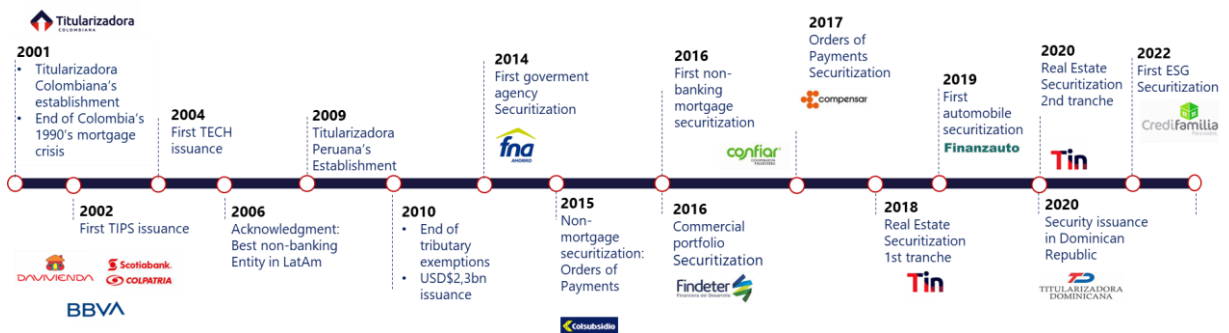
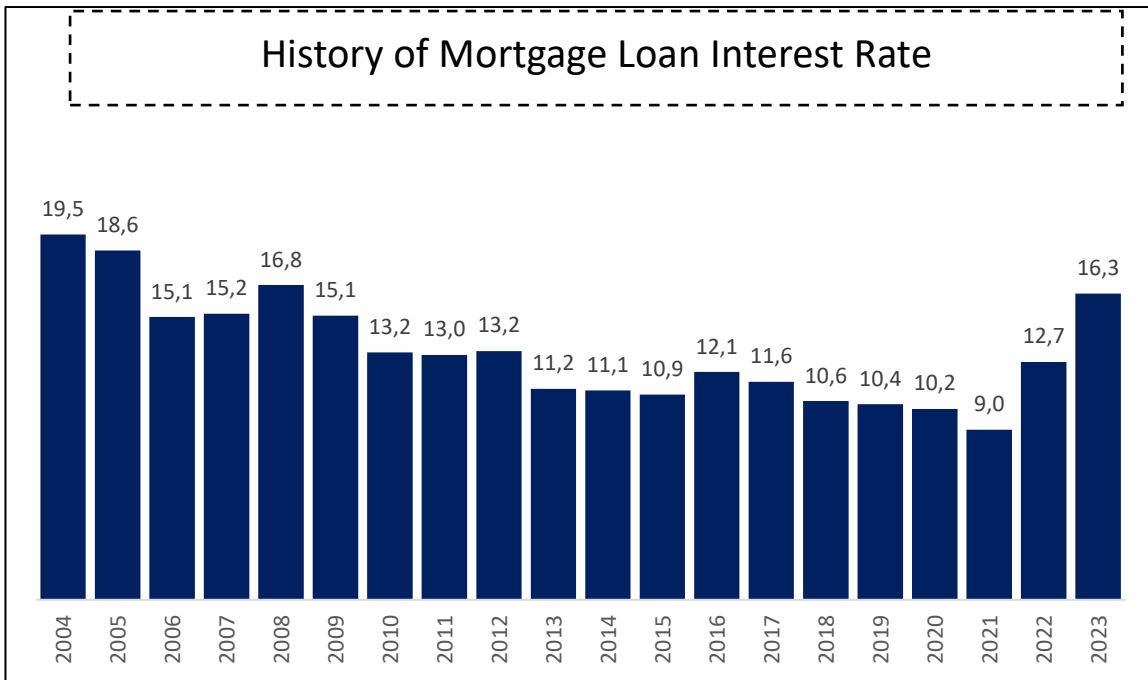


Image 1. Titularizadora Timeline. Source: TC, prepared by us

The freeing of resources is consistent with Titularizadora's mission of connecting the financing needs of the different economic activities with the capital market, with transparency, efficiency and under the principles of sustainability. Titularizadora's contribution to the market and the country's economic development has materialized through the following aspects:

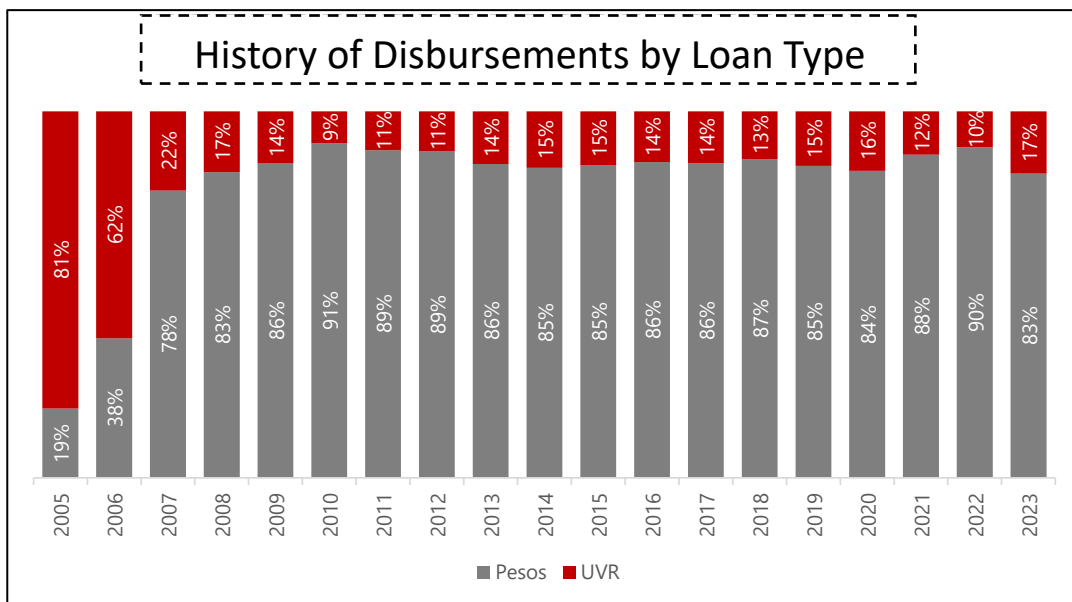
- Securitization contributes to the formation of interest rates under competitive criteria through the mitigation of the risks associated with the origination of mortgage loans (term and rate).





Graph 3. History of Mortgage Loan Interest Rates Source: Prepared by us with SFC data

- Mortgage Securitization has made it possible to develop fixed-rate loans, thereby reducing risks for the overall financial system. In turn, debtors are not subject to market and interest rate risk, contributing to better access to credit, and reducing the financial burden on households:



Graph 4. History of Disbursements by Loan Type. Source: Prepared by us with SFC data



- The resources raised through securitization have generated a significant growth in credit disbursements and housing portfolio balances.
- The development of a cost-efficient securitization process has achieved the standardization and adequate adjustment of the time between the flow needs and the funding of new loans in the mortgage loan ecosystem in Colombia.
- Through securitization, various entities with different types of assets have been financed. The increase in market originators allowed us to venture into issuances with different types of underlying assets. Examples of this are the securitization of payroll loans, commercial loans, and vehicle loans, among others.
- Securitization enables the generation of new investment assets in the Colombian capital market, achieving a substantial impact on the diversification of the investment portfolios of market agents.
- Titularizadora ventured beyond the financial sector and achieved the participation of non-bank originators, who also participated in the benefits of securitization.
- Securitization has also included underlying assets with seals that contribute to the development of social, environmental and governance aspects. The first securitization made with a social seal allowed the funding of an originator that finances social interest housing, whose securitization included a majority share of loans granted to women, as well as debtors with incomes of less than 2 monthly legal minimum wages.
- Securitization allows for better risk management. The sale of assets to the investment fund allows the transfer of credit, liquidity, interest rate and prepayment risk to investors, who have greater capacity and agility to manage them, with a very positive effect on the risk management of the portfolio. In addition, the transfer of portfolio risks allows originators to recover provisions and free up capital.
- The variety of terms of the issuances made by Titularizadora assists in meeting the requirements of different investors. The following is an example of the variety of terms offered: in the case of TIPS, which are securities backed by mortgage loans originated by banks denominated in Pesos or in Real Value Units (UVR) have been offered to the market with terms of 5, 10, 13 and 15 years.



- The diversification developed by Titularizadora led to the generation of a supply of instruments with different levels of risk in their underlying assets, significantly impacting supply in the capital market through its issuances.
- Titularizadora has managed to establish itself as an alternative source of funding, increasing the financing capacity of housing and other social development activities and their corresponding well-being. The new resources have helped to add depth to mortgages in the country, with more than COP 24 trillion released through the securitization of more than 500,000 mortgage loans. This made it possible to increase the liquidity of the system to originate new mortgage loans and benefit more families.
- Titularizadora is one of the main issuers in the market and contributes to the deepening of the capital market.

## Our Path to Sustainability

Titularizadora's sustainability strategy is called: "Transforming Assets for a Sustainable Future," and its stated purpose is to launch the financing of various economic activities through the capital markets.

This strategy is structured around three (3) strategic pillars and seven (7) material topics identified with stakeholder support. The strategic pillars are: Fair and Equitable, Prosperous and Integral, and Environmentally Friendly. Each initiative contained in the strategy is aimed at addressing the prioritized material topics. Additionally, we impact nine (9) of the seventeen (17) United Nations (UN) Sustainable Development Goals (SDGs). The strategic focus areas are:

- A. Fair and Equitable: emphasizes promoting a fair distribution of financial resources. As part of this strategic axis there are two (2) material topics:
- Equity, diversity, and inclusion
  - Human Rights

It seeks to impact two (2) Sustainable Development Goals (SDGs), #5 "Gender Equality" and #10 "Reducing Inequalities".

- B. Prosperous and Integral: It refers to having responsible and integral economic growth through innovative financial solutions, and it covers four (4) material topics:
- Corporate Governance/ Business Conduct/ Ethics/ Transparency:  
Including:
    - ✓ Corporate Governance and Effective Risk Management
    - ✓ Transparency and Disclosure
    - ✓ Ethics, Integrity, and Anti-Corruption
    - ✓ Stakeholder Management
  - Profitable Growth



- Sustainable finances
- Responsible investing

It seeks to impact six (6) Sustainable Development Goals (SDGs): #16, “Peace, Justice and Solid Institutions,” #17 “Partnership for the Goals,” #8 “Decent Work and Economic Growth”, #9 “Industry, Innovation and Infrastructure”, #11 “Sustainable Cities and Communities” and #12 “Responsible Production and Consumption”.

- C. Environmentally friendly: the environment is present in all financial decisions through the material topic:
- Climate change

It seeks to impact one (1) Sustainable Development Goal (SDG): #13 “Climate Action”.

Image 2 summarizes Titularizadora's sustainability strategy:



Image 2. Summary of the Sustainability Strategy Source: TC, prepared by us

In order to ensure the adequate execution of the strategy, we formed a Sustainability Committee that, supported by the Board of Directors, plays a fundamental role in the integration of commitments and policies of responsible business conduct. This Committee is responsible for developing and structuring strategies that allow the effective deployment of sustainable initiatives throughout Titularizadora.

Working closely with leaders from different areas, the Sustainability Committee ensures that policies and commitments are understood, adopted and applied consistently across the Company's operations. In addition, the Committee



monitors the implementation of programs; conducts periodic follow-ups, and evaluates the impact of sustainable actions, thus ensuring that at Titularizadora we continuously advance towards our corporate responsibility and sustainability objectives.

To strengthen the sustainability strategy, we will follow up on the proposed initiatives in this report. Through management, consolidation of schedules and action plans, we will measure the progress, impact and effectiveness of our initiatives. This will allow us to identify areas for improvement and establish corrective action plans to move towards greater integration of sustainability in our company and ensure compliance with the objectives set. To this end, we will carry out the following actions for each of the material topics:

- Implement effective processes and tools to record and monitor the progress of each sustainability initiative. This will ensure that each area can self-manage its tasks autonomously and efficiently.
- Establish a centralized system to collect, consolidate, and analyze the timelines and action plans of all initiatives. This system should make it easier to measure the overall progress of the strategy, identify deviations, and allow for proactive adjustments. In addition, it should integrate visualization tools to provide a clear and accessible perspective of progress for all stakeholders, ensuring transparency and accountability throughout the process.
- Ensure that initiatives' key performance indicators (KPIs) are correctly defined to ensure effective and objective measurement of progress. Identify areas for improvement and implement timely corrective actions to maximize the positive impact on our organization and all its stakeholders.

## **Material Topics**

Our materiality assessment helps us align the business with the expectations of our stakeholders and society at large. Our material reality assessment process aims to identify and prioritize the most significant impacts on the economy, the environment, and Human Rights, which is the basis for defining the content of this report.

## **Stakeholder Definition and Engagement**



Our purpose regarding stakeholder engagement is to involve them in the decision-making process and the management of the Company to understand their concerns, needs and expectations. In turn, we obtain feedback on the organization's operations and their social, environmental, and economic impacts.

At Titularizadora we seek to ensure that stakeholder participation is useful through key practices such as:

1. Clear communication: Maintaining open and transparent communication with stakeholders, providing relevant information in a clear and accessible way.
2. Active listening: We are willing to listen to the opinions, concerns and feedback of stakeholders, and to act on them appropriately.
3. Early involvement: We include stakeholders from the initial stages of planning and decision-making.
4. Feedback mechanisms: There are formal and informal channels in place for stakeholders to provide feedback on a regular and ongoing basis.
5. Transparency in decision-making: We report how stakeholder opinions have been considered in organizational decisions and their respective impact.

By ensuring the effective participation of stakeholders, we seek to improve the legitimacy, accountability and sustainability of our operation, while building strong, trusting relationships with our key stakeholders.

The process of identifying Titularizadora's stakeholders was carried out based on several focus groups in which all the Company's employees participated. During this session, we started with a suggested list of stakeholders that was subsequently put to a vote by the entire audience and given a score according to the relevance of the actors in the operation and the impact of Titularizadora. The results were then evaluated by the Executive Committee and the formal list shown below in Image 3 was defined.



Image 3. Titularizadora Stakeholders. Source: TC, prepared by us

### Process for defining material topics

Our activities have an impact that goes beyond economic results. If we want to be successful in the long term, we need to align our business performance with the expectations of stakeholders and society at large.

A thorough understanding of the topics that are most relevant to stakeholders is essential to achieving this goal. Our first materiality assessment was carried out in 2016 according to the GRI framework and allowed us to strengthen the commitment to discuss and identify the most important topics for the contents of our sustainability report.

We used a materiality assessment to prioritize the areas of greatest concern to our clients and other stakeholders. The matrix for the definition of material topics was reviewed during our discussions with key stakeholders. Subsequently, we addressed the critical topics and their strategic priorities, searching for opportunities to improve management and relationships, and identify potential projects to work on together.

We conduct regular reviews to gain meaningful insight into changes and emerging topics. Our material topics are those that have substantial impact on the economy, the environment, and people, including Human Rights.



Our latest comprehensive materiality assessment was conducted in 2023 and included interviews with external stakeholders. During the year, we reviewed internally the list of material topics to ensure that it was consistent with our newly defined purpose, our sustainability strategy and our analysis of risk categories.

In 2023, we updated our materiality assessment with the assistance of a third-party expert. Based on a review of the documentation, a peer reviews, ratings, and trend report were developed, as well as internal and external reviews. Initially there was a long list of material topics, which was then narrowed down by assessing their importance and grouping overlapping material topics.

The topics were discussed and categorized in detail through internal workshops with selected leaders. The result of this exercise was validated by our Executive Committee and is reflected in a list of 7 material topics. As part of the update of the GRI standards to universal standards 2021, we examined existing material topics in terms of their impact on the economy, the environment and people, including Human Rights.

In an impact assessment, external experts examined and prioritized actual and potential positive and negative impacts in the short, medium and long term that are most significant for the Company's activities throughout the value chain and its relationships with stakeholders. During this evaluation, the list of existing material topics was confirmed, as well as Human Rights as a separate material topic. This is because Titularizadora has a significant impact on people through its employees and its other stakeholders.

The Executive Committee, which leads the overall strategic direction of Titularizadora, reviewed the impact and resulting material topics, a decision that was subsequently confirmed by the Sustainability Committee.










In the coming years, we plan to:

- Update our assessment and fine-tune the significance of impacts using direct inputs from external stakeholders.
- Conduct a thorough evaluation of surveys and interviews on a regular basis.
- Evolve towards double materiality.





Table 1. Material Topics Titularizadora 2023. Source: TC, prepared by us

| Strategic Focus Areas    | Sustainable Purpose  | Material Topics   | Equivalent GRI Topics   | SDG  |
|--------------------------|--|---|---|--|
| Fair and Equitable       | Promote a <b>fair distribution of financial resources</b> and opportunities to ensure equal <b>access to more inclusive and equitable financial services</b> for all societal sectors. | <ol style="list-style-type: none"> <li>Equity, Diversity, and Inclusion</li> <li>Human Rights</li> </ol>  | <p>GRI 401: Employment</p> <p>GRI 404: Training and Education</p> <p>GRI 405: Diversity and Equal Opportunities</p> <p>GRI 406: No discrimination</p>   |    |
| Prosperous and integral  | Achieve <b>responsible economic growth through innovative financial solutions</b> that foster prosperous development for all stakeholders.   | <ol style="list-style-type: none"> <li>Corporate Governance/ Business Conduct/ Ethics/ Transparency</li> <li>Responsible Investment</li> <li>Profitable Growth</li> <li>Sustainable Finances</li> </ol> | <p>GRI 205: Anti-corruption</p> <p>GRI 206: Anti-competitive behavior</p> <p>GRI 207: Tax</p> <p>GRI 201: Economic Performance</p>                      |       |
| Environmentally Friendly | Encourage the <b>incorporation of environmental considerations into all our operational and financial decisions</b> to promote sustainable management and environmental conservation.  | <ol style="list-style-type: none"> <li>Climate Change</li> </ol>  | <p>GRI 302: Energy</p> <p>GRI 303: Water</p> <p>GRI 305: Emissions</p> <p>GRI 306: Waste 2020</p> <p>GRI 308: Environmental assessment of suppliers</p> |   |



## Management of material topics

The Company has evaluated each of the material topics and their associated impacts on the economy, society and the environment, taking into account their impact on Human Rights. Likewise, it has determined due process and concrete improvement actions to help strengthen positive impacts. In turn, to mitigate the negative impacts associated with the material topics listed above.

## Membership in associations and certifications



Titularizadora Colombiana is a member of the Colombian Banking Association (*Asociación Bancaria y de Entidades Financieras de Colombia – Asobancaria*), one of the most representative entities of the financial services industry in the country. Through the association's activities, our Company demonstrates its commitment to promoting public trust in the financial sector, educating the public about financial activities, and modernizing the local industry's structure. Our Company also participates in seminars, meetings and board meetings organized by Asobancaria, maintaining constant communication with the organization for the effects of assessing regulatory changes and their impacts and implementation.

Titularizadora additionally supports financial industry association activities through Asofondos, Asofiduciaria and ANIF.

## Green Protocol Committee

The Green Protocol Committee is an Asobancaria initiative that promotes best practices related to:

- Sustainability
  - Financial innovation
- Financial education
  - Peace Task Group: financial education and inclusion, social investment, labor market inclusion
- Corporate sustainability
  - Supplier management
  - Talent management
- Targeted social investment
- Venue to discuss best sustainability practices.



## BVC Issuers Committee

Titularizadora actively participates in the Issuers Committee of the Colombian Securities Exchange through the General Secretary and the Director of Investments and Market Development. This Committee contributes to (i) maintaining a space for open discussions with issuers on the fixed income and equities market, (ii) improving the market practices of securities issuers, and (iii) following up and making proposals on regulatory aspects.

## ISO 9001:2015 Quality Certification – Master Management

The Quality Management System at Titularizadora is a management tool that enables focusing efforts on the search for excellence through continuous improvement through the standardization of processes and procedures and a focus on our stakeholders.



Specifically, the management approach of the Master Management of issuances includes:

- Monitoring of issuance operators, controlling and mitigating operating and credit risks.
- Compliance with the prospectus terms and conditions.
- Timely and reliable disclosure of the issuances' performance.

## Voluntary Commitments

### Issuer Recognition (IR) – BVC



The adoption of best practices on information disclosure and investor relations has been certified with the Issuers Recognition (IR) granted by the Colombian Securities Exchange (BVC). This certification supports the management of Titularizadora Colombiana.

The main requirements for receiving Issuer Recognition (IR) are:

- Disclose additional information to that normally required, in English and Spanish, on the website, and maintain such information updated in a timely manner.
- Periodically publish financial statements (balance sheet and income statements) and information on the issuances.
- Have a representative to field inquiries from investors, both in Spanish and English.

The adoption of best practices on information and investor relations enables providing our investors sufficient and timely information for their investment



decisions and raising the standards of the Colombian capital market. In 2023 we maintained the IR Recognition for Fixed Income and Equity Securities by complying with the requirements defined in the Single Public Notice of the Colombian Securities Exchange.

## 2023 Ratings



During its periodic review, the Technical Committee of BRC Investor Services S.A. SCV confirmed the counterparty credit rating of Titularizadora Colombiana S.A. at 'AAA.' The Technical Committee issued this decision on December 12, 2023, as documented in Minutes No. 2470.

## PRI

Signatory of:



Since December 27, 2023, we have been signatories of the Principles of Responsible Investment (PRI) and we are part of the strategy and practice that incorporates environmental, social and corporate governance factors in investment decisions.

## Economic/Governance

### Our Objectives

For Titularizadora, economic performance and our ability to operate a profitable business is necessarily interrelated with being a responsible and sustainable company. We take care of ensuring sustainable economic growth over time, meeting the expectations of all our stakeholders while positively impacting the environment and society.

Transparent governance ensures that we manage and supervise our entire operation responsibly, contributing to a fair and inclusive work environment. Since our founding, we have sought to implement appropriate standards of good governance, taking into account our nature and particular conditions as an issuer. Our shareholders, originators and investors have sufficient instruments, mechanisms and information that allow them to assess the performance of the Company and the investment funds under our management.

In this sense, our Corporate Governance model includes policies, principles and mechanisms that provide for adequate disclosure and transparency of the Company's operation and actions with its administrators. At Titularizadora we adopt the best practices and governance standards for the development of our activities.



We have also adopted the recommendations on good corporate governance of the Code of Best Corporate Practices (Código País), which are reported to the market in the annual Código País report. These documents are available on the Company's website [www.titularizadora.com](http://www.titularizadora.com).

## **Corporate Governance/ Business Conduct/ Ethics/ Transparency**



### **Definition of the material topic**

To ensure effectiveness and transparency with respect to the material topics most relevant to Titularizadora and to avoid redundancies, four initially proposed material topics (corporate governance and proper management of all risks, transparency and disclosure, ethics, integrity and anti-corruption and stakeholder management) have been integrated into a single, more robust material topic that reports in a clear and concise manner on all the relevant impacts of the Company on the economy, the environment and society, including the impact on Human Rights.

### **With this material topic we intend to cover five pillars:**

- Ensure that all business practices of Titularizadora's operations are aligned with international standards such as PRI, local regulations and the Corporate Governance standards described in Titularizadora's Good Governance Code.
- Safeguard shareholder interests, enhance the trust of originators and investors, and ensure the Company's long-term sustainability, adaptability, and reputation through effective risk management.
- Establish robust and enduring relationships with all stakeholders of Titularizadora based on trust and mutual satisfaction with the goal of fostering a positive and productive long-term relationship.
- Provide and share accurate and relevant information about Titularizadora as an essential tool to enhance trust and credibility among various stakeholder groups.
- Promote ethical behaviors and practices, encouraging transparency and honesty. Prevent and combat any form of corruption, unfair competition or monopolistic practices.

### **Positive and negative impacts assessed**

Maintaining high standards is ideal for strengthening the trust and well-being of the general population, including that of our stakeholders. Our high standards



also contribute to the integration of ethical approaches and compliance in the fight against corruption and bribery. Such laws are enacted to reduce corruption, and by adhering to them we contribute to this goal.

Corporate governance, ethical business conduct and transparency are material topics that can have a significant impact in terms of the economy, society, human rights and the environment. These aspects must be considered in different timelines and dimensions:

#### **Economic impacts:**

Good corporate governance and ethical business conduct can increase the confidence of originators and investors and have the potential to attract more capital and reduce the cost of financing. In addition, transparency in financial information allows for improved risk assessment by originators and investors and reduces market volatility and promotes long-term financial stability.

Conversely, unethical business conduct or a lack of transparency can lead to mistrust among originators and investors, negatively impacting our reputation and their ability to attract investment. This could lead to lower capital availability and increased exposure to financial risks.

#### **Social and Human Rights Impacts:**

Good corporate governance and ethical conduct promote respect for human rights by ensuring fair working conditions, respect for workers' rights, and engagement with local communities. In addition, transparency in business practices facilitates accountability and boosts trust among stakeholders.

However, unethical business conduct contributes to labor rights violations, discrimination, and inequity. This could lead to social conflicts and negatively affect the reputation of Titularizadora in the long term.

#### **Environmental Impacts:**

Strong corporate governance and ethical business conduct can lead to more environmentally responsible investment decisions. This could include financing sustainable project originators that promote natural resource conservation, energy efficiency, and climate change mitigation.

Instead, a lack of transparency in business practices could lead to investments in projects that cause significant environmental damage, such as deforestation or pollution. This would have negative consequences for the environment and for the affected communities.

Good corporate governance, ethical business conduct and transparency are fundamental aspects for our Company. By prioritizing these aspects, we seek to operate in a sustainable and responsible manner. We can generate positive impacts on the economy, society, human rights and the environment, while mitigating the risks of long-term negative impacts. This requires a firm



commitment from Titularizadora, as well as the adoption of sound policies and practices that promote integrity and accountability in all areas of its operation.

### **Management of the material topic**

Since its creation, Titularizadora has based its work on respect, honesty, responsibility, social commitment and professionalism. This has allowed the Company to have the best practices and standards for its governance and the development of its activities, which has been accompanied by an excellent reputation among its originators, investors and the market in general.

Insisting on high ethical standards protects our business from unethical dealings and reputational risks. We can be held liable for our own actions, as well as those of our associates, and the penalties for violating laws are severe. Even allegations of bribery or corruption could damage our reputation and our business, thus affecting the prosperity of our associated stakeholders. Failure to comply with anti-corruption laws contributes to the persistence of bribery in the world, supporting unfair exploitation to the detriment of all its victims. Under the above framework, Titularizadora has a commitment to zero tolerance for corruption.

### **Processes to remedy negative impacts and risk management.**

The implementation of an effective process for channeling complaints and grievances is vital for any organization and allows the concerns and needs of stakeholders to be addressed in a timely and transparent manner.

This process not only provides stakeholders with a means to voice their concerns, but also provides the Company with the opportunity to identify areas for improvement and take appropriate corrective action. In addition, by demonstrating a genuine commitment to active listening and attention to the concerns of its stakeholders, Titularizadora can enhance the trust and relations with its stakeholders, which contributes to a positive reputation and strong long-term business relationships.

Under the above framework, Titularizadora makes available to its shareholders, officers, customers, suppliers and other stakeholders the Transparency Channel as a tool that allows them to report possible violations of the Code of Good Corporate Governance, Code of Ethics and alleged acts of fraud or corruption that may occur at the Company with total security and guaranteeing their anonymity. (See Transparency channel | Titularizadora Colombiana).

In addition to the transparency channel, at Titularizadora we have emails aimed at those stakeholders who need to submit requests or suggestions such as [inversionistas@titularizadora.com](mailto:inversionistas@titularizadora.com) and [accionistas@titularizadora.com](mailto:accionistas@titularizadora.com), which we manage to address their concerns. For topics related to the Company's sustainability, we have the e-mail address [sostenibilidad@titularizadora.com](mailto:sostenibilidad@titularizadora.com).



In addition to the above, at Titularizadora we have a **robust risk management system** that adequately mitigates the impacts associated with the identified risks.

The Company has policies, procedures and manuals that regulate and define the procedures for managing strategic, liquidity, market, credit, operating, money laundering and terrorism financing risks. Each one of the systems enables the prevention, avoidance or reduction of the possibility of occurrence and the possible impacts derived from the materialization of events related to the Company's business and processes.

An adequate organizational structure is in place to manage the risks involved in the securitization process, and one of its key features is an array of specialized committees that support the Board of Directors in evaluating and monitoring such risks, such as the Board's Risk Committee.

The risk management systems applied by the Company and its methodological framework contribute to the identification, evaluation and timely assessment of current risks. Implementing the necessary mitigation measures allows risk levels to be kept within the tolerance limits determined by the Board of Directors. In 2023, the work plans established by Management for implementing Public Notice 018/2021 regarding the Risk Management System for Entities Exempt from SIAR (SARE) were completed.

## **Compliance with laws and regulations**

Compliance with laws and regulations is important to our Company and allows us to operate in a legal, ethical and transparent manner within the established regulatory framework.

By complying with relevant laws and regulations we avoid potential penalties and fines. We also protect our reputation and credibility in the eyes of originators, investors, suppliers, and other stakeholders. In addition, regulatory compliance contributes to maintaining the stability and integrity of the financial market, thus promoting confidence and efficiency in the country's economic system.

It is noteworthy that during 2023 no fines or sanctions were received for non-compliance with current legislation or regulations, nor were critical concerns presented to the board of directors in terms of sustainability.

## **Policies and Commitments**

### **Corporate Governance**

We control our impacts through Corporate Governance policies that allow us to manage the business responsibly, as well as good practices in anti-corruption, unfair competition and monopolistic practices.

As part of our sustainability path, during 2023 at Titularizadora we set short-term objectives that strengthen our commitment and mitigate the impacts of this





material topic. The actions or indicators to guarantee correct execution and traceability are:

1. Establish a robust corporate governance framework that clearly defines responsibilities, decision-making structures and accountability mechanisms within Titularizadora. This includes the formation of an effective Board of Directors, with the participation of independent directors and the adoption of clear conflict of interest policies.
  - **Monitoring of compliance:** Carry out periodic monitoring of compliance with corporate governance policies and procedures. It involves gathering evidence of compliance through the Company's Annual Corporate Governance Report, in which we compile the activities implemented during the year under the Corporate Governance parameters defined by the Company. It also involves filling out and submitting the Report on the Implementation of Best Corporate Practices (Nuevo Código País), in which we collect specific and timely answers on the mechanisms implemented by the Company, its regulatory support and the way in which we execute most of the activities in accordance with the best practices on this matter.
  - **Analysis of compliance:** We assess the degree of compliance with corporate governance policies and procedures. As compliance indicator, we must submit by January 31 each year the Report of Implementation of Best Corporate Practices. For this report, the Company has a procedure that involves compiling the relevant information from the different areas involved in the respective activities and providing details of the actions taken in relation to the best practices implemented. Similarly, the Corporate Governance Report of Titularizadora is submitted to consideration by the Corporate Governance Committee and is approved by the Board of Directors and the General Meeting of Shareholders as of March 31. This report describes, with clear and sufficient information, the activities in the field of Corporate Governance and is made public once it has been authorized by the competent bodies.
  - A high level of compliance indicates that Titularizadora effectively applies the established Corporate Governance policies and procedures and contributes to a sound governance framework and a transparent and accountable decision-making structure. The supporting documents and evidence of compliance are the Best Corporate Practices Implementation Report that the Company produces annually, and the annual Corporate Governance Report.
2. Establish a training plan for employees related to the Corporate Governance of Titularizadora, as well as review and update the Code of



Ethics, which establishes the principles and standards of ethical behavior for all Company employees. It must address topics such as integrity, honesty, confidentiality and the prevention of money laundering and corruption. This involves promoting knowledge, internalization and compliance with the Code of Ethics and providing regular training to reinforce its importance.

- Development and delivery of training programs: Conduct annual employee training that addresses (i) the Company's Corporate Governance, (ii) Code of Ethics, and (iii) Corporate Anti-Corruption Policy. At the end, the presentation made for consultation will be shared with all employees.
  - Training records: Maintain an up-to-date record of employees who have completed training on the Code of Ethics and Corporate Governance, including the Anti-Corruption Policy.
  - Calculation of percentage trained: Calculate the percentage of employees who have attended the training by dividing the number of employees trained by the total number of employees of Titularizadora (excluding medical leaves and vacations) and multiplying the result by 100 to obtain the percentage.
  - Follow-up and analysis: Regularly track employee participation in training and analyze the results to evaluate the effectiveness of training initiatives and employees' understanding of the Code of Ethics.
3. Maintain independent audit and risk committees to oversee and monitor internal control processes, risk management, and regulatory compliance. These committees should involve members with adequate experience and expertise to assess risks and ensure proper management.
- Internal audits and risk assessments: Conduct regular internal audits and risk assessments to identify deficiencies in internal controls and associated risks.
  - Record of recommendations and improvement actions: Carry out an audit plan and comply with 100% of the records of all recommendations and improvement actions derived from internal audits and risk assessments. These recommendations may address gaps in internal controls, identified risks, and opportunities for improvement in regulatory compliance.
  - Monitoring of compliance: Carry out periodic monitoring of compliance with the recommendations and improvement actions established. This involves assessing whether the proposed corrective actions have been



implemented and whether improvements have been achieved in internal controls, risk management, and regulatory compliance.

- Assessment of degree of compliance: Assess the level of compliance by dividing the number of recommendations and improvement actions implemented by the total number of recommendations and improvement actions recorded and multiplying the result by 100.
4. Strengthen the comprehensive risk management policy so that the different risks faced by Titularizadora are identified, evaluated and mitigated. This includes strategic, financial, operational, compliance, reputational, cybersecurity, and business continuity risks. Establish clear processes for identifying, measuring, and controlling risks, and ensure that regular risk assessments are conducted.
- Risk identification and assessment: Identify and assess the different risks faced by Titularizadora, such as financial, operational, regulatory compliance and reputational risks. This involves conducting a thorough assessment of the risks in each area of the Company.
  - Implementation of mitigation measures: Apply mitigation measures to control the identified risks. These measures may include internal controls, policies and procedures, insurance, portfolio diversification, among others.
  - Residual risk calculation: Calculate the residual risk level by subtracting the mitigated risk level from the initial risk level. This provides a quantitative measure of the risk that remains after mitigation measures are applied.
  - Monitoring and follow-up: Carry out periodic monitoring of the residual risk to evaluate its evolution over time. This may involve regular reviews and assessments of the risks identified and mitigation measures implemented.
5. Conduct environmental and social due diligence to assess the risks and opportunities associated with portfolio investments. The tools may include due diligence questionnaires, social and environmental impact assessments, and corporate governance analysis.
- Implementation of due diligence processes: Establish processes and tools to conduct environmental and social due diligence on investments. This may include the use of questionnaires and other relevant tools.



- Record of assessed investments: Maintain an updated record of portfolio investments that have been evaluated through environmental and social due diligence processes, whenever these opportunities arise in the market. This may include information on the risks identified, mitigation measures implemented, and opportunities identified.
  - Percentage calculation of investments assessed: Calculate monthly the percentage of investments assessed by dividing the number of investments with some type of ESG seal by the total number of investments made. The monitoring of the indicator will be carried out monthly in the assets and liabilities committee (ALCO).
6. Join external initiatives and collaborations related to environmental and social risk management in the financial sector. Participation in working groups, networks or associations that promote the adoption of sustainable practices and standards in the sector. This will help to keep up with best practices and share knowledge with other relevant actors.
- Identification of external initiatives and collaborations: Identify initiatives, networks, associations, working groups or other external projects related to the management of environmental and social risks in the financial sector. These initiatives can include joint efforts to develop sustainable practices, research projects, outreach events, among others.
  - Record of collaborations and participations: Continuously updated the records of established collaborations and participations in related events or projects. This may include information about the nature of the collaboration, the level of participation, and the contributions made.
  - Analysis of the number of collaborations and participations: Analyze the number of established collaborations and participations in related events or projects over a specific period. This provides a quantitative measure of Titularizadora's activity and commitment in the field of environmental and social risk management.

### **Anti-corruption**

The Corporate Anti-Corruption Policy establishes the applicable guidelines to maintain the commitment to zero tolerance to corruption, which are mandatory for 100% of Titularizadora's employees. In addition, the provisions of the Policy extend to third parties who, by virtue of a contractual relationship with Titularizadora, must process licenses, registrations, authorizations, permits or participate in processes for the award of contracts before State entities and on behalf of Titularizadora.



The form of corruption most relevant for the provisions of this Policy will be bribery, which will be understood as the action by directors, employees or third parties, of giving, offering or promising money, as well as any object of value, benefit or advantage to a Public Servant or Political Party, directly or indirectly, either for their own benefit or that of a third party, with the intent of inducing the Public Servant or Political Party to carry out a certain action or refraining from doing so in relation to the fulfillment of their duties and with the objective of obtaining an advantage, benefit or business for Titularizadora.

In order to allow permanent consultation by stakeholders, the Anti-Corruption Policy is published on the Company's website. Likewise, Titularizadora annually conducts training for its employees in which it disseminates the provisions contained in the Policy and the importance of its operation and implementation. When changes or modifications are made to the document, they are shared in a timely manner.

Our Board of Directors, made up of five (5) principal members and five (5) alternates, approved the Corporate Anti-Corruption Policy and has received training on anti-corruption, considering their professional profiles (percentage 100%).

In December 2023, the General Secretary of Titularizadora delivered training on Corporate Governance and the Anti-Corruption Policy with an attendance percentage of 80%. The breakdown of attendance by position category is shown in table number 2.

| Position category   | Number Employees |
|---|------------------|
| First and second tier executives (CEO, chief executives, managers or directors) | 9                |
| Third and fourth tier executives (coordinators)                                 | 5                |
| Professionals and Analysts  | 29               |
| Assistants, interns and secretaries   | 10               |
| <b>Total attendance</b>   | <b>53</b>        |

Table 2. Details of Training on Corporate Governance and Anti-corruption Policy Source: TC, prepared by us

The anti-corruption policy has been communicated our business partners through the process described above, but a metric has not been calculated to determine the percentage of attendance.

Any breach of this Policy, of which the employees or Third Parties become aware, must be reported to the General Secretary or through the Transparency Channel.<sup>1</sup> The information may be provided with identification or anonymously,

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<sup>1</sup> Titularizadora Colombiana makes available to its shareholders, officers, customers, suppliers and other stakeholders the **Transparency Channel** as a tool that allows them to report possible violations of the Code of Good Corporate Governance, Code of Ethics and alleged acts of fraud or corruption that may occur at the Company with total security and guaranteeing their anonymity. See [Transparency Channel | Titularizadora Colombiana](#)



and in both cases, it will be treated confidentially and shared strictly on a need-to-know basis for the purpose of advancing the investigation.

After the investigations, if the responsibility of an employee is determined, the pertinent disciplinary measures must be evaluated and determined, in accordance with the provisions of the Internal Work Regulations.

In addition, if it is so determined, the Company will inform the competent authorities of any violations of anti-corruption regulations, whether by employees or third parties.

We are proud to report that during 2023 there were no reported cases of corruption in the Company or unfair competition, anti-competitive or monopolistic practices.

## **Tax**

### **Tax Approach**

While we do not have a formal tax strategy or underlying governance, we seek to optimize the tax burden performing monthly assessments of the deductible and non-deductible expenses applicable to the Company in order to pay taxes appropriately, efficiently, and in accordance with applicable legal requirements.

Likewise, the relationship mechanisms that we use with the National Tax and Customs Authority (DIAN) are the official channels provided by said control entity for relationship, communication and control available on its website [Portal DIAN Inicio](#).

Our process of verifying the contents regarding tax matters is carried out by an external expert consultant.

### **Policies and Commitments**

Additionally, to address the mitigation of impacts regarding this material topic in 2023, the Company established a series of processes with their respective indicators that will be measured over the next year, which include:

1. Formalization of the Tax Strategy comprising:
  - An appropriate governance methodology and control frameworks.
  - The risks of the tax approach, including how those risks are identified, managed and monitored.
  - The way in which compliance with tax governance and the control framework are assessed.
2. Prepare financial reports that comply with international accounting and financial reporting standards. It is necessary to ensure that the reports are clear, understandable and accessible to stakeholders, using simple



language and avoiding excessive technicalities. Include relevant information on the financial performance, risks and financial policies of the financial institution.

- **Compliance with international standards:** This indicator assesses the degree of compliance with international accounting and financial reporting standards, such as the International Financial Reporting Standards (IFRS). It may include an assessment of the adoption and correct application of the standards in financial reporting.
  - **Clarity and understandability of the reports:** This indicator measures the level of clarity and understandability of financial reports. It may include evaluating the structure, language and organization of the information, and using additional examples or explanations to facilitate stakeholder understanding.
  - **Accessibility of the reports:** This indicator assesses the accessibility of financial reports to stakeholders. It may include the availability of reports in electronic and physical formats, online accessibility, the inclusion of tables of contents or indexes, and the ease of searching and navigating the reports.
  - **Feedback from stakeholders:** This indicator records stakeholder feedback on financial reports. It may include surveys, interviews, or feedback received to assess stakeholder perceptions of the clarity, understandability, and usefulness of the financial reports.
  - **Quality of the financial information:** This indicator assesses the quality of the financial information presented in the reports. It may include the accuracy of financial data, the relevance of the information presented, the adequacy of disclosures, and transparency in the presentation of financial statements.
  - **Compliance with regulatory deadlines and requirements:** This indicator measures compliance with regulatory deadlines and requirements for financial reporting. It may include timely submission of reports, compliance with applicable rules and regulations, and the absence of penalties or fines for non-compliance.
3. Participate in internationally recognized disclosure initiatives to demonstrate Titularizadora's commitment to transparency and disclosure, such as the GRI and SASB reporting Initiatives. These initiatives provide frameworks and guidelines for the dissemination of key information and allow for comparative analysis with other organizations.

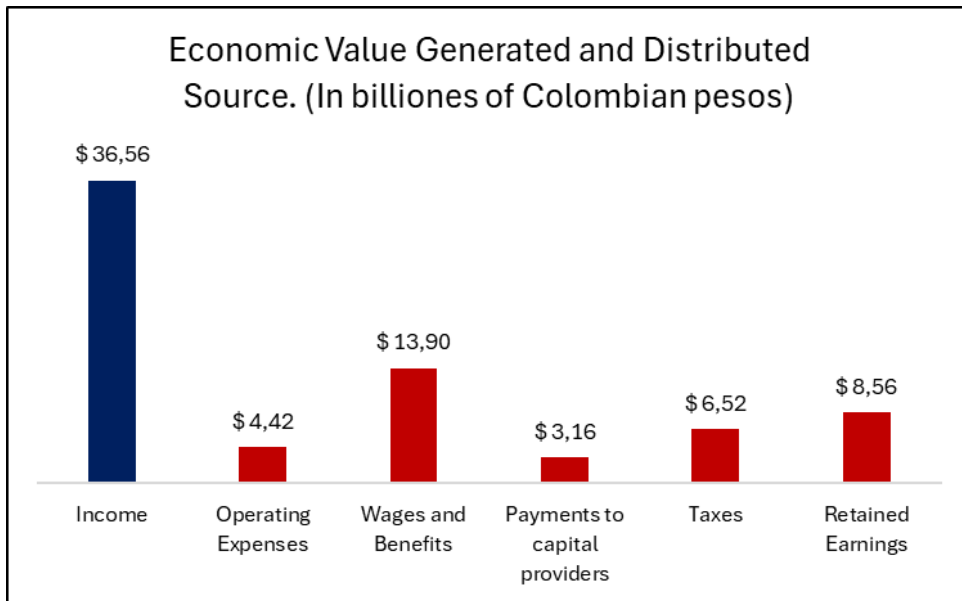


- **Participation in dissemination initiatives:** This indicator records the Company's participation in internationally recognized disclosure initiatives, such as the GRI or SASB. It can be measured by identifying the initiatives in which the entity participates and confirming its adherence to and compliance with the requirements established by those initiatives.
- **Compliance with disclosure requirements:** This indicator assesses the degree of compliance with the disclosure requirements established by the participating initiatives, such as the GRI or SASB. It may include assessing the inclusion of the required information, the quality of the data submitted, and transparency in disclosure.
- **Quality of the information disclosed:** This indicator assesses the quality of the information disseminated through the participating initiatives. It can include the relevance of the indicators used, the accuracy of the data provided, transparency in the presentation of information, and consistency in disclosure over time.
- **Use of dissemination results:** This indicator assesses the use of published results obtained through participating initiatives. It can include incorporating the results into internal reports, making strategic decisions based on the disclosed information, and continuous improvement in terms of transparency and environmental and social risk management.

## **Economic Performance**

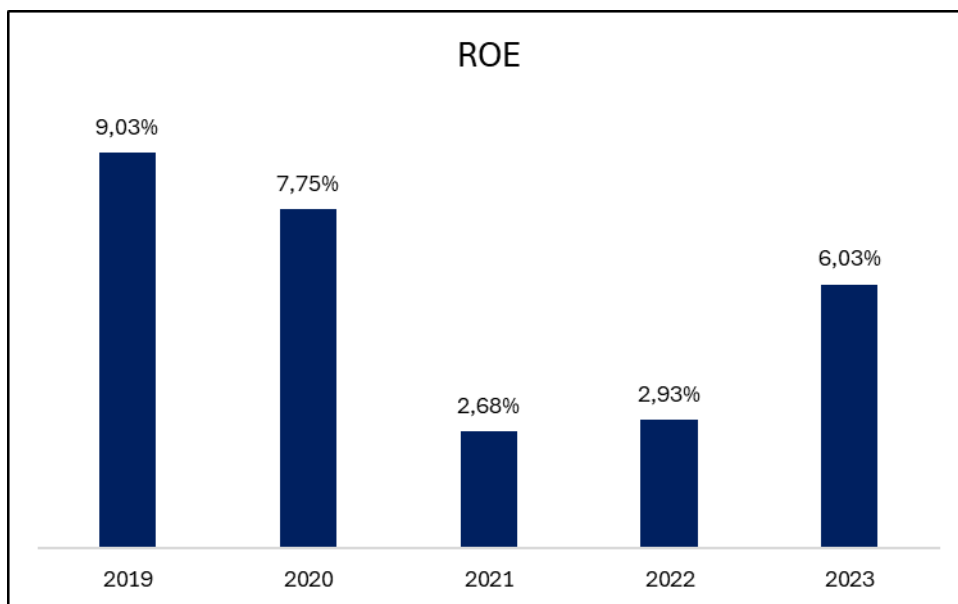
In 2023, the economic value generated and distributed by our company demonstrates an efficient and strategic management of resources. Despite the difficulties of that period, we managed to maintain the financial structure and continue to contribute to the development of the country's capital market. Graph 5 explains the way in which we distribute income.





Graph 5. Economic Value Generated and Distributed Source: TC, prepared by us

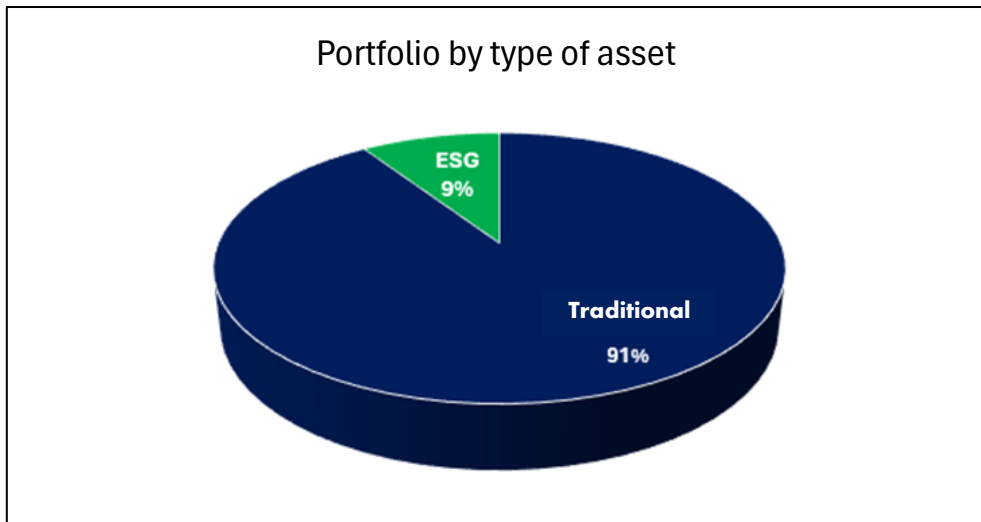
Over the past few years, our Company's ROE has been consistently positive and reflects sound financial management. This indicator has demonstrated our ability to generate returns from the capital invested by shareholders, helping to strengthen our market position and drive sustained growth. The historical performance of the indicator reflects our commitment to operational efficiency, profitability and the creation of long-term value for our shareholders.



Graph 6. Historic ROE of Titularizadora. Source: TC, prepared by us

### Portfolio Composition

As of December 31, 2023, Titularizadora included in its investment portfolio the mortgage securitization TIPS SOCIALES UVR U-6, corresponding to the securitization of a social nature backed by mortgage loans for the acquisition of social interest housing (VIS, for the Spanish original). The composition of our portfolio is described below:

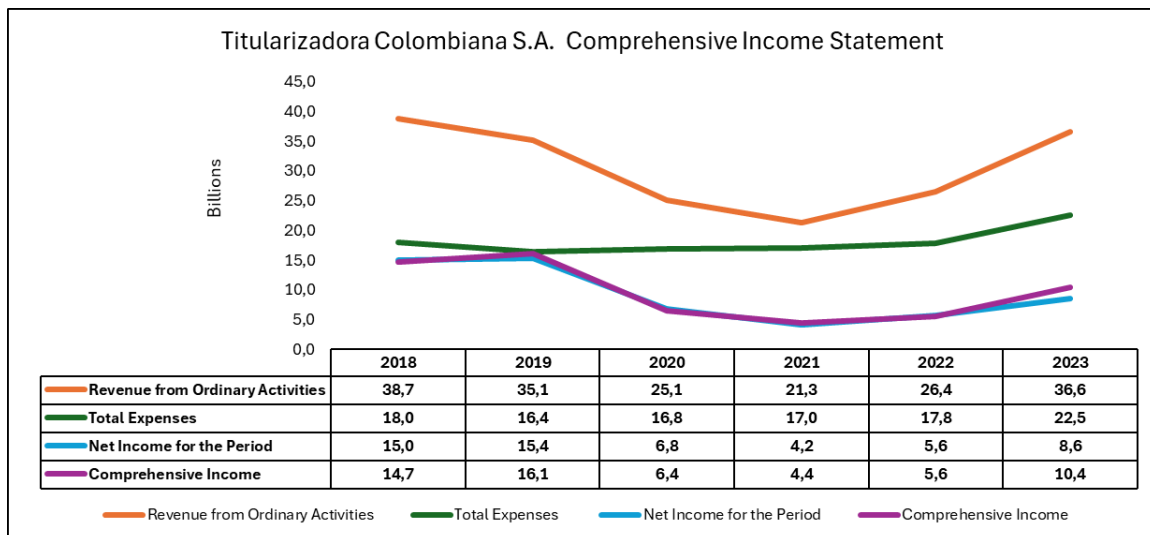


Graph 7. Portfolio by type of asset. Source: TC, prepared by us

Table 3. Breakdown of the portfolio of Titularizadora, 2023. Source: TC, prepared by us

|              |                        |
|--------------|------------------------|
| Traditional  | 149,185,220,762        |
| ESG          | 15,429,956,846         |
| <b>Total</b> | <b>164,615,177,608</b> |

## Income Statement



Graph 8. Titularizadora Colombiana S.A. Comprehensive Income Statement. Source: TC, prepared by us

Economic performance was affected by the pandemic and, in general, by the impact of the economic downturn in our country in 2020 (-7.2%). In addition, the increase in the monetary policy interest rate by the Colombian Central Bank in



response to continuous inflationary pressures, compliance with the regulatory requirements of financial institutions and the uncertainty in the capital market due to the reforms, made it difficult to close business deals that fulfilled the requirements of both originators and investors between 2020 and 2023.

However, despite the complexity of the global and local economic environment, the pressures caused by high interest rates and instability in the capital market, Titularizadora managed to overcome them and carry out several issuances, maintaining its focus and the development of its value proposition, achieving an adjustment in the trend experienced during the pandemic period.



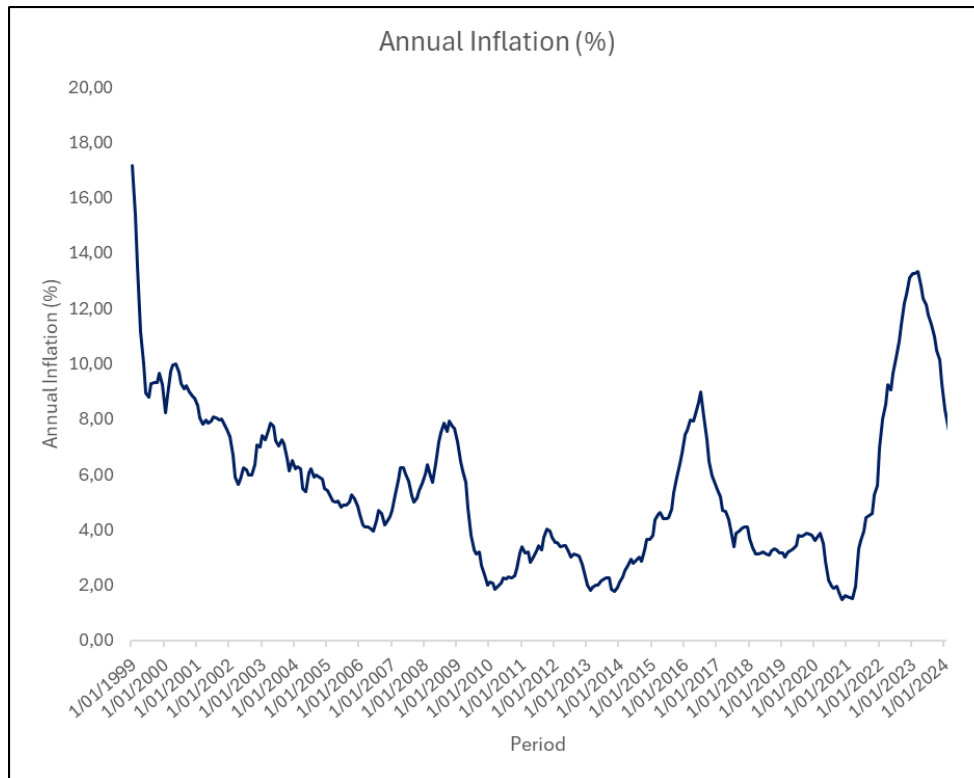
## History of Issuances 2002 – 2023 – Titularizadora Colombiana

|  |  |  |  |
|--|--|--|--|
| <p><b>2002</b></p> <p><b>TIPS UVR</b><br/>E1 \$479mm<br/>E2 \$588mm</p>  | <p><b>2003</b></p> <p><b>TIPS UVR</b><br/>E3 \$464mm<br/>E4 \$328mm</p>  | <p><b>2004</b></p> <p><b>TIPS UVR</b><br/>E5 \$370mm<br/>E6 \$647mm<br/><b>TECH</b><br/>E1 \$183mm<br/>E2 \$172mm</p>                            | <p><b>2005</b></p> <p><b>TIPS UVR</b><br/>E7 \$445mm<br/><b>TECH</b><br/>E3 \$50mm</p>   |
| <p><b>2006</b></p> <p><b>TIPS UVR</b><br/>E8 \$809mm<br/><b>TIPS Pesos</b><br/>E1 \$268mm<br/>E2 \$355mm</p>   | <p><b>2007</b></p> <p><b>TIPS UVR</b><br/>E9 \$313mm<br/><b>TIPS Pesos</b><br/>E3 \$334mm<br/>E4 \$378mm<br/>E5 \$312mm</p>                                  | <p><b>2008</b></p> <p><b>TIPS UVR</b><br/>E10 \$238mm<br/><b>TIPS Pesos</b><br/>E6 \$208mm<br/>E7 \$370mm<br/>E8 \$385mm<br/>E9 \$401mm</p>      | <p><b>2009</b></p> <p><b>TIPS Pesos</b><br/>E10 \$505mm<br/>E11 \$443mm<br/>E12 \$386mm<br/>E13 \$246mm</p>  |
| <p><b>2010</b></p> <p><b>TIPS UVR</b><br/>E11 \$181mm<br/>E12 \$360mm<br/>E13 \$345mm<br/><b>TIPS Pesos</b><br/>E14 \$518mm<br/>E15 \$614mm<br/>E16 \$2.4bn</p>                                  | <p><b>2011</b></p> <p><b>TIPS Pesos</b><br/>N1 \$239mm<br/>N2 \$303mm<br/>N3 \$379mm</p>   | <p><b>2012</b></p> <p><b>TIPS Pesos</b><br/>N4 \$385mm<br/>N5 \$399mm<br/>N6 \$382mm</p>   | <p><b>2013</b></p> <p><b>TIPS Pesos</b><br/>N7 \$428mm</p>   |
| <p><b>2014</b></p> <p><b>TIPS Pesos</b><br/>N8 \$154mm<br/>N9 \$503mm<br/>N10 \$359mm</p>  | <p><b>2015</b></p> <p><b>TIPS UVR</b><br/>U1 \$435mm<br/><b>TIPS Pesos</b><br/>N11 \$374mm<br/><b>TIL Pesos</b><br/>L1 \$15mm</p>                            | <p><b>2016</b></p> <p><b>TIPS Pesos</b><br/>N12 \$413mm<br/>N13 \$353mm<br/><b>TIS Pesos</b><br/>H1 \$46mm<br/><b>TER IPC</b><br/>R1 \$234mm</p> | <p><b>2017</b></p> <p><b>TIPS UVR</b><br/>U2 \$274mm<br/><b>TIPS Pesos</b><br/>N14 \$423mm<br/>N15 \$456mm<br/>N16 \$385mm<br/><b>TIL Pesos</b><br/>L2 \$123mm</p> |
| <p><b>2018</b></p> <p><b>TIPS UVR</b><br/>U3 \$506mm<br/><b>TIPS Pesos</b><br/>N17 \$315mm<br/><b>TIL Pesos</b><br/>L3 \$102mm<br/><b>TIS Pesos</b><br/>H2 \$48mm<br/><b>Tin</b><br/>\$163mm</p> | <p><b>2019</b></p> <p><b>TIPS UVR</b><br/>U4 \$355mm<br/><b>TIPS Pesos</b><br/>N18 \$361mm<br/>N19 \$407mm<br/>N20 \$457mm<br/><b>TIV</b><br/>V1 \$100mm</p> | <p><b>2020</b></p> <p><b>TIL Pesos</b><br/>L4 \$88mm<br/><b>Tin</b><br/>\$100mm</p>  | <p><b>2021</b></p> <p><b>TIPS Pesos</b><br/>N21 \$326mm<br/><b>TIPS UVR</b><br/>U5 \$242mm<br/><b>TIV</b><br/>V2 \$51mm</p>  |
| <p><b>2022</b></p> <p><b>TIPS UVR</b><br/>U6 \$40mm<br/><b>TIV</b><br/>V3 \$66mm<br/>V4 \$75mm</p>   | <p><b>2023</b></p> <p><b>TIV</b><br/>V5 \$63mm<br/>V6 \$169mm</p>  |  |  |

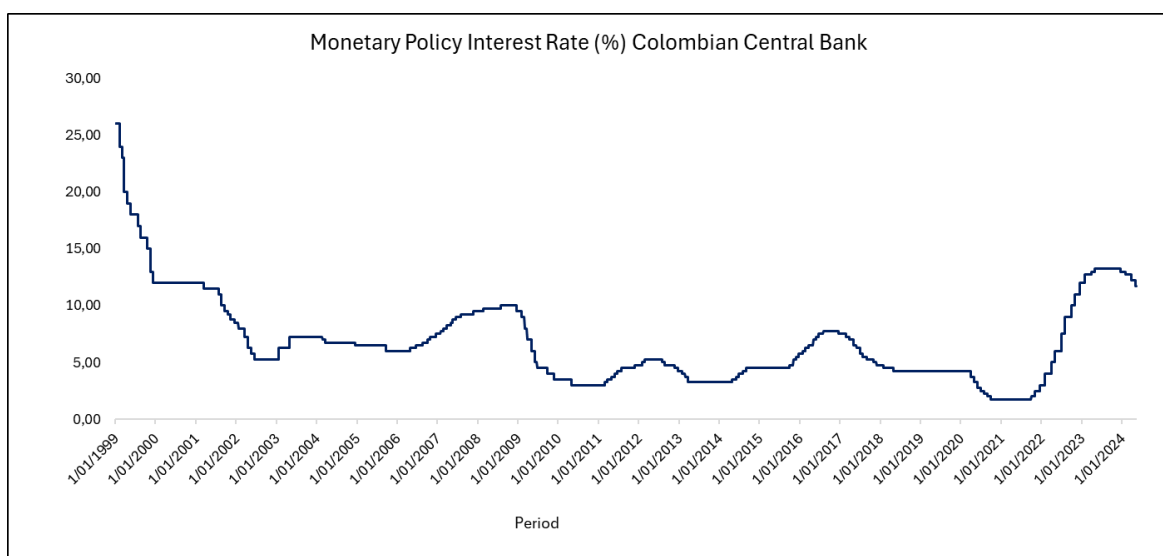
Table 4. History of Issuances 2002 – 2023 – Titularizadora Colombiana. Source: TC, prepared by us



The economic environment in 2023 was marked by continuous increases in interest rates, driven by both supply and demand inflationary pressures, and a general aversion to risk. Furthermore, a series of unexpected factors and sources of uncertainty were reflected in the volatility of the markets and macroeconomic instabilities. Below, we present the historical behavior of the three main determining factors of the economy: inflation, monetary policy interest rate of the Colombian Central Bank (Banco de la República), and IBR.



Graph 9. Annual inflation (%) Source: Colombian Central Bank, prepared by us

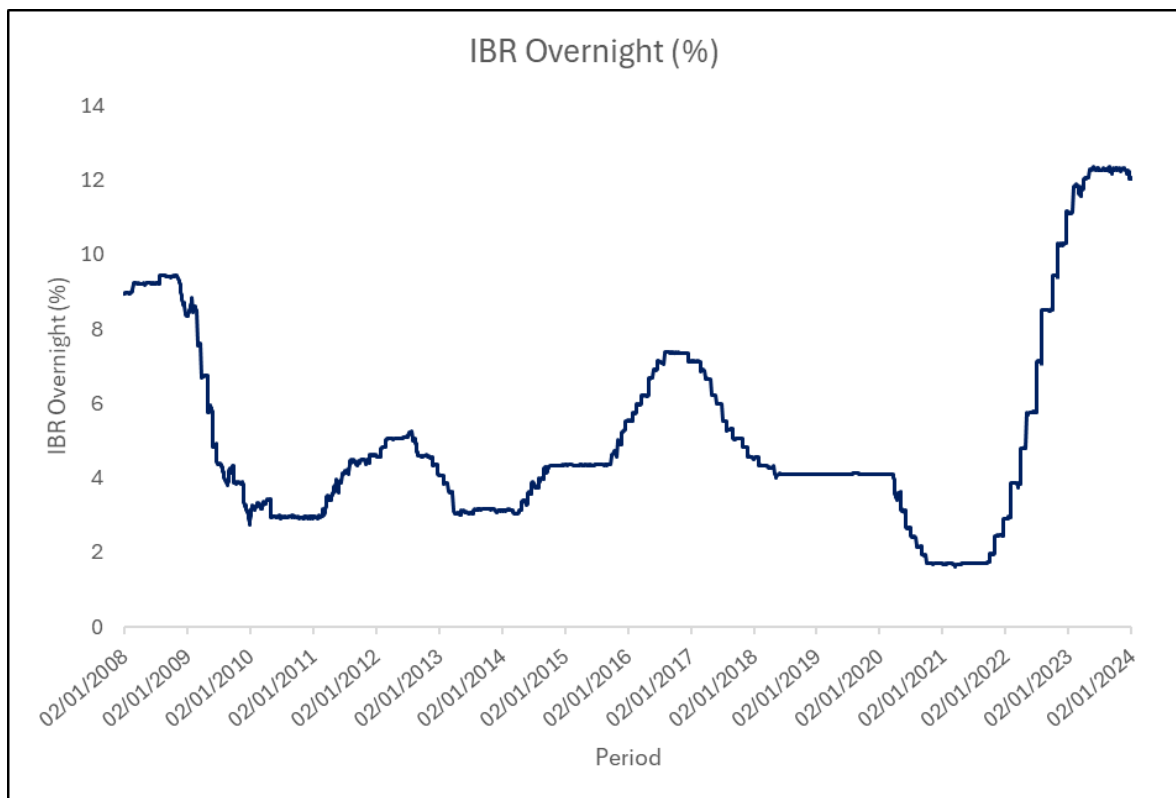


Graph 10. Monetary Policy Interest Rate (%) Colombian Central Bank. Source: Colombian Central Bank, prepared by us



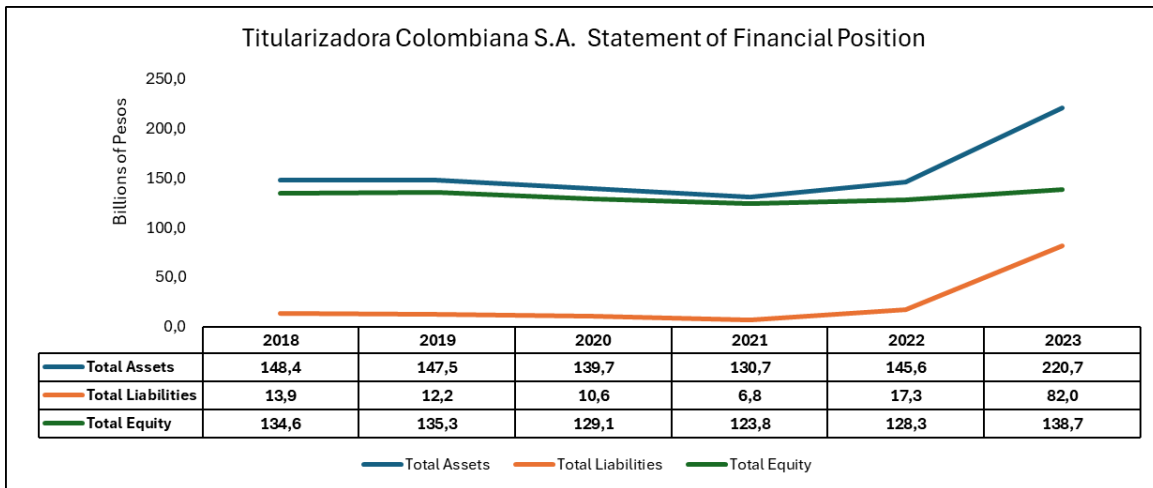
In summary, the year 2023 represented a considerable challenge for the Colombian economy, marked by a notable increase in inflation that led to high interest rates for both companies and households. These restrictive financial conditions negatively impacted the consumption and investment capacity of economic agents, thus exacerbating an episode of economic slowdown in the country.

In fact, moderating prices and resuming potential growth will continue to be a challenge for the following year. Although a marked decrease in inflation rates is anticipated, reaching the target set by the Colombian Central Bank could prove difficult. Besides, a more expansionary monetary policy is expected to stimulate the economy, caution should be exercised due to the possibility of a rebound effect.



Graph 11. IBR Overnight (%). Source: Colombian Central Bank, prepared by us

Following the recovery observed in the Titularizadora's results, both assets and equity have shown significant improvement, growing by 51.6% and 8.1%, respectively.



Graph 12. Titularizadora Colombiana S.A. Statement of Financial Position. Source: TC, prepared by us

## Responsible Investment



### Definition of the material topic

Create a positive impact from financial, environmental, social, and governance (ESG) standpoints. This approach evaluates financial returns and the effects of investments on the environment, communities, and society. By framing responsible investment as a material topic, we acknowledge the risks and opportunities associated with sustainability and we make investment decisions that foster sustainable development.

### Positive and negative impacts assessed

Responsible investment management can have certain impacts on the economy, society, human rights and the environment, which must be considered in different timelines and dimensions:

#### Economic impacts:

Responsible investing can foster financial stability by promoting long-term investment practices that minimize risks and maximize sustainable returns. This can contribute to long-term economic development by attracting investors committed to sustainability.



However, if not properly managed, responsible investment strategies could temporarily limit short-term financial returns, potentially leading to resistance among investors who prioritize immediate benefits over long-term impacts.

### **Social and Human Rights Impacts:**

Responsible investment management can promote respect for human rights by financing projects and companies that respect labor standards, workers' rights and local communities. In addition, it can contribute to the promotion of gender equality and social inclusion.

However, the improper application of human rights principles for the selection and management of investments could give rise to risks of labor rights violations, displacement of communities and discrimination. This could damage our reputation and generate social conflicts in the long term.

### **Environmental Impacts:**

Responsible investment management can contribute to environmental protection by financing projects and companies that promote natural resource conservation, clean energy, and climate change mitigation. This could lead to a transition to a more sustainable and resilient economy.

If sound environmental criteria are not implemented, investments could support activities that harm the environment, such as pollution or ecosystem degradation. This could have negative consequences for biodiversity and ecological balance in the long term.

In short, our management of responsible investment offers significant opportunities to promote economically, socially and environmentally sustainable development. However, it is essential to address the associated challenges and risks, ensuring that investments are ethical, transparent and respectful of Human Rights and the environment at all stages of the investment process. This will require the adoption of sound corporate governance policies and practices, as well as the involvement of all stakeholders.

### **Policies and Commitments**

As an initiative to mitigate the impacts generated in this material topic, we commit to:

1. Develop a clear and specific policy that outlines the criteria and objectives for responsible investing at the entity. Establish commitments to sustainability and adherence to recognized international principles, such as the United Nations Principles for Responsible Investment (PRI).

We established the following indicators or concrete actions:

- Carry out a monthly follow-up in the Assets and Liabilities Committee (ALCO) of the responsible investment policy, where the percentages

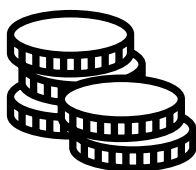




invested in ESG securities, and the analysis of these opportunities will be monitored.

- Review of the PRI's commitments. These commitments may include implementing measures to comply with established principles.
- Calculation of the degree of alignment according to the feedback and score obtained from the voluntary evaluation of the PRI.

## Profitable Growth



### Definition of the material topic

Titularizadora's strategic objective is to increase its assets under management, enhance mortgage securitization and diversify its underlying assets to increase its revenues and profits in a sustainable and efficient manner. This implies that we can achieve solid, steady growth while maintaining appropriate profitability and efficient resource management.

### Positive and negative impacts assessed

Our management of profitable growth can have both positive and negative effects on the economy, society, human rights and the environment. These effects must be assessed in different timelines and dimensions:

#### Economic impacts:

Profitable growth can stimulate investment and economic development by providing access to financing for originators and projects. This can boost job creation, increase productivity, and contribute to economic growth in the short and medium term.

On the other hand, an exclusive focus on profitable growth could lead to risky financial practices that threaten long-term economic stability.

#### Social and Human Rights Impacts:

Well-managed profitable growth can enhance the originators' funding sources and boost financial inclusion and equitable access to credit, benefiting previously marginalized sectors of society. In addition, it can strengthen economic and social rights by improving the well-being of communities through securitizations with a social, green or sustainable seal.



Without a successful social approach, the pursuit of profitable growth could neglect contributions that have a greater long-term benefit for the company and for the communities it may impact.

### **Environmental Impacts:**

Profitable growth can finance sustainable project originators that promote natural resource conservation, energy efficiency, and climate change mitigation. This could contribute to environmental protection and the transition to a greener and more resilient economy.

On the other hand, if adequate environmental safeguards are not in place, profitable growth could support environmentally damaging activities, such as deforestation, pollution, and ecosystem degradation. This could have devastating consequences for biodiversity and ecological balance in the long term.

It is essential that the management of profitable growth in our company is carried out with a comprehensive approach to sustainability, considering economic, social, environmental and human rights aspects. This involves the adoption of policies and practices that promote corporate responsibility, transparency, and respect for human rights at all stages of our operation.

### **Policies and Commitments**

As mitigation initiatives for the impacts generated by this material topic, we commit to:

1. Identify profitable market segments and align our products and services to meet their specific needs. Analyze the profile and behavior of our clients to develop effective segmentation strategies and optimize our securitization efforts.

To this end, we established the following indicators or concrete actions:

- Conduct a market analysis to identify segments with profitability potential. This involves evaluating factors such as market size, expected growth, competition, and the needs and preferences of our customers.
- Use the data collected on customer profile and behavior to develop effective segmentation strategies. These strategies allow us to segment the market in terms of characteristics and needs.
- Align the product and service offerings with the specific needs of the identified segments. This involves adapting and customizing existing products and services or developing new ones that are more attractive and relevant to each segment.
- Monitor market share growth: Measure market share growth in the identified segments over time. This indicator can be calculated by dividing the securitized balance in each segment by the total portfolio



or by dividing the number of our clients by the total number of potential clients, among others.

2. Leverage digitalization and emerging technologies to improve operational efficiency, reduce costs, and automate key processes within the organization. Technology adoption will be considered, and data analytics will be used to make informed decisions.

The following specific actions and measurement indicators are proposed:

- Prioritize internal processes: Identify and optimize through digitization and automation those internal processes that have a greater impact within the organization.
  - Analyze and choose the most appropriate technological solutions for the automation of prioritized processes.
  - Implement the selected technological solutions for the automation of the prioritized processes.
  - Measurement Indicator: Calculate the percentage of automated processes in the year, dividing the number of automated processes by the number of prioritized processes for the period.
3. Focus efforts on building loyalty and retaining existing customers. Implement quality customer service strategies, provide customized solutions, maintain effective communication, and build strong customer relationships. Focusing on customer retention can be a cost-effective way to drive long-term growth.

To this end, we established the following indicators or actions:

- Identify and categorize existing customers based on their level of activity.
  - Develop and implement specific strategies and actions to retain and increase the loyalty of existing customers. These strategies can include loyalty programs, quality customer service, customization of services, effective communication, among others.
  - Monitor customer retention rate: Calculate the customer retention rate by dividing the number of customers who participated in securitization processes at the end of a given period by the number of customers at the beginning of the same period.
4. Foster a culture of innovation and collaboration across Titularizadora. Encourage employees to generate creative ideas, experiment with new solutions, and collaborate in multidisciplinary teams. Explore strategic

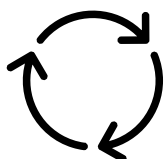


partnerships with other financial institutions, fintechs or complementary service providers to take advantage of synergies and improve the offerings.

To ensure transparency and correct measurement of this initiative, we established the following indicators or specific actions:

- **Fostering a culture of innovation:** Establish an environment conducive to the generation of ideas and innovation. This involves promoting employee participation in idea generation, providing training in creative thinking techniques, and providing resources and tools for the development of innovative projects.
  - **Experiment and collaborate:** Encourage experimentation with new solutions and collaboration in multidisciplinary teams. This can include creating collaborative workspaces, implementing digital platforms to share ideas and knowledge, and promoting pilot projects that allow new solutions to be tested in a controlled environment.
  - **Implement collaborative ideas and projects:** Measure the number of employee-generated ideas that are successfully implemented. It is also possible to monitor the number of successful collaborative projects that are carried out in alliance with other financial institutions, fintechs or complementary service providers.
5. Explore investment opportunities in green, social and sustainable topics.
- Evaluate investment opportunities in instruments with an ESG seal.
  - Determine the percentage of assets invested by dividing the value of assets invested in ESG themes by the total value of the assets.

## Sustainable Finances



### Definition of the material topic

It refers to the management of financial resources that promote long-term sustainability and consider economic, social and environmental aspects. This approach seeks to align Titularizadora's financial objectives with sustainable development, mindful of the financial decisions' impact on the environment and stakeholders.



## **Positive and negative impacts assessed**

The management of sustainable finance can have various impacts on the economy, society, human rights and the environment, which must be considered in different timelines and dimensions:

### **Economic impacts:**

Sustainable finance can boost economic growth by channeling funding to originators and projects that generate long-term financial returns and promote market stability and growth. This can foster innovation, increase competitiveness and create sustainable employment opportunities.

If not properly managed, sustainable finance could face resistance from originators and investors who tend to prioritize short-term financial gains over long-term social and environmental impacts. This could initially limit access to funding for sustainable projects.

### **Social and Human Rights Impacts:**

The management of sustainable finance can promote respect for Human Rights by funding originators and projects that respect labor standards, the rights of workers and local communities. In addition, it can contribute to the promotion of gender equality and social inclusion.

However, the improper application of human rights principles for the selection and management of investments could give rise to risks of labor rights violations and discrimination. This could imply a significant reputational risk and generate long-term social conflicts.

### **Environmental Impacts:**

The management of sustainable finance can contribute to the protection of the environment by funding originators and projects that promote the conservation of natural resources, clean energy and climate change mitigation. This could lead to a transition to a more sustainable and resilient economy.

However, without strong environmental criteria, sustainable investments could support activities that harm the environment, such as pollution or ecosystem degradation. This could have negative consequences for biodiversity and ecological balance in the long term.

In conclusion, the management of sustainable finance within our company offers significant opportunities to promote economically, socially and environmentally sustainable development. However, it is essential to address the associated challenges and risks, ensuring that securitizations and investments are ethical, transparent, and respectful of human rights and the environment at all stages of



the process. This will require the adoption of sound corporate governance policies and practices, as well as the involvement of all stakeholders.

## **Policies and Commitments**

During 2023, we established an action plan to adequately manage the impacts related to sustainable finance. For each of the initiatives, actions or indicators were established that will allow us to measure the efficiency of the initiatives, as follows:

1. Integrate sustainability indicators into investment analyses. This involves assessing how environmental and social factors may affect the long-term financial performance of investments.
  - Identification of relevant sustainability metrics through the CAMELS-G model: For the granting of credit and counterparty limits, a score will be assigned according to the defined methodology that considers ESG aspects (i.e., PRI signatory, belonging to the Bloomberg ESG data index, among others).
  - Calculate the percentage of investments assessed using sustainability metrics: Calculate the percentage of investments evaluated with an ESG seal divided by the number of total investments evaluated by sustainability metrics.
2. Establish partnerships and collaborate with organizations, academic institutions and other relevant actors in the field of sustainable finance. Participate in joint initiatives that promote the adoption of sustainable financial practices and the creation of related standards and regulatory frameworks. Share knowledge and best practices to drive the development and implementation of sustainability in the financial sector.
  - Identify organizations, relevant actors, and academic institutions in the field of sustainable finance to establish partnerships and collaboration efforts. These may include international organizations, associations, development finance institutions, academics, and sustainability experts.
  - Establish partnerships and collaborations with the organizations and actors identified. This involves formal cooperation agreements, participation in joint initiatives, collaboration in research or projects, exchange of knowledge or good practices, among others.
  - Document and follow up on collaborations and participation in joint initiatives: Maintain updated records of collaborations entered into and participation in joint initiatives. This includes information about the



collaboration, common goals, activities carried out and results achieved.

- Calculate the number of collaborations and participation in joint initiatives: Calculate participation by dividing the number of partnerships and collaborations in which Titularizadora participates by the number of potential initiatives.
3. Design and promote financial products that enhance sustainability. The following are the indicators:
- Originators linked to Titularizadora with the application of sustainability criteria. This indicator can be measured by dividing the number of linked originators with ESG criteria by the total number of linked originators.
  - Sustainable Securitizations: This indicator can be measured by dividing the number or amount of Sustainable Securitizations by the number or amount of securitizations.

## Environmental



### Our Objectives

Encourage the incorporation of environmental considerations into all our operational and financial decisions to promote sustainable management and environmental conservation.

The risks and opportunities arising from climate change can have a significant impact on our company's operations and financial health. These can be classified into physical, regulatory, and other risks:

#### Physical Risks:

1. Extreme weather events: Titularizadora may face risks related to extreme weather events that may damage physical infrastructure, disrupt operations, and cause financial losses.
2. Climate variability: Changes in weather patterns can affect the availability of natural resources, such as water and energy, which could increase operating costs.



### **Transition risks (Regulatory):**

1. Climate regulations: The introduction of stricter regulations related to climate change, such as carbon taxes or energy efficiency standards, could affect Titularizadora's operations and profitability by imposing additional costs or limiting certain investment activities.
2. Climate Risk Disclosure: Regulators may require greater disclosure of climate risks in financial reporting, which could increase liability and exposure to legal claims if these risks are not properly managed.

### **Other risks:**

1. Changes in market demand and preferences: As awareness of climate change increases, originators and investors may prefer securitizations that adopt sustainable practices and mitigate environmental impacts. This could influence the selection of securitizations and affect the profitability of Titularizadora.
2. Innovation and investment opportunities: Climate change can also create opportunities for investment in sectors such as renewable energy, energy efficiency, sustainable agriculture and natural resource management. Titularizadora could benefit from identifying and capitalizing on these opportunities.

To manage these risks and take advantage of the opportunities arising from climate change, we will consider integrating environmental, social and governance (ESG) criteria into our investment decisions, as well as implementing adaptation and mitigation measures in our operations. In addition, collaboration with regulators, sustainability experts, and other stakeholders can be crucial to effectively addressing the impacts of climate change.

## **Climate Change**



### **Definition of the material topic**

The first article of the United Nations Framework Convention on Climate Change (UNFCCC) defines climate change as "climate change attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that adds to the natural variability of the climate observed during comparable periods of time." The UNFCCC thus differentiates between climate change attributable to human activities that alter atmospheric composition and climate variability attributable to natural causes.





At Titularizadora, speaking about and managing climate change implies acknowledging and addressing the risks and opportunities associated with the effects of climate change on the economy and society. We understand that financial institutions play a pivotal role in transitioning towards a low-carbon, climate-resilient economy.

### **Explanation of the material topic**

At Titularizadora we are aware that climate change presents short, medium and long-term risks, not only for the company, but for other stakeholders. We consider that the frequency and intensity of major climate-related events in recent years are indicative of climate change and that the impacts will persist and, with a high probability, may worsen in the future.

We are making a significant effort to understand and address the physical and transition risks of climate change to our business. We also focus on how climate change and its possible responses could affect stakeholders.

We have set out to **develop a climate change policy** to address the challenges involved in this material topic and contribute to the transition to a low-carbon economy. These contents of this policy may include the integration of several management indicators, namely:

- Reducing greenhouse gas (GHG) emissions
- Use of renewable energy
- Energy efficiency
- Climate mitigation securitizations
- Implementation of climate change adaptation actions

Due to the long-term nature of both climate change and housing finance, it is important to reflect on how the risks associated with climate change could affect our financial results in the short, medium and long term.

We have decided to integrate the management of the following contents as a fundamental part of the mitigation strategy against climate change: **energy, water, emissions and waste**.

## **Positive and negative impacts assessed**

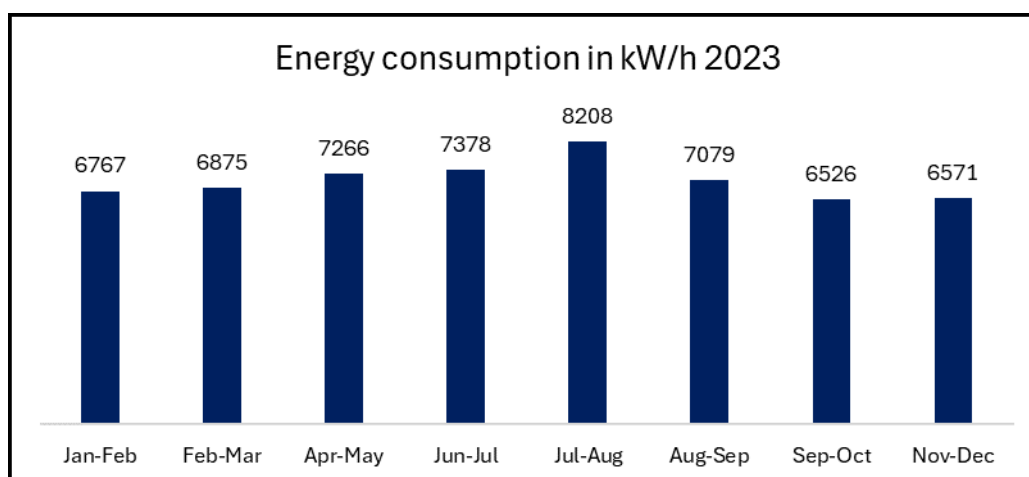
### **Energy**

Our company is part of one of the economic sectors with lowest energy consumption nationwide and, in addition, our main operations are carried out in Bogotá, which is not part of the regions that in 2023 represented the highest growth in energy consumption in the country. In addition, our activities are not associated with negative impacts that directly affect the environment.



For us, the concept of efficient use of energy, understood as the ability to obtain the best results in any activity using the least amount of energy resources, is becoming increasingly relevant. The average electricity consumption of Titularizadora is 7,084 kW/month<sup>2</sup>, and although this is not considered a high consumption level, efforts have been made to reduce it. As of August 2023, significant reductions in consumption began to be obtained through the replacement of the old air conditioners in the computer center with new energy-saving equipment. This technological upgrade has significantly improved our energy efficiency, also allowing a shift towards more environmentally friendly refrigerants.

While previous systems used R22 refrigerant, known for its negative impact on the ozone layer, the new equipment employs R-410A refrigerant, a more environmentally friendly alternative. This progress not only supports our commitment to responsible resource management, but also reinforces our position in adopting sustainable practices in our operations. The integration of these efforts demonstrates our continued dedication to sustainability and energy efficiency, aligning our operations with the most demanding environmental standards and contributing to a greener future.



Graph 13. Energy Consumption at Titularizadora 2023. Source: Monthly electricity receipts. TC, prepared by us.

In addition, our commitment to energy efficiency extends to the implementation of a hybrid work policy, which has contributed to reducing the use of energy resources within the Company. By constantly decreasing the number of employees present in the office, a further decrease in energy consumption has been achieved, thus consolidating our goal of operating more sustainably and efficiently.

At Titularizadora we do not use heating inside our facilities. Likewise, we encourage to turn off the lights when leaving the offices, and motion sensors are installed in common areas so that the lights remain off when people are not passing by.

<sup>2</sup> Information obtained from the monthly calculation of Titularizadora's electricity consumption.

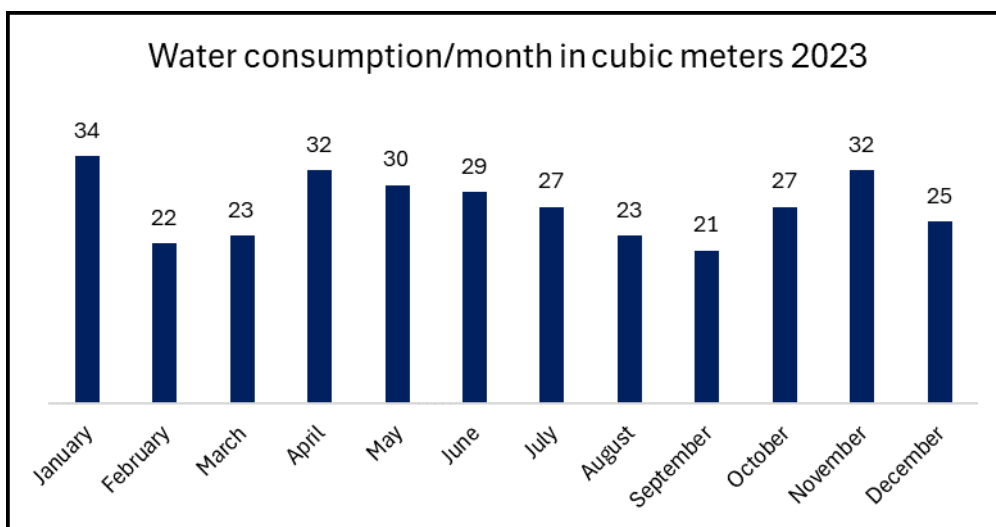


As a result of some initiatives of the "Think Green" Program, awareness raising campaigns have been carried out through business billboards and campaigns to reduce print-outs.

## Water

We are aware that access to safe drinking water is essential for human well-being and life. We recognize, as does the United Nations (UN), that water is a Human Right. Although our operation does not generate a significant impact on water because we do not extract water from water sources, nor do we discharge it into tributaries, nor do we make intensive use of it for our operations, we have a clear commitment to society to make the best use of water in our daily work.

The average water consumption at Titularizadora was 27 m<sup>3</sup>/month. In 2023, 325 cubic meters were consumed in total, which is not considered a high level of water consumption. These figures indicate that the use of water at Titularizadora does not affect water availability or quality, because it is water for consumption that is transported to its place of use and all, or part, of it does not return to the body of water. The water consumed in Titularizadora is not used for industrial, agricultural and/or energy purposes.



Graph 14. Water consumption at Titularizadora 2023. Source: Monthly water receipts. TC, prepared by us.

Unlike electricity, where we mentioned that Bogotá is not one of the regions with highest energy consumption in Colombia, Bogotá is located in an "area of very high-water use," according to the Water Use Index (IUA, for the Spanish original)<sup>3</sup>

<sup>3</sup> The Water Use Index (IUA) is the amount of water used by the different user sectors, in a given period (annual, monthly) and by spatial unit of hydrographic sub-zone and aqueduct supply basins in relation to the surface water supply available for the same time and spatial units. Hydrographic sub-zones subject to high pressure move up to more critical categories when there are dry years or extreme hydrological conditions, such as the El Niño phenomenon. See: [IUA - IDEAM](#)



of IDEAM. In addition to the above, Bogotá is in an area of high vulnerability to water shortages<sup>4</sup>. See maps below:

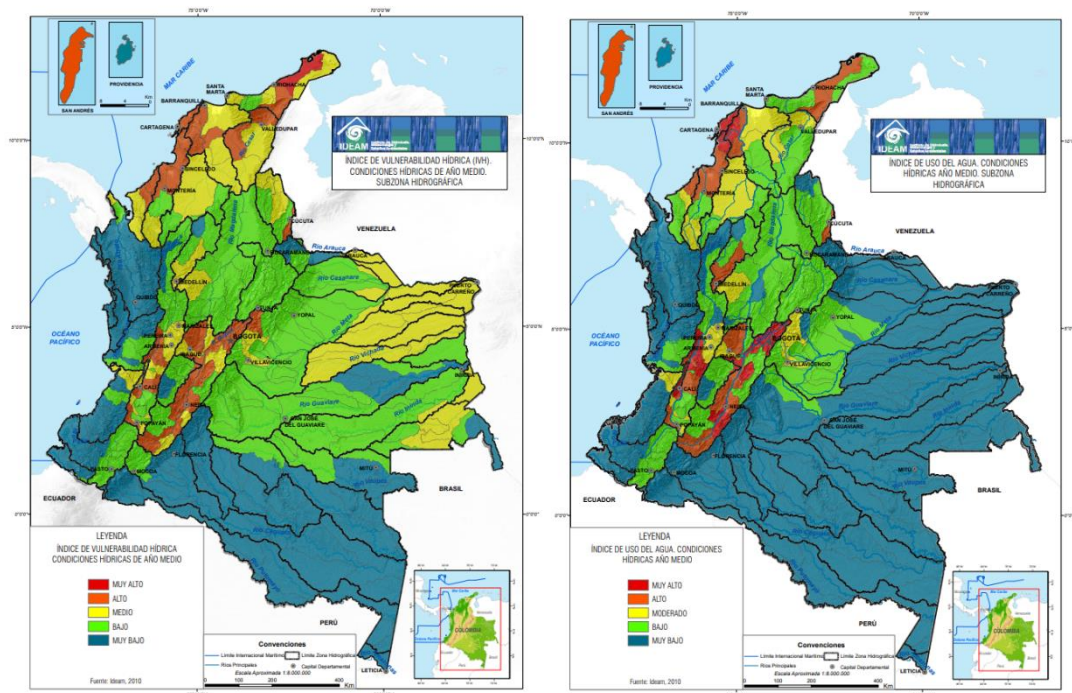


Image 4. Water Vulnerability Maps Source: IDEAM

Therefore, Titularizadora encourages its employees to make good use of water at the facilities. In this sense, notices alluding to saving water have been installed in men's and women's bathrooms to raise awareness of its use.

## Emissions

Greenhouse gas emissions (GHG) are one of the main factors responsible for climate change and are governed by the United Nations (UN) Framework Convention on Climate Change and the Kyoto Protocol.

Some GHGs generate significant adverse impacts on ecosystems, air quality, agriculture, and human and animal health. For this reason, international regulations and systems have been put in place to control the volume of GHG emissions and reward their reduction.

GHG emissions disclosure requirements are increasing every day based on the GHG Protocol, which has established a classification of GHG emissions under *scope 1*, *scope 2* and *scope 3*. The GHG Emissions Standard published by the

<sup>4</sup> The Water Shortage Vulnerability Index (IVH, for the Spanish original) indicates the degree of fragility of the water system to maintain water supplies, which in the face of threats such as long periods of drought or events such as the Pacific Warm Phenomenon (El Niño) could generate risks of shortages. See [IVH - IDEAM](#)



International Organization for Standardization (ISO) in the ISO 14064 standard, represents this classification by scopes as follows:

- Scope 1: Direct GHG emissions
- Scope 2: Indirect GHG emissions associated with energy
- Scope 3: Other indirect GHG emissions

In this regard, it is important to mention that, at Titularizadora, as part of our sustainability strategy, we have included two initiatives related to this aspect.

The **first initiative** is for the medium-term and consists of measuring and reporting the carbon emissions associated with Titularizadora's operations. With this initiative we intend to use carbon accounting tools and set emission reduction targets and track progress in reducing the carbon footprint.

This initiative includes the measurement in the medium term of the following indicators:

- Reported greenhouse gas (GHG) emissions: This indicator tracks the organization's GHG emissions and financial investments. It can be measured in tons of carbon dioxide equivalent (tCO<sub>2</sub>e)
- GHG emissions reduction: This indicator measures the reduction in GHG emissions compared to a previous baseline or set targets. It can be expressed in absolute terms (tCO<sub>2</sub>e) or as a percentage of reduction.
- Emission reduction targets: This indicator sets specific emission reduction targets for the organization. It may be based on the scientific limits of climate change, national or international targets, or other relevant criteria.
- Progress towards emission reduction targets: This indicator assesses the progress made towards the established emission reduction targets. It can be measured by comparing reported emissions to established targets and adjusting the actions needed to achieve the targets.

The **second initiative** for the medium-term consists of implementing objectives that allow establishing emission reduction targets aligned with scientific recommendations to address climate change and developing a comprehensive strategy to reduce greenhouse gas emissions. It can include measures such as the adoption of renewable energy, energy efficiency, transport management, waste reduction and the promotion of sustainable practices in the value chain.

This initiative may include the measurement of the following indicators:

- Use of renewable energies: This indicator records the adoption of renewable energy sources in Titularizadora's operations. It can include in-house renewable energy generation, renewable energy purchases, or participation in renewable energy projects.
- Improved energy efficiency: This indicator assesses the improvement in energy efficiency in Titularizadora's facilities and processes. It can be



measured by reducing energy consumption per unit of production, implementing energy-efficient technologies and practices, and using energy-efficient equipment and systems.

- Sustainable transportation management: This indicator measures the actions taken to promote sustainable transport within Titularizadora. It can include promoting low-emission vehicles, encouraging public transport and supporting active commuting, such as cycling and walking.
- Waste reduction: This indicator records the reduction of waste generated by Titularizadora. It can include implementing recycling and composting programs, reducing the use of single-use materials, optimizing production processes, and promoting the circular economy in waste management.

## Waste

Waste can have significant negative impacts on the environment and people's health if not managed properly. These impacts often extend beyond the places where the waste is generated and disposed of.

Waste can be generated from Titularizadora's own activities or in entities in the value chain. At Titularizadora we do not produce large quantities of waste. The waste we generate is ordinary solid waste; mainly recyclable waste (paper, cardboard, plastic, glass and metals that are not hazardous), non-recyclable waste (sanitary elements, household waste, sweeping waste, metalized paper and contaminated usable material) and organic waste (food scraps). We do not generate industrial or hazardous waste.

However, waste is considered an important topic within the sustainability strategy. We have implemented environmentally friendly waste management to reduce waste through reuse and recycling. Recycling efforts include the recycling of paper from outdated files and cardboard boxes from purchases of materials or objects. The amount of waste generated is not measured, but it is estimated that two hundred and fifty kilograms (250 kg) of non-hazardous waste are produced destined for recycling and disposal.

As a result, initiatives of the "Think Green" Program on waste and paper management, in 2023 zero paper campaigns and a reduction in paper waste in printing were carried out.



## Social

### Our Objective

Promote a fair distribution of financial resources and opportunities to ensure equal access to more inclusive and equitable financial services for society.

### Equity, Diversity, and Inclusion



#### Definition of the material topic

Ensure that equity, diversity, and social inclusion aspects are present within the activities carried out by Titularizadora as a notion of distributive justice and equal access to opportunities. It is about ensuring that all individuals, regardless of socioeconomic background, gender, ethnicity, religion, or sexual orientation, have an equal opportunity to thrive and reach their full potential. Inclusion emerges as a fundamental principle for the construction of a just and harmonious society. These concepts are not only ethical values, but are also imperative for sustainable development, social progress and community cohesion.

#### Explanation of the material topic

The promotion of equity, diversity and inclusion within Titularizadora and in securitizations is essential to build a fairer and more inclusive society. By addressing the barriers many individuals and communities face in accessing quality financial services, we can work toward a future where everyone has the opportunity to reach their economic potential and improve their well-being.

#### Positive and negative impacts assessed

Equity, diversity and inclusion have positive aspects that generate benefits within Titularizadora and in the social environment in which it operates. This helps to manage the complex operating environment and serve customers in the best way, highlighting the following aspects:

1. **Innovation and Creativity:** The diversity of perspectives and experiences fosters creativity and innovation by enabling the generation of new and original ideas.
2. **Better Decision Making:** Including a variety of voices and viewpoints in decision-making processes leads to more informed and balanced decisions.



3. **Better Organizational Performance:** Organizations that promote equity, diversity, and inclusion tend to have better financial performance and a greater ability to attract and retain talent.
4. **Social Cohesion:** Promoting inclusion and equity contributes to greater social cohesion by reducing tensions and promoting mutual understanding among diverse groups.
5. **Personal development:** At Titularizadora, inclusion and equity provide people with a sense of belonging and value, which can improve their self-esteem and emotional well-being.

There are also potential negative impacts of equity that pose concerns and challenges associated with its implementation:

1. **Resistance to Change:** Some people may resist equity, diversity, and inclusion due to entrenched prejudices or fears about losing privilege.
2. **Interpersonal Conflicts:** Cultural and opinion differences can lead to interpersonal conflicts and misunderstandings if not properly addressed.
3. **Risk of Reverse Discrimination:** In some cases, efforts to promote equity and inclusion can lead to perceptions of reverse discrimination among those who feel excluded or marginalized by the changes.
4. **Difficulties in Implementation:** Effective implementation of equity, diversity, and inclusion policies and practices can face obstacles, such as institutional resistance or lack of resources.
5. **Unconscious biases:** Despite efforts to promote equity and inclusion, unconscious biases can influence decision-making and perpetuate unintentional discrimination.

For Titularizadora, it is important to address these challenges in a balanced way to ensure that efforts to achieve equity are effective and beneficial for society as a whole.

While there are challenges associated with equity, diversity, and inclusion, the benefits far outweigh the costs. By addressing these challenges proactively and collaboratively, we can work towards a more just, inclusive, and equitable society for all.

### **Fair and competitive remuneration.**

At Titularizadora we recognize that the remuneration of our employees is a clear manifestation of labor justice and a key element in attracting, retaining and motivating talent. We are committed to establishing and maintaining remuneration practices that reflect the value of the work performed per position, taking into account industry and labor market conditions.

At our company, out of a total of 68 employees, only 4.4% receive a remuneration equivalent to a minimum wage (3 employees).





The remuneration models will take into consideration:

- (a) internal fairness, based on the responsibility and complexity of each position
- b) external fairness, to remain competitive and consistent with market and industry remuneration practices
- c) Transparency: Our communication on remuneration will be clear and transparent.
- d) Updating. We are committed to consulting the market with an appropriate periodicity to be in line with market and sector trends.

Following the equity commitments within the Company, the total annual compensation rate was estimated to be 11.39%, indicating a fair distribution with respect to the level of responsibility and decision-making of the average total employees of Titularizadora.

Regarding the defined benefit plan obligations and other retirement plans, we rely on the Colombian pension plan in compliance with all existing laws and regulations. We recognize and are committed to fully complying with all legal provisions of pension plans in Colombia.

We understand the importance of protecting the rights and benefits of our employees and partners in terms of pensions and we are committed to ensuring continuous compliance with all related legal and regulatory obligations. As part of this commitment, we strive to provide a safe and fair work environment, as well as to offer benefits programs that meet the highest legal and ethical standards.

This disclaimer is intended to confirm our adherence to current and future pension laws and regulations in Colombia. Additionally, we clarify that during the year 2023 we did not receive any kind of financial assistance from the government and that at Titularizadora we do not have employees covered by collective bargaining agreements.

## **Employees**

At the end of December 2023, Titularizadora had 68 employees hired directly by the Company, distributed as follows:



| Number of employees by contract type                | Women 2023 | Men 2023  |
|---|------------|-----------|
| Total employees with permanent full-time contracts  | 29         | 33        |
| Total employees with permanent part-time contracts  |            |           |
| Total employees with fixed-term full-time contracts | 2          | 4         |
| Total employees with fixed-term part-time contracts |            |           |
| Total outsourced employees                          | 1          | 0         |
| <b>TOTAL *</b>                                      | <b>31</b>  | <b>37</b> |

Table 5. 2023 Payroll \*Excludes outsourced employees Source: TC, prepared by us

| Tiers  | Women      | Men        | Total by tier | Percentage of total by tier (%) |
|--|------------|------------|---------------|---------------------------------|
| CEO  | 0          | 1          | 1             | 1%                              |
| Second-tier executives (Chief Executives, Managers and Directors)                | 5          | 8          | 13            | 19%                             |
| Third and fourth tier executives (middle managers: heads of areas, coordinators) | 2          | 3          | 5             | 7%                              |
| Professionals and Analysts   | 15         | 19         | 34            | 50%                             |
| Assistants, cashiers, secretaries and other direct employees                     | 9          | 6          | 15            | 22%                             |
| <b>Total by gender</b>   | <b>31</b>  | <b>37</b>  | <b>68</b>     | <b>100%</b>                     |
| <b>Percentage of total by gender (%)</b>   | <b>46%</b> | <b>54%</b> | <b>100%</b>   |                                 |

Table 6. Payroll by tier Source: TC, prepared by us

### New employee hires and employee turnover

During 2023, ten (10) people were hired, of whom 40% (4 employees between the ages of 17 and 46) were women and 60% (6 employees between the ages of 20 and 50) were men.



## Employee turnover rate

The employee turnover rate is a key indicator of an organization's workplace environment and stability.

Even though there is no single top threshold for all companies, a turnover rate above the industry average or above the organization's historical trends may be an indication of underlying problems.

| Turnover: ((New hires + left)/2)* 100 | 2019       | 2020      | 2021       | 2022       | 2023                   |
|---------------------------------------|------------|-----------|------------|------------|------------------------|
| <b>Men</b>                            | 11%        | 10%       | 7%         | 10%        | 39.3%                  |
| <b>Women</b>                          | 9%         | 5%        | 3%         | 5%         | 9.89%                  |
| <b>Total</b>                          | <b>10%</b> | <b>8%</b> | <b>11%</b> | <b>16%</b> | <b>15%<sup>5</sup></b> |

Table 7. Personnel turnover. Source: TC, prepared by us

By comparing the historical average of our turnover rates (12%) against the 2023 rate, we can see an opportunity to improve the workplace environment. Implementing talent retention programs or reviewing HR policies will help maintain team stability and ensure the organization's operational continuity.

## Typical benefits

At Titularizadora, employees have the following benefits:

- Life insurance.
- Payment of 100% time of absence due to medical sick leave from day 3 onwards.

## Parental leave

During 2023, no employees used parental leave.

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<sup>5</sup> At Titularizadora we define the turnover rate as follows:  $R = S / ((I + F) / 2) \times 100$ . Where: R = turnover rate; S = personnel who left the company in the period. 9 people; I = personnel in place at the start of the period. 62 people; F = personnel in place at the end of the period 62. The turnover rate in 2023 was: R = 14.52%.



## Training and Performance Evaluations

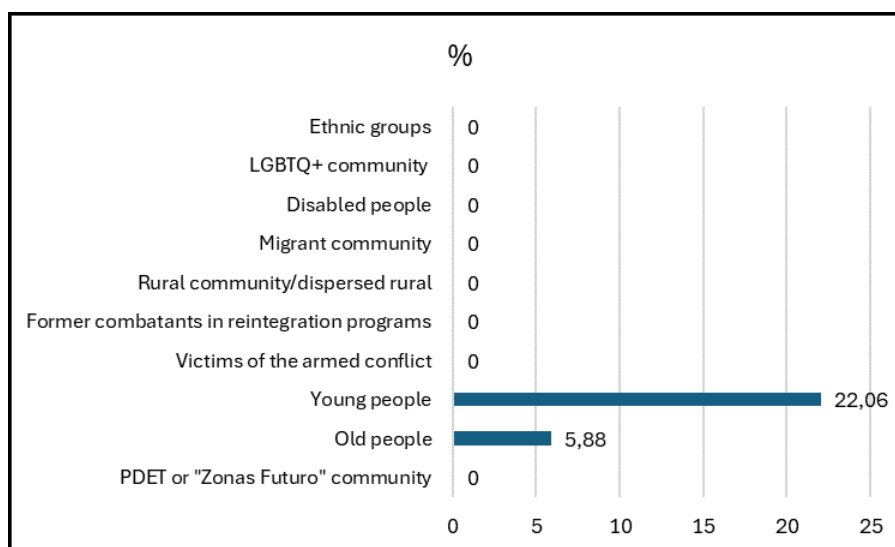
During 2023, the following performance evaluations were made:

| Tiers  | Women     | Men       | Total number by tier | Total number by tier (%) |
|--|-----------|-----------|----------------------|--------------------------|
| CEO  |           | 1         | 1                    | 100%                     |
| Second-tier executives (Chief Executives, Managers and Directors)                | 5         | 8         | 13                   | 100%                     |
| Third and fourth tier executives (middle managers: heads of areas, coordinators) | 2         | 3         | 5                    | 100%                     |
| Professionals and Analysts   | 15        | 19        | 34                   | 100%                     |
| Assistants, cashiers, secretaries and other direct employees                     | 2         | 2         | 4                    | 27%                      |
| <b>Total</b>   | <b>24</b> | <b>33</b> | <b>57</b>            | <b>84%</b>               |

Table 8. Details of Employee Evaluations Source: TC, prepared by us.

At Titularizadora we have a training and education plan for employee development, which is implemented within periods of between one and two years.

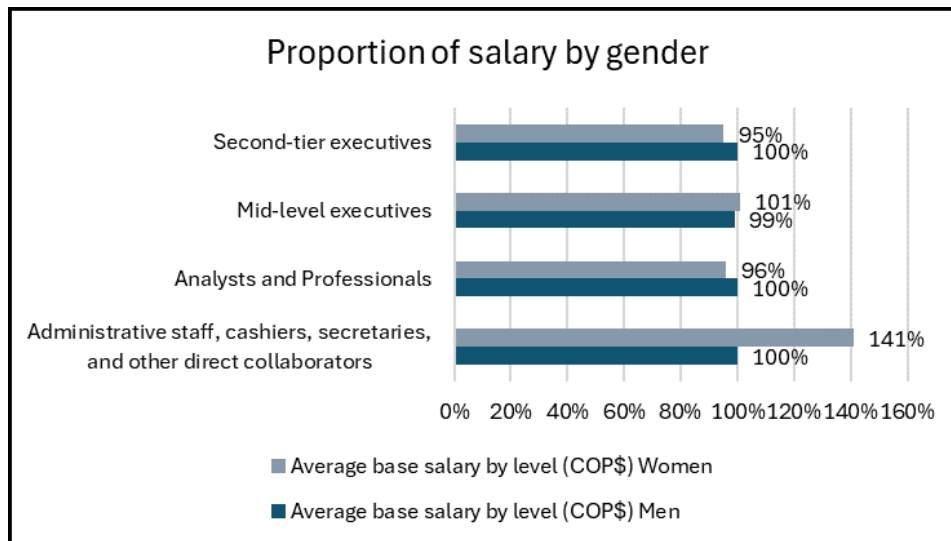
Our composition of employees is shown in graph 15 below:



Graph 15. Details of employees Source: TC, prepared by us



## Ratio between men's and women's salaries



Graph 16. Proportion of salary by gender Source: TC, prepared by us.

## Discrimination

In 2023, no cases of discrimination were reported at Titularizadora.

In summary, equity in Titularizadora is essential to promote a just, inclusive and prosperous society in the environments of influence

## Impact Management

At Titularizadora we established a work plan to strengthen our impact in terms of equity, diversity and inclusion. The plan considers the development and implementation of the following initiatives and indicators:

1. Establish a clear diversity, equity, and inclusion policy that promotes equal opportunities in all areas and establishes effective strategies to prevent and eliminate any form of discrimination or inequity based on characteristics such as gender, race, religion, sexual orientation, disability, or age.
  - Have an established policy, approved by senior management and disseminated to 100% of the organization
  - Standardization and equity in work positions
  - Established inventory of staff positions
  - Establish a diversity, equity, and inclusion training program for all employees. These programs may include interactive workshops,



awareness sessions, and trainings in communication skills and inclusive management. It fosters empathy, respect, and understanding of different perspectives and cultures.

- Upon completion of the training, an evaluation will be made to determine the index of knowledge and perception of the subject. The training includes the company's managers to promote inclusive leadership (communication skills, acceptance and appreciation of diverse perspectives).
  - 360 Evaluation of Leaders, Performance Management System (SGD, for the Spanish original). The latter will have a mandatory item for bosses that allows measuring their results in terms of the promotion and application of diversity and inclusion criteria, with an established minimum of 90% compliance.
2. Implement a recruitment strategy that fosters diversity and inclusion. Expand the search for talent through various channels such as professional associations, minority communities or mentoring programs. Use inclusive language in job descriptions and ensure that selection processes are impartial and objective.
- Any job opening published by any means will have no age, gender or other limits.
  - Contact basic training entities, foundations that have candidates who can apply for a position in the company.
  - The Recruitment and Selection Manual is adjusted to make explicit the use of inclusive language in job offers, hiring minorities and women so that a selection process is carried out that promotes diversity and inclusion. Various means of recruitment are currently used, such as the job postings of the Colsubsidio Compensation Fund, which is linked to the employment policy of the National Government with a public employment platform.
  - The Well-being and Training Manual includes the contracting of suppliers who certify their priority in hiring minorities, women and people with disabilities or companies belonging to this type of population.
  - Request demographic information from new hires during the hiring process, as long as it is voluntary and agrees with privacy and data protection policies. It will be included in the "Admission Form".



- Regularly track the data collected and analyze the trend of the diversity index in hiring over time. This enables evaluating the progress and outcomes of the diversity-oriented recruitment strategy to identify areas for improvement.
3. Train leaders in inclusive leadership skills such as active listening, managing unconscious bias, and promoting diversity. Encourage leaders to set concrete goals and measures to foster diversity in their teams and promote an inclusive culture.
- Establish evaluation criteria: Define clear and measurable criteria that reflect inclusive leadership skills and the promotion of diversity. These criteria may include the ability to actively listen to and value diverse perspectives, promoting inclusion in decision-making, and implementing equitable practices in talent management.
  - Carry out periodic evaluations: Conduct periodic evaluations of leaders' performance against established criteria. This can involve collecting data through 360-degree evaluations, performance reviews, employee surveys, and direct feedback from work teams.
  - Analysis of the results: Analyze the data collected and evaluate the performance of leaders in promoting diversity and inclusion. This may include assigning scores or categories according to established criteria.

## Human Rights



### Definition of the material topic

Ensure that Titularizadora respects Human Rights and generates due diligence in all its actions aligned with the guiding principles and fundamental rights at work defined for companies, the United Nations (UN) Declaration of Human Rights and the International Labour Organization (ILO).

### Explanation of the material topic



Compliance with Human Rights is essential to promote corporate responsibility, ensure sustainability, manage risks and create value for the company and society.

Human rights remind us of our responsibility to our fellow human beings and to ourselves. They are the fundamental principles that guide our social interactions and corporate governance, reminding us that every person deserves respect, dignity, and freedom. In a world marked by diversity and complexity, human rights are the foundations on which we can build a just, equitable and peaceful society.

Human rights are universal, inalienable and indivisible. Universal, in the sense that they apply to all people, regardless of nationality, race, gender, religion, sexual orientation, or any other characteristic. Inalienable, because they are inherent to the human condition and cannot be taken away or negotiated. Indivisible, since all rights, whether civil, political, economic, social or cultural, are interdependent and complementary.

The promotion and protection of human rights is the responsibility of governments, international organizations, businesses and civil society. Governments have an obligation to ensure that laws and policies protect and promote the human rights of all persons within their jurisdiction. Companies must respect them in all their operations and avoid any involvement in abuses against them. Civil society has a crucial role to play in defending human rights, advocating for change, and providing support to those facing violations of their rights.

It is important to remember that human rights are not only mere aspirations, but also legal and moral commitments that must be defended and protected at all times. As we face global challenges such as poverty, inequality, climate change, and the pandemic, it is more important to reaffirm our commitment to Human Rights and work together to ensure that they are a reality for all people, everywhere.

### **Positive and negative impacts**

The positive effects of human rights are abundant and significant. These are some of the main ones:

1. **Dignity and Respect:** Human Rights recognize and protect the inherent dignity of every individual, regardless of their origin, gender, race, religion, sexual orientation, or any other characteristic.
2. **Justice and Equity:** Human rights promote justice and equity by ensuring that all people have access to equality before the law and a fair trial. This helps prevent discrimination and systematic injustice.
3. **Freedom and Autonomy:** Human rights protect freedom of thought, expression, religion and association, as well as individual autonomy. This allows people to live self-determined lives and exercise their rights in accordance with their own convictions.





4. **Human Development:** Human rights are closely linked to human development by ensuring access to education, health, decent employment and other resources necessary for people's growth and well-being.
5. **Peace and Stability:** Human rights are fundamental to building peaceful and stable societies, as they promote inclusion, tolerance and mutual respect among diverse individuals and groups.
6. **Empowerment:** By ensuring equal opportunities and protection against discrimination, Human Rights empower people to participate fully in society and make decisions about their own lives.
7. **Accountability and Transparency:** Human rights require that governments and other authorities be accountable for their actions before the law and before society. This promotes transparency and accountability at all levels of government.
8. **Protection in Situations of Vulnerability:** Human Rights protect individuals in vulnerable situations, such as refugees, migrants, children, persons with disabilities and other marginalized groups, ensuring that their needs are met, and their rights respected.

Although human rights are fundamental to the protection and well-being of individuals, they can sometimes pose challenges or generate negative effects. These are a few examples:

1. **Abuse of Rights:** In some cases, individuals may attempt to take advantage of human rights for personal gain or to justify negative behaviors, such as misusing freedom of expression to spread hate speech or manipulating anti-discrimination laws for unfair advantage.
2. **Conflicts between Rights:** In situations where the rights of different groups are in conflict, it can be difficult to find the right balance. For example, religious freedom rights may conflict with gender equality rights in cases of religious practices that discriminate against women.
3. **Legal and Regulatory Limitations:** In some cases, the implementation of human rights may require the imposition of legal limitations and regulations that may create tensions between the protection of individual rights and the needs of public security or other collective interests.
4. **Economic and Social Costs:** Some measures to guarantee human rights, such as the implementation of universal health care or free education programs, can generate significant economic costs for governments and society at large, which can sometimes trigger political or social resistance.
5. **Impact on National Sovereignty:** Sometimes, the intervention of international organizations or other states in the name of Human Rights can be perceived as interference in the internal affairs of a country, generating diplomatic or political tensions.



6. Difficulties in Crisis Situations: In emergency or crisis situations, such as armed conflict or natural disasters, it can be difficult to guarantee all human rights due to resource constraints or adverse conditions.

## **Impact Management**

It is important to recognize these potential negative effects and address them proactively to ensure that the protection of human rights is balanced and effective in all circumstances. To this end, at Titularizadora we have a work plan for the development of capacities focused on strengthening management in the face of respect for Human Rights. Below, we present each initiative with its respective indicators or specific actions:

1. Establish a clear Human Rights policy that reflects the financial institution's commitment to respect and protect Human Rights in all its operations.
  - Have an established policy, approved by senior management and disseminated to 100% of the organization.
  - Develop a unique survey focused on human rights commitments and sustainability within the company's work context. This survey should be structured to specifically address the commitments stated in this policy. The survey should be administered virtually to all employees, ensuring confidentiality of responses to encourage openness and participation. The results of the survey will be used to identify areas for improvement and develop specific plans to address the opportunities identified and thus strengthen compliance with the commitments declared in this policy.
  - Implement non-discrimination policies in all aspects of the company, from hiring to internal human resources policies, especially in the processes of recruitment, selection, hiring and retirement of personnel.
  - Ensure inclusion policies that recognize and respect the diversity of individual identities.
  - Keep internal compensation and compensation procedures up to date, where competitive salaries and internal equity are favored
  - Establish clear and fair procedures for decision-making and dispute resolution
  - Maintain data privacy policies in contracts with employees and third parties and ensure confidentiality in employees' personal affairs inside and outside the company
  - Keep the occupational risk assessment system updated according to the occupational health and safety management system manual (OHSMS).



- Promote and keep the training procedure updated, where the strengthening of technical capacities is promoted through specializations, master's degrees and recognized international certifications that add new knowledge to the professional and the business.
- Participate in joint initiatives, dialogues and partnerships that seek to promote respect for human rights in the financial sector. Keep records of partnerships and collaborations: Keep an updated record of the related forums and congresses attended during the year.



## Appendix

### GRI Contents Index

|   |  |
|---|--|
| <b>Statement of use</b>   | Titularizadora Colombiana S.A. has reported in accordance with GRI standards for the period 01/01/2023-12/31/2023. |
| <b>GRI 1 used</b>   | GRI 1: Core Option 2021  |
| <b>Applicable GRI Sector Standard(s)</b>  | Not applicable   |
| Anti-corruption Policy PAC  |  |
| PWT: Titularizadora website <a href="https://www.titularizadora.com/es/nuestra-compania">https://www.titularizadora.com/es/nuestra-compania</a>   |  |
| CBGC: Good Governance Corporate Code<br><a href="https://www.titularizadora.com/sites/default/files/Anexo1_1.pdf">https://www.titularizadora.com/sites/default/files/Anexo1_1.pdf</a>                                 |  |
| IGFE: 2023 End-of-year Management Report<br><a href="https://www.titularizadora.com/sites/default/files/informes/informetc2024.pdf">https://www.titularizadora.com/sites/default/files/informes/informetc2024.pdf</a> |  |

| GRI STANDARD/<br>OTHER SOURCE          | DISCLOSURE   | LOCATION  | OMISSION   |        |             |
|--|--|-----------|--|--------|-------------|
|  |  |           | REQUIREMENT(S) OMITTED   | REASON | EXPLANATION |
| <b>General Disclosures</b>             |  |           |  |        |             |
| <b>GRI 2: General Disclosures 2021</b> | Disclosure 2-1<br>Organizational details   | Page 3    | <i>A field shaded in gray indicates that no reasons for omitting disclosure are allowed or that a reference number for a GRI Sector Standard is not available.</i> |        |             |
|  | Disclosure 2-2<br>Entities included in the organization's sustainability reporting | Page 3.4  |  |        |             |
|  | Disclosure 2-3<br>Reporting period, frequency and contact point                    | Page 3.4  |  |        |             |
|  | Disclosure 2-4<br>Restatements of information                                      | Page 3, 4 |  |        |             |
|  | Disclosure 2-5<br>External assurance   | Page 4    |  |        |             |



|  |                                 |     |                |   |
|--|---------------------------------|-----|----------------|---|
| Disclosure 2-6<br>Activities, value chain and other business relationships                     | PWT                             |     |                |   |
| Disclosure 2-7<br>Employees  | Page 59, 60                     |     |                |   |
| Disclosure 2-8<br>Workers who are not employees  |                                 | All | Does not apply | The organization has no workers other than direct employees |
| Disclosure 2-9<br>Governance structure and composition   | IGFE 90-100                     |     |                |   |
| Disclosure 2-10<br>Nomination and selection of the highest governance body                     | CBGC Page 13                    |     |                |   |
| Disclosure 2-11<br>Chair of the highest governance body  | CBGC Page 18.31                 |     |                |   |
| Disclosure 2-12<br>Role of the highest governance body in overseeing the management of impacts | Page 13, 14, 15, 16             |     |                |   |
| Disclosure 2-13<br>Delegation of responsibility for managing impacts                           | Page 8, 9, 10 -IGFG<br>Page 119 |     |                |   |
| Disclosure 2-14<br>Role of the highest governance body in sustainability reporting             | Page 13, 14, 15, 16             |     |                |   |
| Disclosure 2-15<br>Conflicts of interest   | CBGC Page 13, 25-28             |     |                |   |



|  |                                      |  |  |  |
|--|--------------------------------------|--|--|--|
| Disclosure 2-16<br>Communication<br>of critical<br>concerns                                    | Page 23, 24<br>25-CBGC<br>Page 35.36 |  |  |  |
| Disclosure 2-17<br>Collective<br>knowledge of<br>the highest<br>governance<br>body             | Page 63, 64                          |  |  |  |
| Disclosure 2-18<br>Evaluation of<br>the<br>performance of<br>the highest<br>governance<br>body | CBGC: Page<br>17                     |  |  |  |
| Disclosure 2-19<br>Remuneration<br>policies  | IGFE Page<br>103                     |  |  |  |
| Disclosure 2-20<br>Process to<br>determine<br>remuneration                                     | IGFE Page<br>103                     |  |  |  |
| Disclosure 2-21<br>Annual total<br>compensation<br>ratio                                       | Page 58                              |  |  |  |
| Disclosure 2-22<br>Statement on<br>sustainable<br>development<br>strategy                      | Page 6                               |  |  |  |
| Disclosure 2-23<br>Policy<br>commitments   | IGFE<br>111,120.                     |  |  |  |
| Disclosure 2-24<br>Embedding<br>policy<br>commitments  | Page 13                              |  |  |  |
| Disclosure 2-25<br>Processes to<br>remedy<br>negative<br>impacts                               | Page 24                              |  |  |  |
| Disclosure 2-26<br>Mechanisms<br>for seeking<br>advice and<br>raising<br>concerns              | Page 23, 24                          |  |  |  |
| Disclosure 2-27<br>Compliance  | Page 24, 25                          |  |  |  |



|   |   |                 |  |  |  |
|---|---|-----------------|--|--|--|
|   | with laws and regulations   |                 |  |  |  |
|   | Disclosure 2-28 Membership associations   | Page 18, 19, 20 |  |  |  |
|   | Disclosure 2-29 Approach to stakeholder engagement  | Page 14, 15     |  |  |  |
|   | Disclosure 2-30 Collective bargaining agreements  | Page 58         |  |  |  |
| <b>Material Topics</b>                    |   |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b>        | Disclosure 3-1 Process to determine material topics   | Page 14, 15, 16 | <i>A field shaded in gray indicates that no reasons for omitting disclosure are allowed or that a reference number for a GRI Sector Standard is not available.</i> |  |  |
|   | Disclosure 3-2 List of material topics  | Page 17.18      |  |  |  |
| <b>Economic Performance</b>               |   |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b>        | Disclosure 3-3 Management of material topics  | Page 21-29      |  |  |  |
| <b>GRI 201: 2016 Economic Performance</b> | Disclosure 201-1 Direct economic value generated and distributed                                | Page 33         |  |  |  |
|   | Disclosure 201-2 Financial implications and other risks and opportunities due to climate change | Page 22-25      |  |  |  |
|   | Disclosure 201-3 Defined benefit plan obligations and other retirement plans                    | Page 58, 60     |  |  |  |
|   | Disclosure 201-4 Financial  | Page 58         |  |  |  |



|  |  |                 |  |  |  |
|--|--|-----------------|--|--|--|
|  | assistance received from government  |                 |  |  |  |
| <b>Anti-corruption</b>                         |  |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b>             | Disclosure 3-3 Management of material topics   | Page 21-29      |  |  |  |
| <b>GRI 205: 2016 Anti-corruption</b>           | Disclosure 205-1 Operations assessed for risks related to corruption                             | Page 29, 30     |  |  |  |
|  | Disclosure 205-2 Communication and training about anti-corruption policies and procedures        | Page 29, 30     |  |  |  |
|  | Disclosure 205-3 Confirmed incidents of corruption and actions taken                             | Page 31         |  |  |  |
| <b>Anti-competitive behavior</b>               |  |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b>             | Disclosure 3-3 Management of material topics   | Page 21-29      |  |  |  |
| <b>GRI 206: Anti-competitive behavior 2016</b> | Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Page 31         |  |  |  |
| <b>Tax</b>                                     |  |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b>             | Disclosure 3-3 Management of material topics   | Page 21-29      |  |  |  |
| <b>GRI 207: Tax 2019</b>                       | Disclosure 207-1 Approach to tax   | Page 31, 32, 33 |  |  |  |
|  | Disclosure 207-2 Tax governance, control, and risk management                                    | Page 31, 32, 33 |  |  |  |





|  |   |                 |     |                                      |   |
|--|---|-----------------|-----|--------------------------------------|---|
|  | Disclosure 207-3 Stakeholder engagement and management of concerns related to tax | Page 31, 32, 33 |     |                                      |   |
|  | Disclosure 207-4 Country-by-country reporting                                     |                 | All | Does not apply                       | The organization only operates in one country |
| <b>Energy</b>                            |   |                 |     |                                      |   |
| <b>GRI 3: Material Topics 2021</b>       | Disclosure 3-3 Management of material topics                                      | Page 49.50      |     |                                      |   |
| <b>GRI 302: Energy 2016</b>              | Disclosure 302-1 Energy consumption within the organization                       | Page 50.51      |     |                                      |   |
|  | Disclosure 302-2 Energy consumption outside of the organization                   |                 | All | Information not available/incomplete |   |
|  | Disclosure 302-3 Energy intensity   |                 | All | Information not available/incomplete |   |
|  | Disclosure 302-4 Reduction of energy consumption                                  | Page 50         |     |                                      |   |
|  | Disclosure 302-5 Reductions in energy requirements of products and services       |                 | All | Information not available/incomplete |   |
| <b>Water and Effluents</b>               |   |                 |     |                                      |   |
| <b>GRI 3: Material Topics 2021</b>       | Disclosure 3-3 Management of material topics                                      | Page 51         |     |                                      |   |
| <b>GRI 303: Water and Effluents 2018</b> | Disclosure 303-1 Interaction with water as a shared resource                      | Page 51, 52, 53 |     |                                      |   |



|                                    |  |                 |     |                                      |                           |
|------------------------------------|--|-----------------|-----|--------------------------------------|---------------------------|
|                                    | Disclosure 303-2 Management of water discharge-related impacts                                   |                 | All | Does not apply                       | Does not apply            |
|                                    | Disclosure 303-3 Water withdrawal  |                 | All | Does not apply                       | Does not apply            |
|                                    | Disclosure 303-4 Water discharge   |                 | All | Does not apply                       | Does not apply            |
|                                    | Disclosure 303-5 Water consumption   | Page 52         |     |                                      |                           |
| <b>Emissions</b>                   |  |                 |     |                                      |                           |
| <b>GRI 3: Material Topics 2021</b> | Disclosure 3-3 Management of material topics   | Page 53, 54, 55 |     |                                      |                           |
| <b>GRI 305: Emissions 2016</b>     | Content 305-1 Direct GHG emissions (scope 1)   |                 | All | Information not available/incomplete | Information not available |
|                                    | Disclosure 305-2 Indirect GHG emissions associated with energy (scope 2)                         |                 | All | Information not available/incomplete | Information not available |
|                                    | Disclosure 305-3 Other indirect GHG emissions (scope 3)  |                 | All | Information not available/incomplete | Information not available |
|                                    | Disclosure 305-4 GHG emissions intensity   |                 | All | Information not available/incomplete | Information not available |
|                                    | Disclosure 305-5 Reduction of GHG emissions  | Page 53, 54, 55 |     |                                      |                           |
|                                    | Disclosure 305-6 Emissions of ozone-depleting substances (ODS)                                   |                 | All | Does not apply                       | Does not apply            |
|                                    | Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions |                 | All | Does not apply                       | Does not apply            |



| <b>Waste</b>                       |   |                 |  |  |  |
|------------------------------------|---|-----------------|--|--|--|
| <b>GRI 3: Material Topics 2021</b> | Disclosure 3-3 Management of material topics  | Page 55         |  |  |  |
| <b>GRI 306: Waste 2020</b>         | Disclosure 306-1 Waste generation and significant waste-related impacts   | Page 55         |  |  |  |
|                                    | Disclosure 306-2 Management of significant waste related impacts  | Page 55         |  |  |  |
|                                    | Disclosure 306-3 Waste generated  | Page 55         |  |  |  |
|                                    | Disclosure 306-4 Waste diverted from disposal   | Page 55         |  |  |  |
|                                    | Disclosure 306-5 Waste directed to disposal   | Page 55         |  |  |  |
| <b>Employment</b>                  |   |                 |  |  |  |
| <b>GRI 3: Material Topics 2021</b> | Disclosure 3-3 Management of material topics  | Page 56, 57, 58 |  |  |  |
| <b>GRI 401: Employment 2016</b>    | Disclosure 401-1 New employee hires and employee turnover   | Page 60         |  |  |  |
|                                    | Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Page 60         |  |  |  |
|                                    | Disclosure 401-3 Parental leave   | Page 60         |  |  |  |
| <b>Training and Education</b>      |   |                 |  |  |  |
| <b>GRI 3: Material</b>             | Disclosure 3-3 Management of material topics  | Page 47         |  |  |  |



| Topics 2021  |   |                 |     |                                      |  |
|--|---|-----------------|-----|--------------------------------------|--|
| <b>GRI 404: Training and Education 2016</b>            | Disclosure 404-1 Average hours of training per year per employee                                      |                 | All | Information not available/incomplete | The organization is defining the training program that will be carried during the following year |
|  | Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs            |                 | All | Information not available/incomplete | The organization is defining the training program that will be carried during the following year |
|  | Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews | Page 61         |     |                                      |  |
| <b>Diversity and Equal Opportunities</b>               |   |                 |     |                                      |  |
| <b>GRI 3: Material Topics 2021</b>                     | Disclosure 3-3 Management of material topics  | Page 56, 57, 58 |     |                                      |  |
| <b>GRI 405: Diversity and Equal Opportunities 2016</b> | Disclosure 405-1 Diversity of governance bodies and employees   | Page 62         |     |                                      |  |
|  | Disclosure 405-2 Ratio of basic salary and remuneration of women to men                               | Page 62         |     |                                      |  |
| <b>No Discrimination</b>                               |   |                 |     |                                      |  |



|  |   |                 |  |  |  |
|--|---|-----------------|--|--|--|
| <b>GRI 3: Material Topics 2021</b>     | Disclosure 3-3 Management of material topics                              | Page 56, 57, 58 |  |  |  |
| <b>GRI 406: No Discrimination 2016</b> | Disclosure 406-1 Incidents of discrimination and corrective actions taken | Page 52         |  |  |  |

## Mapping of SASB Standards

The following map of the standards of the Sustainability Accounting Standards Board (SASB) is specially designed for the information requirements of investors and other capital market agents in connection with sustainability matters.

SASB's reporting standards are industry-specific and cover ESG reporting criteria for 77 industries. Given Titularizadora's position in the secondary mortgage market, some of the risks and opportunities of our business model are different than those of companies that originate loans or lend money directly to borrowers in the primary market.

To provide transparency on topics related to other important facets of our business, we map the SASB metrics related to the mortgage finance and investment banking and brokerage industries that are most relevant to our business.

The accounting metrics are closely aligned with the GRI reporting framework.

| Topic                | Accounting Parameter  | Code         |
|----------------------|---|--------------|
| Practices of lending | Number and value of residential mortgages of the following types: <ul style="list-style-type: none"> <li>▪ Hybrid or Option Adjustable-rate Mortgages (ARM)</li> <li>▪ Prepayment Penalty</li> <li>▪ Higher Rate</li> <li>▪ Total, by FICO (Fair Isaac Corporation) scores above or below 660.</li> </ul> | FN-MF-270a.1 |
|                      | Number and value of <ul style="list-style-type: none"> <li>▪ Residential mortgage modifications</li> <li>▪ foreclosures</li> <li>▪ and short sales or deeds in lieu of foreclosure, by FICO scores above and below 660.</li> </ul>  | FN-MF-270a.2 |



|  |   |              |
|--|---|--------------|
|  | Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators.   | FN-MF-270a.3 |
|  | Description of the remuneration structure of loan originators   | FN-MF-270a.4 |
| Discriminatory Lending   | Number, value, and weighted average loan-to-value (LTV) ratio of mortgages issued to: <ul style="list-style-type: none"> <li>▪ minority borrowers</li> <li>▪ all other borrowers, by FICO scores above and below 660.</li> </ul>                      | FN-MF-270b.1 |
|  | Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending.   | FN-MF-270b.2 |
|  | Description of policies and procedures for ensuring nondiscriminatory mortgage origination.   | FN-MF-270b.3 |
| Risk of the environment of the mortgaged properties  | Number and value of mortgage Loans in 100-year flooding zones   | FN-MF-450a.1 |
|  | Total expected loss and Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather related natural catastrophes, by geographic region.   | FN-MF-450a.2 |
|  | Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting   | FN-MF-450a.3 |
| Activity metrics   | Number and value of mortgages originated by category: <ul style="list-style-type: none"> <li>▪ Residential</li> <li>▪ Commercial</li> </ul>   | FN-MF-000.A  |
|  | Number and value of mortgages purchased by category: <ul style="list-style-type: none"> <li>▪ Residential</li> <li>▪ Commercial</li> </ul>  | FN-MF-000.B  |
| Employee diversity and inclusion   | Percentage of representation by gender and racial/ethnic groups in: <ul style="list-style-type: none"> <li>▪ Executive management</li> <li>▪ Non-executive management</li> <li>▪ Professionals</li> <li>▪ All other employees</li> </ul>              | FN-IB-330a.1 |
| Incorporation of environmental, social and corporate governance factors in the investment banking and brokerage activities | Revenues from transactions of <ul style="list-style-type: none"> <li>▪ Subscription</li> <li>▪ Advisory</li> <li>▪ Securities trading activities that incorporate environmental, social and corporate governance (ESG) factors by industry</li> </ul> | FN-IB-410a.1 |
|  | Number and total value of investments and loans that incorporate environmental, social and corporate governance (ESG) factors by industry   | FN-IB-410a.2 |
|  | Description of the approach to incorporate environmental, social and corporate governance (ESG) factors in  | FN-IB-410a.3 |



|                                     |  |              |
|-------------------------------------|--|--------------|
|                                     | the investment banking and brokerage activities  |              |
| Corporate Ethics                    | Total amount of monetary losses as a result of legal proceedings related to fraud, use of privileged information, anti-trust, unfair competition, market manipulation, malpractice or other associated laws or regulations of the financial industry | FN-IB-510a.1 |
|                                     | Description of policies and procedures to report irregularities  | FN-IB-510a.2 |
| Professional integrity              | Number and percentage of employees Covered with a history of investigations related to investments, consumer complaints, private civil litigation or other regulatory procedures   | FN-IB-510b.1 |
|                                     | Number of cases of mediation and arbitration related to professional integrity, Including the duty of due diligence, by party  | FN-IB-510b.2 |
|                                     | Total amount of monetary losses as a result of legal proceedings related to professional integrity, including the duty of due diligences   | FN-IB-510b.3 |
|                                     | Description of the approach to guarantee professional integrity, including the duty of due diligence   | FN-IB-510b.4 |
| Management of Systemic risk         | Score of the assessment of global systemic importance of the bank (G-SIB), by category   | FN-IB-550a.1 |
| Employee Incentives and risk-taking | Percentage of total remuneration that is variable for material risk takers (MRT)   | FN-IB-550b.1 |
|                                     | Percentage of variable remuneration of the material risk takers (MRT) to which clauses of penalization or recovery were applied  | FN-IB-550b.2 |
|                                     | Analysis of policies related to Supervision, control and validation of the prices of level 3 asset and liability operators   | FN-IB-550b.3 |
| Activity metrics                    | Number and value of <ul style="list-style-type: none"> <li>▪ Subscription transactions</li> <li>▪ Advisory</li> <li>▪ Securities market trading</li> </ul>   | FN-IB-000.A  |
| Activity metrics                    | Number and value of the investments and loans of property by sector  | FN-IB-000.B  |
| Activity metrics                    | Number and value of market-maker transactions in: <ul style="list-style-type: none"> <li>▪ Fixed income</li> <li>▪ Shares</li> <li>▪ Foreign currency</li> <li>▪ Derivatives</li> <li>▪ Basic products</li> </ul>                                    | FN-IB-000.C  |

