



# Governance, Risk and Compliance Framework 2023

SUPERINTENDENCIA FINANCIERA  
DE COLOMBIA

VIGILADO



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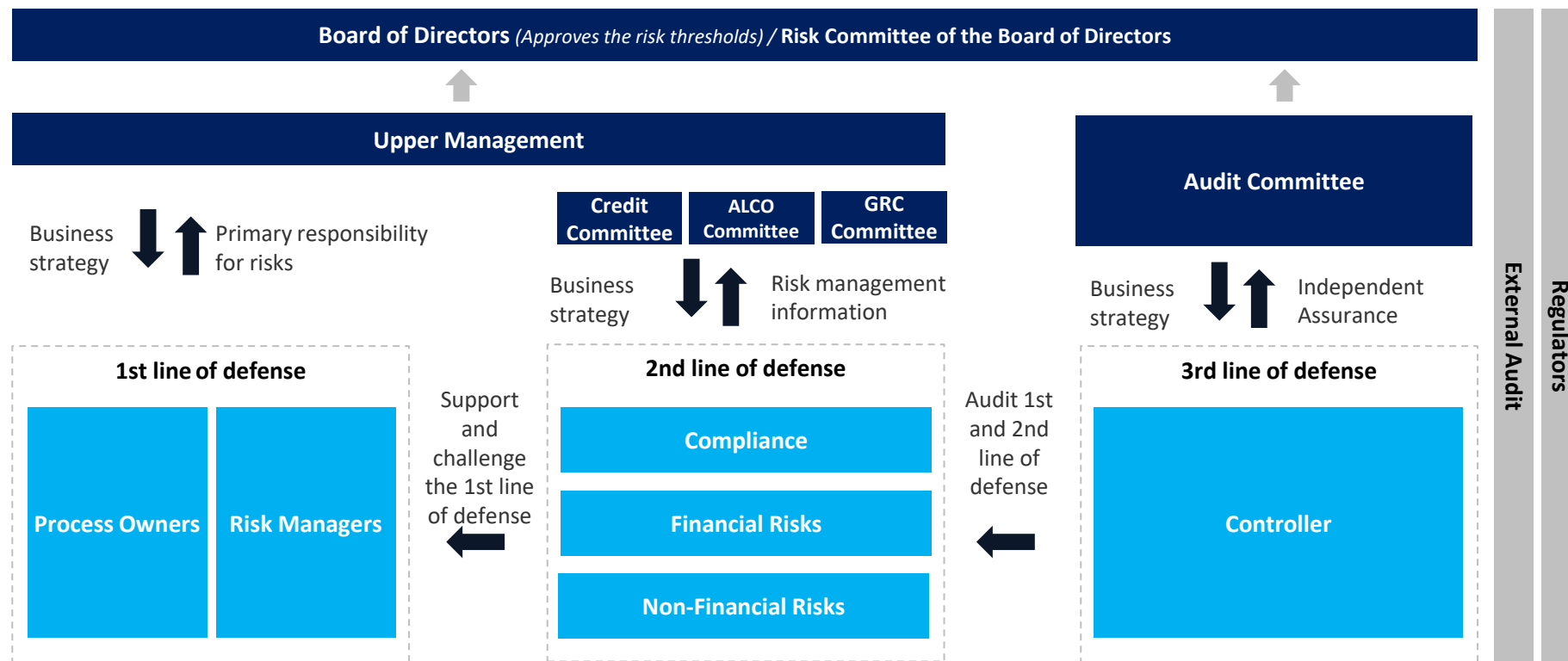
Governance, Risk and Compliance (GRC) framework is a model that defines the tasks and competences to supervise and manage risks and compliance within the organization to reliably achieve business objectives.



- ▶ **Corporate Governance:**
  - ▶ Responsible for managing risks and compliance.
  - ▶ Alignment with the objectives of the organization.
- ▶ **Risk:**
  - ▶ Visualizes risks for informed decision making.
- ▶ **Compliance:**
  - ▶ Oversight and management of the organization's response to regulatory requirements.

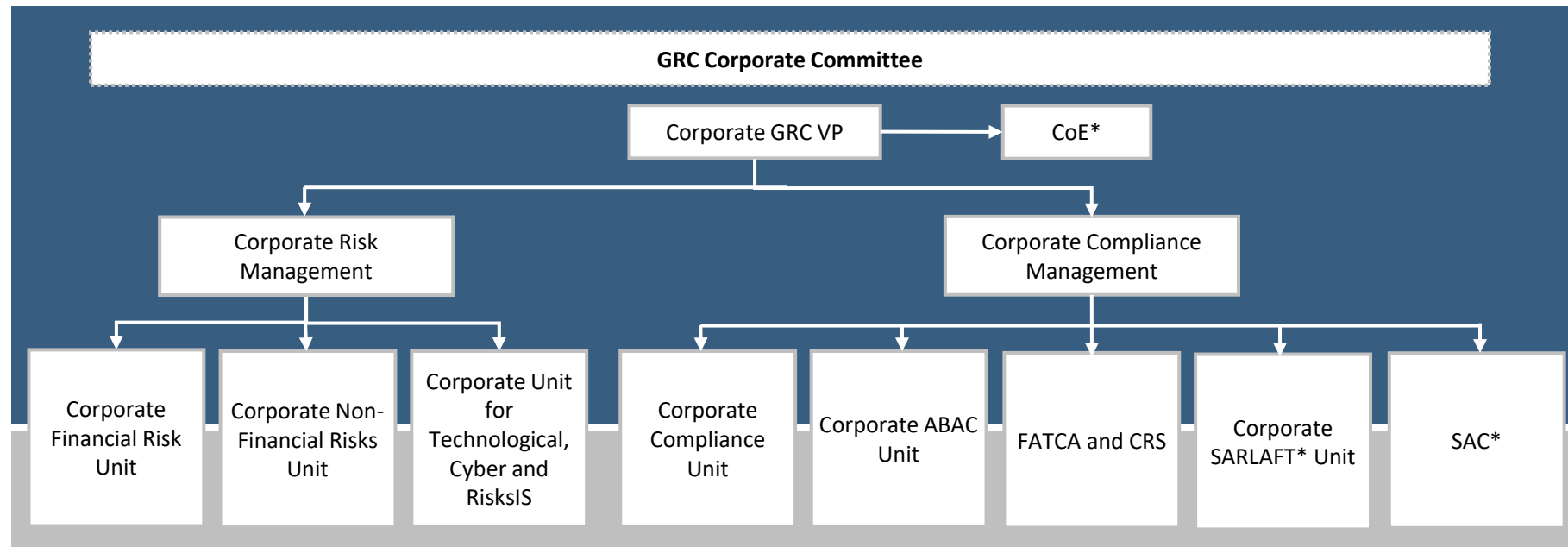
# 3LoD model within Corficolombiana

The three lines of defense (3LoD) model provides a risk management framework by defining management, oversight and control responsibilities  
The 3LoD is articulated as follows:



# Structure of the 2<sup>nd</sup> LoD - Corficolombiana

The structure of the 2<sup>nd</sup> LoD to supports the model is:



- With this structure, we consolidate our position as one of the first Group companies to have implemented a Comprehensive Risk and Compliance Management system.
- Currently the 2<sup>nd</sup> LoD includes highly qualified individuals with extensive experience to lead the challenges we face.

■ Corficolombiana    ■ Financial Subsidiaries

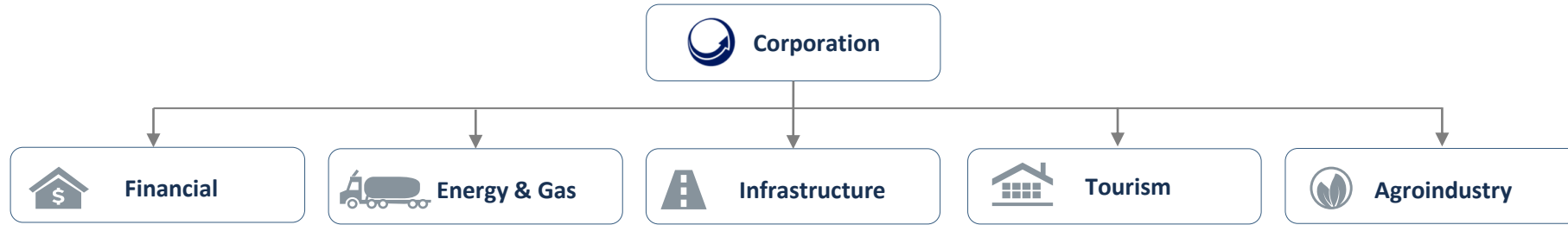
Each Affiliate and Subsidiary has its own structure, which is under the direction of the Corporate GRC VP.

\*CoE: Centers of Excellency / SAC: Financial Consumer Service System

SARLAFT: Risk Management System for the Prevention of Money Laundering, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction

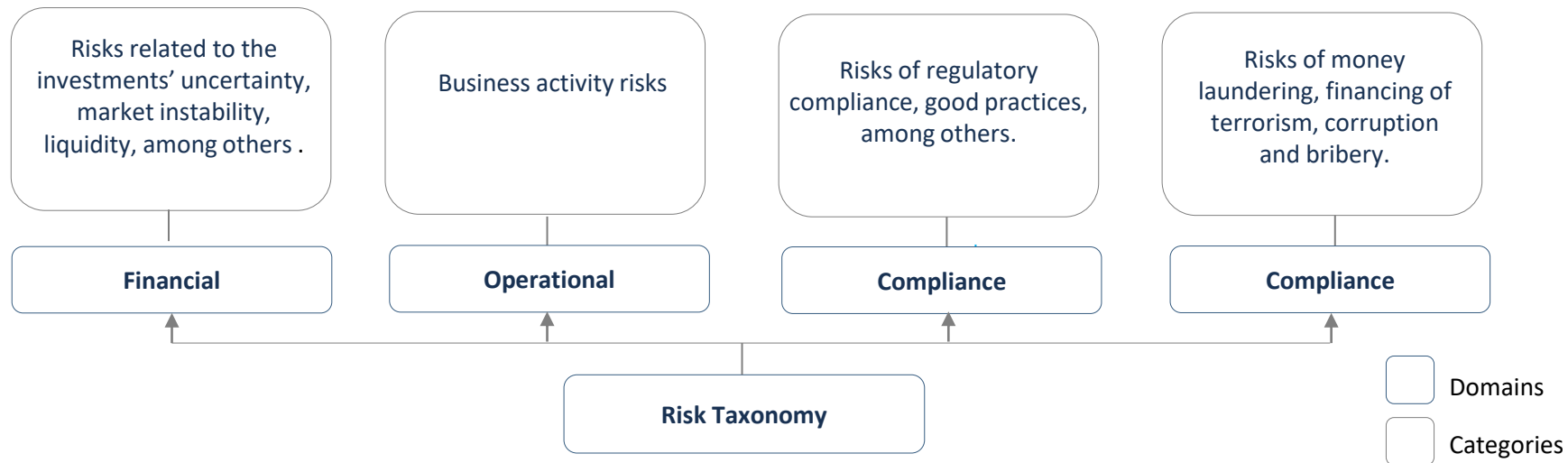
# Corporate Structure of the GRC Framework

The Corporate Governance, Risk and Compliance Framework defines the risk management guidelines for the different investment sectors.



## Corporate Risk Management

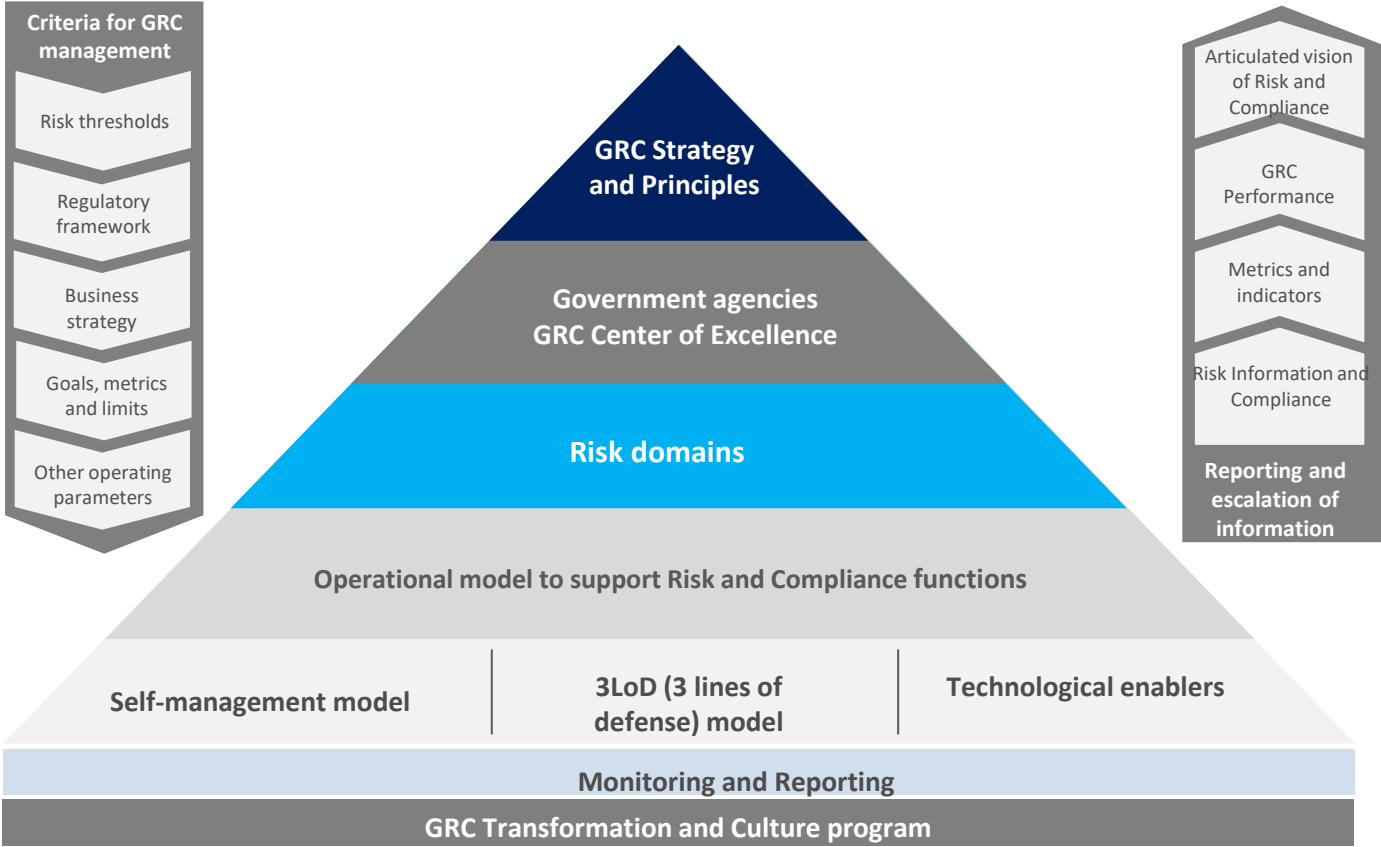
To effectively manage risks, a taxonomy has been defined in order to facilitate a comprehensiveness between the different risk systems and investment sectors of the Corporation. This inventory is used jointly with the methodology to identify and define the ERM - Enterprise Risk Management controls.



# Components of the Governance, Risk and Compliance Framework



The GRC framework includes policies, processes, structures, roles and responsibilities which support the exercise of Risk and Compliance Governance. Similarly, the performance of GRC functions is supported by metrics and leveraged on technological tools.



The GRC Governance is supported by the following base competences, which ensure its implementation and sustainability in the Corporation, Affiliates and Subsidiaries.

1	Manage risk diversity	Have a holistic vision of all risks under a unified methodology.
2	Risk response decision making	Up-to-date and truthful information on risks to support timely decision-making.
3	Reduce losses due to materialized risks	Anticipate the occurrence of events and establish efficient action plans that prevent the materialization of risks.
4	Ensure regulatory compliance	Identify regulatory requirements and ensure compliance through their management.
5	Leverage innovation	Review best cutting-edge practices and new trends in Risk and Compliance.
6	Formulate risk management projects and initiatives	Participation of risk functions in risk analysis and monitoring.
7	Empower employees	Assign responsibilities to employees for Risks and Compliance self-control in their processes.
8	Provide timely communication	Communicate and endorse the importance and value of risk management, raising awareness so that the defined guidelines are applied.



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