



**ODINSA**

Empresa de concesiones del  GRUPO ARGOS

The background image shows a modern airport terminal with a polished floor, rows of black airport-style chairs, and large windows. A white rectangular box is centered over the image, containing the text. In the background, there are directional signs for gates 40 and 47-13, a blue wheelchair accessibility sign, and a green exit sign.

Compensation and  
Organizational  
Development  
2018

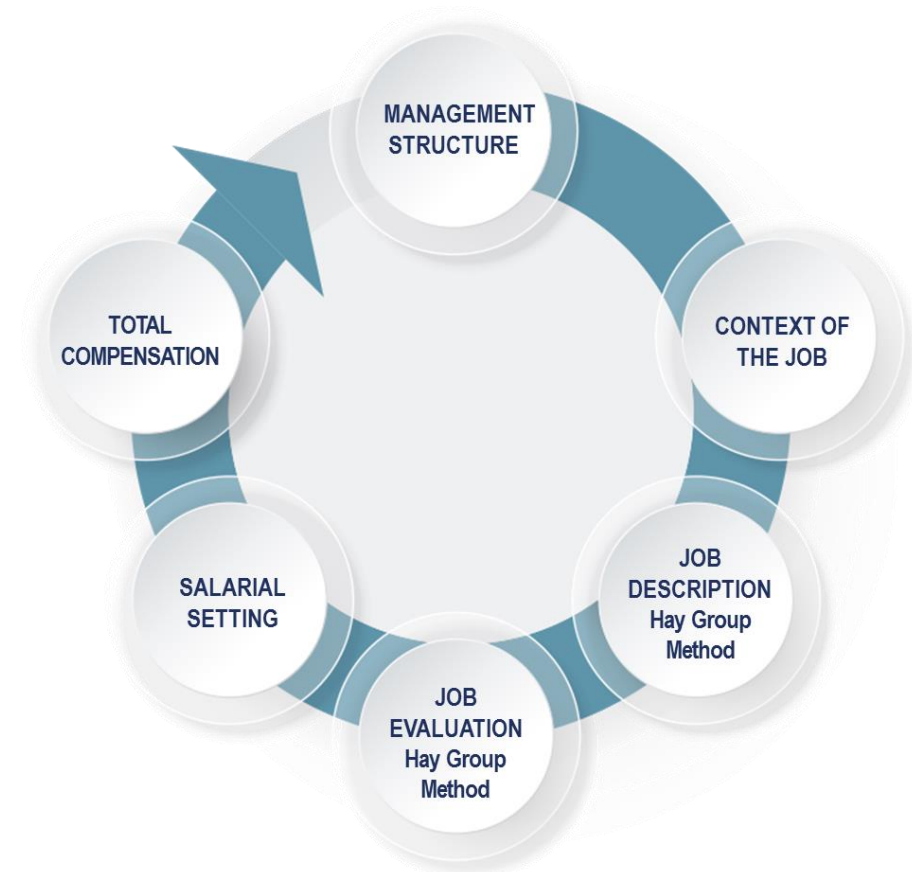
# Compensation

In our Business Group, we understand compensation as a tool for the achievement of the business strategy, as well as a differentiating element that consolidates us as an organization that values its Human Talent.

Our compensation structure methodology consists of a description and assessment of positions, that ensures the correct description of roles and skills. It enables us to compare against other job designs in the market and to create data-supported reward systems. In doing so, we work in a fair and transparent system to assign salaries, we encourage employee engagement and ensure an optimal return on reward investment.

## Description of position – Korn Ferry Hay Group Methodology

The compensation process begins from the correct description of job positions, which includes the basic information of its functions and responsibilities.





## Assessment of job positions

Level	Grade	Hay Points	
		From	To
CEO / Executive	23	3021	3580
	22	2551	3020
	21	2141	2550
	20	1801	2140
	19	1520	1800
Top Management	18	1300	1519
	17	1056	1299
	16	901	1055
	15	749	900
	14	624	748
Junio Management	13	519	623
	12	442	518
Specialists	11	365	441
	10	311	364
	9	265	310
	8	213	264
Other employees	7	179	212
	6	150	178
	5	125	149
	4	104	124
	3	85	103
	2	70	84

### Hay Group grade points

The job position assessment is based on international standards, and it uses a point system that takes into account the following components of the job position:

- Knowledge, experience, and capabilities:

Amplitude and depth of knowledge

General ability

Human Relations

- Problem-solving:

Reference framework /environment

Demands/Complexity of problems

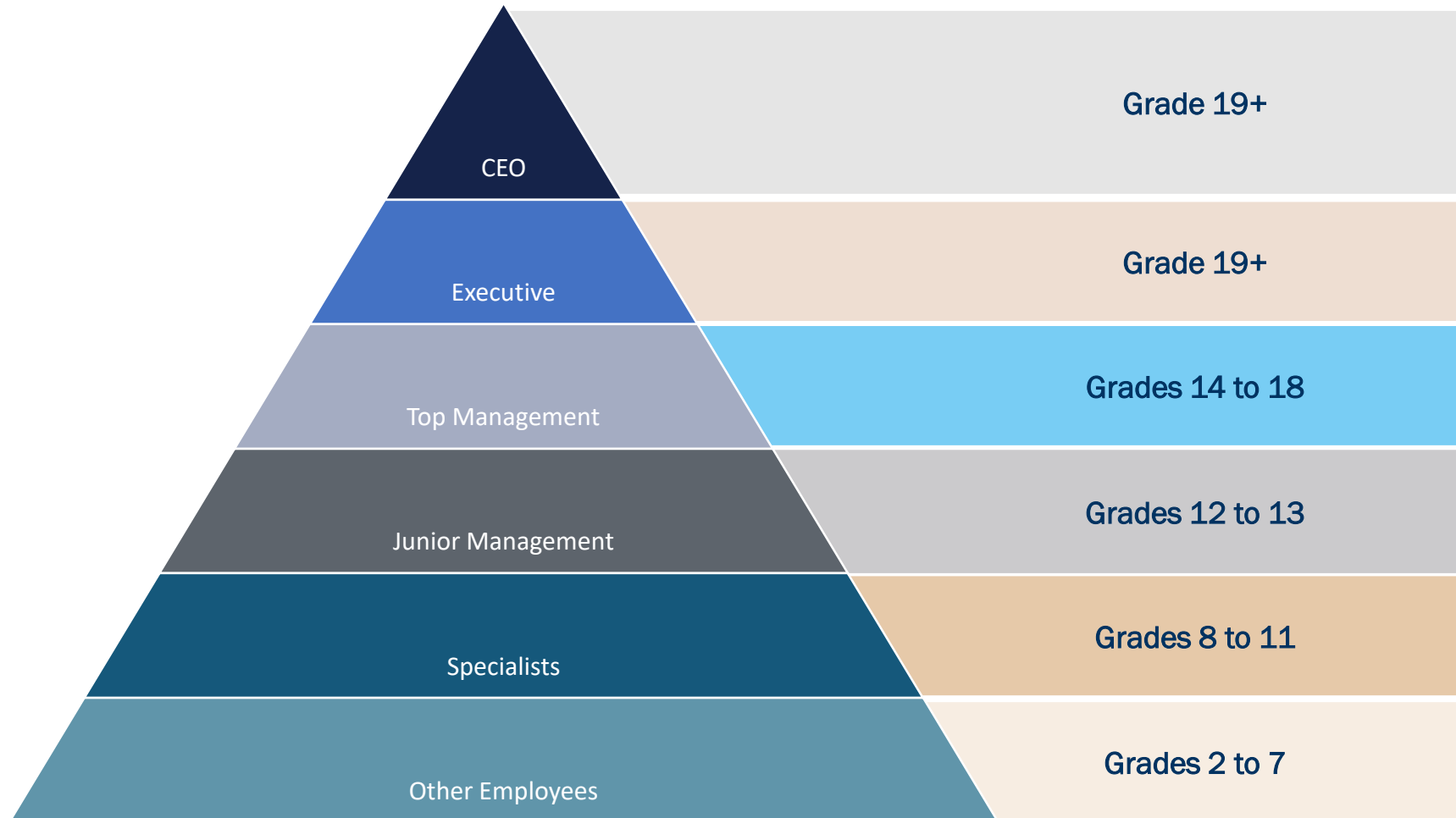
- Responsibility, freedom to act and magnitude:

Freedom to act

Magnitude

Impact

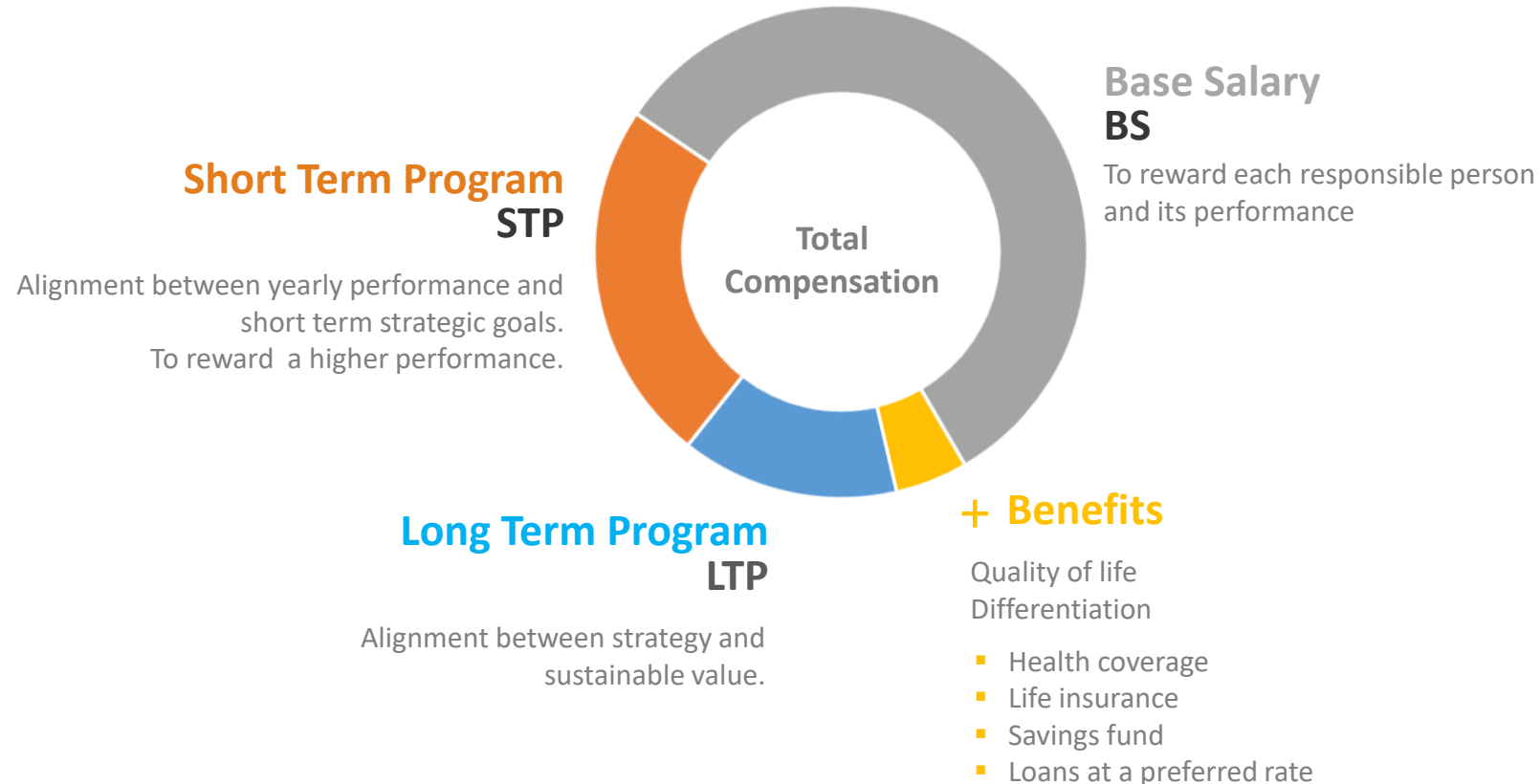
# Odinsa Job Scale



# Total compensation

The salary curves are drawn up according to market surveys performed by Korn Ferry Hay Group. This strategy guarantees competitive market compensation that is being used as a tool for attracting and retaining people.

Job appraisal process provides a score, which is associated with the corresponding level of the salary scale, meaning that the assignment of salaries is always an objective and methodological process.



# Compensation

**The Variable Compensation Plan (VCP)** is part of the Grupo Argos's total rewards system. It has two main programs: Long-term plan (LTP) and Short-term plan (STP).

Both programs use Key Performance Indicators (KPI) to measure financial success, external perception, operations efficiency, risk management and environmental performance among others, and the main objective is to ensure cash flow generation, sustainability, and profitability.

## The VCP objectives are:

- To align teams with the shareholders' interest, and to focus them on long term goals and sustainability.
- To stimulate long-term thinking.
- To recognize and encourage high performance among teams.
- To strengthen total rewards competitiveness align with the organizational strategy to attract, motivate and retain the best talent.

## The Short Term program

This program is measured and paid out on an annual basis, and it is a mix of a company's financial indicators (60%) and area/business' indicators (40%).

The STP aims to recognize and to encourage the high performance of teams by accomplishing business competitiveness and the alignment with the organizational processes. It also looks to strengthen competitiveness in compensation and to reward superior performance. This program represents 25% of the total reward system of the Corporate Executive Committee. Short-term financial indicators for 2018 are:

Peso	Indicator	Peso	Indicator
30%	EBITDA	30%	EBITDA
15%	Controlling Net Income	15%	Controlling Net Income
5%	Primary Surplus	5%	Primary Surplus
10%	Budget Execution	10%	Budget Execution

For the CEO, the Executive Committee and the Top Management, as an optional alternative, up to the 100% of the short-term award can be paid through equivalent units of Grupo Argos and its subsidiaries shares.

## The Long Term Program

The LTP performance period is 3-years, and it has a vesting period of 3.25 years. It aims to encourage the decision-making processes based on a long-term vision, in order to achieve and exceed goals in a sustainable way.

The payout of this program is through a stock fund established to invest in equivalent units of shares. This system represents 15% of the total compensation of the CEO, the Corporate Executive Committee and the Top Management. Long-term indicators for 2018 are:

Peso	Indicator
40%	ROCE
35%	Operating cash flow vs. EBITDA
20%	Sustainability
5%	Delta TSR Grupo Argos vs. ICOLCAP

The Clawback policy establishes that in case an executive leaves the company with or without cause before the vesting period (3.25 years), the Long-Term Incentive that has not been yet consolidated must be reimbursed to the company, except in case of death, retirement, disability, or promotion to another Grupo Argos' subsidiary.

The CEO and the Executive Committee has stock ownership requirements up to 0,75 times the annual base salary.

The CEO has 0,66 times the annual base salary in equivalent units of Grupo Argos and its subsidiaries shares, and the other executive members have an average of 0,80 times the annual base salary.

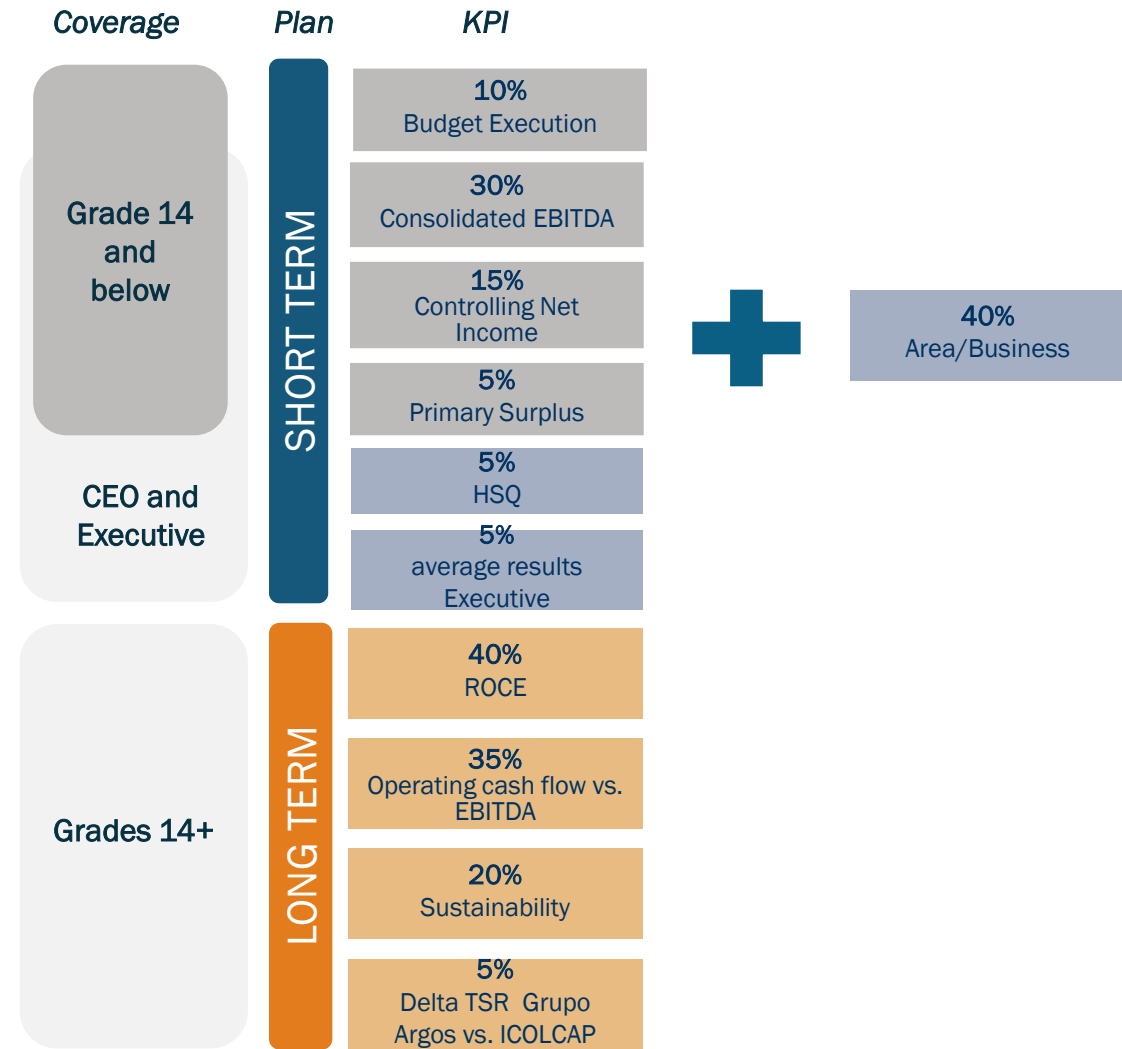
# Compensation

The VCP look for the alignment and focus of the employees with the results of the business and the interest of the shareholders.

This component of compensation is subject to compliance with certain conditions and reinforces the culture of high performance, through the incentive and recognition of work teams to achieve higher levels of competitiveness, sustainability, profitability, and efficiency.

We have implemented a methodology with cross-cutting financial indicators which apply to all the group employees.

We seek value generation through the alignment of our business strategy and our shareholder interest while focusing on long term vision, efficiency, profitability and sustainability of the business.



**Triggers for variable compensation:**

1. Certification in the code of conduct "Comprometidos"
2. Performance appraisal program.



# Long Term Program

## Payment

### Frequency

Is paid annually based on the achievement of the KPIs.

### Payment date

Is paid once the financial statements are approved at the shareholders meeting of Odinsa S.A.

### Payment method

It is managed by an external firm. The incentive is deposited in a fund that invests in Grupo Argos shares.

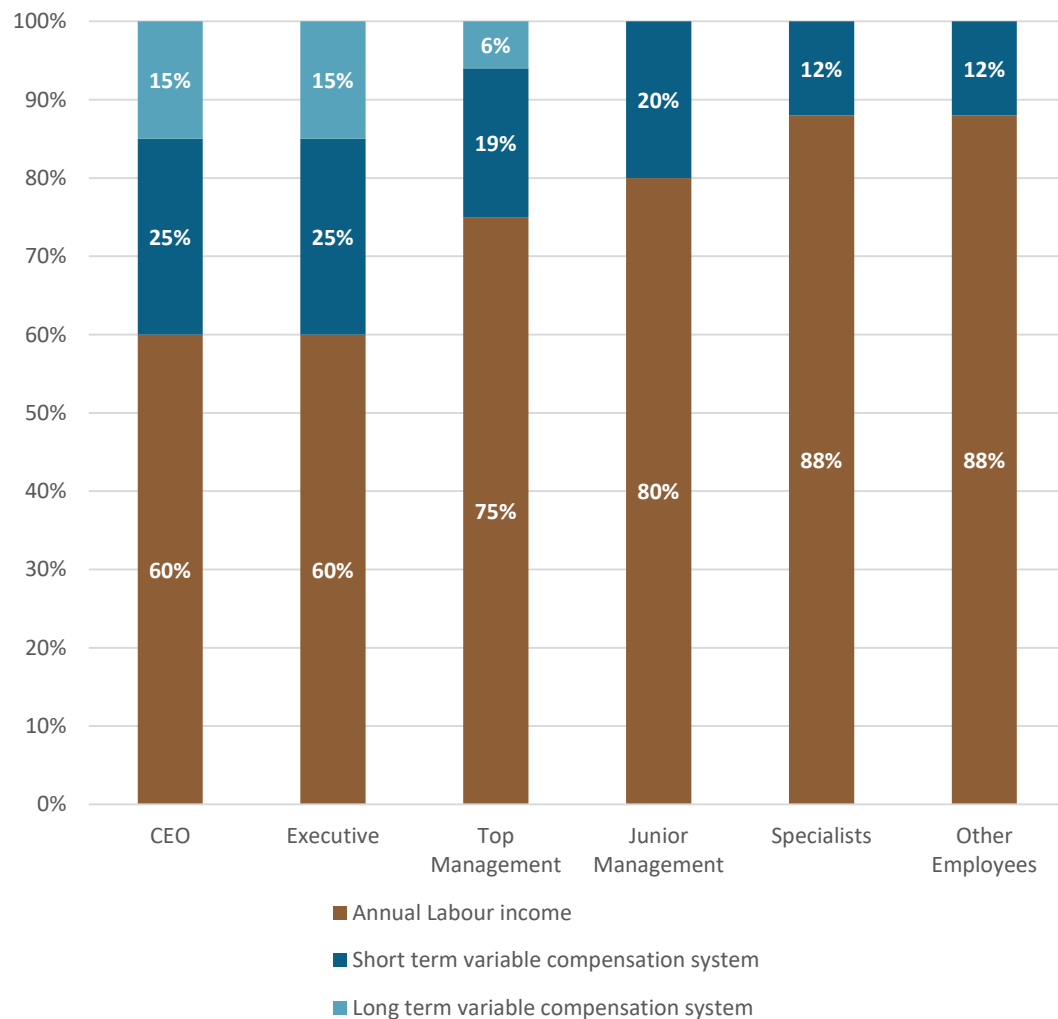
### Deferred payment

The Stocks Fund has a vesting period of 3.25 years after the end of the measured period.

## Vesting Conditions

Event	Percentage to pay
After 3.25 years of vesting	100%
Retirement (by age, permanent disability)	100%
Promotion to a Grupo Argos subsidiary	100%
Death	100%
Change to a position not eligible to participate in the Program	100%
Involuntary Termination without Cause	0%
Resignation or termination for cause	0%

# Total compensation



For our variable compensation plan (VCP) we have implemented a methodology with cross-cutting financial indicators which apply to all the executives among Grupo Argos subsidiaries. We seek value generation through the alignment of our business strategy and our shareholder interest while focusing on long term vision, efficiency, profitability and sustainability of the business.

The STP’s metrics for top management and below are: EBITDA, Net Income, Primary Surplus, Budget Execution, and strategic business projects. And the STP’s metrics for executive and CEO are EBITDA, Net Income, Primary Surplus, HSQ, average results of its primary group, and strategic business projects. The LTP’s metrics are ROCE, Cash Flow on financial interests, Spread of the TSR, and Dow Jones Sustainability Index.

Every year a proposal for managing variable compensation is presented to the Board of Director’s Compensation Committee, and then this proposal is approved by the Company’s Board of Directors.

- For our CEO and Executives: The percentage of variable compensation as a part of total compensation for these levels was 40% during 2018. Of this 40%, the percentage of STP was 25%, and LTP were 15%.
- For Top Management: The percentage of variable compensation as a part of total compensation for these levels was 25%. The percentage of short term incentives was 19%, and long-term incentives were 6%.



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