



## **OPERATION OF THE BOARD OF DIRECTORS**

The operation of the Board of Directors is governed by the provisions stipulated in the Company Bylaws and the Code of Good Governance.

### **COMPANY BYLAWS**

#### **ARTICLE 14. MANAGERS**

The members of the Board, the President and their alternates, the Company's Vice Presidents, and the Liquidator, when applicable, are considered Managers.

#### **ARTICLE 15. DUTIES OF THE MANAGERS**

Company Managers will act with the diligence of a good businessman. Their actions will be carried out in the interests of the Company, taking into account the interests of the stakeholders. To this end, in the exercise of their powers, they must fulfill the duties applicable and refrain from any conduct contrary to the law or the Bylaws. In any case, in their actions they must strictly observe with the provisions stipulated in the "Code of Good Governance".

Paragraph. – Reports to the Market: As an integral part of Corporate Governance, the Company's Managers will prepare and distribute to shareholders and investors information on the Company, its business and financial situation, as long as it does not constitute sensitive information which may affect the proper development of the Company.

In accordance with the foregoing and with the provisions stipulated in the Code of Good Governance Managers are called to maintain the confidentiality of documents and information obtained in the ordinary course of their duties.

#### **ARTICLE 16. CREATION OF SHAREHOLDER VALUE**

Los administradores de la sociedad actuarán y deliberarán con conocimiento de causa y de su autonomía, persiguiendo siempre el objetivo de crear valor para los accionistas. La aceptación del cargo de administrador supone asumir el compromiso de dedicar el tiempo y los esfuerzos requeridos y necesarios para el desarrollo diligente de cada una de las tareas que les sean encomendadas.

Company Managers will act and deliberate with autonomy and in an informed manner, pursuing the goal of creating shareholder value. Acceptance of the position of Manager



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implies the commitment to devote the time and effort required and necessary for the diligent development of each of the tasks assigned.

### **ARTICLE 17. COMPENSATION AND OTHER INCENTIVES FOR MANAGERS.**

The Board shall establish a Manager Compensation Committee which will have the duty to recommend to the Board the remuneration system and incentives for Managers, and for all those who occupy high-level and specific positions in the administration with the exception of Board members. To this end, the Committee may be assisted by external advisors at the Company's expense, who will provide the necessary information regarding benchmarks for senior management remuneration schemes. Similarly, the Board may delegate to the Committee the making of this decision if it deems it convenient.

Paragraph. The members of the Company's Board of Directors will not earn any remuneration as a result of their occupying this position. In the event that it is otherwise decided, it will be decided by the General Shareholders Meeting.

### **ARTICLE 18. STRUCTURE, QUALIFICATIONS AND INABILITIES OF THE BOARD OF DIRECTORS**

The Board shall consist of seven (7) members, who shall not have alternates, elected for periods of two years from the date of the respective election. The members of the Board shall possess the qualifications required for that purpose as stipulated by the General Shareholders Meeting. There Board may not include any majority formed by people related by marriage or kinship within the third degree of consanguinity or second of civil affinity.

The Board shall validly consider and decide in the place it determines, and the presence and the votes of a majority of its members.

Paragraph One. The Board shall appoint a Chairman and Vice Chairman from among its members. The Chairman will also chair the meetings of the General Shareholders Meeting.

Under the terms provided in Law 964 of 2005 whoever act as legal representative of the entity may not serve as Chairman of the Board. Similarly, while the company has the quality of issuer of securities, during the first year Law 964 of 2005 enters into



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effect, the Company should have an independent director. From the second year of effect on, at least 25% of Board members must be independent. Independent is understood as a person who no manner is:

1. An employee or officer of the issuer or any of its affiliates, subsidiaries or controlling companies, including those who have been such during the year immediately preceding the appointment, except in the case of the re-election of an independent member.
2. Shareholders who directly or by virtue of an agreement, guide or control the majority of voting rights of the entity or determine the majority of the governing, management or control bodies.
3. Partners or employee of associations or companies that provide consulting or advisory services to the issuer or companies belonging to the same economic group of which it is part of, when revenues from this concept represent twenty percent (20% ) or more of its operating income.
4. Employees or directors of a foundation, association or company receiving significant donations from the issuer. Important donations are those that represent more than twenty percent (20%) of total donations received by the respective institution.
5. Manager of an entity in which the legal representative of the issuer participates in its board of directors.
6. A person who receives from the issuer any fees other than those which correspond as a member of the Board of Directors, audit committee or any other committee established by the Board.

### **ARTICLE 19. PERSONAL AND PROFESSIONAL QUALIFICATIONS OF THE BOARD MEMBERS**

Once the appointment of the Board Members is made, the information on the personal and professional qualifications of the appointed individuals shall be available at the Company's Secretary General's office starting five (5) business days following the date of the General Shareholders Meeting in which such appointments were made.

### **ARTICLE 20 CONVENING OF THE BOARD OF DIRECTORS**

The Board may be convened by any of the persons or bodies authorized by law, by any means, giving notice of no less than two calendar days.



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### **ARTICLE 21. DUTIES OF THE BOARD OF DIRECTORS**

In addition to those stipulated by law, subject to its provisions, these Bylaws and the decisions of the General Shareholders Meeting, the duties of the Board are:

1. Adopt the Company's general policies;
2. Adopt the Company's regulations, organizational structure and Budget, which must be presented by the Company's President;
3. Appoint and remove the President and his alternates, provide instructions, request reports and set their compensation;
4. Approve the regulation to issue ordinary shares.
5. Unless the Law otherwise provides that it corresponds to the General Shareholders Meeting, approve the corresponding acts and agreements, regardless of their amount, in the following cases:
  - A. Those whose purpose includes intellectual rights owned by the Company.
  - B. Those whose purpose includes the waiver, cancellation or transaction of Company rights.
  - C. Those whose purpose includes having the Company become a third party guarantor or affect its property, provided that such third party is a corporation, partnership or joint venture, or trust that develops a project in which Grupo Odinsa S.A. participates. In no other event can the Company guarantee third party obligations, unless authorized by the General Shareholders Meeting.
  - D. Those whose purpose includes the creation of a corporation or participating in its capital.
6. Those which are different than the ones mentioned above, exceed ten thousand minimum monthly salaries.



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7. All other necessary for the proper development of the corporate purpose, which are not assigned by law, these Bylaws to another body.
8. Regulate everything concerning the operation of committees under it, and modify whenever it deems it necessary, the policies that these committees must abide to in their operation.
9. Submit to the General Shareholders Meeting, together with the financial statements for each financial year, the management report provided by law and the respective proposed distribution of profits or loss cancellation. The financial statements and the management report will be presented jointly with the Company's President, however, in case of discrepancies these will be recorded in writing.

Such management report will contain a true review of the development of the business, and the legal, economic and administrative situation of the Company and should also include information on:

- A. Important events that occurred during the fiscal year;
  - B. The foreseeable development of the Company;
  - C. The status of compliance with intellectual property and copyright regulations by the Company.
  - D. The tasks completed by the internal auditor; and
  - E. The operations entered into with the shareholders and other managers. This report must be approved by the majority of the votes of those who must submit it and all explanations and exceptions of the votes against will be attached.
10. Enforce the decisions made by the General Shareholders Meeting, its own decisions and guarantee strict compliance of the Bylaw provisions.
  11. Determine the Mangers' remuneration and for those who work in special or very specific positions, once the relevant comments are made by the remuneration committee. Similarly, the Board may delegate making this decision to the committee, if it deems it convenient.



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12. Ensure effective compliance with the requirements stipulated in Resolution No. 0275 of May 23, 2001 issued by the Superintendence of Securities, which stipulates the requirements that the legal, public and private persons purporting to be considered as beneficiaries of the investment of pension funds resources must provide.
13. Approve and modify the Company's "Code of Good Governance" presented by the Company's President, which includes all the rules, mechanisms and procedures required by Resolution No. 0275 of May 23, 2001 issued by the Superintendence of Securities.
14. Monitor through the mechanisms developed in the Code of Good Governance the activities carried out by the Company's legal representatives and senior officers in order to verify that:
  - A. The Company's interests are being addressed;
  - B. The Business Plan and the Management Policy are being implemented; and
  - C. The provisions stipulated by Law, the Company's Bylaws and the Code of Good Governance are being complied with.
15. Adopt through the Code of Good Governance the disciplinary and legal measures necessary to penalize the legal representatives and senior officials who engage in behaviors that go against the provisions stipulated in numerals a, b and c of the preceding paragraph.
16. Ensure that the Code of Good Governance regulates the prevention, management, communication and solution of situations generating conflicts of interest that may arise between shareholders and directors, managers or senior officials and between controlling shareholders and minority shareholders, if applicable. The Board shall consider and evaluate the information provided by the internal auditor, related to conflicts of interest have been presented.
17. Ensure compliance of the provisions included in the Code of Good Governance adopted by the Company and establish procedures to ensure that shareholders and other investors may file complaints about possible Code violations.



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Paragraph One. – Notwithstanding the provisions stipulated in this Article, the Board may grant general authorizations, or establish revolving quotas, in order that it is not necessary to request authorization for individual acts. In this case the President shall inform that he/she has made use of such authorizations during the immediately following Board meeting.

Paragraph Two. The Board must first hear the Company's President as provided in the Article.

## **CODE OF GOOD GOVERNANCE**

### **3. PRINCIPLES OF GOOD GOVERNANCE REGARDING MANAGEMENT**

#### **4.1. OPERATIONAL PRINCIPLES FOR SENIOR MANAGEMENT**

The following are the duties of the Senior Managers:

- a) Act in good faith, with integrity, loyalty, due diligence and care, always ensuring that their decisions are in the best interest of the Company and its shareholders.
- b) In their decision-making process, treat the different groups of shareholders and investors in an equal and fair manner.
- c) Promote compliance with applicable laws, the Bylaws, the Code of Good Governance and other rules and regulations accepted by the Company.
- d) Maintain strict confidentiality of information and documents to which they have access in the exercise of their duties, refrain from using them for personal or third party gain, especially when related directly or indirectly to the strategic plans of the Company, even after ending their term as a member of the Board.
- e) Refrain from misusing inside information.
- f) Refrain from using Company assets for personal use, or using their position to obtain a financial advantage.
- g) Objectively and independently exercise their opinions.



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- h) **Keep abreast of the Company's plans, strategies and objectives, its financial and operating conditions, important business segments and the risks associated therein.**
- i) **Actively participate in board meetings and the committees to which they belong, and review and analyze the study material in advance, which Management will provide, in an adequate and timely manner.**
- j) **Refrain from participating directly or through an intermediary, for personal or third party interest, in any activity that involves competition for the Company or in acts in which there is a conflict of interest.**
- k) **Adequately disclose any conflicts of interest with the Company. Be very attentive and careful in handling any of these events, describing the situation during a formal session of the Board of Directors, documenting the conflict and refraining from voting on the matter. To this end, the Directors must inform the Board of any relationships, direct or indirect, they have with the Company, suppliers, customers or any other stakeholder from which a conflict of interest may arise or influence the direction of their opinion or vote.**

**The following are the rights of the Directors:**

- a) **Receive and request information required for the proper performance of their duties, as well as to have prior access to all information related to the matters to be discussed at Board or Committee meetings.**
- b) **Hire, as a collegial body, external advisors when deemed necessary for the proper performance of their duties.**
- c) **Receive remuneration for their work, according to the criteria set out in this Code and the Remuneration and Appointment Policy set out by the Board.**
- d) **Receive an induction on the Company and its subsidiaries.**
- e) **Receive ongoing training regarding relevant economic sectors, global trends in business development and other issues that may be relevant for the proper performance of their duties.**



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### **4.2. BOARD OF DIRECTORS**

#### **4.2.1. Structure**

The Board consists of seven (7) members which have no alternate, elected by the General Shareholders' Meeting for periods of two (2) years, as provided in the Company Bylaws.

Whoever acts as legal representative for the Company may not serve as Chairman of the Board.

#### **4.2.2. Selection Criteria for Members of the Board of Directors**

The General Shareholders' Meeting shall consider the following regarding the election of Board of Directors' members, in addition to the recommendations made by the Appointments and Remuneration Committee:

- a) Members may not be older than 72 years of age, must have previously participated in Boards and provide professional expertise that is relevant to the activity performed by the Company. This paragraph is understood as valid from the date in which the General Shareholders' Meeting decides on the structure of the Board of Directors of the Company, after the approval of this Code.
- b) When the Board of Directors is structured, there will be an effort to include Independent members with experience in corporate finance and / or internal control, to be appointed to the Audit Committee.
- c) All Board Members must have basic skills that enable them to adequately exercise their duties. These include: analytical and managerial skills, a strategic vision of the business, objectivity and ability to present their point of view, and ability to evaluate senior management cadre. Additionally, they must have the ability to understand and question financial information and business proposals and to work in an international environment.
- d) In addition to these basic skills, each member of the Board will have other specific skills, enabling them to contribute in one or more dimensions, due to their special knowledge of the industry, financial, risk, legal or trade issues, or crisis management.



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e) At least 25% of the Members elected for a certain period must meet the requirements to be considered as independent members, and as such must state this at the time they accept to be included in a list. A member is considered independent when:

- Neither he/she nor his/her personal relations<sup>1</sup> are employees or officers, of the Company, its parent company or subsidiary companies, or have been employees or officers during the immediately preceding five years, except in the case of the re-election of an Independent Member.
- Neither he/she nor his/her personal relations or the companies in which he/she is a majority shareholder, hold more than 10% of the outstanding shares, or is a shareholders who directly or by virtue of an agreement, guides or controls the majority of the voting rights of the Company, its parent or subordinate company, or determine majorities in the governing bodies, management or control of the Company, its parent or subordinate company.
- Neither he/she nor his/her personal relations or the companies in which he/she is a majority shareholder are partners or employees of associations or companies that provide consulting or advisory services to the Company, its parent or subsidiary companies, when revenues for this concept represented 20% or more of his/her operating income from the previous year.
- Neither he/she nor his/her personal relations are employed by a foundation, association or company that receives significant donations from the Company<sup>2</sup>.
- Neither he/she nor his/her personal relations are managers for an organization in which a legal representative of the Company is a member of the board of directors.
- Neither he/she nor his/her personal relations receive from the issuer any fees other than those as a member of the Board, the Audit Committee or any other committee created by the Board of Directors.

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<sup>1</sup> Relatives up to third degree of kinship, second degree of affinity and one degree of civil

<sup>2</sup> Significant donations are those which represent 20% or more of total donations received by the corresponding Company within the specific year.



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- Neither he/she nor his/her personal relations or companies in which he/she is a majority shareholder, are partners or employees of the Company's Statutory Auditor firm or Internal Auditor, its parent or subordinate companies, or have been during the past three years.
- Neither he/she nor his/her personal relations are employed by a company in which any of the directors of the Company are members or have been members during the past three years of the Appointments and Compensation Committee, for the Company in which the Director or personal relations are employed.

Paragraph: Independent Members will lose their status as such when they have maintained that status for three consecutive terms.

#### **4.2.3. Election and Structure of the Board of Directors**

The Company's Board of Directors is elected by the General Shareholders' Meeting. It will always consist of an odd number of members sufficient for the proper performance of their duties, and have no alternate members.

Board Members may be (i) Executive Members, individuals with an employment relationship with the Company, (ii) Independent Members, persons demonstrating compliance with the requirements set forth in paragraph e of section 4.2.2 of this Code, or (iii) Equity Members, shareholders of the Company or persons expressly appointed by a shareholder or group of shareholders.

The electoral quotient system and other provisions contained in the Bylaws and the Law will be applied for the election of Board members or any collegial commission.

Prior to the notice, Shareholders will be informed through the Company's website of the candidates' recommended professional profiles, according to the assessment made by the Appointments and Remuneration Committee.

In order to ensure that the Members meet with the profile proposed by Shareholders as set out in this Code, the Appointments and Remuneration Committee will evaluate each of the proposals presented and give its opinion before the General Shareholders'



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Meeting in which it the election will take place; this opinion will be published on the Company's website.

In order to comply with the provisions stipulated in the preceding paragraph, the candidates proposed for the Board must be submitted at least five (5) business days prior to the date set for holding the Shareholders' Meeting.

Information on the Directors must be published on the website, including the indication of the category to which they belong (Independent, Executive or Equity), as well as their resumes, statements of independence, for those who apply, and summary of the performance evaluation by the Board.

### **4.2.4. Incompatibility**

There will be no decisive majorities in the Board formed by Executive Members.

There may not be any majority formed by individuals related by marriage or kinship within the third degree of consanguinity or second of affinity or first degree of civil.

### **4.2.5. Term**

The elected Directors will have terms of 2 years and may be reelected indefinitely. Directors can be reelected and freely removed by the General Shareholders' Meeting before the expiration of their term.

### **4.2.6. External Advisors**

The Board may order Management to hire external consultants to serve the Board, other than those hired by the Management, when it considers it convenient for the better performance of their duties.

### **4.2.7. Internal Regulations**

#### **4.2.7.1. Chairman and Vice-Chairman of the Board of Directors**

The Board of Directors will elect a Chairman and a Vice Chairman from its members. In their absence another member elected by the Board will preside.



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The Chairman of the Board of Directors has the following duties:

- a) Ensure that the Board set and efficiently implement the strategic direction for the Company.
- b) Promote government action, acting as a liaison between Shareholders and the Board.
- c) Coordinate and plan the operation of the Board of Directors through the establishment of an annual work plan based on the duties assigned.
- d) Carry out the convening of meetings, either directly or through the Secretary of the Board.
- e) Prepare the agenda for the Meetings, in coordination with the President of the Company, the Secretary of the Board and the other members.
- f) Ensure that the information is delivered in a timely manner to the Members of Board of Directors, directly or through the Secretary of the Board.
- g) Chair the Meetings and facilitate the debates.
- h) Ensure the implementation of the agreements of the Board and monitor their orders and decisions.
- i) Monitor the active participation of members of the Board.

### **4.2.7.2. Duties of the President of the Company regarding the Board of Directors**

In addition to the duties established by Law, the Bylaws and other internal regulations or codes, the President of the Company has the following duties regarding the Board, which he/she shall exercise directly or through a representative:

- a) Implement the decisions of the Board of Directors.
- b) Adopt decisions related to the financial statements of the Company in accordance with the Law, with established accounting standards and the provisions stipulated by the Board of Directors
- c) Convene extraordinary meetings for the Board of Directors.



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- d) In conjunction with the Board, present a written management report at the ordinary session of the General Shareholders' Meeting, including the actions recommended to the Shareholder's Meeting and submit the balance sheet, complete details of the income statement and the other annexes and documents required by Law. The financial statements shall be certified in accordance with the Law. This report will include, among others, a description of the risks inherent to the activities carried out by the Company, and other material aspects of the operation, according to current standards.
- e) Provide information to the Board in a clear, accurate and timely manner.
- f) Immediately and in detail disclose to the Board any conflicts of interest they may have.
- g) Submit to the Board the information related to the performance of the Company, especially regarding corporate strategies, associated risks, and financial and management reports.
- h) Fulfill the duties that may be appointed by the Board.

#### **4.2.7.3. Secretary for the Board of Directors**

The Secretariat of the Board will be in charge of the Company's Secretary General, whose appointment and removal shall be in accordance with the provisions set forth in the Bylaws.

In addition to the duties established by Law, the Bylaws, the Board of Directors and other internal regulations or codes, the Secretary of the Board has the following duties, which he/she shall exercise directly or through a representative:

- a) Call the meetings, according to the Action Plan adopted by the Board.
- b) Deliver information to the Directors accurately and in a timely manner.
- c) Safe keep corporate documentation, duly include in the Book of Minutes all that occurs in the sessions, and attest to the agreements of the governing bodies.



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- d) Ensure that the actions of the Board comply with the applicable rules, and that its procedures and rules of governance are respected and regularly reviewed in accordance with the provisions stipulated in the Bylaws and other internal regulations of the Company.
- e) Address any conflicts of interest arising in the Company and that must be known to the Board.
- f) Report to the Board on the share registration system and control situations.
- g) Provide legal advice to the Board and report on legal issues of material importance to the Company's activity and management.
- h) Communicate the decisions of the Board of Directors to the different areas and officers of the Company.
- i) Fulfill the duties that may be appointed by the Board.

#### **4.2.7.4. Meetings**

According to the Bylaws, Board meetings will be held at least once a month. However, when special circumstances warrant, extraordinary meetings may be held when they are notified in accordance with the Bylaws.

The Board shall meet at least once a year, in a special and extensively prepared session to analyze, evaluate and decide on the planning and strategies of the Company.

During the first meeting of the year, after the ordinary session of the General Shareholders Meeting, the Action Plan for the respective year will be defined, setting meeting dates throughout the year and matters to be addressed in each one. The Directors, by means of a notice sent in advance to the Chairman of the Board with no less than 3 business days from the date scheduled for a particular meeting, may request the inclusion of additional items on the agenda.

#### **4.2.7.5. Quorum and Majorities**

The Board will validly deliberate and decide wherever it determines, with the presence and the votes of a majority of its members.



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### **4.2.7.6. Meetings where Management is not present**

The Board, as a body, can hold the meetings it deems necessary without the presence of Management officials. These will take place when determined by the Board and its decisions will be valid provided they comply with the requirements set forth by the Law and the Bylaws.

### **4.2.7.7. Criteria to determine remuneration for Directors**

The General Shareholders' Meeting should take into account the structure, duties and responsibilities of the Board for purposes of determining the remuneration of its members, as well as the personal and professional qualifications of its members, the time devoted to their activity and their experience.

The remuneration of the Chairman of the Board may be higher, due to the scope of his/her specific duties and the time required.

Independent or Equity members are entitled to receive additional remuneration for their participation in the committees that support the Board. The amount of this remuneration shall be approved by the Board.

The Appointments and Remuneration Committee is responsible for preparing and proposing to the Board the Appointment and Remuneration Policy in order to submit it for approval by the Shareholders. Said policy should be reviewed annually by the General Shareholders' Meeting.

### **4.2.7.8. Availability**

It is expected that each members of the Board devote time and attention to his/her responsibilities, attend, prepare and actively participate in the Board and Committees meetings to which he/she has been appointed.

The Annual Corporate Governance Report, which must be published on the Company's website, includes a report on the attendance of directors to Board and Committee Meetings. Directors must annually attend at least 80% of the meetings convened.



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### **4.2.7.9. Performance Assessments**

The Board as a body and each of the directors individually will be assessed annually, alternating external assessment with self-assessment. The external evaluation will be carried out by an independent firm.

A summary of the conclusions of said assessments will be published on the Company's website.

The evaluation scheme adopted will try to include peer reviews and an analysis of the reasonableness of internal rules, as well as of the dedication and performance of the Directors.

Management will inform the General Shareholders' Meeting on the operation and the main activities developed by the Board, the Board Committees and the President of the Company during the previous period.

### **4.2.7.10. Director Training and Induction**

New directors must go through an induction process in which they receive instructions on at least the following aspects:

- The Company's organizational chart and duties of each area
- Company Bylaws
- Code of Good Governance, with special emphasis on their duties and obligations as Directors
- Structure and operation of the Board of Directors' support committees
- Board of Director's Action Plan
- Corporate strategy
- Specific features of the sectors in which the Company and its subsidiaries operate
- Risks associated with the activities carried out by the Company and its subsidiaries.



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Management will design and implement a training plan for Directors, through which they will remain updated regarding the Company and its subsidiaries, the business in which they participate and the associated risks.

### **4.2.7.11. Access to Company Officials and Facilities**

The Board and each of its members will have direct access to senior executives and other officials when they deem it necessary to carry out their tasks.

Likewise, Directors may access any of the Company's facilities in the country or abroad, in order to understand the activities of the Company, its operation, personnel assigned to different areas, and in general to gain better knowledge of the operation.

### **4.2.8. Board of Directors Support Committees**

The Board will have three support committees in accordance with the Law, the Bylaws and the decisions of the Board. These committees will be made up of independent or equity directors and will be chaired by one of its members. The Board will consider each Director's profile, knowledge and related professional experience when appointing them to each committee. The appointment will be for the same period provided for the appointment of the Board.

Attendance is mandatory for Company officers who form part of any Board committees.

Any officer of the Company or external consultant may attend the Committee Meetings, in order to support members in matters within their competence.

Decisions, resolutions and deliberations of the Committees will be recorded in minutes that will be sent to all other members of the Board.

If during the course of an ordinary meeting, the Chairman of the General Shareholder's Meeting requires it, the chairmen of the committees will report to the General Shareholder's Meeting on specific aspects of the work carried out by the respective Committee.



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### **4.2.8.1. Audit, Finance and Risk Committee**

The main purpose of the Committee is to evaluate accounting procedures, manage the relationship with the Statutory Auditor and monitor the effectiveness of the control architecture and risk management system.

The Committee directs and monitors that the internal control procedures meet the needs, objectives, goals and strategies determined by the Company and that such procedures are framed within the internal control objectives, such as efficiency and effectiveness in operations, and sufficiency and reliability in financial reporting.

The Committee does not replace the Board or Management in its duties regarding monitoring and implementing of the internal control system.

The Committee shall adopt its own operational regulations and may include additional duties to those provided for in this Code.

#### **4.2.8.1.1. Members**

The Committee will include one Equity Member and two Independent members who have accounting and financial knowledge. Among the members of the Committee at least one must have experience in corporate finance and / or matters relating to the design and implementation of internal control systems. The Chairman of this Committee may be any of its independent members as appointed by the Committee. The Secretary General of the Company or whoever he/she appoints will act as Secretary to this Committee. In addition, the President of the Company, the CFO, the Internal Auditor and the Statutory Auditor will attend these meetings, with the right to speak but not vote.

#### **4.2.8.1.2. Duties of the Committee**

Without prejudice to the duties set out in the respective Internal Regulations, the duties of the Committee shall include:



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- a) Suggest to the Board candidates for the appointment of Statutory Auditor, the conditions of the contract and, where appropriate, its renewal or not, for submission to the General Shareholders Meeting, using for said purpose the results of the assessment referred to in the following paragraph.
- b) Oversee the services rendered by the Statutory Audit, which includes evaluating their quality and effectiveness.
- c) Interact and maintain regular contact with the Statutory Auditor and, in particular, assess and report to the Board on all situations that may limit their access to information, jeopardize their independence and any other related to the audit plan and the development of the financial audit and other communications provided in financial auditing legislation and technical standards.
- d) Receive the final financial audit report and study the financial statements for the consideration of the Board without prejudice to the duties assigned by Law to the Auditor and Senior Management. In case they contain exceptions or unfavorable opinions, the Committee shall issue an opinion on its content and scope, which will be published for shareholders and the general public on the Company's website; and verify that senior management takes into account the recommendations of the Auditor and, if appropriate, lead the process to respond to the comments included in the report.
- e) Ensure that current accounting standards are properly applied in the preparation of the financial statements that the Board submits to the General Shareholders' Meeting as well as in the preparation of reliable internal information for decision-making.
- f) Understand and assess the process for preparing, presenting and disclosing financial information. In performing this duty the Committee may issue instructions regarding accounting policies and the opportunity to present information requested from the subordinate companies.
- g) Monitor the efficiency of the regulatory compliance and the prevention of money laundering and terrorist funding activities.
- h) Verify that the periodic information offered to the market is prepared in accordance with the same principles and professional practices as the annual accounts, and review said information prior to its publication.



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- i) Suggest to the Board, the structure, procedures and methodologies necessary for the operation of the internal control system.
- j) Understand and assess the Company's internal control system.
- k) Monitor and regularly report to the Board on the effective implementation of the Company's risk policy, in order to identify, manage and appropriately disclose the main risks, both financial and non-financial, and those included in the balance sheet and the off-balance sheet.
- l) Supervise the internal audit services and report to the Board.
- m) Suggest to the Board the selection, appointment, remuneration, reappointment and removal of the head of internal audit.
- n) Analyze and approve the internal audit Annual Work Plan and the annual activity report.
- o) Ensure the independence and effectiveness of the internal audit operation, receive regular information on its activities and verify that senior management takes into account the conclusions and recommendations of its reports.
- p) Review compliance with the actions and measures that result from the reports or inspection activities performed by the supervisory and control authorities.
- q) Assess and report to the Board any situations regarding conflicts of interest, temporary or permanent, in which it may be involved directly or indirectly or through a related party, a Shareholder, members of the Board of Directors and Senior Management, and present the recommendations required to manage the situation.
- r) Assess and report to the Board any situations regarding possible conflicts of interest, temporary or permanent, in which it may be involved directly or indirectly or through a related party, a Shareholder, members of the Board of Directors and Senior Management, and suggest mechanisms to manage the situation.
- s) Prior to its approval by the Board, examine and report on any operations carried out by the Company, directly or indirectly, by members of the Board of Directors, Controlling and Significant Shareholders and members of senior management,



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which due to their amount, nature or conditions could pose a risk to the Company.

- t) Periodically monitor the degree of compliance with the Code of Ethics and the effectiveness of the line of transparency, assessing any unethical actions presented as well as the content of the allegations, and present to the Board the corresponding recommendations.
- u) Review and assess the integrity and adequacy of the Company's risk management operation.
- v) Review the appropriateness of economic and regulatory capital and its allocation to the various lines of business and / or products.
- w) Review risk limits and risk reports, and present to the Board the corresponding recommendations.
- x) Suggest to the Board the Company's risk policy.
- y) Systematically assess the Company's strategy and general risk policies by establishing limits by type of risk and business, with a level of disaggregation established by business, business group, clients and business areas.
- z) Analyze and assess the Company's ordinary risk management, in terms of limits, risk profile, profitability and capital map.
- aa) Analyze and assess the Company's systems and risk control tools.
- bb) Formulate any improvement initiatives it deems necessary regarding infrastructure and internal control systems and risk management.
- cc) Submit to the Board the proposals regarding the rules for delegating approval of the various types of risk that the Board or other lower levels of the organization must take responsibility for.
- dd) Report to the Board on any operations that need its authorization, where they exceed the powers granted to other levels of the Company.
- ee) At the request of the Board, report on any operations that need its authorization by law, regulation or internal or external provision.



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- ff) Assess and follow the instructions made by supervisory authorities in the exercise of its duties.
- gg) Promote the adaptation of the Company's risk management towards a more advanced model that allows for the configuration of a risk profile aligned with the strategic objectives and monitor the adjustment of risk exposures to that profile.
- hh) The Committee Chairman shall submit to the General Shareholders' Meeting the exceptions included in Statutory Auditor Report together with the actions to be taken by Management.
- ii) Provide support to the Board in making decisions pertaining to control and improvement.
- jj) Request the reports it deems appropriate for the proper performance of its duties.
- kk) Reports and observations made by the Committee which are recorded in Minutes, will be presented to the Board at least twice a year or as often as requested.
- ll) When situations of significant importance are identified, the Committee shall submit a special report to the President of the Company.

In order to adequately perform its duties, the Committee shall have access to and / or evaluate at least the following documents:

- Drafts of the Company's financial statements.
  - The Statutory Auditor's report on the financial statements.
  - Internal control reports issued by the Internal Audit or by the Statutory Auditor and / or letters of recommendations or observations issued by them.
  - The Internal Audit and Statutory Auditor Annual Plans.
  - The official letters issued by the authorities presenting observations to the Company as a result of identified deficiencies.
- mm) Define mechanisms to consolidate the information presented by the Company's supervisory bodies for presentation to the Board.



## **OPERATION OF THE BOARD OF DIRECTORS**

### **4.2.8.2. Appointment and Remuneration Committee**

The main purpose of this Committee is to assist the Board in the exercise of its duties associated with the appointment and remuneration of the members of the Board and Senior Management.

#### **4.2.8.2.1. Members**

The Appointment and Remuneration Committee shall consist of three (3) Members of the Board. The members of this committee should have knowledge on strategy, human resources and / or wage policy issues and related matters. The President of the Company will attend these meetings, with the right to speak but not vote. The Secretary for this Committee will be the Vice President of Human Resources and Administration or whoever he/she appoints.

#### **4.2.8.2.2. Duties**

Without prejudice to the duties set out in the respective Internal Regulations, the duties of the Committee shall include:

- a) Periodically assess the skills, knowledge and experience of the Directors.
- b) Suggest and review the criteria to be followed regarding the structure of the Board and assess the suitability of the candidates for Director suggested by the Shareholders.
- c) Inform, where appropriate, on the qualification of independent of the candidates for Director, for suggestion at the General Shareholders' Meeting.
- d) In cases of re-election or ratification of Directors, present to the General Shareholders' Meeting an assessment of the work performed by the member, and the actual commitment to the position during the last term.
- e) Report to the Board any situation in which a Director is involved that may adversely affect the operation of the Board or the reputation of the Company, in particular when they are involved in situations of incompatibility, disability or legal prohibition.



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- f) Suggest to the Board, the Succession Policy for Senior Management and other key executives.
- g) Assess candidates and suggest the appointment and removal of the President of the Company.
- h) Suggest the objective criteria by which the Company hires and pays its key executives.
- i) Suggest to the Board the Appointment and Remuneration Policy for the Board, for approval by the General Shareholders' Meeting as well as the remuneration policy for senior management.
- j) Suggest to the Board, within the framework of the Appointment and Remuneration Policy for the Board, approved by the General Assembly, the individual remuneration amounts for the members of the Board of Directors, including the Chairman of the Board.
- k) Ensure compliance with the Appointment and Remuneration Policy for the Board and the Remuneration Policy for Senior Management, as well as the transparency and disclosure of their salaries.
- l) Periodically review the compensation programs for Directors and Senior Management and make recommendations to the Board.
- m) Prepare the Annual Report on the Appointment and Remuneration Policy for the Board and the Remuneration Policy for Senior Management.
- n) Suggest a Human Resources Policy for the Company.
- o) Design and implement a scheme for attracting and retaining human talent applicable to the Company and its subsidiaries.
- p) Define human resource management policies, determining the selection, evaluation, compensation and development process, including senior management.

#### **4.2.8.3. Sustainability and Corporate Governance Committee**



### **OPERATION OF THE BOARD OF DIRECTORS**

The main purpose of this committee is to assist the Board in its role to suggest and monitor sustainability and corporate governance measures for the Company.

#### **4.2.8.3.1. Members**

The Sustainability and Corporate Governance Committee will consist of three (3) members of the Board. The President of the Company will attend these meetings, with the right to speak but not vote, and the Secretary General shall act as Secretary, or whoever he/she appoints.

#### **4.2.8.3.2. Duties**

Without prejudice to the duties set out in the respective Internal Regulations, the duties of the Committee shall include:

- a) Ensure that Shareholders and the general public have access to complete, accurate and timely information for disclosure on the Company.
- b) Review and evaluate the manner in which the Board complied with its duties during the term.
- c) Monitor that the requirements and procedures for the election of Directors are met.
- d) Coordinate the induction process for the new Directors and promote their training and updating on issues relevant to the powers of the Board.
- e) Check that the Company's corporate governance practices, the administrative and business conduct and behavior, comply with the provisions stipulated in this Code and other internal and regulatory standards.
- f) Study any amendment proposals to the Bylaws and the Code of Good Governance that are relevant to good corporate governance, and present amendments, updates and repeals of the provisions relating to corporate governance.
- g) Periodically monitor the negotiations notified by the Directors and Managers regarding shares issued by the Company.



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- h) Address any Shareholder and investor claims stating that the Company does not apply the corporate governance policies adopted within 10 calendar days of date the claim is filed.**
- i) Understand the actions related to behaviors by the Directors that may be contrary to the provisions stipulated in the Bylaws, the Regulations of the Board and other internal regulations, which will be informed to the Board when the Committee deems it necessary.**
- j) Support the Chairman of the Board of Directors in carrying out the annual evaluation of the Board, review the results of the process and make suggestions regarding its best performance.**
- k) Oversee the operation of the Company's website and other information dissemination mechanisms.**
- l) Select the company that will carry out the external evaluation of the Board and Directors, and coordinate the preparation of the report to be submitted to the General Shareholders' Meeting.**
- m) Prepare the draft for the Board of Directors' Action Plan for each calendar year.**
- n) Analyze and monitor the Social Responsibility Activities Annual Program.**
- o) Promote director and manager training in corporate sustainability matters.**
- p) Monitor the processes of the Board, including scheduling meetings, setting up agendas, and the flow of information to the Directors.**
- q) Make suggestions for the best performance of the Board using the resources and technology available.**
- r) Recommend a communications scheme with Shareholders, stakeholders and the general public.**
- s) Ensure compliance with the Code of Good Government with the support of the Internal Audit Department.**