

## **Odinsa S.A. – Board of Directors Committees**

### **Auditing, Finance and Risks Committee**

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

The Committee orders and ensures that internal control procedures adjust to the requirements, objectives, targets and strategies established by the Company, and that said procedures are framed within the internal control objectives, such as efficiency and effectiveness of operations, and sufficiency and reliability of financial information.

The Committee does not substitute the duties of the Board of Directors or of the Administration regarding the supervision and execution of the internal control system.

The Committee shall adopt its own rules to regulate its operations, and it may establish duties in addition to those provided for in the Code.

The duties established by the respective Internal Regulations of the Committee notwithstanding, the duties of the Committee are as follows:

- a. To propose to the Board of Directors, to be later submitted to the General Shareholders' Meeting, candidates for the position of Tax Auditor as well as the hiring terms and, if applicable, the renewal or not of said candidate, using the results of the evaluation mentioned in the next paragraph for such a purpose.
- b. To supervise the services of the Tax Audit, including evaluating the quality and effectiveness of such audits.
- c. To engage with and develop a relationship with the Tax Auditor and, in particular, to assess and report to the Board of Directors any situations that may limit their access to information or may risk their independence and other aspects related to the audit plan and the execution of the financial audit, as well as any other communications established in the financial audit legislation and technical regulations.
- d. To receive the final financial audit report and study the financial statements in order to submit them to the Board of Directors, without prejudice to the duties assigned by the regulations to the Tax Auditor and Senior Management. In the event they contain unfavorable opinions or caveats, the Committee must issue a statement on its content and scope, which shall be made available to the shareholders and the public securities market through the web page. The Committee shall also verify that Senior Management considers the recommendations of the Tax Auditor and, if applicable, will lead the response process to the observations included in the report.
- e. To ensure that valid accounting criteria are applied adequately to the preparation of the financial statements that the Board of Directors submits to the General Shareholders' Meeting, as well as to the preparation of reliable internal information for decision making.

- f. To have knowledge of the financial information preparation, presentation and disclosure process, and to evaluate said process. In fulfillment of this duty, the Committee may issue instructions regarding accounting policies and presentation opportunities for the information to be requested from subordinate companies.
- g. To monitor the efficiency of the regulatory compliance function and of the prevention of money laundering and terrorism funding activities.
- h. To verify that the periodic information provided to the market conforms to the same professional practices and principals as the annual accounts, while monitoring said information before it is released.
- i. To propose to the Board of Directors the necessary structure, procedures and methodologies for the operation of the internal control system.
- j. To have knowledge of and evaluate the Company's internal control system.
- k. To monitor and report periodically to Board of Directors on the effective implementation of the Company's Risk Policy so that the main financial and non-financial risks, both on and off the balance sheet, are identified, managed and disclosed appropriately.
- l. To monitor the internal audit services and report to the Board of Directors.
- m. To propose to the Board of Directors the selection, appointment, remuneration, reelection and dismissal of the person in charge of the internal audit service.
- n. To analyze and approve the Annual Work Plan for the internal audit and the annual activity report.
- o. To ensure the autonomy and efficiency of the internal audit, receive regular information on its activities and verify that Senior Management takes into account the conclusions and recommendations contained in its reports.
- p. To verify the fulfillment of actions and measures that result from the reports or inspections by supervision and control authorities.
- q. To evaluate and report to the Board of Directors any conflict of interest situations, whether temporary or permanent, a shareholder or member of the Board of Directors or Senior Management may be subject to directly or indirectly, and make the necessary suggestions to manage the situation.
- r. To evaluate and report to the Board of Directors any conflict of interest situations a shareholder or member of the Administration or Board of Directors may be subject to, directly or indirectly, and suggest mechanisms to manage the situation.
- s. With the prior authorization of the Board of Directors, to examine and report to the Board on the operations the company engages in, directly or indirectly, with members of the Board, controlling and significant shareholders, and members of Senior Management, that pose a risk to the company because of their amount, nature or conditions.
- t. To follow up periodically on the degree of compliance with the Ethics Code and the effectiveness of the Transparency Line, while evaluating any unethical situations that may arise and the content of any complaints files, and making pertinent recommendations to the Board of Directors.
- u. To review and evaluate the integrity and suitability of the Company's risk management function.
- v. To review the adequacy of economic and regulatory capital, and its allocation to the different business lines and/or products,

- w. To review the limits of the risks and risk reports and make the relevant recommendations to the Board of Directors.
- x. To propose the Company's Risk Policy to the Board of Directors.
- y. To systematically assess the Company's risk strategy and general policies, translated as the establishment of limits by types of risk and business, with the level of disaggregation established by business, business group, clients and areas of activity.
- z. To analyze and assess the ordinary risk management of the Company in terms of limits, risk profiles, profitability and capital map.
- aa. To analyze and evaluate the Company's risk control systems and tools.
- bb. To formulate the improvement initiatives it considers necessary regarding infrastructure and internal risk control and management systems.
- cc. To submit to the Board of Directors proposals for the delegation regulations to be approved for the different types of risks that correspond to the Board or to lower levels of the organization.
- dd. To report to the Board of Directors on the operations that need to be authorized by the Board when they surpass the faculties granted to other levels of the Company.
- ee. By request of the Board of Directors, to report on the operations the Board must authorize in accordance with the law, regulations or internal or external provisions.
- ff. To assess and follow the indications formulated by supervising authorities in fulfillment of their duties.
- gg. To promote the adaptation of an advanced model of risk management that enables the company to set up a risk profile in accordance with its strategic goals and monitoring of the degree of adaptation of the risks assumed by said profile.
- hh. The Chairman of the Committee shall submit to the General Shareholders' Meeting the caveats contained in the report of the Tax Auditor together with the steps to be taken by the Administration.
- ii. To support the Board of Directors in the making of decisions related to control and its improvement.
- jj. To request the reports it deems convenient for the adequate fulfillment of its duties.
- kk. The reports and observations made by the Committee that are recorded in the minutes shall be submitted to the Board of Directors at least twice a year or as often as requested.
- ll. When situations of significant importance are detected, the Committee shall submit a special report to the Company's President.
- mm. In order for the Committee to fulfill its obligations, it must have knowledge of and/or at least evaluate the following documents:

- The draft of the Company's financial statements.
- The report on the financial statements by the Tax Auditor.
- The internal control reports issued by the Internal Audit or by the Tax Auditor and/or the letters of recommendations or observations issued by them.
- The annual plan for the Internal Audit and Tax Audit.
- The observations sent by authorities to the Company as a result of detected deficiencies.

nn. To define mechanisms to consolidate the information of the Company's control bodies for submission of the information to the Board of Directors.

The composition of the committee was modified at the Board meeting of April 24, 2017. This committee is now made up of the following members of the Board: Juan Emilio Posada, Sergio Restrepo Isaza and Alejandro Piedrahita Borrero.

### **Appointment and Compensation Committee.**

The main goal of this Committee is to support the Board of Directors in the fulfillment of its duties related to the appointment and compensation of members of the Board and Senior Management.

Without prejudice to the fact that additional duties may be included in the Committee's Internal Regulations, the duties of the Committee are as follows:

- a. To evaluate the competencies, knowledge and experience of Directors regularly.
- b. To propose and review the criteria to be followed for the selection of Board members and for the evaluation of the suitability of candidates for Director proposed by the shareholders.
- c. To report, when applicable, the independent rating of the candidates for Director for their proposal to the General Shareholder's Meeting.
- d. In the cases of reelection or ratification of Directors, to submit to the General Shareholders' Meeting an evaluation of the work of the proposed member and of his/her effective dedication to the post during the last period.
- e. To report to the Board of Directors any cases of Directors that may have a negative effect on the operation of the Board or on the reputation of the Company, in particular, when they are involved in any situation of incompatibility, inability or legal prohibition.
- f. To propose to the Board of Directors the Succession Policy for members of Senior Management and other key executives.
- g. To evaluate candidates and suggest the appointment and removal of the President of the Company.
- h. To propose objective criteria by which the Company hires and compensates its key executives.
- i. To propose to the Board of Directors the Appointment and Compensation Policy of the Board of Directors to be approved by the General Shareholders' Meeting, and the Compensation Policy for Senior Management.
- j. To propose to the Board of Directors, within the framework of the Appointment and Compensation Policy approved by the General Shareholders' Meeting, the individual amount of the remuneration of the members of the Board of Directors, including the Chairman of the Board.
- k. To ensure compliance with the Appointment and Compensation Policy of the Board of Directors and the Compensation Policy for Senior Management, as well as the transparency and disclosure of such remuneration.
- l. To review the remuneration programs for the Board of Directors and Senior Management periodically and to make the relevant recommendations to the Board of Directors.

- m. To prepare the Annual Report on the Compensation Policy of the Board of Directors and the Compensation Policy for Senior Management.
- n. To propose the Human Resources Policy of the Company.
- o. To design and implement a talent attraction and retention scheme applicable to the Company and its subordinate companies.
- p. To establish the human resources administration policies as well as the selection, evaluation, compensation and development processes, including those for senior management.

The composition of the committee was modified at the Board meeting of April 24, 2017. This committee is now made up of the following members of the Board: Jorge Mario Velásquez, Sergio Osorio and Juan Emilio Posada.

### **Sustainability and Corporate Governance Committee**

The main objective of this committee is to support the Board of Directors in its duty to propose and supervise the sustainability and corporate governance measures of the Company.

Without prejudice to the fact that additional duties may be included in the Committee's Internal Regulations, the duties of the Committee are as follows:

- a. To endeavor to give the shareholders and the market in general complete, accurate and timely access to any information about the Company that is subject to disclosure.
- b. To review and evaluate the manner in which the Board of Directors complied with its duties throughout the period.
- c. To supervise and ensure that the requirements and procedures for the election of Directors are met.
- d. To coordinate the orientation process for new Directors and to promote their training and update on topics related to the competencies of the Board of Directors.
- e. To ensure that the Company's corporate governance practices, and the corporate and administrative conduct and behavior conform to the provisions set forth in this Code and other internal and regulatory standards.
- f. To study the proposals to reform the Bylaws and the Code of Good Governance and to present the amendments, updates and derogations of the provisions related to Corporate Governance.
- g. To follow up on the negotiations informed by the Directors and Administrators with shares issued by the Company.

- h. To respond, within 10 calendar days of filing, to the claims made by shareholders and investors that consider that the Company does not apply the adopted Corporate Governance policies.
- i. To be aware of actions related to the conduct of Directors that may contravene the provisions of the Bylaws, the Rules of the Board of Directors and other internal regulations. The Board will be informed of this when the Committee deems it necessary.
- j. To support the President of the Board in carrying out the annual evaluation of the Board, reviewing the results of the process and making suggestions to improve its operation.
- k. To supervise the operation of the Company's website and other information dissemination mechanisms.
- l. To select the firm that will perform the external evaluation of the Board and of the Directors, and to coordinate with said firm the preparation of the report to be submitted to the General Shareholders' Meeting.
- m. To prepare a proposal for the Board Action Plan every calendar year.
- n. To analyze and monitor the Annual Social Responsibility Activities Program.
- o. To foster the training of Directors and Administrators in topics related to corporate sustainability.
- p. To supervise the processes of the Board of Directors, including setting the schedule for meetings and agendas, and the flow of information to Directors.
- q. To make suggestions to improve the functioning of the Board of Directors by taking advantage of the available resources and technology.
- r. To recommend a scheme to communicate with shareholders, stakeholders and the general market.
- s. To ensure compliance with the Code of Good Governance with the support of the Internal Audit.

The composition of the committee was modified at the Board meeting of April 24, 2017. This committee is now made up of the following members of the Board: Maria Isabel Echeverri, Camilo Abello and Sergio Restrepo.