



## **ANNUAL REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE REMUNERATION POLICIES APPLICABLE TO THE COMPANY'S BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE**

The Appointments and Remuneration Committee issued the following report on the Remuneration Policies applicable to the members of the Board of Directors and the Executive Committee for the period 2018-2019:

**A.** The Remuneration Policy for the current Board of Directors was approved by the General Assembly of Shareholders at its Ordinary Annual Meeting held in March 2015. This policy laid out the guidelines for determining the remuneration paid to the members of the Board of Directors, and the criteria and procedures used to evaluate their performance.

The Committee verified due compliance with said policy during 2018.

In 2018, the General Assembly of Shareholders approved the fees to be paid to the members of the Board of Directors for the period April 2018 to March 2019. Said members received the amount approved for each meeting held by both the Board and its Board Committees.

This remuneration is reviewed every year so as to ensure that it remains reasonable with regard to the size of the Company, its financial situation and the market standards observed by comparable companies. Upon reviewing this Policy, the Committee ensures that the level of remuneration paid encourages the Company's long-term profitability and sustainability while avoiding excessive risk taking and rewarding a deficient performance. It also considers that the remuneration paid to the Board of Directors is consistent with the following objectives:

- That it represents an incentive to encourage a superior level of dedication, performance and responsibility on the part of the members of the Board, without this representing an obstacle for the independent members to continue enjoying their inherent status.
- That said remuneration is set on the basis of a fixed amount, that it does not incorporate elements that are linked to the value of the Company's share and that it is entirely paid in cash.
- That it is effective in attracting and retaining the best professionals and keeping their remuneration in line with best practices and market conditions.
- That it corresponds to the Company's current situation, prospects and sustainable growth targets.

The current policy was reviewed by the Committee whereupon they found no need to propose any further amendment to such.

**B.** The remuneration received in 2018 by the members of the Executive Committee was in accordance with that provided by the Executive Committee's Remuneration and Performance Evaluation Policy, which was duly approved by the Company's Board of Directors in 2015. The



aforementioned policy is based on the fact that the remuneration of Senior Management is aimed at promoting the company's long-term profitability and sustainability, while avoiding excessive risk taking and rewarding a deficient performance. The Committee verified that the remuneration paid was fair on an internal level and competitive with regard to the wider market, as defined in the aforementioned policy.

According to said policy, one of the components of the remuneration paid to the members of the Executive Committee is variable and is based on the Company's Superior Achievement Award System, the aim of which is to recognize outstanding results and a constant level of value creation.

The variable remuneration paid to the members of the Executive Committee represented, in 2018, an average of 15.66% of the amount of compensation received.

The remuneration received by the members of the Executive Committee has been reported as part of the information that the Company is bound to provide in accordance with Article 446 of the Colombian Code of Commerce.

The current policy was reviewed by the Committee whereupon they found no need to propose any further amendment to such.