



# CORPORATE GOVERNMENT 2019

 Constructora  
Concreto

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Concreto Equipment Employees; Girardota, Antioquia

## 2019 CORPORATE GOVERNANCE REPORT

### A CULTURE OF INNOVATION

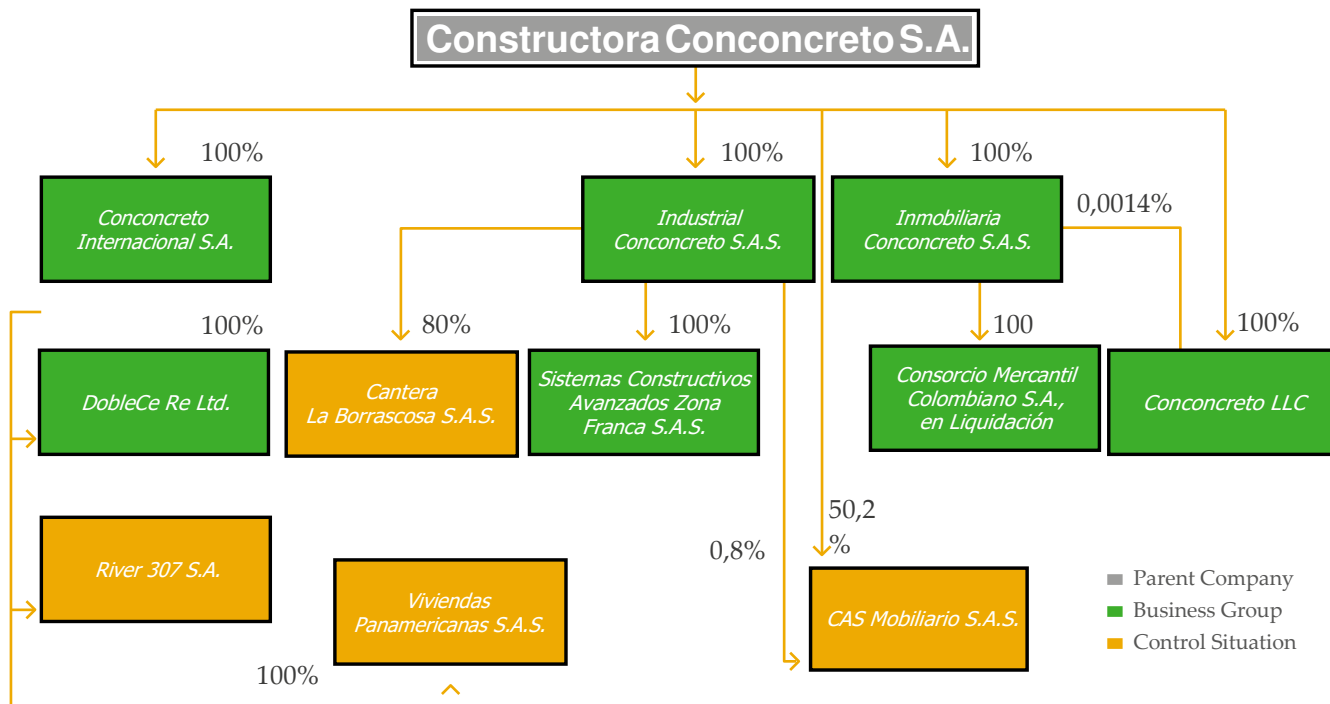
Following the guidelines and policies established by the Parent Company Board of Directors, *Grupo Empresarial Constructora Concreto S.A.* has adopted a series of measures aimed at implementing the Code of Best Corporate Practices (Country Code), which establishes a dynamic action framework, the same that requires Management's commitment to increasing adjust its guidelines, thus allowing the Conglomerate as a whole to continue guaranteeing the rights of the Company's investors, as well as suitable relations with different Stakeholders with which the Group companies interact within the framework of their corporate purpose.

Following the recommendations of the Code of Best Corporate Practices (Country Code), this report aims to explain the reality of the operation of the measures it has adopted in the area of Corporate Governance and the relevant changes that occurred during 2016 in this matter.

# I. COMPANY OWNERSHIP STRUCTURE

## a) Company Capital and Ownership Structure

Constructora Concreto S.A. is the Parent Company of *Grupo Empresarial Constructora Concreto S.A.* Additionally, without being part of the Business Group, There are a Group of companies with respect to which there is a control situation, being duly registered in the Mercantile Register. These relationships are represented graphically as indicated in the diagram:



The member companies of the Group develop their activities in the Colombian territory and some of them are present in other countries, with participation in the business of construction, infrastructure, production and commercialization of inputs for construction, design, management and the sale of real-estate projects, among others.

During 2019, *Grupo Empresarial Constructora Concreto S.A.* was modified by: (i) the entry of the company Concreto LLC, domiciled in Florida, the United States, the purpose of which is the commercialization of design services and consultancy in the field of project management; and (ii) by the cancellation of the Business Group situation that Constructora Concreto S.A. had with respect to the company *Concreto Inversiones y Servicios S.A.*, which it owned indirectly through Concreto Internacional S.A.

As of December 31, 2019, the capital subscribed by the Shareholders of Constructora Concreto S.A. was One Hundred Sixteen Thousand, Eight Hundred Twenty-Eight Million, Two Hundred Fifty-Eight Thousand, Seven Hundred Seventeen Pesos (COP 116,828,258,171), equal to One Thousand, One Hundred Thirty-Four Million, Two Hundred Fifty-Four Thousand, Nine Hundred Thirty-Nine (1,134,254,939) shares, with a nominal unit value of One Hundred Three Pesos (COP 103).

Taking into account that the Company's authorized capital is One Thousand, Five Hundred Million (1,500,000,000) shares, there are currently Three Hundred Sixty-Five Million, Seven Hundred Forty-Five Thousand, Sixty-One (365,745,061) shares in reserve.

**b) Identity of Shareholders Who Have Significant Participations**

In accordance with the Country Code Guidelines, a Significant Shareholder is one who – by himself or by virtue of an agreement with other Shareholders – is the holder of voting rights that exceed a certain limit (currently set at 10% of the total voting right) and whose participation has a stable purpose. Below, we have indicated the Shareholders who – at the close of 2019 – have a percentage of participation in the Company greater than the limit set for the concept of Significant Shareholder:

SHAREHOLDER NAME	NUMBER OF SHARES	% OF PARTICIPATION
Vinci Colombie S.A.S.	226,850,988	20.00%

**c) Information on the Shares and the Voting Rights They Represent of Which the Members of the Board of Directors Are Owners Directly (Personally) or Indirectly (through Companies or Other Vehicles)**

NAME	NUMBER OF SHARES DIRECTLY OWNED	NUMBER OF SHARES THROUGH VEHICLES	VOTING RIGHTS
J. Mario Aristizábal Correa	362,040	20,121,120	1.81%
Jaime Alberto Ángel Mejía	0	0	0
José Alejandro Gómez Mesa	33	0	0
Álvaro Jaramillo Buitrago	0	0	0
Luis Fernando Restrepo Echavarría	0	0	0
Ricardo Sierra Moreno	33	0	0
Bruno Dupety	0	0	0
Richard Francioli	0	0	0
Nora Cecilia Aristizábal López	0	0	0
Carlos Eduardo Restrepo Mora	353,001	43,240,128	3.84%

**d) Relationships of a Family, Commercial, Contractual or Corporate Nature that Exist among the Holders of Significant Shares and the Company, or among the Holders of Significant Participations Themselves**

During 2019, no such Operations took place between the Company and the holders of significant participations.

**e) Negotiations that members of the Board of Directors, Senior Management and Other Administrators Have Carried Out with the Shares and Other Securities Issued by the Company**

During 2018, There were no direct negotiations with the shares issued by the Company with respect to the Administrators.

**f) Agreements between Shareholders which Are Known**

For the period from January to December 2018, agreements between Shareholders were not deposited at the Company's Administrative Offices.

**g) Treasury Shares Held by the Company**

During 2019, the Company did not repurchase its own shares.

## II. STRUCTURE OF THE COMPANY'S ADMINISTRATION

### a) Composition of the Board of Directors and the Committees Constituted Within It

In 2019, the Constructora Concreto S. A. Board of Directors was made up of 10 members, who were re-elected at the Ordinary Meeting of the General Shareholders' Assembly on March 28, 2019. Subsequently, the appointment was modified by virtue of an Extraordinary Meeting of the General Shareholders' Assembly on December 9, 2019.

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NAME	CAPACITY	FIRST APPOINTMENT
J. Mario Aristizábal Correa	CEO and Company Member	April 23, 1982
Ricardo Sierra Moreno	Independent	March 30, 1998
Luis Fernando Restrepo Echavarría	Independent	March 31, 2004
Jaime Alberto Ángel Mejía	Independent	March 27, 2009
Álvaro Jaramillo Buitrago	Independent	March 22, 2013
José Alejandro Gómez Mesa	Independent	March 22, 2013
Nora Cecilia Aristizábal López	Company Member	March 26, 2010
Carlos Eduardo Restrepo Mora	Executive and Company Member	March 30, 2011
Christophe Péliissié Du Rausas	Company Member	December 9, 2019
Richard Francioli	Company Member	January 25, 2016

The Company has three permanent Committees within the Board of Directors, which deal with specific issues:

1 | **Audit Committee:** Made up by Jaime Alberto Ángel Mejía, Luis Fernando Restrepo Echavarría and José Alejandro Gómez Mesa. The Fiscal Auditor attends the Audit Committee meetings with voice, but no vote.

2 | **Appointment and Remuneration Committee:** Made up by Ricardo Sierra Moreno, Luis Fernando Restrepo Echavarría and J. Mario Aristizábal Correa. The Company's Vice President of Shared Services, who acts as the Committee Secretary, attends the meetings with voice, but no vote.

3 | **Corporate Governance Committee:** Made up by Carlos Eduardo Restrepo Mora, Álvaro Jaramillo Buitrago and Nora Cecilia Aristizábal López. The Company's Secretary General, who acts as the Committee Secretary, attends the meetings with voice, but no vote.

The functions of the Board of Directors, as well as the functions of the permanent Committees, are enshrined in the Internal Regulations of the Board and of each Committee, which may be consulted on the Company's Website.

**b) Curriculum Vitae of the Members of the Board of Directors:**

**JOSÉ MARIO ARISTIZÁBAL CORREA  
(CEO AND COMPANY MEMBER)**

Born in 1938, he is a Civil Engineer from the National University School of Engineering and Mines. His work experience includes more than 55 years at Constructora Concreto, with 32 years as its CEO. He currently serves as the Chairman of the Board of Directors. Also, he was CEO of *Proantioquia* and the Latin American Business Council (Colombia Chapter). He has participated in other Boards of Directors, such as the Colombian Chamber of Infrastructure, the National Conciliation Commission, the Peace Facilitation Commission, ANDI, CAMACOL, ACIC, the Intergremial Committee of Antioquia, the Corporation for Excellence in Justice, the *El Mundo* newspaper Editorial Board and *Dinero* magazine, the School of Engineering of Antioquia and *Prodeminas*.

**CHRISTOPHE PÉLISSÉ DU RAUSAS  
(COMPANY MEMBER)**

Born in 1958, he has degrees from *École Polytechnique* and from *École Nationale des Ponts et Chaussées* (France), y a Masters in Finance from *Université Paris-Dauphine*. He began his career in the *Ministère de l'Équipement* (now the French Ministry of Ecology) and then moved to the *Spie Batignolles* Group, where he worked in several managerial positions in *Spie Enertrans*. He joined the VINCI Group in 1997 as Director of Concessions in *Campenon Bernard* (1997-1998), Executive Vice President of *Campenon Bernard*, which later became VINCI Construction *Grands Projets* (1999-2001), and General Director of VINCI *Energies Nord* (2002-2003). He transferred to *VINCI Concesiones* in 2004, where he worked as Deputy Director for Southeast Europe (2004-2009), then as Client-Side Project Management Director and President of VINCI Railways. In that role, he was appointed President of AGIFI (French Association of Independent Rail Infrastructure Administrators) from its inception in 2014 until 2017. He has been VINCI's Director of Business Development since 2017.

**RICHARD FRANCIOLI  
(COMPANY MEMBER)**

Born in 1959, he joined VINCI Group in 1983. After having begun his career with an Internship Period as a National Service Volunteer in the *Ain Shams* Hospital in El Cairo, he continued to hold the position of Regional Director – North, then Province Director in Sogea Construction. He then held the position of President of VINCI Construction International Subsidiaries and President of VINCI Construction in March 2006. He was appointed Vice President of Contracting for the Group in January 2010, a position he currently holds.

**RICARDO SIERRA MORENO  
(INDEPENDENT MEMBER)**

Born in 1951, he is a business administrator from EAFIT University; he also studied at the Complutense University of Madrid, at the Sorbonne University in Paris, and at the John Hopkins University in Washington. His professional experience includes positions as General Manager at *Productora Distrihogar S.A.S.*; for 12 years, he was Financial Vice President at *Suramericana de Seguros* (business group) and the Medellín Regional Manager at *Corporación Financiera Suramericana*. He is a member of various Boards of Directors, including *Crystal/Vestimundo*, *Cusezar*, *Cadena*, *Invesa*, *Chevrolet Caminos*, among others. In addition, he participates in the Bancolombia Foundation, in the Proantioquia Board of Directors and in the City Committee.

**LUIS FERNANDO RESTREPO ECHAVARRÍA  
(INDEPENDENT MEMBER)**

Born in 1958, he is an Industrial Management graduate from Georgia Institute of Technology (Georgia Tech), with an MBA from the University of Chicago. Within his professional experience, he worked for eight years at The Marmon Group in Chicago, then at *Crystal S. A. S.*, he has held different positions as International Vice President, Executive Vice President and since 2004 – until today – Corporate President. He also participates in Boards of Directors in *Bancolombia S.A.*, *Etiflex S.A.*, *MAS S.A.S.*, *ANDI* Antioquia Regional Office and *ANDI* Directorate General.

**JAIME ALBERTO ÁNGEL MEJÍA  
(INDEPENDENT MEMBER)**

Born in 1961, he is a Production Engineer from EAFIT University; he has a Specialization in Information Systems from EAFIT and an Advanced Management Program (AMP) from Harvard Business School. His professional career has been developed in the Corona Organization, where he is currently the General Manager of *Sumicol*, with more than 11 years in the position. He also belongs to the Board of Directors at *Corporación Tecnova*, *Ecocementos S.A.S.* and the *ANDI* Antioquia Regional Office.

**ÁLVARO JARAMILLO BUITRAGO  
(INDEPENDENT MEMBER)**

Born in 1952, he is a Business Administrator from Universidad del Norte in Barranquilla. He began his professional career in the Philadelphia National Bank, where he became Vice President; he then held the position of President at *Invercrédito* and later at *Banco de Colombia*. In 1997, he founded IT Outsourcing. Subsequently, he held the position of President at Avianca Holdings, where, today, he is a Board member. He also participates in other Boards, such as PetroWorks, Tribeca Asset Management and *Grupo Daabon*.

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**CONSTRUCTORS CONCRETO**

**JOSÉ ALEJANDRO GÓMEZ MESA**  
**(INDEPENDENT MEMBER)**

Born in 1964, he is a Civil Engineer from the University of Texas at Austin and has a Specialization in Corporate Finances from EAFIT University. He is a Founding Partner and has been the Director of *SBI Banca de Inversión S.A.* for more than 20 years. Since 2009, he was a member of the *Inversiones Concreto* Board and later entered the Constructora Concreto S. A., when the merger of the two companies occurred. He is a member of other Boards, such as *West Química S.A.* and *Inmel S.A.S.*

**NORA CECILIA ARISTIZÁBAL LÓPEZ**  
**(COMPANY MEMBER)**

She is an Architect, having graduated from *Universidad Pontificia Bolivariana*; she has a Masters in Urban Design from the Massachusetts Institute of Technology (MIT), as well as having completed several specialization studies in Design Management, Land Management in Large Urban Projects, and Skills Development and Leadership. Her work experience has been in different positions, such as

Horacio Caminos Assistant Professor at MIT, Head of the Design Workshop at *Condiseño Ltda.*, Director of the Project Department at Concreto S. A., Founding Partner and Manager of *Contexto Urbano S. A.*, Director of the District Planning Department and Technical Formulation of the Land-Use Plan (POT, in Spanish), the Bogotá Land-Use Plan and General Manager of *Renta Urbana S.A.S.*

**CARLOS EDUARDO RESTREPO MORA**  
**(COMPANY MEMBER / EXECUTIVE)**

Born in 1963, he graduated as a Civil Engineer from the School of Engineering of Antioquia and has a Masters in Construction Engineering and Management from Georgia Institute of Technology (Georgia Tech). He has held various positions within Constructora Concreto since he joined the Company more than 28 years ago; he is currently an adviser to the Presidency and Director of the Bogotá branch. He has belonged to the Concreto Board in several discontinuous periods and he currently is a Board Member of *Concessions CCFC S. A. S.*, as an alternate member, and the Board of *Administración de Recursos y Oportunidades S.A.*



Completion of the *La Línea* Tunnel,, Calarcá, Quindío – Cajamarca, Tolima



**c) Changes in the Board of Directors during the Fiscal Period:**

During 2018, the composition of the Board of Directors was modified twice: a ratification of the members who had come to exercise the position carried out in the Ordinary Meeting of the Shareholders' Assembly on March 28, 2019, where they were appointed for the period from April 2019 to March 2021. Subsequently, There was a change in the composition of the Board by virtue of an Extraordinary Meeting of the Shareholders' Assembly on December 9, 2019, in which members were appointed to complete the period until March 2021.

**d) Members of the Parent Company Board of Directors Who Are Part of the Boards of Directors of the Subordinate Companies or Who Hold Executive Positions in Them:**

In the subordinate companies of Constructora Concreto S.A., Boards of Directors have not been adopted. Consequently, no Parent Company Board Member is part of this body in the subordinates. Regarding performance in executive positions, no member of the Parent Company's Board of Directors exercises executive positions in subordinate companies. Dr. Carlos Eduardo Restrepo Mora served until April 2019 as the fourth Alternate for the Company's Legal Representative and he currently serves as General Manager of the Constructora Concreto S. A. branch in Bogotá.



The Vía 40 Express Concession; Bogotá – Girardot, Cundinamarca

**e) Policies Approved during the Period:**

In order to adapt the Company's regulations and policies to the recommendations of the Code of Best Corporate Practices (Country Code), in 2019 we worked on the Comprehensive Risk-Management policies and the Business Group Policy applicable to the Concreto Business Group, which were approved by the Company's Board of Directors and are published on the Website. The Company's administration will continue working on the formulation of guidelines and policies that it will gradually present before the full Board of Directors for its consideration and approval in subsequent years, with the aim of fulfilling the commitment to adapt the instruments of the Company's Corporate Governance to the guidelines established by the Country Code. The Company's management recognizes that the adoption of all the recommendations established in the Country Code must be gradual and implies a constant effort to adjust the Corporate Governance guidelines within the conglomerate more and more to these recommendations.

**f) Appointment Process for the Members of the Board of Directors**

The Bylaws and the Internal Regulations of the Board of Directors regulate the process for the appointment of the members to integrate this collegiate body, a function that is the responsibility of the Shareholders' Assembly.

The Constructora Concreto S.A. Board of Directors is made up of 10 advisors, who will be elected for two (2) year terms with application of the electoral quotient system. The persons elected may be replaced in partial elections, in which case, their term will be the one remaining to complete the two years of the previous member. There are no Alternates on the Board of Directors. The appointment as a member of the Company's Board of Directors is made in a personal capacity. The electoral quotient system will proceed when all the Board members are to be elected, without prejudice to the reelection of any or all of them.

The professional profiles of the members of the Board of Directors are reported through the Website to the shareholders, in such a way that the different actors, mainly Controlling, Significant, Family Shareholders, groups of Shareholders and Institutional Shareholders and the Board of Directors themselves are in a position to identify the most suitable candidates.

The members of the Board of Directors will be chosen according to criteria of professional competence, suitability and recognized moral solvency, and in any case, at least thirty percent (30%) of them will be Independent Members, who – together with the Company Members – will be the majority with respect to the Executive Members. In the event that the Board of Directors is made up of Executive Members, the latter will be a minimum number necessary to meet the information and coordination needs between the Board of Directors and the Company's Senior Management.

The evaluation of the suitability of the candidates will be carried out prior to the holding of the General Shareholder's Assembly, so that the Shareholders have sufficient information (personal qualities, suitability, background, experience and integrity) on the candidates proposed to integrate it, with the advance notification that allows their adequate evaluation.

Regarding the candidate as an Independent Member, a double declaration of independence is required: (i) from the candidate before the Company, its Shareholders and members of Senior Management, implemented through its acceptance letter; and (ii) from the Board of Directors, regarding the candidate's independence. Independent members are obliged to notify the Company of any circumstance that may affect their independent status.

It is highlighted that, within the functions of the Appointments and Remuneration Committee regarding the procedure for appointing members of the Board of Directors, are the following:

- To establish the procedures that are required, so that the Board of Directors reaches the following objectives:
  - To identify the tentative composition of functional profiles (associated with aspects, such as knowledge and professional experience) that are required by the Board of Directors in each circumstance.
  - To identify personal profiles (linked to trajectory, recognition, prestige, availability, leadership and group dynamics) most convenient for the Board of Directors.
  - To evaluate the time and dedication necessary for the Board members to adequately carry out their obligations.

- To propose and review the criteria to be followed for the composition of the Board of Directors and the evaluation of the suitability of the candidates for Board members proposed by the Shareholders.
- To inform, when appropriate, of the independent classification of the candidates for membership of the Board of Directors, for their proposal to the General Shareholders' Assembly by the Board of Directors or directly by the Shareholders.
- In cases of re-election or ratification of Board members, to formulate a proposal that will contain an evaluation of the work that the proposed member has been performing, and the actual dedication to the position during the last period.
- To establish an internal procedure and/or questionnaire to be submitted to the candidates for consideration that allows evaluating the incompatibilities and legal disabilities and the suitability of the candidates for the Board of Directors, through the evaluation of a set of criteria that the functional and personal profiles of the candidates must fulfill, and the verification of the fulfillment of some objective requirements to be a member of the Board of Directors and other additional requirements to be an Independent Member.
- To support the Chairman of the Board of Directors by centralizing and coordinating, prior to the General Assembly, the process of forming the administrative body, so that Shareholders who, based on their shareholding, aspire to be part of the Board of Directors, can learn the needs of the Board of Directors and raise their aspirations, negotiate the balance of shares and the distribution among the different categories of members, present their candidates and accept that the suitability of their candidates be evaluated by the Appointment and Remuneration Committee, before voting at the General Shareholders' Assembly.

**g) Board of Directors Remuneration Policy:**

The remuneration of the members of the Company’s Board of Directors is established by the General Shareholder’s Assembly, in accordance with objective criteria of a business nature. This remuneration is transparent, and – for this purpose – its amount is disclosed in the annual information that is made available to the Company’s Shareholders. The Company has a remuneration policy for the Board of Directors approved by the General Shareholders’ Assembly and which can be consulted on the website.

**h) Remuneration of the Board of Directors and Members of Senior Management:**

In accordance with what was approved by the General Shareholder’s Assembly at its Ordinary Meeting held on March 28, 2019, the amount of COP 6,605,000 per meeting attended was accepted as compensation for the Board members. Regarding the remuneration paid to the members of Senior Management, its detail is revealed in accordance with the guidelines of Article 446 of the Commercial Code, in the annual information that is made available to the Company’s Shareholders at the Ordinary Meeting .

**i) Quorum of the Board of Directors:**

The Board of Directors will deliberate and validly decide with the presence and votes of the majority of its members. Likewise, Company directors and officials or other persons whose presence is considered convenient for the appropriate treatment of matters submitted to the consideration of the Board of Directors may be invited, if so ordered by the Chairman of the Board of Directors or the Company CEO.



Puerto Azul Club House; Ricaurte, Cundinamarca

**j) Attendance Data at Board of Director Meetings:**

TYPE OF MEETING	NUMBER
Personal Attendance	7
Virtual	2
<b>Total</b>	<b>9</b>

DIRECTOR	ATTENDED	NOT ATTENDED
J. Mario Aristizábal Correa	7	
Jaime Alberto Ángel Mejía	6	1
José Alejandro Gómez Mesa	7	
Álvaro Jaramillo Buitrago	5	2
Luis Fernando Restrepo Echavarría	5	2
Ricardo Sierra Moreno	4	3
Bruno Dupety	2	5
Richard Francioli	2	5
Nora Cecilia Aristizábal López	5	2
Carlos Eduardo Restrepo Mora	7	
Christophe Pélissié Du Rausas*	1	

\* Appointed in an Extraordinary Meeting on December 9, 2019, to replace Bruno Dupety, who resigned from the Board of Directors.

**k) Attendance Data at Board of Director Committee Meetings:**

- Audit Committee:

TYPE OF MEETING	NUMBER
Personal Attendance	4
Virtual	0
<b>Total</b>	<b>4</b>

Member Attendance at Personal Attendance Meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Jaime Alberto Ángel Mejía	4	
José Alejandro Gómez Mesa	4	
Luis Fernando Restrepo Echavarría	1	

- Appointment and Remuneration Committee:

TYPE OF MEETING	NUMBER
Personal Attendance	3
Virtual	0
<b>Total</b>	<b>3</b>

Member Attendance at Personal Attendance Meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Ricardo Sierra Moreno	3	
José Mario Aristizábal Correa	3	
Luis Fernando Restrepo Echavarría	3	

- Corporate Governance Committee:

TYPE OF MEETING	NUMBER
Personal Attendance	2
Virtual	0
<b>Total</b>	<b>2</b>

Member Attendance at Personal Attendance Meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Álvaro Jaramillo Buitrago	2	
Nora Cecilia Aristizábal López	2	
Carlos Eduardo Restrepo Mora	2	

**l) Chairman of the Board of Directors:**

In accordance with the Board of Directors Internal Regulations, the Board of Directors shall have a Chairman elected from among its members, removable at any time. The functions of the Board Chairman will be as follows:

1. To summon all the Board of Directors when deemed appropriate, or at the request of the Fiscal Auditor or by two (2) of its members. In the last two cases, the Chairman will make the call within ten (10) days following the aforementioned request.
2. To define the meeting agenda jointly with the Company CEO, or independently if deemed appropriate. The agenda will be structured according to the parameters that allow a logical order to be followed in the presentation of the topics and discussions.
3. To preside over the meetings and direct their debates and put the issues to a vote when they have been sufficiently debated.
4. To watch over the effective execution of the Board decisions and to follow up on their assignments and decisions.
5. To ensure that the Board of Directors efficiently sets and implements the Company's strategic direction.
6. To promote the Company's governance action, acting as a link between Shareholders and the Board of Directors.
7. To ensure the delivery, in time and form, of the information to the members of the Board of Directors, directly or through the Board of Directors Secretary.
8. To monitor the active participation of the Board of Director members.
9. To lead the annual evaluation process of the Board of Directors and the Committees, except for their own evaluation.
10. To prepare, with the assistance of the Secretary and the Company CEO, a Board of Directors work plan for the period evaluated, a tool that facilitates determining the reasonable number of ordinary meetings per year and their estimated duration.

The Chairman of the Board of Directors assumes, together with the Board of Directors Secretary, the ultimate responsibility that the members receive the information in advance and that the information is useful, so that in all the documents that are delivered, quality must prevail over quantity.

Taking into account that the Board Chairman has additional obligations to those of the other Board members that imply greater responsibilities and dedication of time, the remuneration of the Board Chairman may be higher than the remuneration of the other Board members at the discretion of the Shareholders' Assembly.

**m) The Secretary of the Board of Directors:**

The Secretary of the Board of Directors will be the Company's Secretary General Secretary; in special cases, an *ad-hoc* Secretary may be appointed for the meetings. Notwithstanding the foregoing, to safeguard the independence of the Board Secretary, vis-à-vis the Company CEO, his appointment and removal shall correspond to the Board of Directors on the proposal of the Company CEO, with a prior report from the Appointment and Remuneration Committee. The Board of Directors Secretary may be a member of the Board of Directors.

In accordance with the law, the Secretary will be in charge of keeping the Minutes of the Board of Directors and authorizing with his signature the copies that are issued. The Secretary shall assist the Board Chairman in his duties and shall provide for the proper functioning of the Board of Directors, taking care to provide the Directors with the advice and information necessary for the proper performance of their duties; to preserve the social documentation; to duly reflect the development of the sessions and to attest to the decisions of the Board of Directors in the Books of Minutes.

Other functions of the Secretary, in addition to those already indicated, will be the following:

1. To communicate the summons that, in accordance with these regulations and the annual plan, are formulated for ordinary or extraordinary meetings.
2. To send the necessary documentation for the correct development of the sessions to the Board members, within the time and in the manner stipulated to do so.
3. To verify the quorum at the beginning of each session, and when so required in its development.
4. To prepare the Minutes of the sessions and submit them for approval by the Board Chairman.
5. To endorse with his signature the Minutes and agreements approved by the Board of Directors and to issue the certifications on the matters approved.
6. To keep the Book of Minutes of the Board of Directors.
7. To communicate to the competent instances the decisions of the Board of Directors and to follow up on the actions that lead to their full execution.
8. To keep the Corporate documentation, to duly reflect the development of the sessions in the Books of Minutes and to attest to the agreements of the Corporate bodies.
9. To ensure the formal legality of the actions of the Board of Directors and to guarantee that its procedures and governance rules are respected and regularly reviewed, in accordance with the provisions of the Bylaws and other internal regulations of the Company.
10. To comply with the other functions assigned to him by the Board of Directors and the Chairman.

**n) Board Relations during the Year with the Fiscal Auditor, Financial Analysts, Investment Banks and Rating Agencies:**

During 2019, the Fiscal Auditor attended all the meetings of the Board of Directors Audit Committee. The Board of Directors did not carry out activities with financial analysts, investment banks or rating agencies.

**o) External Advice Received by the Board of Directors:**

During 2019, neither the Board members nor the Company's Board of Directors received external advice.

**p) Management of Board of Director Information:**

In accordance with the provisions of the Internal Regulations of the Board of Directors, the meeting agenda shall be accompanied by the summons. Other matters may be included if the Chairman of the Meeting so decides, as it is considered convenient for the Corporate interest, and it may also be decided, even after the summons that some matter is not dealt with in the session. With the summons, the information and/or documentation that will be discussed at the respective meeting will be sent. If exceptionally all or part of the information is not available at the time of the summons, it may be sent later, but in any case, at least three (3) calendar days before the meeting date.

**q) Activities of the Board of Directors Committees:**

• **Audit Committee:** The Constructora Concreto Audit Committee, in fulfillment of its functions, met during the course of the year on four occasions, to carry out a detailed review and monitoring of the financial results of the operation, the risk management and relevant business situations. In addition, issues related to complaints received through the Ethics Line, news on Money Laundering and the Financing of Terrorism controls, and the recommendations and requests of the Fiscal Auditor were reviewed.

• **Corporate Governance Committee:** During 2019 two meetings of the Corporate Governance Committee were held, in which the Corporate Group Policy was approved, the degree of implementation of the Country Code in the Company was analyzed, work was carried out in the compilation and writing of the principles and the DNA that identify the Company for its subsequent approval by the full Board, which will be held in 2020 and the review of the results of the external evaluation of the Board of Directors and definition of the profiles of the people who must integrate the Board within Concreto.

- **Appointment and Remuneration Committee:** During 2019, three meetings of the Appointments and Remuneration Committee were held, in which the salary scale of Senior Management and key positions within the Organization, the strategy of succession of key positions for the coming years and the review of the results of the external evaluation of the Board of Directors and definition of the profiles of the people who must integrate the Board within Concreto were evaluated.

**r) Information on the Performance of the Evaluation Processes of the Board of Directors and Senior Management, as well as a Synthesis of the Results**

For 2019, the Board of Directors Members carried out self-evaluation and external-evaluation processes accompanied by external consultants hired for this purpose. It was possible to conclude from these processes that, in general, the current members perceive the Board as an informative and advisory Board. Likewise, they point out that, despite the regulations, the role of the Board Chairman is defined; in practice it is important to adjust the profile so that it is better framed in the description of the position and its functions. Regarding the Company's strategy, it is important for Board Members to detail what growth will be in the short, medium and long term with their respective indicators, taking into account that Backlog is a critical factor in this business of projects; which projects there are today, which are under development and which are in closing; new market needs, consumer cultures, global and local trends, effective management of Human Capital and technologies necessary to grow.

For the Board, the theme of the future with the commitment to innovation raises questions about the replacement of current businesses by digital-innovation businesses in the long term, how to monetize knowledge, product definition, market channels and niches, clients, cost of these implementations, among others. It also considers that – in the review and reformulation of this strategy – the Board should play a more leading role, with greater and better discipline existing through its participation, feeding and nurturing of this strategic reformulation.

Regarding matters related to the succession and appointment of critical positions, the importance of the follow-up of the Board members on these issues is ratified, allowing a permanent review.

In relation to the operation of the Board, it is suggested that its operation be complemented with meetings through financial and operational committees, including greater participation from the second level of the Company, where their expertise allows them to expand and expose themselves to topics of specific focus.

Finally, regarding the management of policies with the different Stakeholders, it is suggested that the Presidency be supported with the creation of communication protocols for crisis events and generate policies from the Board regarding the management of Stakeholders in the most sensitive issues for the Company.

In conclusion, in 2019, the attention of the Board of Directors focused on supporting the Organization to overcome the critical issues that the Company went through during the period, shifting attention to issues related to strategic planning, issues that will be addressed as a priority in the following exercise.



Engineering and Digital Design Employees; Medellín, Antioquia

### III. OPERATIONS WITH RELATED PARTIES

#### a) Powers of the Board of Directors Regarding This Type of Operations and Situations of Conflict of Interest:

The Constructora Concrete S.A. Code of Good Governance defines conflict of interest as the situation in which the interests of the Company are in opposition to the personal interests of the employees or their family members, in such a way that they lead the employee to act under parameters other than those that have been established to guarantee the real and ethical fulfillment of his responsibilities towards the Company.

Likewise, it establishes that the members of the Board of Directors, Legal Representatives, members of Senior Management and other Company administrators must periodically inform the Board of Directors of the direct or indirect relations they maintain between themselves or with other entities or structures belonging to the Business Group, or with the Company, or with suppliers, or with clients or with any other Stakeholder (the latter being understood as all those people who, because of their relationship with the Company, have an interest in it. These include the general public, Shareholders, employees, clients, users, economic and tax authorities, and the official supervisors), from which situations of conflict of interest may arise or influence the direction of their opinion or vote.

If the Company, its administrators, managers or other employees are faced with a situation that generates a conflict of interest, the following procedures will be followed, depending on whether the conflict is sporadic or permanent:

If the conflict is sporadic, it will be mandatory, in the first instance, that the directly interested party inform the Board of Directors or his/her immediate superior, as the case may be, about the situation that the conflict generates and obtain their consent to initiate or continue the operation. With this mechanism, the conflict of interest may not be eradicated, but the transparency of the operation may be maintained. On the contrary, if the conflict of interest is permanent and affects the Company's operations as a whole, this situation will constitute a reason for compulsory resignation by the affected party, since they are unable to exercise the position.

In the case of administrators, the content of Number 7 of Article 23 of Law 222 of 1995, and its regulatory Decree Number 1925 of 2009 will be applied, and, in this sense, it will be necessary to obtain the respective authorization from the General Shareholders' Assembly, in the case of the signing of contracts or the presentation of commercial offers, in which the respective administrator has an interest by himself or by an interposed person.

The Company has a Conflict-of-Interest Policy approved by the Board of Directors, which applies at all levels of the Organization and seeks consistency between corporate values and the performance of its employees. This policy has been widely disclosed within the Company and is published on the Company's Website.

#### b) Detail of the Most Relevant Operations with Related Parties in the Opinion of the Company, Including Operations Between Companies in the Conglomerate:

The operations with related parties are disclosed in detail in the notes to the Financial Statements, as well as in the Business Group Report, which are disclosed to the Shareholders in the annual information that is available to them during the term to exercise of the right of inspection.

#### c) Conflicts of Interest Presented and Actions of the Members of the Board of Directors:

During 2019 there were no conflicts of interest.

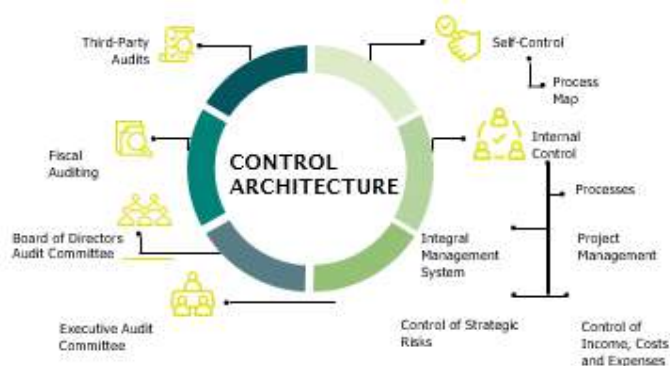
#### d) Mechanisms to Resolve Conflicts of Interest between Companies of the Same Conglomerate and Their Application during the Year:

The company has an Enterprise Group policy, in which the guidelines to be followed for intragroup operations are established. This policy was approved by the Board of Directors during 2019 and is published on the Company's Website. Additionally, there is a Conflict-of-Interest Policy that applies at all levels of the Organization.

## IV. COMPANY OR CONGLOMERATE RISK-MANAGEMENT SYSTEMS

### a) Explanation of the Company or Conglomerate Internal Control System (ICS) and Its Modifications during the year:

The Company has implemented a general control architecture system, framed in an external and internal control environment, which guarantees the coherence and consistency of the different administrative and managerial processes that make up the Organization. Within the external control processes are those carried out by agents other than those of the Company, while within the internal processes are all those instances and areas of the Company, which play a fundamental role in the processes of verification, monitoring and control. This control model is represented in the following graph:



#### Control Architecture at Constructora Concreto

**External-Control Architecture:** These processes refer to those verifications and controls carried out by agents external to the Company. These processes include, for example, those carried out by the Fiscal Auditor and third-party audit visits and the certification bodies of the Quality-Management system.

**Internal-Control Architecture:** These are the processes of verification, monitoring and control carried out by internal agents of the Company, ranging from self-control to the Board of Directors Audit Committee.

The Company has maintained its commitment and interest in the face of good corporate practices, including carrying out adequate internal control, framed within a strategic and operational risk-management model. In the different scenarios, the administration has insisted on the need to maintain and improve risk management, as a facilitating mechanism to guarantee results, for business continuity.

Among these processes are: Self-Control, Integral Management Systems, Strategic-Risk Control, Project-Management processes and Control of Income, Costs and Expenses.

### b) Description of the Risk Policy and Its Application during the Year:

During 2019, and in compliance with the Company's strategy and the general framework of the Risk-Management Policy, routine activities were carried out, both scheduled and unscheduled, within the Organization, in such a way that the achievement of the objectives in each of the processes could be reasonably guaranteed. The result of these activities was shared in a timely manner to the administrative and management bodies, including the Audit Committee.

Within the risk-management process, the evaluation and updating of the Strategic Risk Matrix was carried out, resulting in the incorporation of a new risk category entitled "Cybersecurity Risk," which is framed with the following definition: For Concreto, the Cybersecurity Category includes the risks generated by having the information in technological mediums, where threats, fraud, filtration, access and manipulation in computer networks can occur, and – in turn – the collapse or damage to telecommunications, that can generate loss of information or interruption in service.

#### Action Plans:

- i. Having technological tools and applications that guarantee the management of the security scheme.
- ii. Adaptation of current Cloud servers, with specific Google security services and next-generation antivirus.
- iii. The security scheme was migrated from a traditional model to a GCP public-cloud model.
- iv. The physical and virtual security of the servers was increased.

### c) Materialization of Risks during the Year and Response and Supervision Plans for the Main Risks:

During 2019, permanent monitoring was carried out on the strategic and operational risks of the business, with the aim of applying specific strategies for the treatment of risks, which allow the continuity and sustainability of the business to be maintained, as well as the identification of opportunities that can be used to generate value.

In particular, the inquiries and administrative processes that the Superintendency of Industry and Commerce have been carrying out were followed up, as well as the events that occurred in the execution of the Ituango Hydroelectric Project, keeping the Board of Directors, through the Audit Committee and the Organization's Senior Management constantly informed in a timely manner.





Hidroituango, Antioquia

## V. RISK-MANAGEMENT REPORT

### Comprehensive Risk Management in 2019

The Risk-Management process consists of contextualizing, identifying, analyzing, evaluating and treating the risks that contribute to the Company's decision making. Due to the nature and diversity of the business and clients, the Company is permanently exposed to risk situations such as:

**Financial Risks:** For which the Company will face the situation by implementing a divestment plan for non-strategic assets.

**Market Risk:** As a consequence of the slow cycle of the construction industry, it was difficult to obtain Backlog in some periods of the year, for which – as an action plan – the Company implemented the strengthening of commercial management, for the search for new real estate and infrastructure projects, as well as promoting new business models.

**Legal and Reputational Risks:** As a consequence of not having a final decision in the proceedings before the Superintendency of Industry and Commerce (SIC) and because of the situation that occurred in the Ituango Hydroelectric Project, the Company facilitated the investigations with the contribution of the pertinent evidence and had the accompaniment of specialized advisers for this purpose, in the development of the action plan defined to face the aforementioned risk.

### Prevention of Money Laundering and the Financing of Terrorism

We are committed to preventing and controlling the risk of money laundering and terrorist financing. For this reason, we continue with the rigorous process of validating and verifying the information provided by suppliers and clients,

avoiding our operations of being involved in illegal activities.

Likewise, analysis of the results of the consultations in restrictive lists and internal monitoring were carried out to identify transactions that could be suspicious, in accordance with the provisions of the Manual for the Prevention of Money Laundering, adopted by the Company.

Finally, the Company will apply the necessary procedures to prevent and resolve conflicts of interest that may arise in the development of its Corporate Purpose and, especially, in the detection and analysis of unusual operations and reporting of suspicious operations, in all those cases it is deemed convenient.

### Monitoring the Risk Map

At Constructora Concreto, risk management is a continuous process, which seeks – at all levels of the Organization – to safeguard the sustainability, growth and solidity of the business. During the risk assessment carried out during the second quarter of the year, a new category related to Cybersecurity Risk was incorporated.

For each of the established categories, treatment strategies and systematic monitoring were defined, which allow maximizing the probabilities and consequences of positive events and minimizing the probabilities and consequences of negative events.

Starting in 2020, the Company will begin a process of consolidation of the information and methodology of strategic and operational risks, related to the standardization program and good practices in projects and support areas of the Organization.

## Conflicts of Interest

There were no situations during 2018 that could have generated conflicts of interest.

## Challenges in 2020

1. Development of internal audits in risk-based projects.
2. Implementation of a systematized methodology for the administration and management of organizational risks, which allows us to define response plans and their implementation.
3. Timely identification of emerging risks, risks of the value-chain structure and risks with possible impacts on business continuity.



## VI. GENERAL SHAREHOLDERS' ASSEMBLY

### a) Differences in the Operation of the Assembly between the Minimum Regime of the Current Regulations and that Defined by the Bylaws and the Company's Assembly Regulations:

In both the Bylaws and the Internal Regulations of the General Shareholder's Assembly, more stringent measures have been adopted than those established in the law, to protect the rights of Shareholders, assuming the recommendations of the Country Code. The most significant improvements are as follows:

- For the summons to the Ordinary Meeting of the General Shareholders' Assembly, the summons is made no less than 30 calendar days before the date on which the meeting will take place; for Extraordinary Meetings, it will be done with fifteen (15) calendar days in advance of the date scheduled for the meeting.
- When it is intended to debate the increase in the authorized capital or the decrease in the subscribed capital or an improper spin-off, the respective item must be included in the Order of the Day indicated in the summons, under penalty of ineffectiveness of the respective decision. In these cases, the Company Administrators will prepare a report on the reasons for the proposal, which must be made available to the Shareholders during the term of the summons at the Company's administration offices.
- In cases of division, merger and transformation, the respective projects must be kept available to Shareholders at the offices of the Company's main domicile, at least thirty (30) calendar days in advance of the meeting where the proposal is to be considered. Likewise, the summons must include the item on the Order of the Day and must expressly indicate the possibility that Shareholders have to exercise the right of withdrawal, under penalty of ineffectiveness of the decision.
- In operations that may lead to the dilution of the capital of minority Shareholders, such as a capital increase waiving the right of preference in the subscription of shares, merger, spin-off or segregation, the Board of Directors will present a report beforehand to Shareholders, containing a summary of the opinion of an independent external advisor, of recognized solvency, appointed by the Board of Directors itself. This report will be available to the Shareholders before the Assembly where the transaction referred to must be voted, under the same terms established for the exercise of the right of inspection.
- The summons may be made through electronic means, written communication addressed to each of the Shareholders to the address registered in the Company's books or by publication on the Company's Webpage, or whichever it uses or through a notice published in a newspaper of national circulation or through social networks. Likewise, notice of the

summons will be given to the pertinent control body, if applicable.

- During the term of the call, all documents and information related to the points of the Order of the Day of the meeting will be available to the Shareholders, both physically, in the Company's facilities, and electronically, on the Corporate Website.
- The summons specifies the items on the Order of the Day that will be dealt with by the General Shareholders' Assembly and the Agreement Proposal, this being understood as the literal description of the issue that the Board of Directors submits to the Assembly for consideration, and it may include a suggestion from this body to the Shareholders regarding the meaning of their vote.
- Within five (5) calendar days following personal notification or publication of the summons, Shareholders will have the right, regardless of their shareholding, to propose the introduction of one or more points to debate within the Order on the Day of the Ordinary Meeting of the General Shareholders' Assembly or to present new Proposals for Resolutions, provided that these requests are accompanied by a justification.
- Shareholders who cannot attend one or more sessions may attend the General Shareholders' Assembly through a proxy who will accredit this quality with a Power of Attorney duly granted in writing, for which the Company provides a Power-of-Attorney format on the Company's Website that may be used by the Shareholders.
- For greater dissemination of the Assembly meetings, they are transmitted via streaming.

### b) Measures Adopted during the Year to Encourage Shareholder Participation

Once the Shareholders' Assembly has been summoned, a link entitled "Assembly" is incorporated on the Website, where the documents related to the topics to be discussed at the meeting that has been summoned are published. It is possible to follow the Assembly meetings via streaming, so that the Shareholders who cannot attend can connect remotely and learn first-hand about the decisions made at each meeting.

Conferences are organized on a quarterly basis for the delivery of the financial results for the period, which are transmitted on the Company's website, during which questions from investors and other Stakeholders are resolved. On the Company's Website, there is a link entitled "investors," which seeks to accurately communicate the Company's financial and non-financial information in a timely manner. This allows our investors to know first-hand content of their interest. It is important to highlight that the Company has been adopting the recommendations of the Country

Code to guarantee greater Shareholder participation.

**c) Information to Shareholders and Communication with them**

The Code of Good Corporate Governance adopted by Constructora Concreto S.A. has defined a procedure that establishes the mechanisms the Company has to interact with its Shareholders, in matters such as:

- Access to information: all Constructora Concreto S.A. Shareholders will have the same right to access the Company's information, establishing in their favor the right of equal treatment in the exercise thereof. The Company will ensure that all its Shareholders are fully informed in a timely manner about the ordinary course of business, the timely and truthful disclosure of the Company's financial and non-financial information, which allows them to have detailed, complete knowledge of the Company's progress.
- Resolution of requests for information: by virtue of the right to access the Company's information, Constructora Concreto has permanently open communication channels through which the Shareholders may express their concerns and receive responses to them, as long as this does not imply the disclosure of confidential information or industrial secrets, or information the disclosure of which may be used to the Company's detriment.



Thus, on the Website there is a link that is exclusively for investors, in which there is a button entitled "Shareholder Services," where a series of frequently asked questions with their respective answers are listed. There is also a button entitled "Contact," where they can leave the message they want to transmit to the Company. At Constructora Concreto, there is an Investor Relations Office, where – during office hours – there is a person who is attentive to answering the requirements of the Shareholders and an e-mail ready to receive these messages.

- **Company Communication Channels with Shareholders:** Constructora Concreto has developed the following communication channels with its Shareholders:

- Website <http://www.concreto.com/inversionistas>
- Quarterly teleconferences through a Webpage, where the most relevant news of the period is discussed and financial information and results for the period are presented.
- Email [ir@concreto.com](mailto:ir@concreto.com)
- Through the telephone line (+57 4) 402 – 5700
- Through press releases
- Social networks
- Page of the Financial Superintendency of Colombia, in the link **Relevant Information.**

- **Form of Interaction between Shareholders and the Company, Its Board of Directors and Other Administrators:**

Interaction between shareholders and the Company is mainly in the Ordinary Shareholders' Assembly or in the extraordinary meetings of the Assembly. However, if a Shareholder submits a request for information to the Company addressed to the Board of Directors or to a specific administrator, these will be channeled through the Shareholder Service Office; after having consulted with the participation of the General Secretariat, the Board or the specific Administrator will respond to the Shareholder in a timely manner.

**d) Requests and Matters on Which Shareholders Have Required Information from the Company:**

During 2019, the following requests were made directly to the Company by the Investor Relations Office:

TYPE	# REQUESTS
Written Requests	22
Phone Support	4
Personal Attention	2
<b>TOTAL</b>	<b>28</b>

TOPIC OF THE REQUEST	# REQUESTS
Certificates	9
Right of Inspection	1
Information on Dates to Present Results	1
Information about the Company	4
Information on Quarterly Results	9
Information of Principal Shareholders	1
Information on Projects	2
Request for Financial Statements	1
<b>TOTAL</b>	<b>28</b>

Constructora Concreto Employees

**e) Data on Attendance at the General Shareholder's Assembly:**

The following are the most Relevant data regarding attendance at the Ordinary Meeting of the Company's Shareholders' Assembly on March 28, 2019:

Shareholders Represented	124
Attendees	47
Shares Represented	1,032,324,410
Shares in Circulation	1,134,254,939
Percentage Represented	91.013%



**Detail of the Main Agreements Reached:**

During the Ordinary Meeting of the General Shareholders' Assembly, held on March 28, 2019, the Shareholders approved the 2018 Financial Statements, the Management Report from the Board of Director and Management, the Corporate Governance Report, the Profit Distribution project, the remuneration for the Board of Director and the Fiscal Auditor, the ratification of the current Board Members for the period between April 2019 and March 2021, the designation of *PwC Contadores y Auditores Ltda.* as Fiscal Auditors for the period between April 2019 and March 2021, and the approval of the Amendments to the Bylaws under which the following was modified: **(i)** Article 4, corresponding to the Corporate Purpose, including – within the activities to be developed by the Company – the provision and installation of urban furniture, the provision of accounting, legal, foreign-trade, computer and human-management services and, in general, back-office services and/or the exploitation of the Company's know-how, the provision of services through electronic platforms to acquire goods and services and the provision of services related to data analytics and market intelligence; and **(ii)** Point h of Article 48 of the Bylaws, in order to eliminate the double signature to enter into some contracts and, consequently, from now on, entering into Company contracts will require the signature of one (1) of the Company's Legal Representatives.

The following are the most relevant data regarding attendance at the Extraordinary Meeting of the Company's Shareholders' Assembly on December 9, 2019:

Shareholders Represented	304
Attendees	15
Shares Represented	928,803,920
Shares in Circulation	1,134,254,939
Percentage Represented	81.887%

**Detail of the Main Agreements Reached:**

During the Extraordinary Meeting of the General Shareholders' Assembly, held on December 9, 2019, the Company's Board of Directors was appointed, as a result of the resignation of Bruno Dupety from the VINCI S.A. organization, and his consequent resignation as a member of the Company's Board of Directors, for which it was necessary to make an appointment to the Board of Directors to complete the period until March 2021.

