

# ANNUAL REPORT CORPORATE GOVERNANCE 2020

Illustrative image



# Contents

I	STRUCTURE OF THE COMPANY'S OWNERSHIP
	Page 3

II	COMPANY MANAGEMENT STRUCTURE
	Page 5

III	TRANSACTIONS WITH RELATED PARTIES
	Page 14

IV	RISK MANAGEMENT SYSTEMS OF THE COMPANY OR CONGLOMERATE
	Page 15

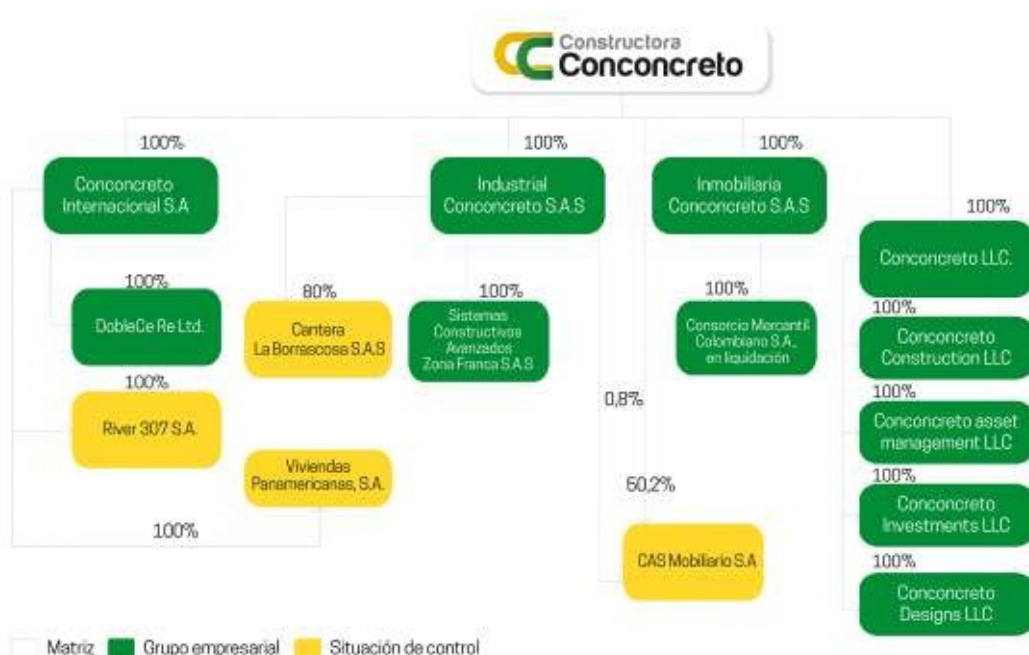
V	RISK MANAGEMENT REPORT
	Page 16

VI	GENERAL SHAREHOLDERS' MEETING
	Page 18

# I. OWNERSHIP STRUCTURE OF THE COMPANY

## a) Capital and ownership structure of the company.

Constructora Concreto S.A. is the parent company of the Constructora Concreto S.A. Business Group. In addition, although not part of the Business Group, there are a number of companies over which it has control, which are duly registered in the commercial register. These relationships are illustrated in the diagram below:



The companies that make up the Group operate in Colombia, and some of them have a presence in other countries, participating in the construction business, infrastructure, production and marketing of construction supplies, design, management, and sale of real estate projects, among others.

During 2020, the Constructora Concreto S.A. Business Group was modified by: i) the incorporation into the Business Group of four companies domiciled in Florida, United States of America, whose investment is held through the subsidiary Concreto LLC, namely: CONCRETO CONSTRUCTION

LLC, dedicated to providing construction and construction consulting services; CONCRETO ASSET MANAGEMENT LLC, dedicated to providing asset management services; CONCRETO INVESTMENTS LLC, dedicated to investment activities; and CONCRETO DESIGNS LLC, dedicated to providing architectural design, engineering, and technical design services. and ii) cancellation of its status as a business group with respect to the company U-Storage S.A.S., in which it held a direct stake of more than 50% and an indirect stake through Industrial Concreto S.A.S. and Inmobiliaria Concreto S.A.S.

As of December 31, 2020, the capital subscribed by the shareholders of Constructora Concreto S.A. was one hundred sixteen billion eight hundred twenty-eight million two hundred fifty-eight thousand seven hundred seventeen pesos (COP \$116,828,258,717), equivalent to one hundred thirteen million, two hundred fifty-four thousand, nine hundred thirty-nine (1,134,254,939) shares with a par value of one hundred three pesos (COP 103) each.

Considering that the authorized capital of the Company is one billion five hundred million shares (1,500,000,000), there are currently three hundred sixty-five million seven hundred forty-five thousand sixty-one shares (365,745,061) in reserve.

**b) Identity of shareholders with significant holdings.**

In accordance with the guidelines of the Country Code, a significant shareholder is one who, alone or by virtue of an agreement with other shareholders, holds voting rights that exceed a certain limit (currently set at 10% of the total voting rights) and whose participation is of a stable nature. Below, we list the shareholders who, at the end of 2020, had a percentage stake in the Company greater than the limit set for the concept of significant shareholder:

NAME OF SHAREHOLDER	NO. OF SHARES % OF SHARES	% OF SHAREHOLDING SHARE
Vinci Colombie S.A.S.	226,850,988	20

**c) Information on the shares owned directly (in a personal capacity) or indirectly (through companies or other vehicles) by the members of the Board of Directors and the voting rights they represent.**

NAME	NO. OF SHARES DIRECTLY	NO. OF SHARES THROUGH VEHICLES	VOTING RIGHTS
Jaime Alberto Angel Mejia	0	0	0
José Alejandro Gómez Mesa	33	0	0.00%
Álvaro Jaramillo Buitrago	0	0	0
Luis Fernando Restrepo Echavarría	0	0	0
Christophe Pélissié Du Rausas	0	0	0
Richard Francioli	0	0	0
Nora Cecilia Aristizábal López	0	0	0
Carlos Eduardo Restrepo Mora	353,001	34,419,905	0.030%
Carolina Angarita Barrientos	0	0	0
Orlando Cabrales Segovia	0	0	0

**d) Family, commercial, contractual, or corporate relationships that exist between the holders of significant holdings and the company, or between the holders of significant holdings themselves.**

During 2020, there were no transactions of this type between the company and the holders of significant shareholdings.

**e) Negotiations that members of the Board of Directors,**

**Senior management and other administrators have carried out transactions involving shares and other securities issued by the company.**

During 2020, there were no direct negotiations

with the shares issued by the company with respect to the administrators.

**f) Agreements between shareholders of which we are aware.**

For the period from January to December 2020, no agreements between shareholders were filed with the Company's management offices.

**g) Treasury shares held by the company**

During 2020, the Company did not repurchase any treasury shares.

## II. STRUCTURE OF THE COMPANY'S MANAGEMENT

### a) Composition of the Board of Directors and its committees

In 2020, the Board of Directors of Constructora Concreto S.A. was made up of 10 members, who were elected at the ordinary meeting of the General Shareholders' Meeting on May 26, 2020.

in response to the resignation of two members of the Board of Directors, Dr. José Mario Aristizábal and Dr. Ricardo Sierra. According to the statutes, there are no substitutes on the Board of Directors.

NAME	STATUS	FIRST APPOINTMENT
Nora Cecilia Aristizábal López	Patrimonial	26fromMarchfrom2010
Jaime Alberto Angel Mejia	Independent	March 27, 2009
José Alejandro Gómez Mesa	Independent	March 22, 2013
Álvaro Jaramillo Buitrago	Independent	March 22, 2013
Luis Fernando Restrepo Echavarría	Independent	31fromMarchfrom2004
Christophe Pélassié Du Rausas	Patrimonial	December 9, 2019
Richard Francioli	Heritage	January 25, 2016
Carlos Eduardo Restrepo Mora	Executive and Asset Management	March 30, 2011
Carolina Angarita Barrientos	Independent	May 26, 2020
Orlando Cabrales Segovia	Independent	May 26, 2020

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

1 | **Audit Committee:** composed of Jaime Alberto Angel Mejia, Luis Fernando Restrepo Echavarría, and José Alejandro Gómez Mesa. The Statutory Auditor attends the Audit Committee meetings with voice but without vote.

2 | **Human Resources Committee:** composed of Carolina Angarita Barrientos, Luis Fernando Restrepo Echavarría, and Orlando Cabrales Segovia. The Society's general secretary attends the Human Resources Committee meetings with voice but no vote, acting as secretary of the Committee.

3 | **Corporate Governance Committee:** composed of Carlos Eduardo Restrepo Mora, Álvaro Jaramillo Buitrago, and Nora Cecilia Aristizábal López. The Company's Director of Corporate Affairs attends the meetings of the Corporate Governance Committee with voice but no vote, acting as secretary of the Committee.

The functions of the Board of Directors, as well as the functions of its standing committees, are set forth in the internal regulations of the Board and each committee, which can be consulted on the company's website.

## b) Resumes of the members of the Board of Directors

### **NORA CECILIA ARISTIZÁBAL LÓPEZ (CHAIR AND EQUITY MEMBER)**

A graduate in architecture from the Pontificia Universidad Bolivariana, she holds a master's degree in Urban Design from the Massachusetts Institute of Technology (MIT). She has also completed several specialized studies in design management, land management in large urban projects, and skills and leadership development. Her work experience in various positions is noteworthy, including assistant to Professor Horacio Caminos (MIT), head of the design workshop at Condiseño Ltda., director of the projects department at Concreto S.A., founding partner and manager of the company Contexto Urbano S.A., director of the District Planning Department and technical formulation of the POT (Land Use Plan), Territorial Planning Plan of Bogotá, and general manager of Renta Urbana S.A.S.

### **CHRISTOPHE PÉLISSIE DU RAUSAS (HERITAGE)**

He was born in 1958. He holds degrees from École Polytechnique and École Nationale des Ponts et Chaussées (France), and a postgraduate degree in Finance from Université Paris-Dauphine. He began his career at the Ministère de l'Équipement (now the French Ministry of Ecology) and then moved to the Spie Batignolles group, where he held various management positions at Spie Ener-trans. He joined the VINCI Group in 1997 as Director of Concessions at Campenon Bernard (1997-1998), Executive Vice President of Campenon Bernard, which later became VINCI Construction Grands Projets (1999-2001), and Managing Director of VINCI Energies Nord (2002-2003). He moved to VINCI Concessions in 2004, where he served as Deputy Director for Southeast Europe (2004-2009), then as Director of Client-Side Project Management and President of VINCI Railways. In that role, he was appointed President of AGIFI (French Association of Independent Railway Infrastructure Administrators) from its inception in 2014 until 2017. He has been Director of Business Development at VINCI since March 2017.

### **RICHARD FRANCIOLI (ASSETS)**

Born in 1959. He joined the VINCI Group in 1983. After starting his career with a period of voluntary National Service at Ain Shams Hospital in Cairo, he went on to become Regional Director North, then Provincial Director at Sogea Construction. He subsequently served as President of VINCI Construction International Subsidiaries and President of

VINCI Construction in March 2006. He was appointed Vice President of Procurement for the group in January 2010, a position he currently holds.

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

Born on April 21, 1958, he graduated in Industrial Management from the Georgia Institute of Technology (GA – Tech) and holds an MBA from the University of Chicago. His professional experience includes eight years at The Marmon Group (Chicago), followed by Crystal S.A.S. He has held various positions, including international vice president, executive vice president, and, since 2004, corporate president. He also serves on the boards of directors of Bancolombia S.A., Etiflex S.A., MAS S.A.S., ANDI Antioquia, and ANDI General Management.

### **JAIME ALBERTO ANGEL MEJÍA (INDEPENDENT)**

Born on July 15, 1961, he is a production engineer from Eafit University. He has a specialization in information systems from Eafit and the Advanced Management Program (AMP) from Harvard Business School. He has spent his entire professional career at Corona, where he is currently president of Corona Industrial, a position he has held for more than eleven years. He also sits on the boards of Corporación Tecnova, Ecocementos S.A.S., and the Antioquia Chapter of the National Association of Industries (ANDI).

### **ÁLVARO JARAMILLO BUITRAGO (INDEPENDENT)**

Born on January 30, 1952, he holds a degree in business administration from Universidad del Norte (Barranquilla). He began his professional career at Philadelphia National Bank, where he rose to the position of vice president, then served as president of Invercrédito and later at Banco de Colombia. In 1997, he founded IQ Outsourcing. He then served as president of Avianca Holdings, where he is currently a member of the board of directors. He also serves on other boards, including PetroWorks, Tribeca Asset Management, and Grupo Daabon.

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

Born on February 1, 1964, he holds a degree in Corporate Finance from Eafit University and an undergraduate degree in Civil Engineering from the University of Texas at Austin. He is a founding partner and director of SBI Banca de Inver-



for more than twenty years. Since 2009, he has been a member of the board of directors of Inversiones Concreto and subsequently joined the board of Constructora Concreto S.A. when the two companies merged. He is a member of other boards of directors, such as West Química S.A. and Inmel S.A.S.

**CARLOS EDUARDO RESTREPO MORA**  
**(ASSETS/EXECUTIVE)**

Born on November 25, 1963, he graduated as a civil engineer from the Antioquia School of Engineering (EIA) and holds a master's degree in Construction Engineering and Management from the Georgia Institute of Technology (GA-Tech). He has held various positions within Constructora Concreto since joining the company more than 28 years ago. He is currently an advisor to the president and director of the Bogotá branch. He has served on the board of directors of Concreto during several intermittent periods and is currently a member of the boards of directors of Concesiones CCFC S.A.S. as an alternate member and of Administración de Recursos y Oportunidades S.A.

**CAROLINA ANGARITA BARRIENTOS (INDEPENDENT)**

Carolina Angarita graduated in Social Communication-Journalism from Javeriana University, has a master's degree in International Journalism from the University of Westminster, and studied Leading Innovative Change at Berkeley University. She is a member of the board of directors of AIESEC Colombia, the advisory committee of the Latino Impact Summit, and the advisory board of the MET Community. She is an international speaker, one of the country's 100 leaders in the Merco ranking, and passionate about innovation and digital transformation with human transformation.

**ORLANDO CABRALES SEGOVIA (INDEPENDENT)**

Born in 1969, he is a lawyer from the Pontificia Universidad Javeriana and holds a master's degree in philosophy from Boston College. He currently serves as President of the Colombian Natural Gas Association – Ministry of Mines and Energy and as President of the National Hydrocarbons Agency. He currently sits on the boards of Isagen, Tuscany Drilling, and Frontera Energy.



Prefabricated beam connection system. Lógica Siberia Project, Cundinamarca.

**c) Changes to the Board of Directors during the fiscal year** During 2020, the composition of the Board of Directors was modified during the ordinary shareholders' meeting held on May 26, 2020, where the current members were appointed to complete the term until March 2021. This was in response to the retirement of two of its members from the Board of Directors.

**d) Members of the parent company's Board of Directors who sit on the Boards of Directors of subsidiaries or hold executive positions in them.** The subsidiaries of Constructora Concreto S.A. do not have Boards of Directors; consequently, no member of the parent company's Board of Directors sits on the boards of the subsidiaries. With regard to the performance of executive positions, no member of the parent company's Board of Directors holds executive positions in the subsidiaries. Dr. Carlos Eduardo Restrepo Mora currently serves as General Manager of the Bogotá branch of Constructora Concreto S.A.



Supercade Manitas. Bogotá, 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, during 2020 work was carried out on the internal audit statute and the framework agreement of the Business Group, which is aligned with the Business Group policy approved by the Board of Directors. The Company's management will continue to work on the formulation of guidelines and policies that will be progressively presented to the full Board of Directors for consideration and approval in subsequent years, with the aim of fulfilling the commitment to adapt the Company's corporate governance instruments to the guidelines established by the Country Code. The Company's management recognizes that the adoption of all the recommendations established by the Country Code must be gradual and involves a constant effort to increasingly adjust the corporate governance guidelines within the conglomerate to those recommendations.

**f) Process for appointing members of the Board of Directors**

The Bylaws and the internal regulations of the Board of Directors govern the process for appointing members to this collegiate body, a function that falls to the Shareholders' Meeting.

The Board of Directors of Constructora Concreto S.A. is made up of ten directors, who shall be elected for two-year terms using the electoral quotient system. Those elected may be replaced in by-elections, in which case their term shall be the remainder of the previous member's two-year term. There are no alternates on the Board of Directors. Appointment as a member of the Company's Board of Directors is made on a personal basis. The electoral quotient system will apply when all members of the Board are to be elected, without prejudice to the re-election of any of them.

The professional profiles of the members of the Board of Directors are disclosed to shareholders on the website so that the various stakeholders, mainly controlling and significant shareholders, families,



shareholder groups, institutional shareholders, and the Board of Directors itself, are able to identify the most suitable candidates.

The members of the Board of Directors shall be elected based on criteria of professional competence, suitability, and recognized moral integrity, and in any case, at least thirty percent (30%) of them shall be Independent Members, who, together with the Equity Members, shall constitute a majority with respect to the Executive Members. In the event that the Board of Directors is composed of Executive Members, the latter shall be the minimum number necessary to meet the information and coordination needs between the Board of Directors and the Senior Management of the company.

The suitability of candidates will be assessed prior to the General Shareholders' Meeting, so that shareholders have sufficient information (personal qualities, suitability, track record, experience, and integrity) about the proposed candidates to allow for their proper evaluation.

Candidates for Independent Member are required to make a double declaration of independence: (i) by the candidate before the company, its shareholders, and members of Senior Management, implemented through their Letter of Acceptance, and (ii) by the Board of Directors, regarding the candidate's independence. Independent members are required to disclose to the Company any circumstance that may affect their independent status.

It should be noted that the Human Resources Committee's functions with respect to the procedure for appointing members of the Board of Directors include the following:

- Establish the procedures required for the Board of Directors to achieve the following objectives:
  - Identify the tentative composition of functional profiles (associated with aspects such as knowledge and professional experience) that are needed on the Board of Directors in each circumstance.
  - Identify the personal profiles (linked to career, recognition, prestige, availability, leadership, and group dynamics) that are most suitable for the Board of Directors.

character, and group dynamics) that are most suitable for the Board of Directors.

- Evaluate the time and dedication required for Board members to adequately perform their duties.
- Propose and review the criteria to be followed for the composition of the Board of Directors and the evaluation of the suitability of candidates for Board membership proposed by shareholders.
- Report, where appropriate, on the independent status of candidates for membership of the Board of Directors, for their proposal to the General Shareholders' Meeting by the Board of Directors or directly by the shareholders.
- In cases of reelection or ratification of members of the Board of Directors, formulate a proposal that will contain an evaluation of the work that the proposed member has been performing, and their effective dedication to the position during the last term.
- Establish an internal procedure and/or questionnaire to be submitted to candidates for consideration, allowing for the assessment of legal incompatibilities and disqualifications and the suitability of candidates for the Board of Directors, through the evaluation of a set of criteria that must be met by the functional and personal profiles of the candidates, and verifying compliance with objective requirements for membership of the Board of Directors and additional requirements for Independent Membership.
- Support the Chairman of the Board of Directors by centralizing and coordinating, prior to the General Meeting, 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 about the needs of the Board of Directors and express their aspirations, negotiate share balances and distribution among the different categories of members, present their candidates, and accept that the suitability of their candidates be evaluated by the Human Talent Committee prior to the vote at the General Shareholders' Meeting.

**g) Remuneration policy for the Board of Directors**

The remuneration of the members of the Company's Board of Directors is set by the General Shareholders' Meeting, based on objective business criteria. This remuneration is transparent, and to this end, its amount is disclosed in the annual information made available to the Company's shareholders. The Company has a Board of Directors remuneration policy approved by the General Shareholders' Meeting, which can be consulted on the website.

**h) Remuneration of the Board of Directors and members of Senior Management**

In accordance with the resolution approved by the General Shareholders' Meeting at its ordinary meeting held on May 26, 2020, the sum of \$ 5,284,000 pesos per meeting attended was accepted as remuneration for the members of the Board of Directors. With regard to the remuneration paid to members of Senior Management, details are disclosed in accordance with the guidelines of Article 446 of the Commercial Code, in the annual information made available to the Company's shareholders at the ordinary meeting.

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

The Board of Directors shall deliberate and decide validly with the presence and votes of the majority of its members. Likewise, executives and officials of the Company or other persons whose presence is deemed appropriate for the proper handling of the matters submitted for consideration by the Board of Directors may be invited to the meetings, if so decided by the Chairman of the Board of Directors or the President of the Company.



Via 40 Express Concession. Bogotá - Girardot, Cundinamarca

**j) Attendance data for Board of Directors meetings**

TYPE OF MEETING	NUMBER
In person	1
Remote	10
<b>Totals</b>	<b>11</b>

DIRECTOR	ATTENDED	UNASSISTED
Jaime Alberto Angel Mejia	10	1
José Alejandro Gómez Mesa	11	0
Álvaro Jaramillo Buitrago	10	1
Luis Fernando Restrepo Echavarría	11	0
Richard Francioli	1	10
Nora Cecilia Aristizábal López	11	0
Carlos Eduardo Restrepo Mora	11	0
Christophe Pélassié Du Rausas	7	4
Carolina Angarita Barrientos*	8	0
Orlando Cabrales Segovia*	8	0

\* Appointed at the regular meeting on May 26, 2020.

**k) Attendance data for Board of Directors Committee meetings**

- Audit Committee:

TYPE OF MEETING	NUMBER
In-person	1
Remote	3
<b>Total</b>	<b>4</b>

Member attendance at meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Jaime Alberto Angel Mejia	4	0
José Alejandro Gómez Mesa	4	0
Luis Fernando Restrepo Echavarría	4	0

- Human Resources Committee:

TYPE OF MEETING	NUMBER
In-person	0
Remote	2
<b>Total</b>	<b>2</b>

Member attendance at in-person meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Carolina Angarita	2	0
Orlando Cabrales	2	0
Luis Fernando Restrepo Echavarría	2	0

- Corporate Governance Committee:

TYPE OF MEETING	NUMBER
In-person	0
Remote	2
<b>Total</b>	<b>2</b>

Member attendance at in-person meetings:

DIRECTOR	ATTENDED	NOT ATTENDED
Álvaro Jaramillo Buitrago	2	0
Nora Cecilia Aristizábal López	2	0
Carlos Eduardo Restrepo Mora	2	0

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

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

1. To convene the Board of Directors when deemed appropriate, or at the request of the Statutory Auditor or by two (2) of its members. In the latter two cases, the President shall convene the meeting within ten (10) days of the aforementioned request.
2. Define the agenda for meetings jointly with the President of the Company, or independently if deemed appropriate. The agenda shall be structured in accordance with parameters that allow for a logical order of presentation of topics and discussions.
3. Chair the meetings and lead the discussions, putting matters to a vote when you consider them to have been sufficiently debated.
4. Ensure the effective execution of the Board of Directors' decisions and follow up on its instructions and decisions.
5. Ensure that the Board of Directors efficiently sets and implements the strategic direction of the Company.
6. Promote the governance of the Company, acting as a liaison between the shareholders and the Board of Directors.
7. Ensure the timely delivery of information to the members of the Board of Directors, either directly or through the Secretary of the Board of Directors.
8. Monitor the active participation of the members of the Board of Directors.
9. Lead the annual evaluation process of the Board of Directors and the Committees, except for its own evaluation.
10. Prepare, with the assistance of the Secretary and the President of the Company, a work plan for the Board of Directors for the period under review, a tool that facilitates determining the reasonable number of regular meetings per year and their estimated duration.

The Chair of the Board of Directors, in conjunction with the Secretary of the Board of Directors, assumes ultimate responsibility for ensuring that members receive information sufficiently in advance and that the information is useful. Therefore, in the set of documents that are delivered, quality must take precedence over quantity.

Considering that the Chairman of the Board of Directors has additional obligations to those of the other members of the Board of Directors, which involve greater responsibilities and time commitment, the remuneration of the Chairman of the Board of Directors may be higher than that of the other members of the Board at the discretion of the Shareholders' Meeting.

#### **m) Secretary of the Board of Directors**

The Secretary of the Board of Directors shall be the Secretary General of the Company; in special cases, an ad hoc secretary may be appointed for meetings. Notwithstanding the foregoing, in order to safeguard the independence of the Secretary of the Board of Directors vis-à-vis the President of the Company, his or her appointment and removal shall be the responsibility of the Board of Directors, at the proposal of the President of the Company, with a prior report from the Human Resources Committee. The Secretary of the Board of Directors may be a member of the Board of Directors.

The Secretary shall be responsible for keeping, in accordance with the law, the minutes books of the Board of Directors and for authorizing with his signature the copies that are issued. The Secretary shall assist the Chairman of the Board in his duties and shall ensure the proper functioning of the Board of Directors, providing the Directors with the advice and information necessary for the proper performance of their duties, keeping the corporate documentation, duly recording the proceedings of the meetings in the minutes books, and certifying the decisions of the Board of Directors.

In addition to the duties already mentioned, the Secretary shall have the following functions:

1. To communicate the notices that, in accordance with these regulations and the annual plan, are issued for ordinary or extraordinary meetings.
2. To send the members of the Board of Directors the necessary documentation for the proper conduct of the sessions, within the time and in the manner stipulated for this purpose.
3. Verify the quorum at the beginning of each session and whenever required during the session.

4. Take minutes of the meetings and submit them to the Chairman of the Board of Directors for approval.
5. Endorse with his signature the minutes and resolutions approved by the Board of Directors and issue certifications on the matters approved.
6. Keep the minutes book of the Board of Directors.
7. Communicate the decisions of the Board of Directors to the competent authorities and follow up on the actions that lead to their full implementation.
8. Keep corporate documentation, duly record the proceedings of meetings in the minutes books, and certify the resolutions of corporate bodies.
9. Ensure the formal legality of the actions of the Board of Directors and guarantee that its procedures and rules of governance are respected and regularly reviewed, in accordance with the provisions of the Bylaws and other internal regulations of the company.
10. Perform any other duties assigned by the Board of Directors and the President.



Zanetti Apartments. Itagüí, Antioquia.

#### **n) Relationships during the year between the Board of Directors and the Statutory Auditor, financial analysts, investment banks, and rating agencies**

During 2020, the Statutory Auditor attended all meetings of the Board of Directors' Audit Committee. The Board of Directors did not engage in any activities with financial analysts, investment banks, or rating agencies.

#### **o) External advice received by the Board of Directors**

During 2020, neither the members of the Board of Directors nor the Board of Directors of the Company received external advice.

**p) Handling of Board of Directors information** In accordance with the provisions of the Internal Regulations of the Board of Directors, the agenda for the meeting shall be attached to the notice of meeting; other matters may be included if the Chairman of the Board deems it appropriate in the interests of the company, and it may also be decided, even after the notice of meeting has been issued, that a particular matter will not be dealt with at the meeting. The information and/or documentation to be discussed at the respective meeting shall be sent with the notice of meeting. If, exceptionally, all or part of the information is not available at the time of the notice of meeting, it may be sent later, but in any case at least three (3) calendar days prior to the date of the meeting.

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

- **Audit Committee:** In accordance with its duties, the Audit Committee of Constructora Concreto met four times during the year to conduct a detailed review and follow-up of the financial results of the operation, risk management, and relevant business situations. In addition, issues related to complaints received through the Ethics Hotline, developments in anti-money laundering and terrorist financing controls, and the recommendations and requests of the Statutory Auditor were reviewed.
- **Corporate Governance Committee:** During 2020, two meetings of the Corporate Governance Committee were held, at which progress was reported on the implementation of the Country Code, an assessment of the issuer's website was carried out with a view to incorporating increasingly better information disclosure practices, and the results of the Board of Directors' self-assessment were reviewed.
- **Human Resources Committee:** During 2020, two meetings of the Human Resources Committee were held, at which issues relating to the structure of senior management, the succession plan for key personnel, the work environment and culture, and the review of the organization's salary scale were discussed.

**r) Information on the evaluation processes of the Board of Directors and Senior Management, as well as a summary of the results.**

For 2020, it was decided to carry out a collective and participatory self-assessment of the Board of Directors, whose first virtual session took place during one of the meetings of that body, generating a positive and constructive discussion dynamic. Among the topics addressed, which coincide with opportunities for improvement identified in past assessments, the following stand out:

- Type of Board: Although in some sessions it may appear to operate as an advisory or consultative body, there is clarity about its roles and responsibilities as the highest governing body.
- Strategy: Plans have been defined to communicate, discuss, adjust, and collectively build the corresponding goals and indicators.
- Board Chair: Has assumed duties and is reviewing the agenda, work plans, and roles.
- Committees: There are plans to improve their functioning and give visibility to their work.

The members proposed formalizing the results of the self-assessment sessions in a document and subsequently convening a special closing session with the full board to provide feedback on the document.



Concreto collaborators. Medellín, Antioquia.



### III. OPERATIONS WITH RELATED PARTIES

#### **a) Powers of the Board of Directors regarding this type of transaction and situations of conflict of interest**

The Code of Good Governance of Constructora Concreto S.A. defines conflict of interest as a situation in which the interests of the Company are in opposition to the personal interests of employees or their families, in such a way that it leads the employee to act under parameters other than those established to ensure the real and ethical fulfillment of their responsibilities to the company.

Likewise, it stipulates that the members of the Board of Directors, Legal Representatives, members of Senior Management, and other administrators of the Company must periodically inform the Board of Directors of any direct or indirect relationships they may have with each other or with other entities or structures belonging to the Business Group, or with the Company, or with suppliers, or with customers, or with any other interest group (the latter being understood as all those persons who, due to their connection with the Company, have an interest in it. These include the general public, shareholders, employees, customers, users, economic and tax authorities, and the official supervisor), which could give rise to conflicts of interest or influence the direction of their opinion or vote.

If the Company, its directors, managers, or other employees find themselves in a situation that gives rise to 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, for the person directly involved to inform the Board of Directors or their immediate superior, as the case may be, about the situation giving rise to the conflict and obtain their consent to initiate or continue with the operation. With this mechanism, it may not be possible to eradicate the conflict of interest, but it will be possible to maintain the transparency of the operation. On the contrary, if the conflict of interest is permanent and affects the Company's operations as a whole, this situation will constitute grounds for mandatory resignation on the part of the affected party, since they are unable to perform their duties.

In the case of administrators, the provisions of Article 23 of Law 222 of 1995, paragraph 7º, and its regulatory Decree No. 1925 of 2009, shall apply, and in this regard, it shall be necessary to obtain the respective authorization from the General Shareholders' Meeting when it comes to signing contracts or submitting commercial offers in which the respective administrator has an interest, either directly or through an intermediary.

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 actions of its employees. This policy has been widely disseminated within the Company and is published on the company's website.

#### **b) Details of the most relevant related party transactions in the Company's opinion, including transactions between companies in the Conglomerate.**

Transactions with Related Parties are disclosed in detail in the notes to the financial statements, as well as in the Business Group report, which are made available to shareholders in the annual information that is available to them during the period for exercising their right of inspection.

#### **c) Conflicts of interest and actions of the members of the Board of Directors**

No conflicts of interest arose during 2020.

#### **d) Mechanisms for resolving conflicts of interest between companies in the same conglomerate and their application during the fiscal year**

The company has a Corporate Group policy that establishes guidelines for intra-group operations. This policy was approved by the Board of Directors and is published on the company's website. In addition, there is a conflict of interest policy that applies at all levels of the organization.

## IV. RISK MANAGEMENT SYSTEMS OF THE COMPANY OR CONGLOMERATE

### **a) Explanation of the company's or conglomerate's Internal Control System (ICS) and its modifications during the fiscal year:**

In 2020, the Management Team made important commitments to exercise control over its operations and businesses, in accordance with the law and best administrative and commercial practices, as well as to address the impacts of the COVID-19 pandemic, in line with the recommendations and regulations of the national and local government to tackle the health crisis and ensure the company's sustainability.

Despite the extraordinary conditions and complexity of the situation due to the effects of the pandemic, the Company has been able to reactivate and continue its normal activities, safeguarding the health and safety of its employees, taking the necessary measures to preserve jobs and conserve financial and liquidity resources.

The Company has ensured compliance with the general Architecture and Control system through timely risk management and assurance of the effectiveness of its controls. As part of its good corporate practices, it has sought to maintain and improve internal control programs as a mechanism to facilitate the achievement of strategic and process objectives, thereby ensuring sustainability and continuous improvement.

The Audit Committee met four times during the year to discuss, among other topics, the strategic risk map, financial results, and relevant business information.

### **b) Description of the risk policy and its application during the fiscal year**

During 2020, in compliance with the Company's strategy and within the framework of the risk management policy, various activities were carried out related to the identification, updating, and management of risk scenarios that could affect the achievement of the strategy, the execution of projects, and the objectives of each

one of the processes. The results of these activities were shared in a timely manner with the administrative and management bodies, including the Audit Committee.

As part of the risk management process, the strategic risk matrix was evaluated and updated, resulting in the incorporation of a new risk category called "Liquidity - Cash Reserve," which is defined as follows: "For Concreto, the Liquidity - Cash Reserve category is related to the Company's solvency to meet its obligations with third parties and to maintain its financial position. - Cash Reserve," which is defined as follows: "For Concreto, the Liquidity - Cash Reserve category is related to the Company's solvency to assume its contractual obligations, carry out its normal activities, and maintain adequate debt indicators."

### **c) Materialization of risks during the fiscal year and response and monitoring plans for the main risks**

During 2020, the strategic and operational risks of the business were continuously monitored with the aim of applying specific risk management strategies to maintain business continuity and sustainability, as well as identifying opportunities that can be exploited to generate value.

Special attention was given to monitoring the administrative process for the imposition of fiscal liability on the Company by the Comptroller's Office and the ongoing dispute with Empresas Públicas de Medellín (EPM) in relation to the damage suffered by the Ituango Hydroelectric Project, which led to a lawsuit against the CCC Ituango consortium before the Antioquia Administrative Court. The Company has established the necessary monitoring mechanisms and plans to build trust among stakeholders. Additionally, it will seek to demonstrate that it was not technically or legally responsible for the events that gave rise to the contingency.



Collaborators Conconcreto Teams. Girardota, Antioquia.

## V. RISK MANAGEMENT REPORT

The Company's risk management process, based on continuous improvement, has established coordination and integration with all organizational processes in order to obtain effective results and a proactive approach to the strategic and operational risk cycle, so as to identify, analyze, evaluate, and address the risks of opportunity and threats that

impact in any way the company's planned results and decision-making.

Due to the nature and diversity of its business and customers, the company is constantly exposed to risk situations such as:

### LEGAL AND REPUTATIONAL RISK

1. Loss of trust and credibility
2. Fines and penalties
3. Investigations by regulatory bodies
4. Lawsuits, administrative proceedings, claims, arbitration tribunals

### Technical and operational risks

1. HSE Incidents
2. Project Planning and Execution
3. Cyberattacks, information leaks, or loss
4. Natural events
5. Physical security
6. Insurance market
7. Shortages and price volatility

### FINANCIAL AND LIQUIDITY RISKS

1. Divestment
2. Tightening of financing conditions
3. Financing quotas

### Market risks

1. Cost overruns
2. Changes in customer needs and demands
3. Decrease in backlog

### Emerging risks

1. COVID-19 pandemic

## Risk Map Monitoring

At Constructora Conconcreto, risk management is a continuous process that seeks to safeguard the sustainability, growth, and soundness of the business at all levels of the organization. During the risk assessment carried out in the second quarter of the year, a new category related to liquidity risk—cash reserves—was incorporated with the aim of protecting and maintaining liquidity and preparing the company and its projects for the sector's recovery.

For each of the established categories, treatment and ongoing monitoring strategies were defined to maximize the benefits of taking advantage of opportunities and consequences of positive events and minimize the probabilities and consequences of negative events.

Among the risks, the emerging situation of the COVID-19 pandemic stands out, which has significantly impacted operations, financial conditions, the profitability of key businesses, changes in customer demand, and national and international supply chains that affect productivity.

However, the Company has achieved good business management, which has allowed it to minimize the risk factors resulting from the impact of the coronavirus on its operations, business continuity, and adaptability to changes in the environment.

## Money Laundering

It is a priority for the Organization to monitor compliance with the rules, instructions, and parameters that must be taken into account to prevent the materialization of risks associated with corruption, fraud, bribery, money laundering, and terrorist financing (ML/TF). For this reason, we have a process in place to validate and control the results of consultations in restrictive lists and reports in public information sources, with the aim of protecting the business from possible risks related to unusual or suspicious operations that could serve as a means of concealing, handling, investing, or exploiting in any way money or assets derived from illegal activities.

Conconcreto has procedures and activities in place to control and prevent money laundering, which enable it to strengthen its various processes and react proactively in order to prevent operations and/or transactions that generate income from resources that could adversely affect the Company.



## VI. GENERAL SHAREHOLDERS' MEETING

### **a) Differences in the functioning of the Meeting between the minimum requirements of current regulations and those defined by the Company's Bylaws and Meeting Regulations**

Both the Bylaws and the Internal Regulations of the General Shareholders' Meeting have adopted measures that are more rigorous than those established by law in order to protect shareholders' rights, in line with the recommendations of the Country Code. The most significant improvements are as follows:

- The call for the General Shareholders' Meeting for the ordinary meeting shall be made at least 30 calendar days prior to the date on which the meeting is to be held; for extraordinary meetings, it shall be made fifteen (15) calendar days prior to the date scheduled for the meeting.
- When discussing an increase in authorized capital, a decrease in subscribed capital, or an improper spin-off, the respective item must be included in the agenda specified in the call to meeting, under penalty of the respective decision being invalid. In such cases, the company's administrators shall prepare a report on the reasons for the proposal, which shall be made available to shareholders during the term of the notice at the company's administrative offices.
- In cases of spin-offs, mergers, and transformations, the respective proposals must be made available to shareholders at the Company's principal place of business at least thirty (30) calendar days prior to the meeting at which the proposal will be considered. Likewise, the agenda of the meeting must include this item and expressly indicate the possibility for shareholders to exercise their right of withdrawal, under penalty of the decision being rendered ineffective.
- In transactions that may result in the dilution of minority shareholders' capital, such as capital increases with waiver of preemptive rights in the subscription of shares, mergers, spin-offs, or segregations, the Board of Directors shall submit a prior report to the shareholders containing a summary of the opinion of an independent external advisor of recognized standing, appointed by the Board of Directors. This report shall be made available to shareholders prior to the Meeting at which the transaction in question is to be voted on, under the same terms established for the

Exercise of the right of inspection.

- The call may be made by electronic means, by written communication addressed to each of the shareholders at the address registered in the Company's books, or by publication on the Company's website or its equivalent, or by notice published in a national newspaper or through social media. Likewise, notice of the call shall be given to the relevant control body, if applicable.
- During the term of the call, all documents and information related to the items on the meeting agenda will be available to shareholders, both physically at the Company's facilities and electronically on the corporate website.
- The notice specifies the items on the agenda to be dealt with by the General Shareholders' Meeting and the Proposed Resolution, which is understood to be the literal description of the matter that the Board of Directors submits for consideration by the Meeting, and which may include a suggestion from this body to shareholders on how to vote.
- Within five (5) calendar days following personal notification or publication of the call, shareholders shall have the right, regardless of their shareholding, to propose the introduction of one or more items for discussion on the agenda of the ordinary meeting of the General Shareholders' Meeting or to submit new Proposed Resolutions, provided that these requests are accompanied by a justification.
- Shareholders who are unable to attend one or more sessions may attend the General Shareholders' Meeting through a proxy who will prove their status with a power of attorney duly granted in writing. The company provides a power of attorney form on its website that shareholders may use for this purpose.
- For greater dissemination of the meetings of the assembly, they are broadcast via *streaming*.



**b) Measures adopted during the fiscal year to encourage shareholder participation**

Once the Shareholders' Meeting has been called, a link called "Assembly" is added to the website, where documents related to the topics to be discussed at the meeting are published. It is possible to follow the meetings of the assembly via *streaming*, so that shareholders who are unable to attend can connect remotely and learn firsthand about the decisions made at each meeting.

Quarterly conferences are organized to present the financial results for the period, which are posted on the Company's website, during which questions from investors and other stakeholders are answered. The Company's website has a link called "investors," which seeks to communicate the Company's financial and non-financial information accurately and in a timely manner. This allows our investors to learn firsthand about content that is of interest to them. It is important to note that the Company has been adopting the recommendations of the Country Code to ensure greater shareholder participation.

**c) Information for shareholders and communication with them**

The Code of Good Corporate Governance adopted by Constructora Conconcreto S.A. has defined a procedure that establishes the mechanisms available to the Company for interacting with its shareholders on matters such as:

- **Access to information:** All shareholders of Constructora Conconcreto S.A. shall have equal rights to access information about the Company, with the right to equal treatment in exercising such rights. The company will endeavor to ensure that all its shareholders are fully and promptly informed about the ordinary course of business, disclosing the company's financial and non-financial information in a timely and truthful manner, allowing them to have detailed and complete knowledge of the company's progress.



- **Resolution of requests for information:** By virtue of the right to access Company information, Constructora Conconcreto has permanently open channels of communication through which shareholders can express their concerns and receive answers to them, provided that this does not involve the disclosure of confidential information or information relating to trade secrets, or information whose disclosure could be used to the detriment of the Company.

Thus, the website has a link exclusively for investors, with a button labeled "Shareholder Services," which lists a series of frequently asked questions with their respective answers. There is also a button labeled "Contact," where you can leave a message for the Company. Constructora Conconcreto has an investor relations office, where during business hours there is a person available to respond to shareholder requests and an email address set up 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 via a website, where the most relevant news of the period is presented, along with financial information and results for the period.
  - Email [ir@concreto.com](mailto:ir@concreto.com)
  - Via telephone line (574) 402 5700
  - Through press releases
  - Social media
  - Website of the Financial Superintendency of Colombia, under the link for relevant information.
- **Form of interaction between shareholders and the Company, its Board of Directors, and other administrators:** Interaction between shareholders and the Company mainly takes place at the Ordinary Shareholders' Meeting or at extraordinary meetings of the Assembly. However, if a shareholder submits a request for information to the Company addressed specifically to the Board of Directors or to a specific administrator, such requests will be channeled through the Shareholder Services Office, which, after consulting with the General Secretariat, will respond to the shareholder in a timely manner.

- d) Requests and matters on which shareholders have requested information from the company:**  
 During 2020, the following requests were received directly by the company through the Investor Relations department:

TYPE	# REQUESTS
Written requests	6
Telephone inquiries	0
In-person assistance	0
<b>TOTAL</b>	<b>6</b>

SUBJECT OF REQUEST	# APPLICATIONS
Certificates	1
Right of inspection	1
Information on Dates for Presentation of Results	1
Information on quarterly results	
Database inclusion request	1
<b>TOTAL</b>	<b>6</b>

**e) Attendance data for the General Shareholders' Meeting:**

The following are the most relevant details regarding attendance at the Company's ordinary Shareholders' Meeting on May 26, 2020:

Shareholders represented	75
Attendees	18
Shares represented	961,282,258
Shares outstanding	1,134,254,939
Percentage represented	84.75

**Details of the main agreements reached**

During the Company's ordinary General Shareholders' Meeting held on May 26, 2020, which was conducted remotely using digital platforms and in compliance with Decree 398 of 2020, the Sustainability Management Report, the corporate governance report, and the company's financial statements as of December 31, 2019, were approved. Likewise, the Board of Directors was appointed to complete the term, in response to the retirement of two of its members.



Hidroituango, Antioquia. Project built in consortium for EPM

- The following is the most relevant information regarding attendance at the extraordinary meeting of the Company's Shareholders' Meeting on October 26, 2020:

Shareholders represented	55
Attendees	12
Shares represented	827,112,747
Shares outstanding	1,134,254,939
Percentage represented	72.921

**Details of the main agreements reached:**

During the extraordinary meeting of the company's General Shareholders' Meeting held on October 26, 2020, an amendment to the Company's bylaws was approved, incorporating as a function of the Board of Directors the authorization of bond issues and placements and the approval of the corresponding issuance and placement regulations.

