

# **INTERNAL REGULATIONS OF THE APPOINTMENT AND RETRIBUTION COMMITTEE**



In this document, the Constructora Concreto S. A. (hereinafter, THE COMPANY) Board of Directors adopts the Internal Regulations of the Appointment and Retribution Committee.

## **ARTICLE ONE – GENERAL PRINCIPLES**

The performance of the members of the Appointment and Retribution Committee shall follow the general principles of good faith, equality, morality, speed, economy, impartiality, effectiveness, efficiency, participation, publicity, accountability and transparency.

## **ARTICLE TWO – APPLICABLE LEGISLATION**

The Appointment and Retribution Committee is governed by the provisions of these Regulations, the Code of Best Corporate Practices, the Bylaws, the regulations issued by the Colombian Financial Superintendency and the Law.

## **ARTICLE THREE – OPERATION AND COMPOSITION OF THE COMMITTEE**

The Appointment and Retribution Committee consists of three (3) Independent or Patrimonial members of the Board, who will be elected by the Board with the votes of a majority of its members, for the same periods as the Board. In the case of a vacancy, the Board shall elect the replacement, who will act until the end of the period. Independent members must always be the majority.

This Committee will also have a Secretary, who will be the Company's Vice President of Shared Services; it will be presided over by an Independent Member of the Board.

Some members of the Appointment and Retribution Committee shall have expertise in strategy, human resources (recruiting and selection, hiring, training, administration or personnel management), salary policies and similar matters, with a sufficient level to understand the scope and complexity that these matters present in the Company.

## **ARTICLE FOUR – MEETINGS, QUORUM AND SUMMONS**

The Appointment and Retribution Committee shall meet two (2) times a year, in July and December, after being summoned by the Secretary of the Committee, five (5) calendar days in advance.

For the proper installation of the Committee, the presence of all its members is required. Notwithstanding the foregoing, the Committee may meet in an unattended manner.

Committee meetings shall be recorded in minutes, a copy of which is sent to all the Company Board members, to whom a brief report on matters discussed shall also be provided. If the Committee has delegated powers for decision making, the minutes are adapted to the requirements in Articles 189 and 431 of the Commerce Code.

## ARTICLE FIVE – FUNCTIONS

The main task of the Appointment and Retribution Committee is to assist the Board of Directors in exercising its functions of a decisive or advisory nature associated with the appointment and remuneration of the members of the Board of Directors and Top Management.

The functions of the Appointment and Retribution Committee are:

1. To review the performance of the Company's Top Management, understood as the President and officers of an immediately inferior grade.
2. To propose a remuneration and salary policy for Company employees, including Top Management.
3. To propose the appointment and removal of the President of the Company or whoever replaces him, as well as his remuneration.
4. To propose objective criteria by which the Company hires its top executives.
5. To present a report before the appointment or removal of the Secretary of the Board of Directors.
6. To lead the annual evaluation of the performance of the Company President and know the evaluations of the other members of Top Management.
7. To know and evaluate candidates for key executive positions in the Company and issue its opinion.
8. To periodically review the remuneration programs for members of the Board and Top Management and make relevant recommendations to the Board.
9. To establish the procedures that are required for the Board to achieve the following objectives:
  - a) To identify the tentative composition of functional profiles (related to aspects such as knowledge and professional experience) that is needed in every circumstance in the Board.
  - b) To identify the personal profiles (related to career, recognition, prestige, availability, leadership and group dynamics) that are most convenient for the Board.
  - c) To evaluate the time and dedication necessary for Board members to adequately perform their obligations.
10. To inform the General Assembly of Shareholders on its activities and address the issues raised by shareholders on matters within its competence.
11. To periodically evaluate the skills, knowledge and experience of the members of the Company's Board, the President and members of Top Management.
12. To propose and revise the criteria to be followed for the composition of the Board and the evaluation of the suitability of candidates to be Board members proposed by the shareholders.

13. When appropriate, to report on the qualification of independence of the candidates to be Board members, to be proposed to the General Assembly of Shareholders by the Board of Directors or directly by shareholders.
14. In cases of re-election or ratification of Board members, to formulate a proposal to include an assessment of the work that has been performed by the proposed member, and the actual dedication to the position during the last period.
15. To report those cases to the Board that may negatively affect the operation of the Board or the reputation of the Company and, in particular, when the people are involved in any of the cases of incompatibility, disqualification or legal prohibition.
16. To propose to the Board the succession policy for members of the Board, Top Management and other key executives.
17. To evaluate candidates and propose the appointment and removal of the President of the Company.
18. To propose objective criteria by which the Company hires and pays its key executives.
19. To propose to the Board the remuneration policy for Board members – which must be approved by the General Assembly of Shareholders – and the remuneration policy for Top Management.
20. Within the framework of the remuneration policy approved by the General Assembly of Shareholders, to propose to the Board the individual amount of the retributions of the Board members, including the Board Chairman, and the Executive Members, if any, for the performance of functions different from those they perform as a Board member and other terms of their employment contracts.
21. To ensure compliance of the remuneration policy of Board members and other Administrators, and the transparency and disclosure of their retributions.
22. To support the Board Chairman in carrying out the annual evaluation of that body, to review the results of the process, and to make suggestions for the best performance of the Board.
23. To propose the Company's Human Resources Policy.
24. To establish an internal procedure and/or questionnaire to be submitted for consideration of the candidates, which permits evaluating the incompatibilities and disqualifications of a legal nature and the suitability of the candidates to the Board, through the evaluation of a set of criteria that the functional and personal profiles of the candidates must meet, and the verification of the fulfillment of the objective criteria to be a Board member and others to be an Independent Member.
25. To support the Board Chairman, before the General Assembly of Shareholders, in centralizing and coordinating the process of conforming the Board, so that, based on their shareholding, shareholders who wish to be part of the Board may know the needs of the Board and propose their aspirations, negotiate equity balances and the division among the different categories of members, present their candidates and accept that the suitability of their candidates be evaluated by the Appointment and Retribution Committee before the voting in the General Assembly of Shareholders.

26. To develop the annual report on the remuneration policy of Board members and the remuneration policy for Top Management.
27. At the request of the Chairman of the Assembly, the Chairman of the Appointment and Retribution Committee shall inform the General Assembly of Shareholders on specific aspects of the work done by the Committee, such as monitoring the remuneration policies of the Board and Top Management.
28. To establish its own internal regulations.
29. The others consistent with the objective nature of the Committee.

#### **ARTICLE SIX – TRAINING**

Once the Appointment and Retribution Committee has been formed, its members will receive, at least at the beginning of their duties, training in human resources, remuneration policies and personnel evaluation.

#### **ARTICLE SEVEN – DEPENDENCE AND SUBORDINATION**

Committee members have no dependence or subordination to any Company director or officer. Their dependence is limited to the Board.

#### **ARTICLE EIGHT – PARTICIPATION OF OTHERS**

Committee members may invite any other person in the Company or an independent expert, when deemed necessary and consistent with the nature of the subject under discussion. These expenses must be borne by the Company.

#### **ARTICLE NINE – CONFLICTS OF INTEREST**

Committee members shall observe the same rules established in the Internal Regulations of the Board of Directors regarding the issues of conflicts of interest.