



Statutory Auditor



CORPORATE GOVERNANCE CODE

Statutory Audit and External Control

External control is exercised by the Statutory Auditor, and the Financial Superintendence of Colombia exercises exclusive control over the Company. Additionally, the different institutions appointed by Colombian legislation for each activity developed by the Company and its subordinate companies exercise external control.

- **Election and Remuneration**

The duties of election and establishment of the professional fees of the Statutory Auditor freely and exclusively correspond to the General Meeting of Shareholders and may not be transferred.

The Statutory Audit service shall be assigned for the Company and its subordinate companies with a common and shared vision of the Corporate Group.

The Statutory Auditor and his/her alternate shall be elected by the General Meeting of Shareholders for terms of two (2) years, simultaneously with the term of the Board of Directors. However, as representatives of the whole General Meeting of Shareholders, they may be dismissed at any time by the General Meeting of Shareholders and be reelected successively, with the vote of the absolute majority of the shares represented at the respective meeting.

The alternate shall replace the main auditor in all cases of permanent or temporary absence.

The Statutory Audit may be entrusted to an association or firm of accountants appointed by the General Meeting of Shareholders. In this case, the appointed firm or association must appoint a public accountant to personally carry out the audit, and an alternate for cases of permanent or temporary absence of the appointed accountant.

Management shall ensure that the election of the Statutory Auditor by the General Meeting of Shareholders is carried out transparently and objectively. To that effect, Management shall request quotes and submit them to the Audit and Risk Committee for its consideration and analysis. Subsequently, the Board of Directors shall present the candidates to the General Meeting of Shareholders for their election.

In all cases, Management must include the following aspects in its analysis:

- The suitability, professionalism, experience and honor of the candidates.
- That they are not firms that have been subject to disqualification, suspension or any other kind of official penalty ruled by a judge or regulatory or supervisory authority in the countries in which the Company operates for the exercise of financial auditing services.
- The audit firms apply international standards of renowned quality and verification in their work.
- Confirmation in their proposals of the scope of planning of the work, the method to use, as well as the team assigned by the firm to carry out the work, which must have the qualities of adequate technical preparation, experience, time available, accounting and financial knowledge, and the other qualities established by the Company.
- Recommendation to the General Meeting of Shareholders to not appoint individuals or companies as the Statutory Auditor who have received income from the Company or from their economic affiliates that represent twenty-five percent (25%) or more of their last annual income.

The General Meeting of Shareholders shall establish the remuneration of the Statutory Auditor, taking into account the human and technical resources that the auditor requires for the correct fulfillment of its functions.

The Statutory Auditor shall appoint and dismiss its own employees.

The Company shall not hire from the selected Statutory Auditor services other than those of financial auditing and other functions recognized in current regulations, nor from the individuals or entities related to the Statutory Audit firm. These entities include the companies that comprise the Corporate Group, as well as the companies with a large number of partners and/or administrators in common with those of the Statutory Audit firm.

The negotiation made with the Statutory Auditor must include the commitment to rotate the individuals who carry out said function in the firm at least once every five (5) years and also establish that the rotated person may only carry out the statutory audit functions in the Company again after a period of two (2) years has passed.

- **Liability**

The Statutory Auditor shall respond for the damages caused to the Company, its associates or third parties due to fraud or negligence in fulfillment of its functions.

The approval of the financial statements and the Statutory Auditor's Report by the General Meeting of Shareholders shall not relieve the Statutory Auditor of the liability that corresponds to it.

- **Incompatibilities and Disqualifications**

The Statutory Auditor and his/her alternate shall be public accountants and shall be subject to the disqualifications, prohibitions, incompatibilities and liability established by law.

Pursuant to the legal provisions in effect and as a guarantee of the independence and transparency of the Statutory Audit, the Company Bylaws establish that neither the Statutory Auditor individual nor his/her alternate may subscribe shares in the Company while they are exercising their positions. Additionally, the following may not be statutory auditors:

- Individuals who are not employed by a renowned Statutory Audit firm.
- Shareholders, partners or employees of the Parent Company or its subordinate companies.
- People connected by marriage or relationship to the fourth degree of consanguinity, second degree of affinity or first degree of kinship by adoption, or who are business partners of the Administrators and executive employees, the treasurer, auditor or accountant of the same Company.
- Those who work in the same Company or in its subordinate companies with any other position.
- The person who has been elected as Statutory Auditor may not have any other job in the same Company nor in its subordinate companies during the respective term.
- A person who is a public accountant who has been an employee of the Company or of its subordinate companies in the previous six (6) months.

- **Functions and Responsibilities**

It is the responsibility of the Statutory Auditor to assess whether the Company has adequate internal control measures, to ensure the accounting is carried out

correctly, to promptly report inconsistencies and to provide an opinion on the reasonableness of the figures of the financial statements, and the other responsibilities described in the Company Bylaws and current regulation.

The Statutory Auditor must inform the Audit and Risk Committee about its work plan, the scope of its procedures, the progress of its work, its findings and its conclusions; and it shall maintain clear independence regarding the Company or its Related Parties, which shall be declared in the respective audit report.

BYLAWS

Chapter Six

Article 40. - Appointment.

The Statutory Auditor and his/her Substitute will be chosen by the Shareholders General Assembly for periods of two (2) years simultaneous to those of the Board of Directors, but as representatives from the group of the shareholders they can be removed at any time by the Meeting and be re-elected successively, with the vote corresponding to the absolute majority of the shares represented in the meeting. The Substitute will replace the principal in all cases of absolute or temporary absence.

- **Paragraph 1.** The Tax Auditing can be entrusted to an accounting firm or association designated by the Shareholders General Assembly. In this case, the designated accounting firm or association must appoint a public accountant to conduct the audit personally and a substitute in case the assigned accountant is unable to perform his/her functions.
- **Paragraph 2.** The Board of Directors will guarantee that the Shareholders General Assembly selects the Tax Auditor in a transparent and objective way. To that end, the Board of Directors will study the quotes and general and specific qualifications of three candidates and will make any recommendations it considers necessary to the Shareholders General Assembly so an Auditor can be selected.

Article 41. - Quality and Legal Status.

The Statutory Auditor and his Alternate must be public accountants and shall be subject to the disqualifications, prohibitions, incompatibilities and responsibilities established by law.

Article 42. - Functions.

The functions of the Statutory Auditor are:

- a. Ensure that the transactions entered into or carried out on behalf of the Company conform to the provisions of the bylaws, decisions of the Shareholders General Assembly and of the Board of Directors;
- b. Provide timely accounts, in writing, to the Shareholders General Assembly , the Board of Directors or the Chief Executive Officer regarding irregularities that occur in the functioning of the Company and the running of its businesses;
- c. Cooperate with government agencies engaged in the inspection and supervision of the Companies and present reports that may be required or requested;
- d. Ensure timely accounting of the Company and the minutes of the meeting of the Shareholders General Assembly and the Board of Directors and the due conservation of correspondence of the Company and accounting vouchers, giving the necessary instructions for such purposes;
- e. Regularly inspect the Company's assets and ensure conservation or safety measures of these and others for which the company has custody;
- f. Give instructions, carry out inspections and request the necessary reports to establish permanent control over corporate securities;
- g. Authorize with signature any statement with his/her corresponding opinion and report;

- h.** To call for a Shareholders extraordinary meeting when deemed necessary;
- i.** Ensure that all insurance policies that protect the assets of the Company are timely issued, renewed and regularized with the payment of corresponding premiums;
- j.** Visit in person or through delegates, at least once a year, commercial establishments of the Company;
- k.** Perform such other duties as are specified in laws or the bylaws and those that, being compatible with the above, are entrusted by the Shareholders General Assembly.
- l.** Constantly inform the Chief Executive Officer and the Board of Directors on relevant and material matters resulting from his/her audit. The disclosure of this relevant and material information by the Chief Executive Officer and the Board of Directors will be made by timely referral to the Financial Superintendency and the Stock Exchanges where the securities issued by the Company are registered.