



**GRUPO BOLÍVAR S.A.
LEGAL VICE-PRESIDENCE
CORPORATE GOVERNANCE MANAGEMENT**

**CORPORATE GOVERNANCE GUIDELINES FOR COMPANIES
NOT SUBJECT TO SUPERVISION BY
THE FINANCIAL SUPERINTENDENCE OF COLOMBIA**

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1. Introduction

For the Bolivar Business Group, Corporate Governance is the set of business principles, policies and practices whereby effective and transparent structures of direction, administration and supervision are defined.

Such principles, policies and practices help build trust in the Group Companies by shareholders, administrators, employees and generally, Stakeholders¹ of the same, and the market in which they operate.

Accordingly, Grupo Bolívar S.A., defines the following guidelines and policies that will provide the framework for action of the Companies comprising the Bolivar Business Group, which are not supervised by the Financial Superintendence of Colombia – herein after “the Companies”, in terms of strengthening and implementation of best Corporate Governance practices.

2. Scope of Application

This paper focuses its attention on the strengthening of Good Governance Practices at the interior of the Companies comprising the Bolivar Business Group not subject to the supervision of the Financial Superintendence of Colombia, with the purpose of having a Corporate Governance system that responds to:

- The nature, size and activities of each Company
- Needs and conditions identified by each Company in the activities performed in furtherance of its corporate purpose.

¹ The Superintendence of Companies has defined Stakeholders as “the set of individuals or legal entities which common characteristics permit them to be considered as affected by the development of the activities of the Company and by the rules of its governance. Among the Stakeholders of a Company, besides shareholders, we find among others, clients, suppliers, workers, supervising authorities and the community”. Glossary, Survey on Corporate Governance and Social Responsibility. Superintendence of Companies. 2008.



- Cost / benefit relation with respect to measures adopted.
- Guidelines outlined by Grupo Bolívar S.A. as main office of the Business Group

3. Relations with Stakeholders².

Companies comprising the Bolivar Business Group must aim at creating an atmosphere of respect and attention towards the different sectors surrounding it and with whom relations of diverse nature are established. Therefore, relations with Stakeholders constitute the core mechanism on which trust of the organisation is built and from where the establishment of Corporate Governance practices must be based.

Thus, the establishment of measures of Corporate Governance stem from the definition and identification of the various Stakeholders that interact with each Company. Once this is done, the following will be achieved:

- The survival of a Company
- The attraction of investors, clients and customers
- The institutional strengthening for public opinion
- The development among the various Stakeholders, of a culture based on transparency and ethics

4. Rights and Equitable Treatment of Shareholders

A main objective of Good Governance is to strengthen the respect for shareholders' rights and the adequate protection of their capital. This element seeks, on one hand, to guarantee the attention and safeguard the interests of the Bolivar Business Group, taking into account the participation in the corporate capital, and on the other, to guarantee the respect for the remaining shareholders in those cases where individuals or legal entities exist as contributors of capital other than Companies comprising the group. The above makes it essential for a Good Governance System to establish tools that support:

- The protection of all shareholders' rights of the companies, regardless their condition as member or non-member of the Bolivar Business Group.

² The Superintendence of Companies has defined Stakeholders as "the set of individuals or legal persons which common characteristics permit them to be considered as affected by the development of the activities of the company and the rules of its government. Among the Stakeholders of a Company, besides shareholders, we find clients, suppliers, workers, supervising authorities and the community". The above definition is taken from the Glossary Survey on Corporate Governance and Social Responsibility, year 2008.



- The implementation of mechanisms that strengthen communication and dissemination of information to shareholders.
- The effective acknowledgment of the rights proper of the capacity as shareholder.
- Safeguarding mechanisms that permit participating in the Shareholders' General Meeting and exercising the right to vote.

5. The Shareholders' General Meeting

The Shareholders' General Meeting is the highest level of authority in the Company, and therefore must have the due competence to adopt all kinds of agreements referring to its government and the common interest of shareholders.

The basic decisions of the company are taken by the Shareholders' General Meeting, regardless the way the Company has structured its management. For such reason, it is necessary to clearly establish the duties owned by the General Meeting. Among other aspects, the General Meeting has the power to decide on aspects that impact their organizational, financial and economic structure, such as:

- Approve statutory reforms
- Designate, remove and evaluate the members of the Board of Directors
- Approve and examine the financial statements
- Approve compensation systems and indemnification policies for the members of the Board of Directors
- Elect the statutory auditor and define his/her fees
- Determination of policies regarding disabilities, incompatibilities, prohibitions and conflicts of interest for directors and executives

Companies must pay special attention to respect the formalities that govern the operation of the Shareholders' General Meeting, so as to meet the criteria for its preparation and summoning, the exercise of the right of inspection and the delivery of information to shareholders, the development of the Assembly (initiation, quorum verification, agenda) and the exercise of political rights by shareholders, among the most important.

Convening the Shareholders' Assembly should be done with sufficient time and through the means that are necessary to ensure the greatest possible attendance, subject to the provisions in the corporate bylaws, and to the extent possible, using additional mechanisms, such as the website or e-mail, so that a proper dissemination of the citation is achieved. The convening of the Meeting shall contain clear and precise information of the place, date and time where it will be held.



6. The Board of Directors

The Board of Directors is the cornerstone in the implementation of Corporate Governance practices in the Company, reason for which implemented measures must respond to the existence of an efficient Body, responsible and with objective criteria. A Board that meets these characteristics raises the level of sophistication, suitability and efficiency with which the organization is administered, directed and controlled, and in the case of the Bolivar Business Group, it strengthens the sustainability and consolidation of its Company and the Group itself.

The Companies of the Bolivar Business Group will need to have measures tending to strengthen the Corporate Good Governance practices applicable to their Board of Directors, addressing the following aspects:

A. Structure

The Boards of Directors of the Companies comprising the Bolivar Business Group must respond to conditions of composition, period and nature of the members (profile and limitations) according to the needs and particularities of each Company, so that its members add value and contribute to a sustainable development of the Organization with its deliberations and decisions.

Its composition must have a number of members that agrees with the size and needs of the Company, enabling dynamism in its deliberations and the decision-making process.

B. Rules of Operation of the Boards of Directors

In order to energise the role of the Board of Directors and provide clarity as to its operation, it is necessary for each Company to have clearly established rules of organization regarding the Board of Directors that adapt to the needs and reality of each Company, within which the frequency of the meetings is determined, the form, advance notice and competence to make the summoning, the way the information needed for decision-making will be put at disposal of the members, as well as rules referring to the installation, development and termination of their meetings.

C. Professionalism

The Companies of the Bolivar Business Group need to establish a clear profile of the members required at the interior of the Board of Directors. This Body



should have the ability of making objective judgments on matters of the organization with clarity and professionalism. This condition makes it necessary to ensure that the selection of the Board of Directors' members comprises individuals acknowledged for their professionalism, integrity, objectivity, experience, transparency, equilibrium and responsibility.

D. Main Duties of the Board of Directors

The direction and results of the Companies are, to a great extent, a consequence of the decisions of the Board of Directors. In this context, besides the duties set out by the corporate bylaws of each Company, this corporate body shall fulfil such duties as:

- Ensure feasibility and competitiveness of the organization through the construction and maintenance of sustainable competitive advantages and permanent and timely communication channels.
- Approve, monitor and control the strategy of the organization, main plans of action, annual budgets and business plans; establish, monitor and control the objectives in connection with the corporate results and the supervision and control of the main items of income, expenses and investments.
- Ensure the integrity and accuracy of the accounting systems and the financial statements of the company.
- Supervise the communication process and the information policy of the company.
- Be self-controlled, i.e. self-regulated, and solve issues appearing inside the company, determining clear processes for decision-making and internal mechanisms of dispute resolution.
- Establish mechanisms as needed to permit the supervision and control of the regular direction and performance conducted by the Top Management of each Company.

E. Main Responsibilities of the Board of Directors

Within the framework of Corporate Governance the Board of Directors and their members must:



- Perform their work in good faith, with due diligence and care, always looking after the interests of the company and its shareholders, in harmony with the remaining stakeholders.
- Ensure access to complete, precise, trustable, relevant and regular information in connection with the Companies and the general business environment.
- Look for a proper balance when the Board of Directors decisions could affect the various Stakeholders, ensuring that the rights and interests of all of them with total transparency in their acting and in the acting of the Companies.
- Abstain from acting when conflicts of interest exist, and inform of their appearance.
- Ensure compliance of the laws regulating the performance of the company.

7. Transparency, Fluidity and Integrity of the Information

For the Companies comprising the Bolivar Business Group information is a valuable asset that needs to be administered, protected and managed with responsibility, as a key element to acquire a high level of competitiveness.

We understand that information is a means that permits exercising an effective control and acquire knowledge of what occurs in the administration of a company. Competitiveness has forced companies to implement information systems that contribute to keep Stakeholders properly informed, thereby supporting growth both of the company and the market, to satisfy the need of the environment that requires quality, transparency and trust.

Stakeholders envisage the information of the Company as an essential tool to make their own decisions, reason for which requirements have increased regarding the manner and conditions in which Companies provide information to the State, its investors, clients, control entities, collaborators and the public in general, among others.

Therefore, for Companies of the Bolivar Business Group to attend the need for information present in the market, they must own channels of information that correspond to the nature, size and activities of each Company, which operate as tools of control and transparency in business performance, in turn permitting an open and transparent dialogue with its Stakeholders. With such purpose, Companies must:



- 1 Identify the recipients of the information (shareholders, clients, suppliers, creditors, surveillance and control entities, etc.)
- 2 Establish disclosure mechanisms, channels and systems that ensure the delivery of information.

Now, the administration and handling of information processes must comply with the following requisites:

- a. Information must be enough, which means it should be delivered to Stakeholders in full and its contents must be relevant to the topics addressed in the report.
- b. Information must be trustable, i.e. true and objective.
- c. Information must be timely; in other words, it must be available on time.

8. Handling of Privileged Information

When talking about privileged information we refer to information that is unknown and inaccessible to the public in general, pertaining to one or several companies, its securities or businesses, which due to its character may have repercussions in the value and perception of a Company and its businesses. In the normal development of the activities of a Company, there are persons who can access such information (such as members of the Board of Directors, Presidents, Managers, Auditors, among others), who, at the time of knowing it are placed in a privileged situation over other Stakeholders in the Company.

It has been established that administrators³ and generally any person who, by reason of his/her title, position, activity or relation, has access to privileged information, is bound to keep such information under strict reserve, abstaining from using it improperly.

In this regard, an improper use of privileged information is deemed to exist when the person that has it, being bound to keep it in secrecy, incurs in any of the following conducts, regardless his/her acting brings or not benefits for him/her.⁴:

- Information is provided to those with no right to access thereto.
- It is used in order to obtain self-benefit or to benefit third parties.

³ The term administrators means, the legal representatives, members of Boards of Directors, liquidators and those, according to the bylaws, exercising or having administration duties. Law 222, 1995 Article 22.

⁴ Information taken from Concept No. 220-042235 of August 31, 2007 of the Superintendence of Companies



- It is maliciously hidden, thereby harming the Company, or for his/her own benefit or of third parties, which implies using it only for him/herself and, if abstaining, in prejudice of the Company to stimulate the own benefit or third parties.
- That it is made public in an inappropriate time.
- That although the obligation exists of disclosing it, it is not made public and it is disclosed only in a closed media, or not disclosed at all.

Consequent with the standing regulations, the Bolivar Business Group companies must ensure that its administrators, officers and, generally, all employees or persons linked to the Business Group do not make, whether for their benefit or third parties, improper use of the information to which they have access by reason of their duties or work and on which the duty of confidentiality and reserve exists.

As a consequence of the above, Companies are called to comply with measures that, due to their structure and nature, prevent the improper use of the privileged information.

9. Administration of Conflicts of Interest

As part of the Corporate Governance System, the Companies comprising the Bolivar Business Group must have clear policies for the handling of situations that may involve a potential conflict between the interests of the members of the Companies, or that may affect the various interests of the Company or its Stakeholders.

Conflict of interest means all situations or events where personal interests, direct or indirect, of shareholders, administrators or officers of the Companies comprising the Bolivar Business Group oppose to those of the Company(s), interfere with the duties competing thereto, or lead them to act in their performance for reasons other than the correct and actual fulfilment of their duties and responsibilities, or affect the interests of the various Stakeholders of the Company.

Pursuant to the foreseen in Article 23 No. 7 of Law 222, 1995⁵, administrators, and officers of the Companies comprising the Bolivar Business Group must

⁵ Article 23 Number 7 of Law 222, 1995 establishes: "Administrators must act in good faith, with the loyalty and the diligence of a good businessman. Its acting shall be fulfilled in the interest of the company, considering the interests of the associates. While fulfilling their duty, administrators shall: ...
7. Abstain from participating by themselves or through intermediary in the personal interest or of third



abstain from participating in their name or through intermediary in the personal interest or third parties, or cease their activity, in matters that imply competing with the Company or the Business Group Companies, or in acts with respect to which a conflict of interest is envisaged, save express authorization of the competent authority.

Likewise, when an Administrator, officer or person linked to a Company of the Bolivar Business Group finds that while in exercise of his duties he may have to face a conflict of interest, he must immediately report it to the person above in the hierarchy and will abstain in any case from participating in the discussion and decision of the matter generating the conflict of interest.

When the person that could be facing a conflict of interest is a member of the Board of Directors, or President of the Company, he will inform the Board of Directors of such situation in the following meeting of directors.

10. Relations with related parties

Another element that is called to regulate the Corporate Governance System at the interior of the Companies comprising the Bolivar Business Group, refers to the operations conducted with related parties. In order to have clarity of what is understood by related parties, the Bolivar Business Group defines related parties as:

1. The affiliates and subordinates of GRUPO BOLÍVAR S.A.;
2. Shareholders, or actual beneficiaries⁶ owning ten percent (10%) or more of the stock participation of GRUPO BOLÍVAR S.A.;
3. The firms where the Company is the actual beneficiary of ten percent (10%) or more of the company share;

parties, in activities implying competition with the company or in acts with respect to which there is conflict of interests, save express authorization of the board of partners or the general shareholders' meeting".

⁶ Article 1.2.1.3 of Resolution 400, 1995 of the Superintendence of Securities, gathered in Article 6.1.1.1.3 of Decree 2555, 2010, defines actual beneficiary as "any person or group of persons having, directly or indirectly, by themselves or through intermediary, in virtue of the agreement, covenant or otherwise, with respect to a share in a company, or eventually having decisive capacity, by reason of owning notes that are convertible into shares on a mandatory basis; that is, the faculty or power to vote for the election of directives or representatives, or direct, guide and control such vote, as well as the faculty or power to dispose of, and cause the disposing of, or encumbrance of the share.

To the effects of this resolution, spouses or permanent companions comprise the same actual beneficiary as well as the relatives within the second blood-degree, second affinity degree and single, civil.

Likewise, main offices and their subordinates, constitute one same actual beneficiary (...)"



4. The administrators of GRUPO BOLÍVAR S.A. and the Companies comprising the Bolivar Business Group.

Accordingly, by regulating these relations, the Corporate Governance System, aims at guaranteeing Stakeholders that each Company, upon executing operations, covenants or agreements with related parties, is being transparent and does not affect the needs and interests of such Groups.

For such reason, Companies comprising the Bolivar Business Group must ensure, through its Corporate Governance System, that the operation carried out with related parties are made with reasonable value, attending to such criteria as:

1. Existing rates and market conditions in the sector where the operation takes place
2. The activity of the Companies involved
3. The growth perspectives of the respective business

11. Relations with Statutory Auditor

The Statutory Auditor is structured as Body that gives confidence to the Associates and Stakeholders of the companies, regarding compliance with regulations by the Administration of a Company, and generally, its officers, and ensure the safeguard and preservation of the corporate assets.

In the relations with its Statutory Auditors, the Companies of the Bolivar Business Group must identify the criteria, duties and general parameters that must rule the performance of this body of control, incorporating Corporate Governance elements aimed at ensuring the independence and objectivity in the development of their duties, among which we find the following⁷:

- **Plurality of Proposals:** In the election of Statutory Auditors the resume and services proposal of the various candidates will be taken into account. The proposal must include aspects related with the reports they will submit and its periodicity, the people comprising their teamwork and the bases for the calculation of their fees.

⁷ The elements herein foreseen have been gathered by External Circular Letter 115-000011, 2008 of the Superintendency of Companies where the general framework of operation of the Statutory Auditors was established of the entities subject to the supervision of such Entity.



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- Exclusivity of the Service: The Company will not hire with the Statutory Auditor, services different to that of the Auditing, such as outsourcing, auditing and/or tax advising.
 - Rotation of the Statutory Auditor: Companies must request from the Statutory Auditor the rotation of individuals pursuing the position of Auditor at the interior of a Company, every five (5) years.
 - Economic Independence: Companies will not hire the Statutory Auditor services of persons or firms who have received income from the Company, its home office or its subordinates, representing 25% or more of the total annual incomes of the Statutory Auditor.