



**BOARD OF DIRECTORS RULES**

**GRUPO BOLÍVAR S.A.**

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## RULES OF BOARD OF DIRECTORS OF GRUPO BOLÍVAR S.A.

Notwithstanding the applicable legal provisions or the provisions of the bylaws defined in the Company for its Board of Directors, the latter shall adopt the following guidelines, established on a voluntary basis in order to have Good Governance best practices inside the Company:

### Preliminary Title. GENERAL ASPECTS

**Article 1.- Purpose.** These Rules are intended to set the principles for the performance of the Board of Directors and the Support Committees created inside the Board of Grupo Bolívar S.A., as well as, the basic rules of their organization and operation, and the rules on the conduct of its members, all in order to achieve further transparency and control in the functions of performance and representation of the corporate interests.

**Article 2.- Scope of application.** These Rules directly apply to the Board of Directors of Grupo Bolívar S.A. and the members composing the Board of Directors and the Support Committees created.

Pursuant to the above, the individuals subject to these Rules shall be obliged to learn, comply and cause the compliance thereof. For this effect, the General Secretary of the Company shall provide a copy to each director once the same is approved by the Board of Directors.

When new members join the Board of Directors, the General Secretary of Grupo Bolívar S.A., shall provide the director, at the first meeting of the Board attended by the same, with a copy of the Rules of the Board of Directors for his knowledge and compliance.

**Article 3.- Publicity.** These Rules shall be publicized through the website of Grupo Bolívar S.A. [www.grupobolivar.com.co](http://www.grupobolivar.com.co)

**Article 4.- Corporate Governance provisions.** These Rules develop and supplement the legal provisions, the bylaws and the Corporate Governance Code applicable to the Board of Directors.

### Title I. STRUCTURE OF BOARD OF DIRECTORS

**Article 5.- Structure.** The direction of Grupo Bolívar S.A. is in the head of its Board of Directors. The Board of Directors shall have: the Chairman, Vice-Chairman, Secretary of the Board and the Support Committees.

**Article 6.- Principles for performance.** The Board of Directors shall develop its functions pursuant to the corporate interest, understood as the common interest of all shareholders. Now, this guideline shall not prevent to consider the other legitimate interests, either public or private, involved in the development of the activity of Grupo Bolívar S.A.

In application to the criteria above, the Board of Directors shall look after the corporate interest, approve and follow-up the strategies of the companies, shall be liable as a whole of its decisions before the General Assembly of Shareholders.

The functions of the management and ordinary direction of Grupo Bolívar S.A., as well as the follow-up and proper coordination thereof shall be in charge of the President of the companies, with cooperation of the senior management team. Therefore, the Board of Directors as a whole, and through the support Committees created therein, shall provide the mechanisms required for ensuring the exercise of its function of control of the direction and regular management and in general the powers delegated to the senior management.

**Article 7.- Powers.** The Board of Directors is a body holding ample powers and rights to direct the Company; thus, it is competent to adopt agreements on all kinds of affairs not assigned by the Law or the bylaws to the General Assembly of Shareholders.

The powers of the Board of Directors shall include, but are not limited to, the following:

- 7.1. Issue its Rules;
- 7.2. Appoint from their members the Chairman and Vice-Chairman, as provided by the bylaws and the Good Governance Code;
- 7.3. Elect the President of the Company for one-year periods, their alternates and fix their remuneration. In case that the Board of Directors does not express its decision on this regard, they shall be deemed to be reelected for equal periods;
- 7.4. Approve the designation of the Company's Vice-presidents and the General Secretary thereof, approve their duties and fix their remuneration;
- 7.5. Advise the President of the Company in order to always find the most adequate solutions for the good development of the Company;
- 7.6. Fix the general policies to be followed by the Management for the good development of the Company and the accomplishment of its objectives;
- 7.7. Determine the policy for ruling the best investment of the corporate funds;
- 7.8. Authorize the President to grant loans, convey and encumber the Company's property. These authorizations may be granted on a special or general basis;
- 7.9. Call, through the General Secretary, to the meetings of the General Assembly of Shareholders;
- 7.10. Submit to the General Assembly of Shareholders, through the Company's President, the Performance Report and the project for distribution of profits corresponding to the corresponding fiscal period;
- 7.11. Approve share placement rules;
- 7.12. Authorize the encumbrance of property in guarantee of loan agreements;
- 7.13. Approval and periodic monitoring of the strategic plan, business plan, management targets and annual budgets of the Company.
- 7.14. Definition of the Company's structure.
- 7.15. Approval of guidelines or financial and investment policies of the Company.
- 7.16. Approval of the remuneration and assessment policy of the Senior Management, which may be carried out either by the full Board of Directors or through any of its Support Committees.
- 7.17. Approval of investments, divestments and strategic indebtedness.
- 7.18. Approval of Corporate Governance policy.
- 7.19. Approval of the Annual Corporate Governance Report.

- 7.20. Approval of the information and communication policy with different types of shareholders, markets, stakeholders and the general public.
- 7.21. Approval of the risk policy and knowledge and periodic monitoring of the main risks of the Company.
- 7.22. Approval, implementation and monitoring of adequate internal control systems, including operations with off-shore companies, to be made in accordance with procedures, risk control and alarm systems approved by the same Board, which may be performed either by the full Board or through any of its Support Committees.
- 7.23. Approval of succession policies for Senior Management.
- 7.24. Proposal on succession policies for the Board of Directors to be approved by the General Assembly of Shareholders.
- 7.25. In general, approval and, where appropriate, proposal to the General Assembly of other policies that the Company deems necessary.
- 7.26. Evaluation and removal of the President of the Company.
- 7.27. Appointment, as proposed by the President of the Company, of Senior Management members and, in some cases, their dismissal.
- 7.28. Approval of remuneration systems for Senior Management members as well as their compensation clauses, if any, which approval may be carried out by either the full Board or through any of its Support Committees.
- 7.29. Creation of the Board Committees, and adoption of internal rules of operation of such Committees.
- 7.30. Proposal to the General Assembly of Shareholders of the remuneration policy of the Board of Directors.
- 7.31. Proposal to the General Assembly of the policy on share buybacks.
- 7.32. Proposal to the General Assembly for hiring the Statutory Auditor, after analyzing his experience and availability of time and human and technical resources to develop the work.
- 7.33. Creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax havens, as well as other transactions or operations of a similar nature which complexity could jeopardize the transparency of the Company.
- 7.34. Knowledge and management of conflicts of interest between the Company and shareholders, members of the Board and Senior Management.
- 7.35. Knowledge and, if any material impact, approval of the transactions that the Company carries out with controlling or significant shareholders, defined according to the Company's ownership structure, or represented on the Board of Directors, with members of the Board and other Directors or with people related thereto (Related Party Transactions), as well as group companies to which it belongs.
- 7.36. Organize the annual assessment process of the Board, both as a collegiate management body as well as its members as individuals, in accordance with generally accepted self-assessment or evaluation methodologies that may consider involving external consultants.
- 7.37. Act as liaison between the Company and its shareholders, creating suitable mechanisms to provide accurate and timely information on the progress of Grupo Bolívar S.A..
- 7.38. Monitoring on the integrity and reliability of accounting and internal information systems based, among others, on reports from internal audit and legal representatives, which monitoring may be carried out either by the full Board or through any of its Support Committees.
- 7.39. Supervision of the financial information provided by the Company as issuer and under the information and communication policies of the Company to be periodically disclosed to the public, which supervision may be carried out either by the full Board or through any of its Support Committees.
- 7.40. Monitoring of the independence and efficiency of the internal audit performance, which monitoring may be carried out either by the full Board or through any of its Support Committees.
- 7.41. Monitoring of the efficiency of Corporate Governance practices implemented and the level of compliance with ethical and conduct standards adopted by the Company, which monitoring may be carried out either by the full Board or any of its Support Committees.
- 7.42. Periodic checks on the performance of the Company and the ordinary course of business.

- 7.43. Ensuring that the process of proposal and election of members of the Board is carried out in accordance with the formal requirements set by the Company.
- 7.44. Appoint and freely remove the Internal Auditor of the Company, prior proposal from the Audit Committee.
- 7.45. Become aware of and pronounce on the requests from shareholders to include Additional Items to be incorporated in the Agenda of the General Assembly of Shareholders as Proposed Resolutions in connection with the items provided in the Agenda.

In general, and without prejudice to the functions corresponding to the General Assembly of Shareholders, the Board of Directors shall have the functions proper and necessary for the accomplishment of the corporate business and the achievement of its goals.

**Article 8.- Duties of the Board of Directors regarding the Internal Control System –SCI (*Sistema de Control Interno*).** Without prejudice to the special duties assigned to this body in other laws, bylaws or regulations, the Board of Directors, regarding internal control, is responsible for<sup>1</sup>:

- 8.1 Actively participate in strategic planning of GRUPO BOLIVAR S.A., approve and carry out monitoring to assess the needs of strategic redirection when needed.
- 8.2 Analyze the risk management process of GRUPO BOLIVAR S.A. and take steps to strengthen those aspects that require action.
- 8.3 Take necessary measures to guarantee the independence of the internal auditor and monitor its compliance.
- 8.4 Become aware of the relevant SCI reports submitted by the various control or supervision bodies and give the necessary instructions to adopt the necessary recommendations and corrective actions.
- 8.5 Request and analyze, well in advance, any relevant information required to have sufficient knowledge to responsibly make the corresponding decisions and seek expert advice when needed.
- 8.6 Require explanations and make objections as considered convenient to the issues submitted for its consideration.
- 8.7 Approve sufficient resources so that SCI may accomplish its objectives.
- 8.8 Analyze the reports submitted by the compliance officer regarding the work performed to prevent the entity from being used as an instrument to carry out criminal activities, evaluate the effectiveness of implemented controls and recommendations for improvement.
- 8.9 Assess the financial statements and their notes before they are submitted to the shareholders or maximum corporate body, considering the reports and recommendations submitted to the Audit Committee.
- 8.10 Submit, at the end of each year, to the General Assembly of Shareholders a report on the outcome of the SCI assessment of GRUPO BOLIVAR S.A. and the performances thereof on the matter.

## Title II. COMPOSITION OF BOARD OF DIRECTORS

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<sup>1</sup> The duties provided in this article are consistent with article 7.7.1.1.1 of Circular 38 of 2009 issued by the Financial Superintendence (External Circular 38 of 2009 compiled the provisions set forth in Circular 14 of 2009 and added other provisions regarding the adjustment to the Internal Control System – *Sistema de Control Interno*, SCI).

**Article 9.- Number of Members.** The Board of Directors shall be composed by seven (7) principal members, elected by the General Assembly of Shareholders for periods of two (2) years.

Grupo Bolivar S.A. shall seek that in the composition of the Board, independent and equity members are always majority with respect to executive members<sup>2</sup>.

**Article 10.- Qualification of Directors.** Directors shall have the personal and professional qualifications and shall have the specialized skills to make analytical and managerial decisions, with a strategic vision of the business; the above, within the objective criteria that enable them to express their different points of view.

Grupo Bolivar S.A. has defined a policy to ensure the proper composition of its Board of Directors. Thus it has established the need to identify and select potential candidates composing the same in events such as the resignation of a Director, the permanent absence of one of its members as well as the end of the period for which they were appointed.

The Company shall seek that the process of electing Board members takes into account candidates whose profile meet the needs of Grupo Bolivar S.A., considering criteria of personal eligibility, professional experience and other skills necessary for harmonious collective performance of this corporate body.

**Article 11o.- Evaluation of the candidates to the Board.** The Board, through its Chairman and with the support of the Corporate Governance Committee, is the best eligible body to centralize and coordinate prior to the General Assembly of Shareholders the process for composition of the Board.

The aforementioned Committee shall be in charge of reviewing that the proposed candidates are not subject to any of the incompatibilities and inabilities of legal nature or identified within the Board Operating Rules. Similarly, the Committee shall verify that each candidate suits the needs of the Board, through the evaluation of a set of criteria to be met by the functional and personal profiles of the candidates, and the verification of compliance with the target requirements for Board members and other additional requirements to become Independent Members.

To define and update the profiles, the Committee may, if deemed necessary, seek advice from one or more firms with recognized expertise in the subject matter.

**Article 12.- Procedure for the nomination and evaluation of candidates for election to the Board of Directors.** Concurrent with the call for the regular meeting of the General Assembly of Shareholders at which the appointment of members of the Board will take place, Grupo Bolivar S.A. shall inform through web page

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<sup>2</sup> This responds to the provisions of External Circular 028 of 2014 - Country Code on Corporate Governance - Recommendation 17.1. The Board Rules provide that the Independent and Equity Members are always majority over Executive Members, whose number, in the course of joining the Board, is the minimum required to meet the needs of information and coordination between the Board and Senior Management of the company. For these purposes it is defined as:

- i. Executive Member: Legal Representatives or senior management executives of the company.
- ii. Independent member: Those who at least meet the independence requirements set forth in art. 44 of Law 964 of 2005.
- iii. Equity member: Those who are not independent and are shareholders or individuals expressly nominated by a shareholder to be a member of the Board.



www.grupobolivar.com to shareholders about the possibility for them to submit their lists of candidates to form the Board.

Notwithstanding the right that shareholders have to submit directly to the General Assembly of Shareholders candidates to serve on the Board of Directors of the Company, Grupo Bolívar S.A. will receive, within the 5 calendar days following the call, the shareholder proposal with information concerning the candidates nominated.

To this end, interested shareholders shall submit information about the list of candidates to compose the Board, with all such people to be chosen and the identification of 3 independent members nominated, along with the respective résumé of each member and any other documents used to certify their personal and professional conditions, to [gobierno.corporativo@grupobolivar.com](mailto:gobierno.corporativo@grupobolivar.com), or to the investor's assistance office of the Company. For independent members who intend to apply for nomination, it shall be required to attach the certificate stating that the candidate meets the requirements established by Law 964 of 2005 and by Grupo Bolívar S.A. in connection with his/her independence.

After completing the term above, the Corporate Governance Committee shall meet for the review of personal and professional profiles of the nominees and give its recommendations to the General Assembly of Shareholders through the Board.

The professional profile of the nominees shall be made available to the shareholders at the company's website [www.grupobolivar.com](http://www.grupobolivar.com) with at least 5 calendar days in advance of the respective meeting of the Assembly.

The election of Board members shall be in accordance with the provisions of the Bylaws and in the documents comprising the Corporate Governance System of Grupo Bolívar S.A.

**Article 13. Criteria to evaluate the candidates to the Board.** When carrying out the analysis and evaluation of possible candidates to the Board, the Corporate Governance Committee shall consider the following criteria:

1. Level of Knowledge: Candidates for Board members must demonstrate their knowledge on topics relevant to the corporate business in the areas in which Grupo Bolívar Companies develop their activities. Such knowledge shall be accredited through work experience, academic studies, research and publications in these areas.

2. Management and Leadership Skills: Candidates for members to the Board must have work experience in leadership and management, or have participated as a member in other Boards of Directors, Directive Counsels or any other collegiate management body.

3. Personal Skills: Candidates for members to the Board shall be individuals recognized for their ethical and moral integrity. Therefore, it shall be reviewed whether the candidates have faced any of the following situations during the five (5) years preceding the date of nomination:



- i. They have been convicted for such offenses set forth in Article 16 of the Code of Commerce,
- ii. They have been included in international lists related to money laundering and terrorist financing or have been convicted for crimes related or connected to these activities.

4. Commitment and impartiality: Candidates should have a real commitment to bring value to the Company and therefore must have sufficient time availability to diligently meet their responsibilities, and act impartially in their decisions demonstrating an ethical commitment and respect by all stakeholders of Grupo Bolivar S.A.

5. Grounds for inabilities or incompatibilities. Without prejudice to the inabilities and incompatibilities established in current regulations applicable to Grupo Bolivar S.A. and according to the procedure outlined in Article 11, the Corporate Governance Committee shall verify that:

- i. The candidate to integrate the Board of Directors is not an administrator or exercising managerial responsibilities in other company having fully or partially similar corporate purpose as Grupo Bolivar S.A. or that might be considered competitor.
- ii. The candidate for membership of the Board is not a member, as principal or alternate, of more than 5 boards of directors of Corporations (*Sociedades Anónimas*).
- iii. His possible appointment to the Board of the Company does not cause a composition with any majority integrated with people related by marriage or by blood within the third degree of consanguinity or second of affinity or first civil degree.

The Board shall recommend to the Assembly of Shareholders the most suitable candidates based on the aforementioned profiles.

Likewise, and following the recommendation provided by recommendation 17.1. of Corporate Governance Country Code, within the recommendations presented by the Board to the General Assembly of Shareholders, it shall seek that with the integration of the Board members, independent and equity members are always majority over executive members.

**Article 14. Independent members of the Board.** In addition to the independence criteria defined by the Securities Market Act (art. 44 of Law 964 of 2005) or the regulation that replaces or substitutes the same, Grupo Bolivar S.A. shall analyze that the candidates integrating the Board, as independent members, were not employees or officers of the Company or of any of the companies comprising Grupo Bolívar during the two years immediately preceding their appointment.

In order to monitor compliance with these criteria, the candidate for independent member shall, through a written statement, certify his/her status of independence to the Company. Similarly, as part of the evaluation conducted by the Corporate Governance Committee, and according to the procedure outlined in Article 11 above, it shall certify that the candidate meets the requirements set by Grupo Bolivar S.A. to be considered an independent member.

Grupo Bolivar S.A. shall see that in the composition of its Board, at least 3 of its 7 members are eligible to be considered independent members according to the criteria set forth in this article.

**Article 15. Evaluation of the members of the Board of Directors - re-election of members.** In those cases when the candidates to the Board proposed by the shareholders as provided in art. 11 include the re-election of a Director, the Corporate Governance Committee shall carry out a review of the work that the member proposed for re-election has performed and the actual dedication to the position during the last period. To this end, the Committee shall rely on the information provided in the annual assessment process (self-assessment or external assessment) carried out by the Board.

**Article 16. Quality of votes.** The members of the Board of Directors shall vote under equal conditions when adopting decisions.

### Title III. DESIGNATION OF DIRECTORS

**Article 17.- Appointment of members of the Board of Directors.** The members of the Board of Directors shall be appointed by the General Assembly of Shareholders pursuant to the provisions contained in the Law and the corporate bylaws, though the electoral quotient system or as provided by the Law.

When a member of the Board of Directors is appointed for the first time, Grupo Bolívar S.A. shall make available the information required for the same to have a specific knowledge regarding the primary activities made by the Company and the sector being developed, as well as such information concerning the responsibilities, obligations and powers held as member of the Board.

**Article 18.- Incompatibilities.** The principal members of the Board of Directors gathered in a meeting shall not encompass a general or special majority with people employed with the Company.

Also, the following may not be members of the Board of Directors:

- 12.1. Individuals being members of the Board in more than five (5) companies and accepting the office.
- 12.2. Individuals under any other incompatibility or prohibition case ruled in general provisions.

Likewise, the Board of Directors may not have a majority composed by individuals related by marriage or kinship up to the third blood, second affinity or first civil degree; the Board shall not act as such if elected in violation of this provision, and the former Board shall continue operating, which shall immediately call for a meeting of the Assembly for a new election.

**Article 19.- Term of office.** The members of the Board of Directors shall be elected for periods of two (2) years as provided in the bylaws, unless the General Assembly of Shareholders agrees on their removal or destitution, or such members resign to their office.

Any vacancies shall be filled up by the General Assembly of Shareholders, at the following meeting of the Assembly held for such effect.

**Article 20.- Reelection of members of Board of Directors.** The members of the Board may be reelected indefinitely.

**Article 21.- Resignation and termination of office of Directors.** The members of the Board of Directors shall cease office upon termination of the period for which they were elected and when decided by the General Assembly in use of the powers conferred by the laws and the bylaws.

The directors shall make available their office to the Board of Directors and formalize their corresponding resignation, in the following cases:

- 21.1 If subject to any incompatibility or prohibition events provided in the laws or the bylaws.
- 21.2. If events imputable to any director as such have caused a serious damage to the company's financial condition, or the commercial and professional honorability has been undermined for holding the condition of director of the Company.
- 21.3. If the Director's permanence in the Board of Directors may jeopardize the interests of the Company or the reasons for being elected no longer exist.

**Article 22.- Deliberations and voting.** Such directors involved in proposals submitted for consideration of the Board of Directors of Grupo Bolívar S.A. related to their appointment or reelection, or removal from Committees, executive positions or alike, respect to which he Board is competent to decide, shall abstain from participating in the deliberations and voting in connection therewith.

#### **Title IV. BODIES OF BOARD OF DIRECTORS**

**Article 23.- Chairman of the Board of Directors.** The Chairman of the Board of Directors shall be elected among its members.

The Chairman, besides such powers conferred pursuant to the Law, the bylaws and those corresponding to any member of the Board, holds the following powers:

- 23.1. Chair the meetings of the Board of Directors.
- 23.2 Chair the meetings of the General Assembly of Shareholders and direct the discussions and deliberations thereof.
- 23.3 Raise to the Board any proposals he deems pertinent and those made by the Board members of the good operation of the Company and, especially, those corresponding to the operation of the Board itself and other corporate bodies, either prepared by himself, by other member of the Board or by other individuals entitled thereto.
- 23.4 Make any necessary recommendations to the Board of Directors on topics related with good Corporate Governance, by his own and/or other Directors' initiative.
- 23.5 Immediately disclose to the Board of Directors, in detail, of any eventual conflicts of interest that might arise, by his own and/or other Directors' initiative.
- 23.6 Ensure that the Board sets and efficiently implements the strategic direction of the Company.
- 23.7 Promote the governance action of the Company, acting as a liaison between the shareholders and the Board.
- 23.8 Make the call for meetings, either directly or through the Secretary of the Board.

- 23.9 Ensure delivery in a timely and formal manner, of information to the Board Members, either directly or through the Secretary of the Board.
- 23.10 Chair the meetings of the Board of Directors and handle the discussions.
- 23.11 Ensure the implementation of the resolutions of the Board of Directors and monitor the implementation of their orders and decisions.
- 23.12 Monitor the active participation of the Board members.
- 23.13 Lead the process of annual assessment of the Board and Committees, except for his/her own assessment.

The Chairman of the Board of Directors shall have a differential treatment from the Company in virtue of the additional duties corresponding to the same.

**Article 24.- Vice-Chairman.** The Board of Directors shall elect the Vice-Chairman among its members, who shall replace the Chairman in his absolute, temporary or incidental absences. The Vice-Chairman shall have the same powers of the Chairman of the Board when being in exercise of his duties.

**Article 25.- The Secretary of the Board of Directors.** The Legal Vice-President – General Secretary of Grupo Bolívar S.A. shall be the Secretary of the Board of Directors. In order to safeguard his/her independence regarding the President of the Company, his/her appointment and removal corresponds to the Board of Directors as proposed by the President of the Company, with prior report from the Support Committee to which the Board appoints to perform such duty. The Secretary of the Board of Directors shall not be a member thereof.

The Secretary of the Board of Directors shall attend the meetings with voice but no vote at its deliberations and by preparing the minutes, subscribed by the Chairman of the Board and by him, he shall attest to the matters addressed during the meetings.

Besides such duties assigned by the Law and the bylaws, the Secretary of the Board of Directors shall be in charge of:

- 25.1. Making the calls to the meetings and attending the same.
- 25.2. Delivering in due time and form the information to the members of the Board of Directors.
- 25.3. Having in custody the corporate documents. Duly record in the books of minutes the development of the meetings and attest to the agreements within the course thereof.
- 25.4. Overseeing due compliance with the legal provisions applicable to the Board of Directors and its members.
- 25.5. Being a channel, on a general basis, of the relations between the Company with the directors regarding any matter related with the operation of the Board of Directors, pursuant to the instructions provided for such effect by the Company's President.
- 25.6. Processing the requests of the directors regarding the information and documentation on such matters that the Board of Directors should be aware of.
- 25.7. Acting as Secretary at the meetings of the General Assembly of Shareholders, unless decided otherwise by the maximum corporate body.
- 25.8. Participating in the Support Committees of the Board of Directors as secretary thereof.

- 25.9. Promoting and informing the Board of Directors on the progress and trends regarding Corporate Governance.
- 25.10. Inform the Board of Directors, for its analysis and pronouncement, about the requests made by the shareholders regarding the Proposals to include Additional Items in the Agenda of the General Assembly of Shareholders, as well as Proposed Resolutions on Items included in the Agenda of the Assembly.

**Article 26. Committees of the Board of Directors.** The Board of Directors shall create and keep on a permanent basis, at least such Committees it is bound to create. Such Committees shall be composed by minimum three (3) members of the Board of Directors, without any of them being an executive member, and shall be chaired by an independent member.

The Board of Directors shall evaluate the convenience of creating Support Committees, and if it believes it is not necessary creating certain Committee, it shall see that the duties concerning such Committee are assumed by other existing Committees or developed by the full Board of Directors.

**Article 27. Audit Committee.** The Company shall have an Audit Committee composed by at least three members of the Board of Directors, including all independent members. No executive members of the Board of Directors may participate in this Committee. The Committee shall be chaired by one independent member. The members of the Committee shall have the experience required to duly comply with their duties.

The Committee may include the attendance of the Statutory Auditor who shall assist with voice but no vote on the meetings.

The Audit Committee shall have operation rules that shall include, among others, its competencies, organization and structure.

**Art. 28. Corporate Governance Committee.** Grupo Bolívar S.A. shall have a Corporate Governance Committee composed by a minimum of three members of the Board of Directors, of which none of them may be executive member. The Committee shall be chaired by an independent member. The members of the Committee shall have the experience that enables them to duly comply with their powers.

The Corporate Governance Committee shall have operating rules, which shall include among others, the powers, organization and structure thereof.

**Article 29.- Risk Committee.** The Company shall have a Risk Committee composed by a minimum of three members of the Board of Directors, of which none of them may be executive member. The Committee shall be chaired by an independent member. The members of the Committee shall have the experience that enables them to duly comply with their powers.

The Committee may be attended by the Statutory Auditor and the Internal Auditor who shall have vote but no voice at the meetings.

The Risk Committee shall have operating rules, which shall include among others, the powers, organization and structure thereof.

**Article 30. Compensation Committee.** Subject to article 26, the Board of Directors of Grupo Bolívar S.A. shall create a permanent Compensation Committee, an informative and consulting body, without executive duties.

This Committee shall have Rules to be approved by the Board of Directors, which shall at least contain the provisions related with the operation and powers inherent thereto.

The Compensation Committee shall be composed by at least three (3) directors, appointed by the Board of Directors of Grupo Bolívar, of which two (2) must be independent members. Such Committee shall not include executive members of the Board of Directors. Also, the Chairman of such Committee shall be elected among its independent members.

The reelection, extension and removal of the members of the Committee shall be as provided by the Board of Directors of Grupo Bolívar S.A.

**Article 31.-** To the extent required, the Board of Directors may delegate the analysis and handling of affairs entrusted to the same to the President of Grupo Bolívar S.A. or the Senior Management members of the Company, without this being considered the transfer of responsibilities and duties corresponding to this corporate body. In any case, the decision and resolution of the entrusted matter shall be exclusively in charge of the Board of Directors.

Also, for the achievement of purposes and goals of the Company, the President of the Company may, through articulated and effective participation of the different members of the Senior Management of Grupo Bolívar S.A., delegate the handling of matters under his charge, to the Senior Management members in order to facilitate the decision-making processes, taking into account the duties pertaining to each of them.

In any case, the exercise of such duties and powers shall be consistent with the purposes and goals of the Company, in correspondence with the duties and powers of each governance body, the nature of the positions, the organizational structure of the Company, and the duties and powers which by nature may be delegated.

## Title V. OPERATION OF BOARD OF DIRECTORS

**Article 32.- Meetings of the Board of Directors.** The Board of Directors shall meet with such frequency provided in the Company's bylaws, at least once a month.

The schedule of regular meetings shall be set annually based on the proposal submitted for such effect by the Company's President, which shall include at least one meeting per year with the main purpose of defining and monitoring the Company's strategy, without prejudice to the monthly monitoring performed by the Board of Directors in this regard.

The schedule may be amended by the Board of Directors or by suggestion of the Company's President or the Chairman of the Board, who shall submit the amendment to the knowledge of directors with at least five (5) days before the date initially provided to hold the meeting.

Also, the Board of Directors shall hold special meetings as requested by the Chairman of the Board, three of its members, the Company's President or the Statutory Auditor, when special circumstances so warrant.

The call for meetings of the Board of Directors shall be made in accordance with the provisions contained in the bylaws.

The Board of Directors shall decide on the agenda of the meeting, as proposal submitted by the President of Grupo Bolívar S.A. The directors may request the Chairman of the Board to include any topics in the agenda and the Chairman shall be obliged to include them when the request is made by minimum three (3) directors with at least ten (10) days before the date provided for holding the relevant meeting. This situation shall be informed by the Chairman of the Board to the President of Grupo Bolívar S.A. in order to prepare any information required for the analysis of the topic to discuss at the Board.

Notwithstanding the foregoing, the Board of Directors shall be deemed to be duly composed, without requiring a call, when all its attending members unanimously accept to hold the meeting and the topics to discuss in the agenda.

**Article 33.- Place of meetings.** The meetings shall take place at the corporate domicile of Grupo Bolívar S.A. or at such place pointed out in the call.

However, there may also be non-face meetings, whenever Directors may deliberate and decide by any means through simultaneous or successive communication, provided it can be evidenced.

**Article 34.- Development of meetings.** The decisions of the Board of Directors shall be valid only when having such deliberative and deciding quorum set forth in the bylaws of Grupo Bolívar S.A.

**Article 35.- Assistance to the meetings.** Directors shall make their best efforts to timely attend the meetings of the Board of Directors.

The Chairman of the Board shall encourage the participation of all directors in the discussions of such body.

**Article 36.- Minutes.** All meetings of the Board of Directors shall be recorded in minutes to be signed by the Chairman and the Secretary of the meeting, which once approved shall be evidence of the decisions adopted.

The minutes of the meetings of the Board of Directors shall record any analyses, supports and other sources of information used for the Board's decision-making, as well as the reasons in favor or against such decisions made.



**Article 37.- Evaluation of the Board of Directors.** Annually, the Board of Directors, led by the Chairman of the Board and with the support of the Corporate Governance Committee, shall evaluate its performance by analyzing the efficiency of its work as collegiate body, its Committees and members individually considered and shall refer to the same in the Annual Performance Report submitted to the General Assembly of Shareholders.

To develop such evaluation, the Board of Directors may, to the extent deemed necessary, alternate the process of self-assessment with the external assessment made by independent advisors.

#### **Title VI. MECHANISMS FOR REMUNERATION OF DIRECTORS**

**Article 38.- Remuneration of Directors.** Directors shall be entitled to receive such remuneration fixed by the General Assembly of Shareholders.

The General Assembly of Shareholders should take into account the structure, obligations and responsibilities of the Board of Directors for the purposes of fixing the remuneration of its members, as well as the personal and professional conditions of its members, time devoted to the activity and professional experience.

When by decision of the General Assembly of Shareholders of Grupo Bolívar S.A. compensation systems are approved that include options on stock or composed by a variable compensation connected to the variation of the Company's stock price, Equity and Independent members of the Board of Directors are expressly excluded from this sort of compensation systems.

#### **Title VII. INFORMATION OF DIRECTORS**

**Article 39.- Information and inspection.** The directors are fully empowered to be informed on any aspect of Grupo Bolívar S.A. in order to fully develop its functions.

The exercise of the rights of information shall be channeled through the President of Grupo Bolívar S.A. prior request made at the Board of Directors and authorized by the same.

In any case, if the management believes it is necessary sending information related with the performance of the Company before the meeting of the Board of Directors, it shall be sent to the Directors through any electronic information exchange system with at least three common days in advance. Anyhow, this information shall be made available to the Directors at the head office of the corporate domicile.

The Chairman of the Board, jointly with the Secretary of the Board shall see that the members receive the information with due time in advance from the date of the relevant meeting.

**Article 40.- Experts' Advice.** In order to receive advice in the exercise of its duties, the Board of Directors, by absolute majority of its members, or Support Committees, by unanimous vote of its members, may request the retaining, with charge to the Company, of services from legal, accounting, technical, financial, commercial or other advisors.

This power shall be exerted only by the directors for the analysis of specific relevant issues or topics being especially complex taking place inside the Company and that require being thoroughly analyzed by the Board of Directors or its Support Committees.

The request to retain the services of experts shall be channeled through the President of Grupo Bolívar S.A. Retaining external advisors shall not be admitted in the following events:

- 40.1 If the advice is not required for due performance of the duties entrusted to the directors.
- 40.2. If the cost thereof is not reasonable, in terms of the relevance of the matter.
- 40.3. If the technical assistance sought may be properly provided by experts and technicians of the Company.
- 40.4. If it could entail a risk for the confidentiality of such information to be provided to the expert.

However, if the Board of Directors or the corresponding Committee insists on retaining external advisors, notwithstanding the aforementioned circumstances are taking place, they shall be retained with express attestation in the minutes of the Board or Committee that adopted the relevant decision of the main reasons that support the retaining of such advisors.

**Article 41.- Training of members of the Board of Directors.** In order that the Board members keep updated knowledge, the Company shall conduct training sessions to the members in such topics identified as necessary or useful within the annual assessment process performed by this corporate body.

## Title VIII. DUTIES OF DIRECTORS

**Article 42.- General Obligations of Directors.** Directors shall act in good faith in the performance of their duties, as diligent as a good businessman. They shall act with loyalty and shall comply with such duties imposed by the Laws, the bylaws and these Rules, always adhering to the corporate interest.

Notwithstanding other obligations derived herein, Directors shall be bound to:

- 42.1. Request the information required and diligently prepare the meetings of the Board of Directors and the Committees to which they belong.
- 42.2. Attend the meetings of the Bodies and the Committees to which they are part of and actively participate in the deliberations so that their criteria effectively contribute to decision-making. In case that, by reasonable cause, they are unable to attend the meetings to which they are called, they shall inform such circumstance to Grupo Bolívar S.A..
- 42.3. Carry out any specific task entrusted by the Board of Directors or its President, provided it is in line with the competencies derived from its condition as member of the Board, the time devoted and the commitment established by the Board.
- 42.4. Investigate and inform the Board of Directors of any irregularity in the performance of Grupo Bolívar S.A. they may be aware of and monitor any situation of risk.
- 42.5. Propose the call to special meetings of the Board of Directors or the inclusion of new matters in the agenda, in order to address such issues it deems convenient.

- 42.6. Object any agreements contrary to Law, the bylaws or the corporate interest and request the attestation in the minutes of such objection, as well as promote the objection to such agreements.
- 42.7. Consistent with article 23 of these Rules, submit through the Chairman of the Board of Directors such proposals that benefit the interests of the Company proper to the duties of the Board.
- 42.8. Refrain from using corporate assets, including confidential information of the Company for personal purposes that do not correspond to the development of his/her duties as member of the Board of Directors or that are against the corporate interest of Grupo Bolivar S.A. However, in case that the member of the Board requires using assets of the Company or its subsidiaries, this fact shall be previously informed to and authorized by the Board of Directors of Grupo Bolivar S.A.

**Article 43.- Duty of confidentiality of Directors.** Directors shall keep secrecy of the discussions of the Board of Directors and the Committees to which they belong and in general, shall abstain from disclosing information, data or antecedents to which they have access in the exercise of their position, as well as use them in their own or third parties' benefit, subject to the obligations of transparency and information imposed by the applicable laws.

**Article 44.- Inabilities.** Without prejudice to the incompatibilities and inabilities set forth in the current legal provisions, the directors may not be managers or executives of another company which corporate purpose is totally or partially similar to Grupo Bolivar S.A. or which is a competitor thereof.

Exceptions to this provision are the duties and positions that can be performed:

- 44.1. In Grupo Bolivar Companies,
- 44.2. In companies in which it is acting on behalf of the interests of the same director,
- 44.3. In companies the director is acting in representation of the interests of Grupo Bolivar.

Notwithstanding the foregoing, the Board may make exceptions, provided a Board member who is in any of the above inabilities reports the existence of the same in the session following the date of the occurrence of such circumstances; for such effect, the Board will consider specific aspects of inability and the impact it can generate on Grupo Bolivar S.A. and provided it is not a legally established inability.

Similarly, there cannot be Board members who provide advice to the company's competitors to put them in a competitive advantage that undermines the position of the Company or its related companies, or advise or represent in cases in which there is a conflict of interest between the Company from which is director or its related companies and such third parties, either because they are counterparties of business or judicial matters or because such parties are in competition against the company or its related companies, in achieving a specific goal that is exclusive from favored competitors. Likewise, receiving gifts or fees, directly or indirectly, from customers or potential customers of the Company, or third parties to influence in their favor, in a particular decision or approval of certain operation by the Company or its related companies.

**Article 45.- Conflicts of interest.** In order to prevent conflicts of interest arising upon decisions to be made by shareholders, directors of the Board, other managers<sup>3</sup>, senior managers and officials in general of Grupo

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<sup>3</sup> In accordance with article 22 of Law 222 of 1995 manager are: "the legal representative, the liquidator, the factor, the members of the board or directive councils or whoever performs such functions according to the bylaws".

Bolivar S.A., the Company has defined rules of conduct in order that decisions of the Company are made, in all cases, within the greater objectivity and personal gain.

Therefore, Grupo Bolívar S.A. has formulated a series of principles and rules composing the Conflict of Interest and Use of Privileged Information (Insider Trading) Manual, which may be consulted on the website of the Company: [www.grupobolivar.com.co](http://www.grupobolivar.com.co)

**Article 46.- Duties of Information by Directors.** Directors shall notify the Chairman of the Board about any participation held in the capital of any company with the same, similar or complementary type of activity as the corporate purpose of Grupo Bolívar S.A., as well as the positions or duties performed in such Company. Likewise, he/she should report cases in which directors, by their own or others' account, perform activities similar to the corporate purpose of Grupo Bolivar S.A. or provide advice to companies with equal or partial corporate purpose to Grupo Bolivar S.A. or companies of Grupo Bolivar. Such information will be part of a special file in custody at the General Secretary of the Company.

In any case, the directors in exercising their functions must report:

- 46.1. All positions and activity performed with other companies or entities, and the names of the companies they provide services.
- 46.2. Any significant changes in their professional status that may affect the character or condition for which they have been appointed as Directors.
- 46.3. Any judicial, administrative or other measures filed against them and that due to their significance or characteristics, might seriously reflect upon the reputation of Grupo Bolivar S.A.
- 46.4. In general, any fact or situation that may be relevant to his conduct as a Director of Grupo Bolívar S.A.

The duty to inform shall be mandatory to the Board members that at the date of adoption of this Regulation are linked to Grupo Bolivar S.A., in such capacity, three months after the date of adoption and entry into force of this Regulation.

Similarly, to comply with the duties of information set out in this article, the General Secretariat of Grupo Bolivar S.A. shall update every six months the respective information of each of the members, by sending them an information updating form.

## Title IX. INFORMATION POLICY AND BOARD RELATIONS

**Article 47.-Annual Corporate Governance Report.** The Board of Directors shall prepare a Grupo Bolívar S.A. Annual Report on Corporate Governance to be submitted to the Assembly of Shareholders and besides the content required by the relevant rules, it shall include other issues as it deems appropriate.

In addition, the annual report on Corporate Governance will be publicly disclosed in accordance with the existing rules on the subject matter. Such report may be part of the Annual Performance Report that the Board submits to the Shareholders.

**Article 48.- Relations with shareholders.** The Board shall determine the appropriate means to meet the proposals put forward by shareholders regarding the management of Grupo Bolívar S.A.

The Board of Directors, in collaboration with Senior Management members it deems appropriate, may arrange briefing with some or all of its shareholders on the progress of the business of Grupo Bolívar SA or other topics of interest to them.

In its relations with shareholders, the Board shall ensure equal treatment to all of them.

**Article 49 .- Special Report.** In such operations that can lead to the dilution of minority shareholders' capital (if a capital increase takes place with waiver of preemptive rights in the subscription of shares, a merger, demerger or segregation, among others), Grupo Bolívar S.A. shall explain them in detail to shareholders in a previous report from the Board of Directors, and with the opinion on the terms of the transaction, from an independent external adviser with recognized solvency (fairness opinion), appointed by the Board.

These reports are made available to shareholders in advance of the Assembly within the terms for exercising the right of inspection.

**Article 50.- Analysis of requests for inclusion of topics on the agenda of the Assembly.** Shareholders who individually considered are holders of five percent (5%) or more of the capital stock are entitled to propose the inclusion of one or more items to be discussed in the Agenda of the Ordinary General Meeting of Shareholders and submit Proposed Resolutions in connection with such items provided for in the Agenda.

The Proposals for Additional Items to be included in the Agenda and Propositions Resolutions should be sent to the General Secretary by writing filed with the Investor's Assistance Office within five (5) calendar days following the publication of the respective call, who shall inform accordingly to the Board of Directors.

In the event that the Board of Directors accepts the request, no later than one day after the Board's meeting to consider the Proposals for Additional Items to be included in the Agenda as Proposed Resolutions, a supplement to the call will be published on the website of Grupo Bolívar S.A. whereby it includes the new items of the Agenda proposed by the Shareholders.

In the event that the Board does not consider appropriate to accept the Proposals for Additional Items to be included in the Agenda or Proposed Resolutions, the Board through the General Secretary shall respond in writing explaining the reasons for its decision and informing Shareholders of the right they have in any case to present their proposals during the meeting of the Assembly in accordance with the provisions of Article 182 of the Code of Commerce.

**Article 51.- Relations with the Auditor.** The Board of Directors shall have an objective, professional and ongoing relationship with the Statutory Auditor of the Company, maintaining all its independence.

He shall be invited to its meetings to the extent it finds it convenient or necessary, which criteria shall be followed for its assistance to the Audit Committee.

Grupo Bolívar S.A. shall seek that the Statutory Audit firm appointed by the General Assembly of Shareholders also performs Auditing duties in the other Group companies, particularly those subject to inspection and surveillance from the Financial Superintendence of Colombia and its counterparts in other countries.

Also, in the process of assessment and selection of candidates to Statutory Auditor, the Board of Directors, through the Audit Committee shall conduct an analysis of at least two alternatives in areas such as experience, time availability, human and technical resources necessary to perform its tasks, services offered, costs and fees, industry knowledge, among others.

**Article 52. Information about relevant findings made by the Auditor.** If there are qualifications in the Auditor's report, these and the actions proposed by the Company to remedy the situation, shall have a statement made by the Chairman of the Audit Committee to shareholders gathered in General Assembly.

When the Board believes that its opinion must prevail over the qualifications and/or paragraphs of emphasis made by the Statutory Auditor, this Board position should be adequately explained and justified by a written report to the General Assembly, specifying the content and scope of the discrepancy.

**Article 53.- Relations with the directors and officers of the Company.** The relations between the Board of Directors and the management, and other officials of Grupo Bolivar S.A., must be channeled through the President of the Company.

**Article 54.- Responsibility.** Managers shall be jointly and unlimitedly liable for the damages intentionally or negligently caused to the Company, shareholders or third parties. Such liability shall not apply to those who have not been aware of the act or omission or voted against the same, provided they do not execute them.

## **Title X. ADOPTION, AMENDMENT AND INTERPRETATION**

**Article 55.- Approval of Rules.** The Board of Grupo Bolivar S.A. shall have the exclusive power of approving these Rules and submit them to the General Assembly of Shareholders for their knowledge.

**Article 56.- Amendment and Repeal of the Rules.** The Board of Grupo Bolivar S.A. shall have exclusive jurisdiction to amend this document at initiative of this body or any of its members for which the matter shall be discussed in a Board meeting. When amendment is chosen, it must be accompanied by the explanation of causes and scope of the amendment sought.

The amendment of these Rules requires for its validity the decision-making quorum required for other decisions of the Board, i.e., simple majority.



The Board shall inform of the amendments to these Rules, as agreed, at the first meeting of the Assembly of Shareholders that is held subsequently after such amendment. Also, amendments to these rules shall be subject to the rules on advertising set forth in article three of this Regulation.

**Article 57.- Interpretation of Rules.** These Rules are complementary and supplementary to the provisions of the bylaws, the legal provisions governing the Board of Directors matters and those applicable to the Company and as stated in the Corporate Governance Code.

The full Board of Directors of Grupo Bolívar S.A. shall be in charge of solving any doubts or disputes arising upon the application or interpretation of these Rules, in accordance with the principles and recommendations on Corporate Governance adopted by the Company.

#### FINAL PROVISION

**Article 58.- Acceptance of these Rules.** The Board member condition implies acceptance of these Rules and the statement of not being under any incompatibilities provided therein.