



# **Regulations of the Audit Committee SURA Asset Management**

## PREAMBLE

The Audit Committee is the body that gives support to the management of the Board of Directors, responsible for the management oversight and the effectiveness of the internal control mechanism in the decision-making regarding the control and improvement of the activity of the company and its administrators.

The Audit Committee's main responsibility is to support the Board in its oversight role by evaluating the following:

- Accounting processes and financial reports, including their reliability and adequacy.
- The Architecture of the Internal Control System, including its effectiveness, as well as the audit of the risk management system implemented by the company.
- The activities of the External Auditor, including its relationship with the Board.
- The activities of the Internal Audit, including its independence.

The Board of Directors must give the Audit Committee all the freedom and objectivity necessary if any comments are made around its area of expertise and attend to its recommendations.

The Committee has the comprehensive and corporate support of the Corporate Audit Unit (CAU), a team that has all the personal and professional skills necessary to exercise its functions as the main support to the Audit Committee.

The Audit Committee does not replace the responsibility of the Board of Directors and the Administration in relation to the management oversight and the effectiveness of the internal control system. Therefore, its responsibility will be limited to supporting the governing body in the decision-making.

The purpose of this Regulations of the Audit Committee is to foster the adoption of good governance policies and procedures, so that the Company can develop its corporate purpose and fully achieve the objectives within the statutory and legal framework that governs its activity.

## GLOSSARY

- **External Auditor:** External Auditor or Fiscal Auditor in Colombia.
- **AI:** Internal Audit.
- **AAI:** Internal Audit Activities.
- **Council:** the term Council refers to the high-level governing body of an organization, which is responsible for directing and/or overseeing the activities and management of the Organization. It is typically composed of an independent group of directors ((e.g., the board of directors, a supervisory board, or a board of governors). If such a group does not exist, the “Council” refers to the top level of the Organization. The “Council” may also refer to an Audit Committee to which the governing body has delegated certain functions. (Taken from the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors - IIA).
- **IAD (Internal Audit Director):** the highest leadership role responsible for the effective management of all aspects of the Internal Audit Function and for ensuring the quality performance of Internal Audit Services in accordance with the Global Internal Audit Standards. *(Taken from the Global Internal Audit Standards issued by the Institute of Internal Auditors – IIA).*
- **Board of Directors:** Directors or executive board.
- **UAC:** Corporate Audit Unit.

## **CHAPTER ONE**

### **PURPOSE, SCOPE OF APPLICATION, TYPES OF MEETINGS, SCHEDULE, INVITATION TO MEETINGS AND QUORUM**

#### **ARTICLE 1.- Purpose:**

The purpose of this Regulation is to determine the scope of action of the Audit Committee of Sura Asset Management, the basic rules of its organization and operation and the rules of conduct of its members.

#### **ARTICLE 2.- Scope of application:**

This Regulation is for general application and mandatory to all members of the Audit Committee of Sura Asset Management, as well as for the Company's Management in its interactions with the Committee.

#### **ARTICLE 3.- Types of meetings, venues and schedule:**

The Committee will meet on a regular basis at least four (4) times a year or more when the circumstances so require.

The Committee will meet officially at the registered office or in any of the countries in which the Company's administration is exercised, activities carried out in the development of its corporate purpose, in affiliated or subsidiary companies or at the place agreed upon by the Committee itself, on the date and time determined therein. In addition to face-to-face meetings, Sura Asset Management's Audit Committee may hold non-face-to-face meetings or make decisions through virtual means that allow simultaneous or successive interaction of members, in accordance with current regulations.

The Committee will be convened, through the Secretary of the Board of Directors at the request of two (2) of its members, the Company's Administration or the Company's Board of Directors.

At the end of each year, the Board of Directors will define the dates of the ordinary meetings of the Committee to be held during the following year.

#### **ARTICLE 4.- How will the meetings be convened:**

Meetings, both ordinary and extraordinary, will be convened via communication sent by the Secretary of the Board of Directors to each of the members no less than five (5) calendar days prior to the date of the meeting; The communication will be sent by fax, e-mail or any other appropriate means.

#### **ARTICLE 5.- Content of the invitation:**

The invitation to the meetings of the Audit Committee must contain at least the general information like place, date and time, as well as the agenda that the

Committee will work on that day.

#### **ARTICLE 6.- Deliberative and Decision-Making Quorum:**

There will be a quorum for ordinary and extraordinary meetings, with most of its members present to deliberate. Decisions will be taken by a simple majority of those present. In the event of a tie, the matter shall be submitted to the Board for consideration.

In any case, a minimum attendance of 75% is expected to the proposed sessions, to cover the result of the current year.

### **CHAPTER TWO RESPONSIBILITIES OF THE AUDIT COMMITTEE**

#### **ARTICLE 7. – Responsibilities of the Audit Committee:**

In carrying out its functions to fulfill the purposes for which it was created, the Audit Committee should have the responsibilities and ability to perform the following:

##### **7.1. Regarding the financial statements:**

- a) Receive the final financial audit report and study the financial statements to submit them to the Board of Directors for consideration, without prejudice to the functions attributed by the regulations to the External Auditor and Senior Management. If these contain any caveats or unfavorable opinions, the Audit Committee will issue a statement on its content and scope and will share it with the shareholders. The Audit Committee must also oversee that Senior Management considers all the recommendations of the External Auditor and, if applicable, lead the process of responding to the observations included in the report.
- b) Ensure that the accounting principles in force are properly applied in the preparation of the financial statements that the Board of Directors will present in the General Assembly or that are presented by the Administration to other users. The Audit Committee must also prepare reliable internal information for decision-making.
- c) Know and evaluate the preparation process, presentation and disclosure of the financial information.

##### **7.2. Regarding the Organizational Control System:**

- a) The Audit Committee must understand and review the proposed structure, procedures and methodologies necessary for the operation of the Internal Control System, to present it to the Board of Directors for approval.
- b) Know and evaluate the effectiveness and suitability of the Internal Control System, among others, for the following:
  - o Understand, influence and evaluate to some extent the nature of the environment and the control culture in which the Organization operates regarding ethical and functional behaviors and conducts.

- Review the effectiveness of the Organizational Control System to monitor compliance with laws and regulations.
  - Obtain reports from the Administration on a regular basis, with respect to compliance with regulations, legal matters and/or legal or financial contingencies, which could have a material impact on the financial statements and the Company's policies or in the reports of regulatory and/or control entities.
  - Oversee the efficiency in fulfilling regulatory compliance and money laundering (ML) and terrorist financing (TF).
  - Receive, review and make any comments on the reports of the control agencies, on the effectiveness of the control system.
  - Monitor on a regular basis the degree of compliance with the Code of Ethics and the effectiveness of the anonymous complaints system or "Ethics Line", assessing any unethical situations that may arise, and the complaints made to then make the relevant recommendations to the Board of Directors.
- c) Evaluate and inform the Board of Directors of any conflict of interest, temporary or permanent, in which a Significant Shareholder, members of the Board of Directors and Senior Management has incurred, directly or indirectly or through a related party, making the necessary proposals to manage the situation.
- d) Assess and report to the Board of Directors on the operations that the company carries out, directly or indirectly, with members of the Board of Directors, Controlling and Significant Shareholders, members of Senior Management. Operations between companies of the Conglomerate or people related to them, which due to the amount, nature or conditions pose a risk to the company or the Conglomerate.

### **7.3. Regarding the External Auditor:**

- a) Present to the Board of Directors, to be submitted for approval in the General Shareholders' Meeting, the candidates for the External Auditor, the contractual conditions and when appropriate, revoking or non-renewal of the contract through the evaluation of the result.
- b) Validate and control the budget for the operations of the External Auditor on an annual basis.
- c) Assess the independence and competence of the External Auditor.
- d) Assess and approve the work plan, scope, methodology, and the audit approach proposed by the External Auditors, including the coordination efforts with the Internal Audit.
- e) Assess the internal control reports prepared by the External Auditor, confirming that the Administration has complied with the suggestions and recommendations.
- f) Meet separately with the External Auditor to discuss matters that the Committee or the External Auditors need to discuss in private.
- g) Assess and report to the Board of Directors of any situation that may limit the External Auditor's access to information or jeopardize his/her independence or any other situation related to the audit plan and the development of the financial audit, as well as any other expected communications provided in financial audit legislation and

auditing technical standards.

- h) Supervise the External Audit services, which includes evaluating their quality and effectiveness.

#### **7.4. Regarding the Internal Audit:**

- a) Oversee internal audit services and report to the Board of Directors.
- b) Present to the Board of Directors the selection, appointment, remuneration, re-election and removal of the head of the internal audit service.
- c) Ensure the independence and effectiveness of the Internal Audit function so that it can fulfill its purpose and pursue its strategy and objectives.
- d) Ensure unrestricted access for the Internal Audit Function to the data, information, personnel, and physical properties necessary to fulfill the Internal Audit Mandate.
- e) Approve the Internal Audit Charter.
- f) Analyze and approve the annual risk-based internal audit plan, as well as the additional occasional or specific plans that should be put into practice for reasons of regulatory changes or due to the needs of the Organization.
- g) Approve the Internal Audit budget and the resources plan.
- h) Receive periodic communications from the IAD on the internal audit results or other matters that it deems necessary, verifying that the Administration has complied with the suggestions and recommendations.
- i) Analyze and approve the annual report of the management of activities of the Internal Audit.
- j) Review compliance with remediation plans and measures resulting from the reports.
- k) Formulate appropriate questions for Management and the Internal Audit Director (IAD) to determine whether there are any limitations on scope, access, authority, or resources that may hinder the Internal Audit Function's ability to operate effectively.
- l) Hold private and periodic meetings with the IAD without the presence of the Directors.

#### **7.5. Regarding the risks:**

- a) Know the level of risks of the entity, associated with the evaluated risk map, and discuss the policies in relation to risk assessment and management.
- b) Know the levels of acceptance regarding appetite and tolerance towards the different risks managed and defined by the Organization, as well as its controls.
- c) Know and make any comments on the specific proposal regarding fraud risk management, from prevention to the mechanisms implemented for its control.
- d) Supervise and report periodically to the Board of Directors on the effective application of the company's Risk Policy, so that the main risks are identified, managed and effectively disclosed.

#### **7.6. Regarding information and documents:**

- a) Confirm that the periodic information offered to the market is prepared in accordance with the same principles and professional practices as the annual accounts; and supervise this information before its disclosure.

#### **7.7. Audit Committee Reports:**

- b) Report to the Board of Directors of SURA Asset Management on the assessments obtained from the Audit Committee sessions.
- c) Report the annual stake on the evaluation of the effectiveness of SURA Asset Management's Internal Control System to the Board of Directors in the exercise of its functions and responsibilities, as well as report on specific issues related to the Control System, which, due to its relevance, deems important to disclose.
- d) Prepare the annual management report to present to the Board of Directors on the fulfillment of the activities of the Committee.
- e) Report to the General Shareholders' Meeting on specific aspects of the work carried out by the Committee, as well as on the issues raised by shareholders regarding the proficiency of this Committee.

#### **7.8. Other:**

- a) Perform other activities as required by the Board of Directors of SURA Asset Management.
- b) Monitor the Company's reputational management.

### **CHAPTER THREE STRUCTURE AND RULES OF THE MEETINGS**

#### **ARTICLE 8.- On the structure:**

The Committee shall be made up of at least three (3) independent or patrimonial members of the Board of Directors, or their alternates, of which at least one (1) must be Independent. The president of the Company, the Vice President of Corporate Finance and the IAD will attend as guests. The Secretary General of the Company will act as Secretary. They may intervene but have no vote at the meetings of the Committee.

The members will be elected by the Board of Directors and shall serve for a period of two years and their remuneration will be determined based on the provisions of the General Policy for the Appointment, Remuneration and Succession of the members of the Board of Directors of the Company.

The Board of Directors must ensure that the members of the Audit Committee have the knowledge to provide an independent and objective opinion. Members must be knowledgeable of issues that at the local, regional and international levels are related to Asset Management, the pension system and the evolution of financial systems.



The Chair of the Committee shall be elected from the independent members of the Committee.

The members of the Audit Committee will receive instructions on all the elements necessary for the exercise of their functions.

Due to the nature of the Audit Committee's responsibilities, the Board of Directors should consider that as a whole, the members of the Committee cover the following experiences and skills:

- Broad business experience; familiarity with the identification and assessment of risk management; knowledgeable on business risks such as financial, operational and compliance.
- Understands the internal control systems; expertise in compliance systems; understands the difference between the roles of supervision and management and making decisions during the administrative process.
- Understands the main accounting and reporting affairs.
- Familiarity with the provisions of financial reports and the fundamental concepts of the Accounting Standards.
- Knowledge of the functions performed by the Internal and External Auditors.
- Awareness of the implications of technological change on the Organization's processes.
- Knowledge of the Organization's values, ethical issues and culture sensitive.

In addition, at least one (1) of the independent members of the Audit Committee must be a financial expert. A financial expert is a person who has the background and experience as a public accountant, auditor, or as a chief financial officer, comptroller, or chief accounting officer of an issuer, or from a position involving the performance of similar duties that give him/her:

1. An understanding of generally accepted accounting principles and financial statements.
2. Experience in:
  - a. the preparation or audit of financial statements of generally comparable issuers; and
  - b. the application of such principles in connection with accounting for estimates, accruals, and reserves;
3. Experience with internal accounting controls; and
4. Understanding of the functions of the Audit Committee.

#### **ARTICLE 9.- Attendance at meetings:**

All its members, including their guests, will be called to all meetings of the Audit Committee to maintain the level and continuity of the information and analysis of the matters that this Committee is responsible for.

The President of the Company, the IAD, the Vice President of Corporate Finance and the Secretary of the Company will have voice but not vote.

In addition, the persons whose attendance is considered necessary and appropriate for the development of the meeting may attend as guests.

**ARTICLE 10.- The agenda of the meeting:**

The meeting agenda will be organized by the Secretary of the Committee in coordination with the IAD, in accordance with the instructions of the members of the IAD and considering the requests of the Company's Administration. In all cases, the members of the Committee will receive all the available material and information available with respect to each specific topic to be worked on at the respective meeting.

The members of the Committee may request that other topics be included in the agenda, submitting the respective request to the Secretary of the Committee to include it in the next meeting or scheduling it for a subsequent one, giving detailed information to those interested on any decisions made.

Even after the members of the Committee have been notified of the meeting, the agenda may be modified if the Chair of the Committee sees the relevance in doing so due to the topics at hand.

In any case, and upon the agreement of the Committee, new topics may be included even during the development of the respective meeting.

**ARTICLE 11.- The agenda of the meeting:**

The agenda for the meetings will be prepared and sent in advance to the members, along with the material to be discussed.

**ARTICLE 12.- Minutes:**

The Secretary will write the minutes of each meeting and the decisions of the Committee will be recorded. The minutes will be numbered and deposited in the corresponding Book or file, keeping said documents for the appropriate purposes. The minutes will be signed by the attending members, the President of the Company and the Secretary.

The minutes will be available to the members of the Board of Directors, who may request a copy to the Secretary of the Committee. The minutes will conform to the same requirements that are applicable to the minutes of the Board of Directors.

The documents known by the Committee as the basis of its decisions will be a part of the minutes and will be considered as annexes thereto.

## **CHAPTER FOUR**

### **THE CHAIRPERSON AND SECRETARY OF THE COMMITTEE**

#### **ARTICLE 13.- Chair of the Committee:**

The Committee will elect from among its independent members a Chairperson, who will have the role of presiding and moderating the ordinary and extraordinary meetings of the Committee. The chairperson will be elected for a period of two (2) years. The chairperson is responsible for moderating the discussions.

#### **ARTICLE 14.- Secretary of the Committee:**

The Secretary General of the Company will act as the Secretary of the Committee, who will be responsible for supporting the chair of the Committee and must ensure the proper functioning of the Committee, taking special care in providing the members with the necessary support and information of preserving the documentation, duly reflecting in the minutes book the development of the sessions and attesting to the decisions of this support body.

## **CHAPTER FIVE**

### **QUALITY, RESPONSIBILITIES, INABILITY, PRINCIPLES OF ACTION AND SANCTIONS OF THE MEMBERS OF THE AUDIT COMMITTEE**

#### **ARTICLE 15.- Quality, responsibilities, inability and incompatibilities:**

The members of the Audit Committee must not have any employment relationship with the Company. Their responsibilities, as well as inability and incompatibilities, shall be governed by the rules applicable in the matter.

#### **ARTICLE 16.- Principles of action of the Members of the Audit Committee:**

To maintain the clear objectivity, independence and knowledge in decision-making, the members of the Committee must be governed, individually and as a collegiate body, by the following principles:

- a) They cannot act in the interests of any shareholders or groups of shareholders.
- b) They will perform their duties in good faith, independently, with due diligence and care, always ensuring that their decisions are in the best interests of the Company and the shareholders.
- c) They must treat all the shareholders and their decisions in an equitable and fair manner.
- d) As far as their functions are concerned, they must foster compliance with the law, the Articles of Association, the Code of Good Governance, the Code of Conduct and other regulations of the Company.
- e) They will exercise their role objectively, impartially, and autonomously, establishing general guidelines.
- f) Will be knowledgeable the financial and operational situation of the Company and the most important segments of its businesses. Information on such matters

will be presented at the Board meetings and shall be channeled through the Secretariat of the Company.

- g) Will attend and actively participate in the meetings of the Committee, knowing and reviewing in advance the study material and analysis for the meetings, material that the management of the Company will provide appropriately and in a timely manner.
- h) Will avoid any situation of actual or potential conflict between their duties to the Company and personal interests, informing the Board of Directors in due time of any situation that may involve a conflict of interest with the Company or their subordinates and, in general, will try to abstain from attending, intervening and voting in the deliberations on the matter that generates a personal Conflict.
- i) In matters not of public knowledge, they will maintain the secrecy of the Committee's deliberations and, in general, shall refrain from disclosing information to which they have had access in the course of their duties.
- j) The actions they carry out for the Company will pursue the general interest of the Company and will not obey to private interests.
- k) As a collegiate body, they will limit themselves to establishing general guidelines, proposals or initiatives on administrative matters within the competence of the Company's administration.

#### **ARTICLE 17.- Access to Information:**

For the full performance of its functions, the Company will guarantee the Committee, within the scope of its competence, access to the Company's information when necessary, except in the case of confidential information in accordance with the Law and the Bylaws.

### **CHAPTER SIX OTHER PROVISIONS**

#### **ARTICLE 18. – Support from Senior Management:**

The Committee may request at any time, specific or permanent support from the members of the Administration with experience in the matters within its competence.

In such a case, the Company shall provide the relevant technical and human resources to meet the Committee's request.

#### **ARTICLE 19.- Hiring of external advisors:**

The Committee may request the Board of Directors to hire external advisors when necessary to fulfill its functions.

The request for hiring external advisors must be in writing, indicating at least the following:

- a) Reasons for hiring for the full performance of the functions entrusted to the Committee.

- b) Presentation of several candidates together with their respective financial proposal. Potential candidates must be qualified professionals, recognized as such in accordance with the Law and must meet the requirements set forth in the Company's recruitment rules.
- c) A statement of no conflict of interest with potential candidates.

**ARTICLE 20.- Communication of the decisions of the Audit Committee:**

The Chair of the Committee or, in his/her absence, one of its members shall present to the Board at its next meeting the decisions adopted by this body for consideration and, where appropriate, adopted by the Board.

**ARTICLE 21.- Strategic decisions:**

The Audit Committee may recommend to the Board of Directors of the Company that a decision coming from the Committee should be considered "strategic" and, depending on the instructions of the Board of Directors, measures to disclose them will be available. The "strategic" character may be temporary or permanent.

**ARTICLE 22.- Interpretation and priority:**

The applicable legislation, the Articles of Association and the Code of Good Governance shall prevail over these Regulations in the event of any gaps, inconsistency or conflict.