



## **CORPORATE GOVERNANCE CODE**

**Approved by the Board of Directors  
on April 17, 2002**

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## INTRODUCTION

Titularizadora Colombiana S.A. (hereinafter the Company) was incorporated with the aim of promoting the development of a secondary mortgage market in Colombia by issuing Mortgage-Backed Securities with the purpose of channeling a considerable proportion of the institutional savings toward financing house purchase. In addition, *artículo* (section) 169 of Law 1753 of 2015, "National development plan" (Plan Nacional de Desarrollo) enabled the Company for carrying out the securitization of non-mortgage assets. Therefore, the initial purpose of the Company was extended to provide the securitization of mortgage and non-mortgage assets as a funding mechanism in the capital markets.

Titularizadora Colombiana S.A. believes that the transparency in the way of doing business and the equal treatment to every person, that in one way or another, interacts with it are essential factors to the success in their mission. In this regard, the Board of Directors of Titularizadora Colombiana S.A., exercising the powers provided by law and bylaws, issues the following Corporate Governance Code (hereinafter "the Code").

The main objective of this Code is to ensure and protect the rights of shareholders, investors, employees, and any other interested parties by the proper operation of the company. Also, to ensure the fulfillment of all the principles and practices established herein, the mechanisms that allow the interested parties to enforce them are defined.

The Company will announce the issuance of this Code and any amendment, change, or supplement hereto, on the Company's website. The full text is available on a permanent basis at [www.titularizadora.com](http://www.titularizadora.com)

## CHAPTER 1: About the Shareholders

The shareholders of Titularizadora Colombiana S.A. are Colombian financial institutions of renowned standing in the local market and Latin America. The current capital percentage breakdown of the Company, as well as the periodic updates thereto will be available at: [www.titularizadora.com](http://www.titularizadora.com)

### 1.1. Founding Shareholders' Agreement

Prior to the incorporation of the Company, all the shareholders<sup>1</sup> defined the terms and conditions of the Shareholders' Agreement by which each shareholder's will is formalized with respect to using their best effort for the Company to conduct its business in compliance with the mission and principles defined by its shareholders as well as to achieve its feasibility and positioning in the long term as leader in the secondary mortgage market in the country.

The Shareholders' Agreement was executed on July 13, 2001 and is binding to all of the Company's shareholders.

The Shareholders' Agreement governs the contractual relations amongst the shareholders, binding each of them to act in such a way that the Company's businesses are conducted with efficiency and equity, including the following aspects:

a. The Company's capital will be determined by the regulatory requirements, the market conditions, and the business volume and performance.

b. Limitations on stock trading and encumbrance. The parties to the shareholders' Agreement are subject to the preferential right in share trading. There are also restrictions to charge or limit title to their Company's shares. The approval by absolute majority of the parties to the Shareholders' Agreement is required for the disposition or encumbrance of their shares.

c. The shareholders' will is asserted to have the Company's shares listed with a Stock Exchange as soon as the Company creation and the market conditions allow it.

The current Shareholders' Agreement, as well as any others executed in the future shall be available to the interested parties at: [www.titularizadora.com](http://www.titularizadora.com)

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<sup>1</sup> The International Finance Corporation (IFC) was initially a shareholder to the Company but withdrew in March 2014 by selling its shares to the other shareholders under its put option agreement.

## 1.2. Rights of the Shareholders

**a. Equal and Fair Treatment:** The Company's shares are registered (*nominativas*) and ordinary and thus, all shareholders will have rights as set forth in the articles of association. Every shareholder, regardless of its category, be it minority or foreign, will receive equal treatment. That means that every shareholder is equally entitled to access relevant information of the Company and to vote the proposals submitted to the General Shareholders Meeting. In the same way, the decisions made by the General Meeting will apply in like manner to all the shareholders. Nevertheless, such decisions may be objected whenever they do not abide by the provisions of law or bylaws, in accordance with the law.

The acts and procedures of the Board of Directors and the General Shareholders Meeting will guarantee the fair treatment to all the shareholders and will ensure that any financial relation between the Company and its shareholders will be carried on under market conditions that guarantee top benefits to the Company. Any transactions will not be effected upon privileged information nor will any negotiations be permitted if carried out under duress of any nature.

**b. Special Audits:** In addition to the mechanisms included in the articles of association and in this code and with the purpose of guaranteeing the compliance with the provisions of this subsection, the shareholders may request special audits as provided in section 4.4 of Chapter 4 "About Control Schemes" of this code relating to special audits. In like manner, the shareholders may submit complaints to state any failure to comply with this code, as provided in Chapter 8 regarding "Mechanisms for Servicing Requests."

**c. Share Underwriting:** The Company will maintain a book to record the number of shares owned by each shareholder as well as all the transfers, encumbrances, liens, and any other acts that may affect each shareholder's title to its shares. Each shareholder will receive a security to accredit their status as shareholder and the quantity of shares represented, each share gives the shareholder the right to one vote.

**d. Political and Economic Rights:** The Company's shares entitle their owners to:

(i) The pre-emptive right on any issuance of shares of the Company; also, the preferential right for the shareholders when disposing of their shares.

(ii) Receiving a proportional portion of the corporate benefits established by the balance sheet of the end of fiscal year, subject to the provisions of the law and bylaws; or those of the corporate assets as of the liquidation upon payment of the current liabilities (*pasivo externo*) of the Company.

(iii) Taking part in the nomination and designation of the members of the Board of Directors and of the *Revisor Fiscal* (Statutory Auditor).

(iv) Requesting the management for authorization to entrust, at the shareholder's own cost and responsibility, special audits, employing for such purpose firms of renown good-will and standing, provided the compliance with the requirements designed by the Board of Directors to such effect.

(v) Having timely access to important information of the documents set forth by the relevant legal provisions, as well as receive information which allows them to make informed decisions about their investment in the Company and cast their vote for the proposals submitted at the shareholders meetings.

(vi) Taking part and voting at the General Shareholders Meetings for the making of decisions that are essential to the business and life of the Company, such as amendments to the bylaws or increase or modification to the capital stock. Even though the voting will customarily take place on an open basis, any shareholder may request that the voting be in writing and of a private nature.

(vii) Whenever a national or foreign shareholder cannot attend in person the General Shareholders Meeting, he can be represented by means of a power of attorney in writing, sent by fax or e-mail. In any case, except for the legal representation cases, the Company managers or employees cannot represent shares other than their own, substitute the powers of attorney granted to them, or vote towards the approval of the balance sheets of the Company.

(viii) A group of shareholders representing at least twenty percent (20%) of the capital stock of the Company, may request the meeting call of the General Shareholders Meeting. With this aim, they will send a request in writing to the Board of Directors, the President of the Company or the *Revisor Fiscal* (Statutory Auditor), stating the purpose of the meeting. The Board of Directors, the President of the Company or the *Revisor Fiscal* (Statutory Auditor) shall call the meeting within fifteen (15) days from the submission of the request.

Any disputes that may arise among the shareholders, or between the shareholders and the Company or the Company's Board of Directors in connection with the articles of association, shall be submitted to the decision of arbitrators who will decide based on the applicable law and will be appointed as follows: two arbitrators designated by mutual agreement between the interested parties and a third arbitrator appointed by the Bogotá Chamber of Commerce.

### **1.3. Rules of Operation of the Shareholders Meetings**

Below are outlined the tasks to be carried out by the shareholders meeting, the way to call the meeting, and the conditions for procedure.

#### **1.3.1. Functions**

The General Shareholders Meeting is the highest governing body of the Company and, besides the tasks outlined below, it is responsible for exercising the functions not assigned to other bodies or persons, and those corresponding by law:

- a. Consider the reports of the President and Board of Directors about the status of the corporate business and the report of the *Revisor Fiscal* (Statutory Auditor). Examine, approve, or reject the balance sheets of the end of fiscal year and the accounts to be rendered by the management and issue any required clearance certificates or order



any legal actions required against the managers, executive officers, or the *Revisor Fiscal* (Statutory Auditor).

- b. Distribute the resulting profits established in the balance sheet approved by the meeting, subject to the provisions set forth by law and bylaws. By exercising this power, the shareholders meeting may create or increase special reserves, determine, or modify the destination thereof, and define the amount of the dividends, as well as the method and installments for payment thereof.
- c. Elect for two-year terms and remove the members of the Board of Directors and the *Revisor Fiscal* (Statutory Auditor), with the respective personal alternates, take their resignations and excuses into consideration, and indicate the compensation for them.
- d. Agree to the merger, transformation, early wind-up, or extension of the Company, the liquidation of the corporation or any amendment, extension, or modification to the articles of association. In case of Company wind-up, designate one or several liquidators and one alternate liquidator for each, remove them, define the compensation for them, give them orders and instructions required by the liquidation, and approve their accounts.

### 1.3.2. Meetings

**a. Types of Meetings and Meeting Notice:** The General Shareholders Meetings may be ordinary or special, and there will be written record of the development of the meeting.

The ordinary meetings will be held in Bogotá, D.C., at least once a year, within the three months following the closing of the fiscal year, on the date and time and at the place indicated by the Board of Directors. The purpose of such meetings will include, without limitation, examining the then current conditions and determining the economic and financial directions for the Company, designating directors, taking into consideration the accounts and balance sheets of the last fiscal year, and deciding on the distribution of profits.

The meeting will be called by fifteen (15) business days' notice in writing sent to each shareholder to the last registered address. The written communication may be sent by the General Secretary of the Company by certified mail, fax, or e-mail to the address registered by the shareholder. In lack of a meeting notice, the shareholders may gather by their own right in a General Shareholders Meeting at 10:00 AM the first business day of April, at the premises of the Company. In this case, valid procedure will take place upon a plural number of people, whichever the number of shares represented.

Special sessions will be held upon meeting notice sent by the Board of Directors, the Company's President, or the *Revisor Fiscal* (Statutory Auditor), or upon request of a group of shareholders representing at least twenty percent (20%) of the capital stock. The requisite notice for a special meeting shall be at least five (5) calendar days before and include the agenda to be addressed by the Meeting. The Shareholders Meeting cannot make final decisions about matters other than those stated in the meeting notice, except when the Meeting itself decides to do so, by simple majority of the shares represented, once exhausted the agenda.

The Shareholders Meetings may also be held without presence of the shareholders upon compliance with the applicable legal requirements. They are also valid without actually getting together whenever all the shareholders cast their vote in writing, in the form and under the requirements established by law.

Within the Shareholders Meeting notice and whenever the subject corresponds with operations that might result in the watering of minority share capital (increase of capital upon waiver of the preferential right in the underwriting of shares, merger, divestiture, or split-off), the Company's Board of Directors will make a detailed report available to the Shareholders about the proposed operation, including a fairness opinion of an independent external advisor designated by the Board of Directors ad hoc.

**b. Agenda:** The notice of the General Shareholders Meeting will be accompanied by the proposed agenda submitted to the shareholders for consideration, which agenda will be clear, precise, and duly broken down.

In addition, the shareholders representing at least five percent (5%) of the capital stock may propose new topics to be included in the agenda for discussion at the ordinary session of the General Shareholders Meeting, within five (5) calendar days after publishing the notice of the meeting, together with the corresponding justification.

The proposals will be sent to the Company's President in writing by any available means within five (5) days after publishing the notice of the meeting, as relevant information.

The President will assess the proposal and if deemed relevant he or she will include it in the agenda; a supplement to the meeting notice will be published including the new subject as relevant information five (5) calendar days before the meeting.

If the President does not deem the information relevant, he or she will inform the Board of Directors thereof for the Board to make a final decision about the proposal. If the Board considers that the proposal should be included, the agenda must be appropriately supplemented and published five (5) calendar days before the meeting.

Moreover, if the Board considers that the subject should not be included in the agenda, a written answer will be sent to the shareholder or shareholders who requested the inclusion, explaining the reasons behind the decision and informing them of the right they have to submit the proposal during the meeting under the Code of Commerce §182.

**c. Inspection and Information Rights:** The Company will provide shareholders the information required to exercise their inspection right, including financial statements, profit distribution project, and report of activities, within notice period and at their principal place of business.

Under no circumstance, this right will extend to include documents containing trade secrets, confidential information, or any other information that could be used to the detriment of the Company.

In addition, shareholders may request supplementary information or clarifications relating to the subjects included in the agenda through the General Secretary of the Company, within the same term provided for exercising the right of inspection. The request may be rejected whenever it is established that (i) it does not have any connection with the subjects included in the agenda or (ii) it addresses confidential information, which includes privileged information on the exchange market, trade secrets, and strategic information on the business and special projects of the Company.

Whenever the knowledge of the information requested gives a shareholder an edge over the other shareholders, the access thereto will be granted to all the shareholders in the same terms and conditions as those of the granting of such information to the shareholder who requested it.

**d. Shareholders Representation at the General Shareholders Meeting:** Shareholders may have a representative at the General Shareholders Meeting whenever their Legal Representative cannot attend in person, by granting a written power of attorney that will be sent to the Company by fax, certified mail, or electronic mail. In any case, except for the legal representation cases, the Company's managers or employees cannot represent shares other than their own, substitute the powers of attorney granted to them, or vote towards the approval of the balance sheets of the Company.

The Company makes a standard model of power of attorney available to the shareholders on its website, which allows including the items of the agenda so the shareholders may indicate their vote to their proxies for each topic.

**e. Voting Amendments to the Articles of Association:** The amendment to the bylaws requires shareholders to vote on each article or group of articles that are deemed substantially independent, with respect to which a separate vote will be conducted if in any case a shareholder or group of shareholders representing at least five percent (5%) of the capital stock, so request during the Shareholders Meeting.

**f. Attendance of the Committees' Chairs to the General Shareholders Meeting:** The Company will invite the Chairs of the Committees comprised of Directors or the Chair of the Board of Directors as the case may be, to the General Shareholders Meeting and attendance will be mandatory whenever any of the topics included in the agenda could require explanations requested by shareholders, given their special or urgent nature and whenever any of the shareholders requests their attendance prior to the Shareholders Meeting.

### **1.3.3. Procedure: Quorum and Deciding Majorities**

The required quorum for procedure will be any plural number of people representing at least the absolute majority of the shares subscribed. The decisions will be adopted by vote in favor of half the total plus one shares represented at the respective meeting. In case of equally divided votes to the proposals, a rejection to the subject matter of the discussion will be understood. In case of election of members of the Board of Directors and committees or plural bodies, the electoral proportion scheme will be applied; there will not be any appointments by popular acclaim.

Notwithstanding the foregoing, the bylaws establish the minimum voting requirements to approve the following proposals:

- a. For the underwriting of a certain issue of shares not subject to the pre-emptive right, vote in favor of seventy percent (70%) of the shares represented at the meeting.
- b. For the distribution of profits, vote in favor of seventy-eight percent (78%) of the shares represented at the meeting.
- c. For the distribution of profits in the form of Company's shares released, vote in favor of eighty percent (80%) of the shares represented at the meeting.
- d. For the decree of the Company's merger or incorporation with other company or companies to increase the Company's authorized capital, the vote in favor of eighty-one percent (81%) of the total of shares subscribed.

## **CHAPTER 2: About the Board of Directors**

### **2.1. Rules of Operation of the Board of Directors**

The Board of Directors of Titularizadora Colombiana S.A. is the body responsible for safeguarding and maximizing the shareholders' equity, directing the corporate strategy, and supervising the appropriate performance of the managers in fulfilling the mandate entrusted by the shareholders. The Board of Directors is empowered to adopt the resolutions required under the corporate purpose of the Company, all in accordance with the authority provided for in the Articles of Association.

The Directors shall act in good faith, loyally, and with the diligence and prudence of a good business-person. In all cases, their acts will be performed to the benefit of the Company, taking into account shareholders' and investors' interests, and giving a fair treatment to them all.

#### **2.1.1. Responsibilities of the Board of Directors**

The members of the Board of Directors have collective responsibilities in the performance of their mission, the intention of which can be summarized as follows:

- a. The Directors are the safe keepers of the Corporate Governance Code and any other rules that protect the rights of the groups of people interested in the Company's wellbeing. Accordingly, the Directors are committed to these groups, not only to ensure the effective compliance with and maintenance of those rules, but to establish transparent information mechanisms and efficient claim resolution schemes according to the provisions of the articles of association and of chapters 4, 5, 6, and 7 of this Code.
- b. The Directors shall establish and enforce the policy for selection, evaluation, remuneration, and potential substitution of the President, as well as his/her responsibilities and task scope. To build on this job, they shall ensure the existence and

performance of a succession plan for the President and main executives in case of temporary or permanent absence. The President shall submit the appointment of the Company Vice Presidents and General Secretary to the Board of Directors for consideration.

- c. The Directors guide and review the business strategy, approve the plans and budgets proposed by the management, and follow up the performance goals. In the same way, they shall define the main policies of the Company; in particular those relating to the financial risk management and internal control, and approve the hierarchy of powers provided to the management.

The policies on risk; comprehensive management of assets, liabilities, and off-balance sheet entries; and mortgage loan purchase and administration will be available to the interested parties on a permanent basis at: [www.titularizadora.com](http://www.titularizadora.com)

- d. The Directors will look after the integrity of the management information systems and the proper operation of the internal and external control systems. The Board of Directors shall maintain a comprehensive management policy on the structure of Company's assets, liabilities, and off-balance sheet positions of both Company's and *universalidades*' assets kept by the Company separated from its own assets, under any securitization process.
- e. Directors will define the orientation of the handling and disclosure of conflicts of interest that may arise across the Company and among the different actors in the ordinary course of business. This direction is summarized in the Ethics section hereof. Prevention, handling, and disclosure of any conflicts of interest will be carried out according to the provisions of chapters 6 and 7 of this Code.

### **2.1.2. Creation**

- a. The election of the Board of Directors will take place in the General Shareholders Meeting by electoral proportion as stated in the law, unless it gets unanimous votes in favor by the corresponding shares present at the meeting. The Board of Directors shall consist of five (5) principal and five (5) alternate members elected for a two (2) year term and re-eligible indefinitely. The Alternate Directors may attend the meetings of the Board of Directors together with the Principal Directors, but they will have no right to vote and their presence will not count towards the acknowledgement of quorum.
- b. The Directors to be elected will be persons who have national or international experience in executive positions or who have carried out or are carrying out consulting activities specialized on financial sectors related to the corporate purpose of the Company. A Board of Directors where there is a majority of any type formed by persons related for being spouses, common-law spouses, or relatives within the third degree of consanguinity, second degree of affinity or first degree of in-law relationship. If this condition arises after the election of the Board, the elected Director will not be able to act. In such case, the legal representative will convene a Special Shareholders Meeting to carry out a new election.

- c. The process of Board of Directors formation will include the participation of the Committee of Appointments, Compensation, and Ethics with the aim to confirm that the nominees have not fallen within any grounds for disqualification and/or incompatibility and fulfill the criteria set forth in the succession policy of the Board of Directors.
- d. The new Directors will be provided with an induction process coordinated by the President of the Company.

### **2.1.3. Operation.**

The Board of Directors will elect their President and Vice President from the members thereof. The meetings will take place at least once a month, on the dates determined by the Board itself, or whenever the President of the Company, the *Revisor Fiscal* (Statutory Auditor), or two (2) principal directors call a meeting. The quorum for procedure of the Board of Directors will require the presence of at least three (3) Directors. Decisions shall be made on the vote in favor of at least three (3) Directors participating in the meeting. For the purpose of coordinating the monthly meetings, a schedule is submitted to the Directors duly in advance.

The Board of Directors shall have a Secretary who will be in charge of (a) elaborate the meeting minutes of the Board and General Assembly and authorize with his/her firm the copies issued; (b) compile the meeting minutes' book and the registry of shareholders; (c) manage the correspondence between shareholders and the Company to fulfill the effects described in this Code; (d) make the meeting notices according to the annual plan; (e) make the delivery of information to the members of the Board of Directors; (f) the additional assigned by law and bylaws.

The members of the Board of Directors will receive five (5) days in advance the information needed to study the topics to be discussed in the proposed agenda, which will cover the areas of their own responsibility. In addition, the General Secretary will send copy of the corresponding minutes of the meetings to all the present and absent principal and alternate Directors.

According to the articles of association and the shareholders agreement, the Board of Directors will approve the operational manuals of the Company, which contain the general and core policies on the structure and organization thereof, the President profile and selection process, the measurement of objectives, and the composition of the committees required for a good business development.

The Company executives shall work on a coordinated way on their functions and activities, which shall be clearly determined on an independent basis so that the company functions of operation, custody, and registry are separated. Every officer shall have in writing his/her job description and the operations of each area shall be documented in manuals where the respective control scheme will be described for each activity. The Company employees' compensation shall be effected following procedures that consider both the degree of responsibility and the results. The Company will implement an evaluation and development system for all the employees.

The operational manuals establish committees, five (5) of which include members of the Board of Directors with the aim to optimize the time of a plenary meeting of the Board. The purpose of the committees is to deepen the analysis, the oversight, and the development of the policies established by the Board of Directors for the critical operational areas of the Company. Below are the description and functions of the committees.

#### **2.1.3.1. Investment Committee**

Comprised of three (3) members of the Board of Directors, the Investment and Market Development Director and the Company's President, its main functions are to supervise the compliance with the policies on management and administration of the Company's liquid assets and to define portfolio investment policies and risk coverage strategies, trading, and general outline on the investments for treasury operations and counterparty limits, in accordance with the Company's risk assessment criteria. In addition, with respect to liquidity risk, the Committee must review the liquidity contingency plans proposed by the Administration, as well as discuss the annual stress tests.

#### **2.1.3.2. Auditing Committee**

This committee will be composed by tree (3) members of the Board of Directors, assisted by the Company's President, the Internal Control Director and the *Revisor Fiscal* (Statutory Auditor). Its main function is to supervise the compliance with the policies and procedures of the Internal Control System and will be in charge of the review and monitoring of the internal accounting outline, financial statements, and special conditions evidenced by the Internal Control Director's office. The Audit Committee will support the Board of Directors in the definition of internal control policies, and will monitor the Internal Control System for suitability to the standards, needs, goals, and strategies determined by the Company to properly conduct its business. The Internal Control System procedures shall contemplate evaluations and monitoring of each process, and the result of those evaluations are strategic tools that allow to follow up the fulfillment of the business goal achievement; the degree of efficient use of resources; the improvement in productivity; the abidance by the good governance principles, the legal, accounting, and tax regulations; the fraud prevention; which variables are revealed in the financial statements. This approach allows the prevention and mitigation of the effect of any uncertain future event (risk) that may hinder the achievement of strategic, operational, economic, and financial goals of the organization. Risks so identified compose the organization risk map that allows establishing categories and priorities in terms of the probability of their occurrence and the expected financial impact.

#### **2.1.3.3. Appointment, Compensation and Ethics Committee**

This committee will be composed by the Company's President and two (2) members of the Board of Directors. Their main functions are: (i) state the criteria and propose and review the compensation for the Board of Directors, Senior Management and the Company; (ii) check the assessment of Board, Senior Management, and nominees to Board's Secretary and Senior Management as per the request of the Board of Directors and provide the corresponding recommendations; and (iii) make recommendations about any complaint situation.

#### **2.1.3.4. Operations Committee (SARO in Spanish [Operating Risk Management System])**

This committee consists of the Company's President, Operations Director, SARO Official, and Internal Control Director. Its main task is to follow up and monitor the compliance of the operating risk management system at each of the Company's division with the purpose of maintain or improve the risk level established by the Company in accordance with the controls that each division sets.

#### **2.1.3.5. Asset and Liability Management Committee (ALCO)**

Comprised of the Company's President, Operations Director, General Secretary, Structuring and Risk Director and Investment Director. Likewise, officials and other people can attend as guests. Its main tasks include: (i) assess and establish the risk tolerance level of the Company proposing to the Board of Directors the limits needed; (ii) analyze and report on the interest rate, currency, mismatch, and basis risks; (iii) consider the strategies and actions to be taken toward the achievement of the financial and business goals established by the Company; (iv) evaluate the liquidity risk of the company and the issues, monitoring the periodic indicators, evaluating contingency plans if necessary and knowing the result of the annual stress tests; and (v) set the price for mortgage loan purchase and portfolio purchases, and guarantee granting. All the decisions made at this committee will be recorded on a special book of minutes of the meetings to be established for such purpose.

#### **2.1.3.6. Corporate Governance Committee**

This committee will be composed by the Company's President and two (2) members of the Board of Directors. Their main functions include: (i) assist the Board of Directors in overseeing the compliance with and implementation of the general corporate governance standards and (ii) knowing about the claims of shareholders and investors who believe that the Company does not apply the general standards of good governance and does not give appropriate recommendations for their response.

#### **2.1.3.7. Real Estate Board Committee**

Composed of three (3) members of the Board of Directors and the President of the Company. Its main function is to support the Board in the analysis of the real estate businesses that will be presented to the Board of Directors for approval. For this purpose, the Committee will have the power to request any additional information it deems necessary, request the presence of an external expert, request further study from the administration, among other functions.

For the formation of the committees mentioned previously, the Board will take into account profiles, knowledge, and professional experience of the members of said committees, with the purpose that their profiles contribute to the performance of the tasks entrusted. The committees will have the Senior Management's constant support and may have external expert support. Each committee will have a Chairperson; will meet at least once a year upon call by the Company's President or the Committee's Chair, or upon request of any of their members; inform the Board of Directors of the activities and topics that due to their relevance the Board must know of; and set their functions and provide minutes of each



meeting prepared by the person designated as Secretary to share with the Committee's members.

The Directors and members the Committees in furtherance of their functions will keep the confidentiality of their activities and will be entitled to the compensation determined by the Shareholders Meeting (which may be different for the Chair of the Board of Directors), to request information for the performance of their functions, and to the training plan defined by the Board of Directors.

#### **2.1.4. Evaluation Mechanisms of the Board of Directors**

Once a year, the Board of Directors will carry out an evaluation of their collective activities as a decision-making body and of the individual activities of each member. This task will be carried in accordance with the mechanism determined by the Board of Directors for such purpose, which may range between the self-assessment and an external advisor assessment.

#### **2.1.5. Independence**

The Company Board of Directors will consist of autonomous and independent equity members and may not have members under labor relationships with the Company. The independent Directors will fulfill the requirements as to independence that are provided in Law 964 of 2005 as amended, implemented, or substituted, and will correspond to at least 25% of the members of the Board of Directors.

In addition, an additional independence criterion will be the examination of the criteria provided by Law 964-2005 §44 with regard to the designated Director and their family relations understood as his or her spouse and relatives within the second degree of consanguinity, second degree of affinity, or single degree of in-law relationship.

### **CHAPTER 3: About the President of the Company**

#### **3.1. The President of the Company**

The President of the Company is its legal representative and his/her mission is to implement the corporate ground rules and strategies approved by the Board of Directors. He/she is responsible for the direction and management of the Company, abiding by the provisions of the articles of associations, the internal rules, and the decisions adopted by the General Shareholders Meeting and the Board of Directors.

##### **3.1.1. Profile, Selection, and Compensation**

The President of the Company is appointed by the Board of Directors of the Company. The President shall not be a member of the Board of Directors, and he or she will be entitled to receive any meeting notice of, and to attend and be heard at the meetings of the Board of Directors.

The President of the Company shall meet the following profile:

- A solid academic education, wide experience, knowledge, and understanding of the financial sector and the way it relates to the economic and social development of the country.
- Skills in management and experience on the structure, leadership, and management of highest level internal and external relationships.
- Leadership ability to drive and push the company evolution by specifically influencing other national and international institutions related to the financial and housing sector.
- Renowned standing in his/her professional performance, with a definite knowledge of the importance of training, research, and technology transfer to boost the development of the housing sector in our country.
- A clear understanding of and influence from both national and international changes and trends that affect the business and the housing sector.

In any case and without detriment to the provisions of this code, the Board of Directors will bear wide powers to enable and adjust the President selection criteria from time to time in accordance with the needs of the Company.

The compensation of the President will be set by the Board of Directors according to criteria related to his/her responsibility and performance and thus, it may consist of a variable portion subject to goal fulfillment and a fixed portion per month.

### **3.1.2. Responsibilities**

The President of the Company at least will:

- a. Abide by and enforce the decisions of the General Shareholders Meeting and the Board of Directors;
- b. Obtain judicial and extrajudicial powers-of-attorney for representatives of the Company in certain acts;
- c. Look after the collection and appropriate investment of the corporate funds and be accountable for them;
- d. Appoint and remove all the Company's employees whose appointment is not in the responsibility of another body of the Company;
- e. Lead and control personally all of the employees referred to in the previous item;
- f. Each year present a memoir of the Company's progress to the General Shareholders Meeting and submit all the required reports to the General Shareholders Meeting and the Board of Directors; in particular, the President shall submit to the Board of Directors the monthly and annual reports of the Company's business progress, the performance of investments, the guarantees granted, the company financial results, and any other report or information that the Board of Directors may request from time to time;
- g. Abide by, enforce, and properly divulge the Corporate Governance Code of the Company. The President shall be responsible for the implementation of (i) the investor information program, (ii) the mechanisms that allow an appropriate attention to their interests and the designation of the officers in charge of such task, and (iii) the resolution

system for claims submitted by investors relating to the compliance with the Corporate Governance Code;

h. Enter into and execute on his or her own all the acts or contracts covered by the corporate purpose, which are not in the exclusive care of the General Shareholders Meeting or the Board of Directors, and the amount of which does not exceed the cap determined by the Board of Directors.

#### **CHAPTER 4: About control systems**

The Company has in place an Internal Control System comprised of a set of policies, principles, rules, procedures and mechanisms for verification and evaluation, which are applicable to the entire organization. The Company's core control policy is issued by the Audit Committee. Additionally, the Company implemented a management activity control, verification, and surveillance system structured around the *Revisoría Fiscal* (Statutory Audit), Internal Control, and external audit on the *universalidades* it manages. Furthermore, there are mechanisms for shareholders and investors to request special audits.

With the aim of guaranteeing the effectiveness of the Internal Control System, the Company promotes the self-control, self-regulation and self-management culture at all levels in the organization.

##### **4.1. Revisoría Fiscal (Statutory audit)**

The *Revisoría Fiscal* (Statutory Audit) of the Company will be carried out by a firm of internationally renowned independent public accountants of excellent goodwill. It will report to the General Shareholders Meeting, which will make the designation for two (2) year periods with the possibility to be reelected for a term of up to ten (10) years. The statutory audit firm will designate a duly accredited public accountant to act as statutory auditor and be the leader of the job, who will be replaced with his or her team at half the maximum term of the contract mentioned above, that is every five years. It will also designate a substitute to take the statutory auditor's place on an absolute or temporary basis.

No service different from external audit will be procured from the same firm as the statutory auditor's or the statutory auditor himself or herself, or any other firm related to their firm.

The findings and reports of the *Revisor Fiscal* (Statutory Auditor) will be disclosed in the reports to the General Shareholders Meeting and the notes to the financial statements as of the end of the fiscal year.

Neither the *Revisor Fiscal* (Statutory Auditor) nor its alternate may be shareholders of the Company or have any marriage link with; or be relatives within the fourth degree of consanguinity, first degree of in-law relationship, or second degree of affinity; or have any business relation with the managers and officers with a position of trust within the Company.

The total price of the statutory audit contract will be included in the Corporate Governance report, which will be available.

#### **4.2. External Audits**

As a good corporate governance practice and in furtherance of the mechanisms for transparency, disclosure, and information to the investors in securities issued by the company under its securitization processes, the Company may set an External Audit scheme for the *universalidades*, which is separate and independent from the Company's Statutory Audit.

The External Audit will be managed under the generally accepted auditing standards, by carrying out among others the following activities: (i) follow up and analysis of the operations that the Company carries out in its capacity as manager of the issues and its abidance by the provisions of issues' prospectus and rules for *Universalidades* managed, (ii) periodic verification of the underlying asset's origin, ownership, legal existence, maintenance, and preservation for the *Universalidades* managed, and (iii) along the fiscal period, examine the correct application of criteria, policies and procedures for keeping the accounting, the accounting books and mandatory records and reports of economic events in the *Universalidades*, independently from the Company.

#### **4.3. Internal Control**

The Internal Control Director is appointed by the Board of Directors following the proposal made by the Audit Committee. The mission of the Internal Control Director of the Company is to assess the compliance with the internal control policies and procedures and the surveillance processes established by the Board of Directors with the assistance of the Audit Committee and the Appointments, Compensation, and Ethics Committee. His/her activities include both scheduled and not scheduled periodic reviews of each operative process of the Company. He/she will be also responsible for proposing alternatives that improve the management processes and controls designed to safeguard the Company's resources.

The Internal Control Director will report the fulfillment of his/her activities to the Audit Committee and the President of the Company and will watch over the immediate application of the corrective actions that he/she proposes for the improvement of Company's internal processes.

The appointment, resignation or removal of the Company's Director of the Internal Control constitutes relevant information. Consequently, in the event that any of these situations occur, the market must be informed through the system that the Colombian Financial Superintendence has in place.

#### **4.4. Special Audits**

A special audit may be requested in case of serious, accurate and consistent evidence of the existence of irregularities or risks in the course of operations of the Company which

may compromise the interests of the shareholders or investors. Such request shall be submitted to the Company's Legal Representative and be solved by the Board of Directors, and in all cases it shall be duly justified and substantiated by presenting in detail the particular, specific, and accurate issues of the operation of the Company that are requested to be reviewed and the reasons to justify the request.

These audits will be serviced under the following conditions:

- 4.4.1. The requesters must represent as shareholders at least five percent (5%) of the capital stock, or as investors at least fifteen percent (15%) of the principal balance of a particular issue as of the date of the request, or ten percent (10%) of the principal balance of all the outstanding issues as of the date of submission of the request.
- 4.4.2. The audits shall review particular, specific, and accurate issues of the operation of the Company. In any case, the special audit shall not extend to the documents on trade secrets, intellectual property rights, or information subject to bank reserve.
- 4.4.3. These audits may be conducted once a year upon submitting a request in writing at least thirty (30) days before it starts.
- 4.4.4. The Legal Representative of the Company will inform the Board of Directors of the request submitted. The Board of Directors will verify that the request fulfills the requirements and will inform in writing through the Board Secretary of the audit start date if appropriate or otherwise of the reasons for not conducting the audit.
- 4.4.5. The requesters will select and procure the special audit at their own expense and under their own responsibility, out of a list of international firms of renowned goodwill and standing, previously approved by the Board of Directors of the Company, which firms shall accredit the absence of conflict of interests with the Company.
- 4.4.6. The requesters, as well as the designated audit firm, shall execute confidentiality agreements to protect the Company and the other shareholders and investors against any misuse of the information to which they have access. Such confidentiality agreements will govern the *responsabilidad solidaria* (joint and several liability) of the requesting shareholders and investors and the *Revisor Fiscal* (Statutory Auditor) with respect to damages caused to the Company due to the breach of confidentiality regarding the information accessed.

## **CHAPTER 5: About the Investors**

The corporate purpose of Titularizadora Colombiana S.A. is to promote the mobilization of mortgage and non-mortgage assets by the securitization of said assets, with the aim to channel resources of the exchange market towards the financing of several productive activities. The issue of securities by the Company in the primary market will be registered with the *Registro Nacional de Valores e Intermediarios* (Colombian registry of securities and intermediaries) and the *Bolsa de Valores* (Stock exchange). To provide better information on the issues, the Company will request a first class rating agency the rating of

the issues effected by the Company guaranteed by its own equity or through securitizations.

The Company guarantees fair treatment to all investors, including minority and foreign ones, through mechanisms that allow for equal conditions to access enough information and submit claims, if any.

### **5.1. Rights**

The rights and obligations of the holders of securities issued by the Company are set forth in the respective rules of issue. This section of the Corporate Governance Code details two (2) mechanisms designed to ensure that those rights are complied with and to facilitate to the investors the exercise thereof. These are constituted by the Bondholder's Legal Representative and the Investors Committee, as described below.

### **5.2. Bondholders' Legal Representative**

The Board of Directors of the Company will designate a Bondholders' Legal Representative for each issue of securities guaranteed by its own equity or through securitizations in the primary market. Said legal representative may request the Board of Directors to provide relevant information on the issue, on the activities of the administrators and directors, on the main risks of the issuer or the pool of securitized assets, and on the internal control activities of the Company.

The Bondholders' Legal Representative will be a legal entity in good standing; technically and administratively suitable; fully independent from and without any conflict of interest with the Company, the shareholders, or the mortgage loan originators; of ground history in representing bondholders of institutional issuers; showing prudent practices in place; and financially solid and solvent.

### **5.3. Investors Committee**

Its mission is to represent the interests of the investors by monitoring the compliance with the rules contained herein and getting knowledgeable of the Company's status, the outstanding issues and the underlying assets thereof. The Investors Committee will remain in contact with the bondholders on a periodic basis through their legal representatives and will ensure that the information provided by the Company to the investors be relevant, complete, and accurate.

The Investors Committee will be designated by the Company's Board of Directors upon criteria that allow for an appropriate representation of the different communities of institutional investors. The Board of Directors will approve the rules of operation of the Investors Committee and will take into consideration the recommendations of improvement later submitted by the committee members.

The document of the rules of operation will be available to the investors on a permanent basis in the following internet address: [www.titularizadora.com](http://www.titularizadora.com).

#### **5.4. General Bondholders' Meeting**

Each issue of securities by the Company will cause that the bondholders thereof meet at their respective General Bondholders' Meeting. This section describes the scope of the functions of, the way to convene, and the requirements for resolution procedure and voting at said meetings.

#### **5.5. Functions**

The essential purpose of each General Bondholders' Meeting is to inform on the corresponding issue. At such meetings, the Legal Representative shall submit a report on the fulfillment of obligations of the Company as issuer, of the issue administrator, and of the other agents that participate in the corresponding issue.

The General Bondholders' Meeting of each issue will have the authority to remove the Legal Representative of the respective issue and designate a substitute elected within the limitations set forth by the Board of Directors of the Company.

#### **5.6. Holding of the General Bondholders' Meetings**

Each General Meeting may be convened by the Bondholders' Legal Representative, by the Company President, or as per the request of a group of bondholders representing at least 10% of the principal balance of the respective issue. The meeting call will be made by wide broadcast means, the notice period being as set forth in the corresponding rules of issue, indicating the place, date and time, and agenda of the meeting.

If the Bondholders' Legal Representative of the corresponding issue does not call the meeting, the bondholders representing at least ten percent (10%) of the issue may request directly to the *Superintendencia Financiera* (Financial Superintendence of Colombia) that such meeting be called.

#### **5.7. Procedure: Quorum and deciding majorities**

In order to attend the General Meeting the bondholders shall present the corresponding certification issued by the Centralized Depository of Securities or the appropriate entity at which the respective issued securities are deposited. The Meeting may hold valid discussions in presence of any plural number of bondholders in accordance with the terms and conditions set forth in the rules of underwriting.

A bondholder will hold as many votes as times the nominal value of the securities issued is contained in his/her security. There will not be any discrimination or limitation to the free exercise of the bondholders' right to vote. Even though the voting will customarily take place on an open basis, any bondholder may request that the voting be in writing and of a private nature.

In order for the Bondholders' General Meeting to make any decision, the rules on voting set forth in the corresponding rules of issue will be applied exclusively.

The General Meeting cannot make final decisions about matters other than those set forth in the meeting notice, except when the Meeting itself decides to do so once fulfilled/exhausted the agenda as provided for in the rules of issue.

## **CHAPTER 6: About the divulgation of information**

The intention of the communication with the investors and the general public will be of the greatest transparency, openness, and equity. The Investment Director's Office, acting as Investor Assistance Office, will channel and service all the information requests from the investors. With this aim, said office will make arrangements with the other areas of the Company for the timely response to the needs and requirements submitted by the investors.

### **6.1. Information Disclosure Mechanisms**

The Company shall use the most appropriate means of divulgation, seeking to take the greatest advantage of the technological advances in such field.

For the divulgation of information addressed to shareholders and investors, the Company will use a website allowing shareholders, investors, and the general market to obtain relevant information on matters relating to the financial and administrative performance for the proper understanding of the Company structure and position. Information on the development of the *universalidades* and the risks thereof, as well as the information about the issuance of securities by the Company will also be provided. This information will be available on Titularizadora's website at [www.titularizadora.com](http://www.titularizadora.com) or at the Investors Assistance Office.

### **6.2. Information Supply**

The Company will supply relevant information to the market on a permanent basis, as it relates to the following aspects:

- The business, including financial statements and company performance measurements
- Issues of securities
- Company's organizational structure
- Management, control, and external audit information systems

### **6.3. Business information**

In addition to the financial information that legally must be made available to the general public, the Company will make available to shareholders and investors the following information: (i) the sufficiency of its capital and the quantification of the risks taken; (ii) the risk management policy; (iii) the financial indicators that allow to assess the Company



performance on issues such as liquidity, efficiency, solvency, and profitability; and (iv) the economic forecast and the effect thereof on the Company business.

#### **6.4. Information about issues**

With respect to the issues, the Company will consistently provide information relating to: (i) the policy on purchase of mortgage loans and other securitizable assets; (ii) the verification of the eligibility criteria fulfillment for the purchase of such assets; (iii) the disclosure of any conflict of interest in such purchases, for which purpose the relevant regulation set forth herein shall be applied; and (iv) the guarantees and covenants undertaken in connection with the securities issues effected.

For each issue of securities, the concerned investor may go to Internet to enquire on the underwriting prospectus and the rules of the issue, with relevant information for the assessment of the issue and the investment decision. This information will include the issue overall features, structure, and conditions, plus a description of the assets underlying the issue structure. For securitizations, there shall be a report including indicators on the status of such assets as well as the service of administration and collection of the securitized assets.

#### **6.5. Information of the organizational structure**

The Company shall maintain updated information available to any interested party, regarding the Company organizational structure indicating the names of the directors and main executives. Each one shall be introduced with a summary of the academic and professional experience showing his/her qualification and skills for the performance of his/her respective position.

#### **6.6. Management, control, and external audit information systems**

The Company has a structure of accounting, financial, and management information in place. This structure is not only the foundation for the daily business management but a control tool that allows to verify the compliance with the established policy. In addition, the Company is under supervision by the *Superintendencia Financiera de Colombia* (Financial Superintendence of Colombia), and is provided with a Revisoría Fiscal (Statutory Auditor), external audit for the *universalidades* it manages, and an Internal Control Director that promotes the efficiency on operations, the sufficiency and truth of the information, and the compliance with the internal and external regulations. People interested in knowing such systems in deeper detail may contact the Investor assistance Office to make arrangements for a briefing.

### **CHAPTER 7: About the Code of Ethics**

The goodwill, the success on the operations and performance results of the Company, depend on the good conduct and ethical behavior of all the employees in the fulfillment of their obligations. Ethics and transparency are vital aspects of the usual business, which

must contribute to the positioning of the Company as a market leader, under job conditions based on the highest quality standards.

The provisions of this code are an integral part of the Internal Work Rules, individual employment contracts, newsletters, rules, policies and procedures issued by the company, including the disciplinary regime. Each employee, consultant, intermediary and supplier must abide by such provisions in a conscious and compelling manner. Their purpose is to ensure and protect the rights of the shareholders, investors, employees, and any other interested third parties directly or indirectly related to the operation of the Company.

The baseline is that the conduct of any and all persons linked to the Company and the ethics of doing business must be exemplary. This objective can be achieved only by a resolute action of each officer. In case of enquiries, doubts or questions about the content, scope, or application of any provision hereof, always CONSULT the General Secretary BEFORE ACTING. The General Secretary shall define the scope and application of the rules in effect.

Any duties on behavior and conduct as set out in this code are of mandatory application and any breach or failure to comply or tolerance may result in any of the disciplinary actions provided for in the *Código Sustantivo del Trabajo* (Substantive Labor Code)

## 7.1. Definitions

**Employee-Officer:** Means any person who provides services to the Company, under a term or an indefinite duration employment contract.

**Family:** Means the spouse or common-law spouse, relatives within the third degree of consanguinity and second degree of affinity or first degree of in-law relationship.

**Provider-Consultant:** Refers to any individual or legal entity that has any type of commercial relationship with the Company.

**Conflict of Interests:** A situation is deemed a conflict of interest when an individual, by reason of his/her (job, financial or any other kind of) relationships or obligations to the Company, faces different possible conducts because his/her private interests, or those of third parties represented by him/her, might prevail over those of the Company.

## 7.2. Corporate Values

The conduct of the Company officers in the course of their daily business shall be based on the following values:

- **Respect:** Respect is owed to human dignity, and tolerance must be professed in face of differences and diversity.
- **Honesty:** Any act must be transparent, truthful, and professional.

- **Responsibility:** Any consequences that may result from one's acts shall be assumed, and the acts shall abide by the established laws and regulations.
- **Justice:** Any action shall follow the sense of giving each party what it deserves, based on truth, reason, equity, and all the applicable regulations in effect.
- **Social Commitment:** Contributions are owed to the construction and development of the society and the country, by means of abiding by the law, supporting the environment preservation, building up democracy and social development.
- **Professionalism:** Creating value to the customers, shareholders, and coworkers is a duty, by the excellence in each individual performance and tasks.
- **Cooperation:** The collaboration among all the members of the Company is vital for the achievement of the personal and corporate goals.

### 7.3. Doing business and third party relationships

- 7.3.1. Employees and officers will protect and apply all the values of the Company.
- 7.3.2. The Company will aim to achieve the greatest benefit for its customers and shareholders, on a transparent basis. The company will abide by all the applicable laws and regulations and will act under the strictest rules of ethics.
- 7.3.3. The employees will show thorough neutrality to suppliers, consultants or any person who is seeking to do any kind of transaction or business with the Company.
- 7.3.4. In any and all the cases, the principles of transparency and competition will be applied to the selection and hiring of providers. At least two proposals of providers of like services shall always be considered.
- 7.3.5. All the employees who are required or knowledgeable of relevant information will proactively cooperate with the authorities in any administrative or judicial investigation.
- 7.3.6. No employee will make any comment or take any action to the detriment of the Company competitors, employees, customers, providers, and any other related person.
- 7.3.7. The Company will not do any business with individuals or legal entities that act on the fringes of the law or the Company's ethics. All transactions will comply with the rules on asset laundering.
- 7.3.8. Company's officers will not participate in political activities on behalf of the Company.
- 7.3.9. No officer, unless upon prior consent of the Company's President, shall volunteer any statement to the communications media on behalf of the Company.

**7.3.10.** The company's transactions will be carried out in a thoroughly transparent way, without any favoritism, and may not be influenced by gifts, favors, and/or preferential treatment of any nature.

## **7.4. Rules of Conduct**

### **7.4.1. Conduct of the officers of the Company**

All the Company employees are subject to the compliance with all the duties and obligations set forth in the law, the individual contracts of employment, the internal employment regulations and this code. In such sense, they will act in good faith, with loyalty, prudence and diligence. In all cases, their acts will be performed for the benefit of the Company, taking into account shareholders and investors' interests.

Employees must avoid any situation that might lead to a conflict of his/her own personal interests and the company's.

- a. All the employees will avoid getting involved in any relationship of a financial, commercial or any other nature that might oppose the Company's interests.
- b. No individual involved with the Company may participate in any event, negotiation or relationship that could impair his/her objectivity in submitting or carrying out the corporate policies or defending the interests and goals of the Company and its shareholders.
- c. Under no circumstances will he/she get involved in a relationship with any people, which could give the slightest appearance that a favorable treatment is being given to certain organizations, companies or individuals with which or whom the company does business.
- d. No individual may take part in any transaction, promotion or business execution, or in the definition of policies, rules or procedures, in which said individual has any personal or family financial interest.
- e. Any employee must identify to his/her supervisor any financial or otherwise interest that he or she, directly or through any relative, holds in any companies that do or intend to do business with the Company.
- f. Every employee must inform if any relative is employed by any entity or company with which the Company does or plans to do business. In such a case, the employee must provide the relative's job title, description and responsibilities.
- g. Every individual directly or indirectly involved with the Company must immediately disclose to his/her supervisor any outside business or professional activities that he or she carries out, if these are related in any way with any of the businesses of the Company.

- h. Any officer facing such a situation that is or may be considered as a conflict of interest trigger, must abstain from acting and inform in writing of such circumstance to his or her supervisor or ultimately to the President of the Company. The supervisor or ultimately the President of the Company will adopt the appropriate mechanisms towards management of the conflict.
- i. The resolution of the Company President's conflicts of interest corresponds to the Board of Directors; of the executive employees' conflicts of interest corresponds to the President or ultimately to the Board of Directors.
- j. The purchase of Company shares by the employees shall be subject to the policy defined by the Board of Directors for such purpose.
- k. An employee must disclose to his/her supervisor if he/she holds a position on any board of directors, or other managing or decision-making body in any commercial company, foundation, corporation, or not for profit organization.
- l. The Company will ensure that its resources be applied exclusively to its operations under its corporate purpose. The employees must protect and maintain the ownership of the Company's assets, and cannot use them for any personal, family or third party's purpose without a legal need arising from the business performance.

#### **7.5. Use of Confidential Information by the Employees**

A responsible use of the information is essential for business success. Therefore, a set of rules on information handling must be complied with.

- a. The information obtained from the customers, the suppliers, or the people that do or intend to do any business with the Company, will be handled on a confidential basis.
- b. All the information obtained in the course of the Company usual business will receive a confidential treatment, except if it is clearly in the public domain.
- c. No individual directly involved with the Company may transfer, publish, use, or disclose any information beyond the strict need for achieving the ordinary course of the business.
- d. No employee of the Company may benefit directly or indirectly from any confidential information that he or she has obtained.

#### **7.6. Conduct of the directors and shareholders of the Company**

- a. Company's businesses are guaranteed to be conducted at any and all times independently from the shareholders' personal business and interests. The Company may conduct transactions with any of its shareholders under transparent financial conditions that correspond with or are determined according to the market prices and conditions and strictly applying the Company principles and directions. The conditions stated herein apply to any transactions with individuals or legal

entities linked or related to the shareholders or managers and employees of the Company.

- b. The Directors are not allowed to, either by themselves or by a third party, dispose of or purchase Company's shares while they are holding office. He or she will be allowed to do so only in the case of non-speculation transactions and upon prior consent of the Board of Directors or the General Shareholders Meeting. Such consent requires the vote in favor of at least three (3) of the Directors who take part in the decision, excluding the vote of the requester, or of the absolute majority of the shares present at the Shareholders Meeting, excluding the requester's shares.
- c. In the event that the Director considers that he or she might be falling into a conflict of interest, he or she must abstain from acting or taking part in the corresponding decision. The Director must also comment on that fact to the Board of Directors, which will determine if it must be made known to the General Shareholders Meeting.
- d. In the case that it is determined that the conflict of interests is permanent, meaning that the situation of the person prevents him or her from making a decision related to his or her job description as a manager in the Company and thus affecting the Company operations as a whole, it will be deemed that there is grounds for a mandatory resignation. Other conflicts of interests are deemed sporadic and will be addressed as indicated in item c. above.

#### **7.7. Restrictions to the purchase of Company-issued securities by its managers and officials**

Managers and officials of Titularizadora Colombiana may not directly or indirectly purchase and/or dispose of securities issued by the Company while they hold office save for upon prior and explicit authorization of the Board of Directors to conduct such operations. This rule excludes those operations carried out through investment funds or collective portfolios, as replaced or modified by any investment vehicles under the then applicable laws and regulations.

#### **7.8. Policy and Rules of Conduct on Asset Laundering and Terrorism Financing**

Titularizadora Colombiana has established the following policies and rules of conduct to prevent and control the Asset Laundering and Terrorism Financing in their business:

##### **7.8.1. Policy**

- e. Knowledge and application of policies, rules, instruments and procedures defined for the risk management system of asset laundering and terrorism financing (SARLAFT in Spanish) are mandatory for all of Titularizadora's employees/officers.
- f. The officers, the Compliance Officer, and the administration and control bodies of Titularizadora Colombiana are responsible for ensuring the correct operation of the

risk management system of asset laundering and terrorism financing during the performance of any operations, whether documentary, electronic, or carried out in any other way with national or foreign individuals or legal entities.

- g. The Company may not start any operations with individuals and legal entities without having fulfilled the diligent and responsible application of the criteria provided in the risk management system of asset laundering and terrorism financing (SARLAFT) regarding the knowledge of the third party and of the market where this third party does business.
- h. Títularizadora Colombiana does not conduct directly any relevant transaction in cash.
- i. The policies and rules set for the risk management system of asset laundering and terrorism financing (SARLAFT) must be customized to each new product, to entering into a new market, to opening of operations in new venues, and to the launching or change of distribution channels.
- j. Management of the risk management system of asset laundering and terrorism financing is assessed as a risk category and belongs to the Company's Internal Control System; therefore it applies to all the business processes, products and services offered by the Company.

#### **7.8.2. Rules of Conduct**

In compliance with the Corporate Governance, Ethics, and Conduct Code of Títularizadora Colombiana, the company's officers will abide by and comply with the following rules for the proper SARLAFT operation:

- a. Be thorough in the engagement and monitoring of national and foreign individuals who due to their profile might expose the Company in a higher degree, such as those who manage public resources or hold public office.
- b. Inform their immediate supervisor or the Compliance Officer of all reasonable and founded concerns leading to suspect of the activities, transactions and resource management of a third party.
- c. Keep total confidentiality on the counterparty and third party's information and abstain from informing someone who maintains operations, transactions or commercial relationships with the Company, that he or she has been reported or is under investigation by the authorities as a possible responsible for carrying out suspicious operations.
- d. Títularizadora Colombiana and its officers give a higher priority to the compliance with the law, regulations and principles on asset laundering prevention and control than to the achievement of marketing and management goals.
- e. Through the Compliance Officer, actively cooperate with the judiciary or police authorities by supplying all the information set forth in the applicable laws and regulations. Confidentiality may not be claimed against those requests for information.

- f. Any direct or indirect failure to comply with functions, procedures, and controls set for prevention and avoiding that the Company becomes involved in asset laundering or terrorism financing operations due to negligence or in their own will shall result in Titularizadora Colombiana taking any necessary and sufficient measures to apply any disciplinary actions defined in the Substantive Labor Code and the Internal Work Rules regardless of those established by law.

## **7.9. Policy on Fraud Risk Prevention**

The following policies are hereby established with the purpose of preventing any fraud related risks in Titularizadora Colombiana and allowing Management to protect the Company's assets and interests by applying the control procedures.

- a. The President and Board of Directors are responsible for promoting a control environment in Titularizadora where the employees understand the importance of an honest behavior abiding by the rules and the consequences resulting from the failure to comply with them.
- b. Titularizadora defined communication channels for employees and third parties to provide confidentially any comments related to potential fraud events that may be happening in the Company.
- c. Any officers to whom liability for fraud is proved will be applied any disciplinary measures provided in the Substantive Labor Code, the Internal Work Rules, and the Corporate Governance Code, regardless of the penalties applicable by Law.

## **7.10. Operations with Linked and Related Parties**

### **7.10.1. Linked Party and Related Party**

- a. **Linked Party:** means an individual or legal entity of the following:
  - 1. A Board of Directors' member, the Company's President, or a Company's Vice President.
  - 2. A shareholder who holds more than fifty percent (50%) of the capital stock or who controls or has a significant influence in the company.
  - 3. A company that eventually falls under Titularizadora's control.



- b. **Related Party:** means an individual or legal entity as follows: A shareholder who holds more than ten percent (10%) of the stock of the Company and its linked parties.

#### **7.10.2. Operation Criteria:**

For operations with linked parties and related parties, the following criteria will apply:

1. Company's businesses will be conducted in an independent manner with respect to the Company's linked parties and related parties.
2. Operations transacted with a linked party or related party will always take into consideration the Company's interests.

3. The Company may carry out transactions with linked parties and related parties upon objective criteria and transparent financial conditions that correspond with or are determined according to the market prices, criteria, and conditions.

To the effect of exert proper control of these operations, the Company will keep a map of linked and related parties, to allow identifying the individuals or legal entities that bear those capacities.

#### **7.10.3. Rules of the Operations**

Operations between Titularizadora and its linked parties or related parties will be classified as recurring, material, or non-material.

- a. **Recurring Operations:** Means the operations corresponding to Titularizadora's ordinary course of business which therefore, do not require the prior consent of the Company's Board of Directors, regardless of their amount unless called for by law or bylaws. In any case, these operations will be conducted upon objective criteria and in the market conditions and prices. In these operations, both Management and the ALCO Committee will see to it that the operation conditions are defined in such a way that they are the most favorable to the Company's interests.
- b. **Non-Material Operations:** Means the operations outside the ordinary course of business and for an amount less than zero point five percent (0.5%) of the Company's assets value taking the most recent value of the audited financial statements available in the Company; these operations will not require the Board of Director's authorization unless required by law or bylaws. In any case, these operations will be conducted upon objective parameters and in the market conditions and prices.
- c. **Material Operations:** Means the operations out of the ordinary course of business, the amount of which is equal to or greater than zero point five percent (0.5%) of the Company's assets value for which purpose the most recent value of the audited financial statements available in the Company will be taken. In

this case, those operations will be accompanied by a report containing the criteria considered to determine the transaction price, which will be presented to the Audit Committee. Upon the recommendation of the Audit Committee, the corresponding operations will be submitted to the Board of Directors for assessment and approval in a vote of at least three Directors that excludes the vote of the Director holding an interest in the linked or related party.

**7.10.4. Disclosure of Operations with Linked and Related Parties**

Titularizadora will disclose in general its operations with linked and related parties who are shareholders thereof in the notes to the financial statements of each fiscal period's cutoff. Material operations with linked and related parties will be disclosed in the corporate governance report available to shareholders.

**CHAPTER 8: Mechanisms for servicing requests**

The Company shareholders and investors may submit requests relating to the breach of any of the rules of the entity's corporate governance code, whenever they consider that any such breach has occurred. Any such requests shall be handled by the Shareholders Assistance Office of the Company's General Secretariat. With respect to the investors, they may address their requests to the Investors Assistance Office of the Company. These offices will answer the requests within thirty (30) calendar days after the date of receipt of the corresponding communication.

If it is considered that the claim must be heard by the Company Board of Directors, the term for response will start on the date of the Board of Directors meeting that examines the request. In any case, the General Secretary shall inform the shareholder or investor about the forwarding of the request to the Board of Directors for consideration.

For requests or claims purposes, the shareholder or investor shall send a written communication, by mail, fax, or e-mail, clearly stating the reason of the claim or of breach to the corporate governance rules, to the following address:

**a. Investor Assistance Office:**

<b>Office</b>	Investment Director's Office
<b>Address</b>	Carrera 9 A No. 99-02 Oficina 702 - Bogota, D.C.
<b>Phone:</b>	6183030
<b>Fax:</b>	6183018
<b>E-mail:</b>	<a href="mailto:inversionistas@titularizadora.com">inversionistas@titularizadora.com</a>

**b. Shareholder Assistance Office:**

<b>Office</b>	General Secretariat
<b>Address</b>	Carrera 9 A No. 99-02 Oficina 702 - Bogota, D.C.
<b>Phone:</b>	(571)6183030 Ext. 200
<b>Fax:</b>	6183018
<b>E-mail:</b>	<a href="mailto:accionistas@titularizadora.com">accionistas@titularizadora.com</a>

