

## MANUAL FOR THE RECOGNITION OF EXCEPTIONAL PERFORMANCE

### I. Introduction

According to the provisions of the Compensation Policy, Grupo SURA will have an exceptional performance recognition system, hereinafter the “System”. The purpose of the System will be to recognize employees who achieve their objectives in an exceptional manner and follow the company’s long-term strategy.

The Manual for the recognition of exceptional performance, hereinafter the “Manual”, explains how the system operates, the guidelines and methodologies established to measure performance, and the economic value associated with it.

### II. Definition of terms

**Year of causation:** the period between March 1 and the last day in February of the following year.

**Beneficiary:** those employees of Grupo SURA who meet the conditions established in this Manual.

**Bonus:** economic value calculated every year and is given to the beneficiaries.

**Performance Committee:** made up by the Vice presidents of Corporate Affairs, Corporate Finance, and Corporate Legal Affairs, and by the Human Talent and Corporate Planning Managers.

**Related companies:** Suramericana S.A., Sura Asset Management and the affiliates of both.

**Multiplier:** a specific amount of the employee’s salary, depending on his or her level.

**Level:** each employee is assigned to a level, depending on his or her job.

**Development plan:** a document which describes the actions agreed with the leader to close the competency gaps that have been identified.

**Agreed retirement:** retirement agreed between the employee and the company, or the transfer between related companies in Grupo SURA.

**Dashboard:** a table that consolidates the annual performance indicators for each employee.

### III. Scope and framework of application

The system reaches all employees in Grupo SURA. However, the application of the guidelines contained herein shall be subject to the type of position, according to the following levels:

- **Level 1:** President and vice presidents.
- **Level 2:** Managers, internal auditor, and directors.
- **Level 3:** Coordinators, specialists, auditors, analysts, presidential assistants, auxiliaries, secretaries, and drivers.

### IV. Eligibility

To be eligible for the benefits described in this Manual, the following two conditions must be met:

1. Completion of at least 85% of the activities defined in the development plan for the year.
2. Team leaders must have had at least three performance talks with each member of their teams. These conversations consist of three (3) things: definition of the plan, follow up meeting, and final evaluation meeting.

### V. Measurement

- For the purpose of calculating the Bonus, and after the eligibility condition in item 4 has been met, the results of each employee's indicators, which consist of two groups, will be considered:
  - **Organizational indicators:** indicators that measure goals and purposes that are common to the company. These may apply to all employees or only to some of them.
  - **Individual indicators:** these are each employee's individual indicators associated with their position and responsibility.
- The definition of an indicator must include a measurement methodology and a goal. Each indicator, its measurement and its goal must be approved by the respective body, depending on the level of the position.

- The measurement period for the indicators will be the year of causation. Those indicators that represent financial or accounting metrics will start their measurement period on January 1 and will end on December 31.
- The sum of achievements of the individual indicators will be a value between 0% and 100%. Achievement of less than 100% will lead to a proportional payment of the Bonus. Results must always be measured to one decimal place.
- Each indicator, individually considered, must have a final result equal to or greater than 85%. An indicator that falls below this percentage will be rated as 0%
- For indicators with quantitative measurements, the ratings equivalent to 100% and to 85% compliance must be individually defined. Results that fall between these two values will be rated proportionally. In any event, an indicator with a result of 85% will be rated as 0%

**a. Organizational indicators:**

These indicators will be proposed and reviewed on a yearly basis by the Performance Committee which, in addition, will determine the way to measure them, the goal, and their weight within the dashboard. Human Talent Management will be responsible for consolidating and reporting the information about these indicators.

The following indicators will be included:

- **Team average:** applicable only to employees who lead teams and have at least two subordinates. This grade will be measured as the simple average of the subordinates' individual indicators.
- **Work climate:** these are the results for the work climate survey that the company runs every year. Each employee will be assigned as a grade the results of the company's total work climate survey, except for those employees who lead teams with more than four subordinates. They shall be graded with 60% of the rating for the area and 40% of the rating for the entire company.

The measurement scale shall be as follows, according to the Cincel methodology (vendor selected to carry out the measurement):

- Results that are equal to or lower than 50% will be graded at 0%
- Results between 50.1% and 60%, will be graded linearly between 0% and 85%
- Results of 70% will be assigned a grade of 100%



- Results between 60.1% and 70% will be graded linearly between 85% and 100%
- **Performance of investments:** The manner of measurement and the goals for these indicators are defined by the metrics used to determine value generation for each strategic investment.
  - **Performance Sura AM:** Achievement of the annual EVA goal (applies to Levels I and II).
  - **Performance Suramericana:** Positive EVA generation (applies to Levels I and II).
  - **Performance Bancolombia:** Positive SVA generation (applies to Level I).
- The following parameters are suggested for the weight given to the indicators in each employee's dashboard:

Total performance		Level 1		Level 2	Level 3
		President	Vice-presidents		
<b>Organizational indicators</b>	Team average	3%	3%	5%	NA
	Work climate	4%	5%	5%	5%
	Performance Sura AM	6%	6%	5%	NA
	Performance Suramericana	6 %	6%	5%	NA
	Performance Bancolombia	5%	2%	NA	NA
<b>Individual indicators</b>	Strategic indicators	100% - Organizational indicators		100% - Organizational indicators	100% - Organizational indicators
	Functional indicators				

**b. Individual indicators:**

- Indicators will be specific for each employee and will be associated with their positions and responsibilities
- When defining these indicators, it is necessary to ensure that they are **challenging, clear, measurable, and reachable**. They must be aligned with the company's strategic direction and with its various activities and projects.
- It is recommended that the maximum number of individual performance indicators for each employee be five (5).
- Each leader will agree with his or her team what the indicators will be for the year. The definition must be explicit with respect to the indicator, the way to measure it, the goal, and the weight it will carry in the dashboard. Managers and directors that report directly to a vice president will be responsible for sending the dashboards for their teams to Human Talent Management, after they are approved by their Vice presidents.
- Corporate Planning Management will assist with the process to define the indicators for Level I, ensuring that they are aligned with the annual plan and the company's strategy.
- Each leader is responsible for approving his or her team's indicators. This applies to all levels. For **Level II**, the indicators must also be approved by the Performance Committee. For **Level I**, the approval of the Appointments and Compensation Committee is required.

The indicator for budget execution may be included in the dashboard for those positions where it is considered relevant.

**c. Follow-up, review, and adjustment:**

- There must be at least one follow-up per year of progress in achieving the indicators that have been defined.
- In the exceptional event that it becomes necessary to request some change to any indicator in the dashboard, it must be approved by the Performance Committee if it is an indicator for a Level II (managers only); and by the leader if it is an individual indicator for a Level III employee or Director. In the case of Level I, any change to

the employee's indicators must be approved by the Appointments and Compensation Committee.

**d. Final evaluation and consolidation:**

- By the last day of February, every employee should have the final measurement for each individual performance indicator. This measurement must be reviewed and approved by his or her superior.
- During March, Human Talent Management will compile and consolidate the dashboard information with its final ratings.

**VI. Conditions for calculating and paying the Bonus**

- The Bonus is an annual compensation; it IS NOT part of the salary.
- The Bonus is calculated according to the salary earned by the beneficiary as of December 31 of the previous year.
- The period in which the performance is being evaluated will be the year of causation.
- To become a beneficiary, each employee must meet the guidelines contained in this Manual.
- Each year, the appointments and compensations committee will be responsible for approving the Bonus calculation and payment.
- The conditions to determine the amount of the Bonus and the way in which it will be paid will be notified to each employee every year, according to his or her job Level.
- The Bonus will be calculated according to the following formula:

$$\text{Bonus amount} = (\text{salary as of December 31}) \times \text{multiplier} \times (\text{total performance})$$

- The employee will be entitled to the Bonus provided he or she has been with the company for at least four (4) continuous or discontinuous months under the same work contract during the year of causation, his or her work contract is not suspended at the time of payment (unless otherwise specified at the time of termination with the approval of the Vice President for Corporate Affairs); and total performance indicators have been established to be able to evaluate the employee. The Bonus will be proportional to the time worked during the year of causation.

- **Resignation:** should the employee resign before the last day in February of the year of causation, the right to the Bonus will be forfeit, except for those cases of agreed resignation, or because of the termination of the work contract, or after assigning an old age or disability pension. In the latter cases, the Bonus will be paid pro rata, provided the employee has been working for over four continuous or discontinuous months under the same work contract with the company.

The Bonus will be calculated considering the multiplier applicable to the employee's position in the company at the time of his or her retirement, provided he or she has worked in that position at least four (4) months during the year of causation. I

- **Transfer:** In the event of a transfer between related companies, Grupo SURA's vice presidency for corporate affairs will be responsible for determining and agreeing the share that each company has to pay.
- **Replacements:** When an employee is tasked with replacing another in a higher-level position, at least during four continuous or discontinuous months during the year of causation, his or her Bonus shall be determined on the basis of the two (2) multipliers, applied proportionately. The salary used for calculation and the method of payment will be defined according to his or her own position and for the time worked during the year of causation.
- **Paid or unpaid leave:** Whenever the sum of the times an employee is on leave exceeds thirty (30) days during the year of causation, the Bonus shall be paid proportionately to the actual time worked. If that time is less than thirty (30) days, the calculation of the Bonus will not be affected.
- **Absenteeism due to incapacity:** The periods of incapacity during the year of causation shall not be discounted when calculating the Bonus.
- **Changes in position:** the Bonus is calculated on the basis of the multiplier for the position held by the employee on December 31, provided he or she has worked at least four (4) months in that position during the year of causation. Otherwise, the calculation is made using the two (2) applicable multipliers in a proportional manner.

If the change in job implies a change in the system to pay the Bonus, the system applied for the payment is the one that corresponds to the position held by the individual on December 31 of the year of causation, provided he or she has worked at least four (4) months in the new position. Otherwise, the entire applicable Bonus will be paid in cash.

- The values for the Bonus multipliers and the payment systems will depend on the Level of the job.

**1. Cash payment:** this will apply for 40% of the amount of the Bonus for levels I and II, and 100% for Level III. This payment is made no later than the month of April following the year of causation of the Bonus.

**2. Units of participation in an Institutional Plan that invests in shares of Grupo SURA:** this will apply to 30% of the Bonus for levels I and II. This amount will be used in an Institutional Plan that invests in shares of Grupo de Inversiones Suramericana S.A., hereinafter the “Shares”, and is managed by Protección S.A. The Plan Administrator will purchase the shares within one month following payment of the Bonus that is paid in cash.

The owner of the Shares is the Voluntary Pension Fund (Fondo de Pensiones Voluntarias), hereinafter the “Fund”, but the Institutional Plan identifies each beneficiary’s share in participation units of the fund. These participation units will be subject to the following terms and conditions:

- Participation units will be immediately consolidated in favor of the beneficiary, but the beneficiary may only dispose of them after he or she has remained with the company for three (3) years as of the date on which the shares are purchased by the Fund.
- The rights over the participation units will be available for the beneficiary before the time indicated above in the event of termination with or without cause, resignation, agreed retirement of the beneficiary, and when the work relationship is terminated by the assignment of an old age or disability pension.
- The company is not responsible for the loss of value of the shares that make up the Institutional Plan.
- The dividends produced by the shares will be used to buy shares, and will be distributed proportionately among the beneficiaries of the Institutional Plan.

**3. Bonus bank:** this will apply to 30% of the Bonus for levels I and II. This sum will be established as a Bonus bank and will be distributed in cash over the following three (3) years, in equal amounts equivalent to 33.3%. The Bonus bank is subject to the following conditions and terms:

- The money accumulated in the Bonus bank will earn annual compound interest calculated using the GIP as of December 31 of the respective accumulation year.
- One third of the Bonus Bank will be paid during February of each of the three years following the year of causation.



- The sums in the Bonus bank will not be consolidated in the name of the beneficiary but rather every year, according to the percentage defined earlier. If the beneficiary resigns or is terminated with or without cause, he or she will not be entitled to the non-consolidated amount in the Bonus bank and that sum will continue to belong to the company. Employees that take agreed retirement, leave the company for a pension, or are transferred between related companies that do not use the Bonus bank system, will be paid the total nonconsolidated amount in the Bonus bank. Employees who transfer between related companies that do use the Bonus bank, will continue with the annual consolidation.

### **EXCEPTIONS**

Any individual condition that differs from the general conditions defined to calculate and pay the Bonus and to measure performance established in this Manual, must be approved by the Vice president of Corporate Affairs of Grupo SURA and must be reported to Human Talent Management for management and treatment. In the case of Level I, it must be approved by the Appointments and Compensation Committee (Comité de Nombramientos y Retribuciones).

#### **VII. Updates and dissemination**

This Manual must be made available to all employees. Each employee will be personally notified of any updated terms.

#### **VIII. Governance and decision-making bodies**

This Manual must be approved by the Appointments and Compensation Committee.

Human talent management will be responsible for updating and managing it.