

ANNEX TO THE ANNUAL REPORT

ANNUAL CORPORATE GOVERNANCE REPORT - 2018

The continual emergence of innovative and challenging business scenarios, coupled with the gradual adoption of best industry practices, have led to a rapid shift in the concept of corporate governance. Currently, in order to become benchmarks in this field, companies must transcend and go above and beyond adopting formal corporate governance standards. The call is to ensure the utmost consistency between business philosophy and business management, while making real changes to the different in-house decision-making processes so as to ensure an all-pervading business culture.

Here, Grupo Sura and all the other companies that form part of the SURA Business Group have put into place an Ethics and Corporate Governance System that, inspired by the principles of transparency, respect, responsibility and fairness, encourages the adoption of best practices, appropriate rules and regulations as well as adequate decision-making bodies that help to drive the sustainable management of these companies. This is why our Ethics and Corporate Governance drive has been established as an inherent enabling factor at the heart of the Organization's strategy, where achieving its objectives is just as important as the manner in which they are achieved.

So, in the light of the above, Grupo SURA hereby presents its Annual Corporate Governance Report for 2018, which covers the main details regarding the workings of its Board of Directors and the General Assembly of Shareholders, as well as other facts, figures, the amount of progress made and the challenges going forward on this front.

I. HIGHLIGHTS FOR 2018 AND THE CHALLENGES TO BE ADDRESSED IN 2019

- **SURA Financial Conglomerate.** With the new decrees and other rules and regulations that have been issued with regard to enacting the Financial Conglomerate Law in Colombia, Grupo SURA has continued to spearhead a work plan with all the companies that shall become part of the SURA Financial Conglomerate, this in order to address the challenges of implementing these new guidelines, especially in matters of Corporate Governance, Risk Management, conflicts of interest resolution, capital adequacy, technological systems, among others.

Grupo SURA has continued to play an active role with all those opportunities for dialogue that the Colombian Government has organized in drawing up these guidelines in the first place. This in order to introduce adequate rules and regulations, duly adjusted to both international standards and the local financial industry, while

also encompassing the regulatory frameworks of all those countries where the Organization's companies operate.

- **Dissemination of the Ethics and Corporate Governance System and Corresponding Training.** Grupo SURA and its core subsidiaries Suramericana and Sura Asset Management, have made much headway with disseminating our Ethics and Corporate Governance System as well as providing the corresponding training, this for the purpose of cementing a true ethical culture within the SURA companies throughout Latin America.

This plan, duly examined and endorsed by Grupo SURA's Board of Directors, included a series of reflections regarding ethical and corporate governance principles on the part of Senior Management and international experts alike, the latter including the Spanish philosopher Adela Cortina. This plan also outlines different case studies covering the ethical dilemmas which employees and associates could face when carrying out their respective functions.

It also included staging an *on-line training course*, addressing the Sura Business Group's Code of Conduct (which has been made available on its corporate website www.gruposura.com), with special emphasis on the following aspects:

- ✓ Business practices and the competition
- ✓ Conflicts of interest
- ✓ Personal investments
- ✓ Ethics Help Line
- ✓ Compliance with standards and commitments
- ✓ Relationships with clients and suppliers
- ✓ Preventing Asset Laundering and the Financing of Terrorism (ALFT)
- ✓ Use of information pertaining to the Group's companies, their shareholders as well as their clients.
- ✓ Intellectual Property Management

This plan was disseminated among approximately 27,000 employees in all 10 countries within the region, where the companies that make up the SURA Business Group are present, all of whom took the corresponding training course.

- **Country Code Report.** The Company responded to the Corporate Best Practice survey, as part of the Colombian Government's Country Code initiative, this corresponding to the year 2017. Here, we were able to report having adopted 144 of the entire 148 recommendations issued by the Colombian Superintendency of Finance for the purpose of raising Corporate Governance standards amongst Colombian security issuers. The aforementioned report has been made available on the Company's website www.gruposura.com.

- **Board of Directors Annual Training Program** The members of Grupo SURA's Board of Directors, fully aware of the importance of anticipating social, economic and political situations that affect the Company's ability to execute its corporate strategy, as well as, in order to identify new trends, took part in different training events as part of the Board's Annual Training Program, especially with regard to:
 - ✓ Shareholder activism
 - ✓ Cyber risk
 - ✓ Pension reforms
 - ✓ The Venezuelan migration crisis and its impact on business management in Colombia as well as in other countries of the region.
- **The SURA Business Group's Corporate Governance Panel.** This Panel continued to crystallize its role in 2018 based on interacting and engaging with the SURA Companies regarding common issues of corporate governance, this in order to align their corresponding work plans, review, disclose and standardize the Business Group's Ethics and Corporate Governance System so as to boost business management by means of practices specially tailored to the Organization's own dynamics.

In 2018, this Corporate Governance Panel held seven (7) ordinary meetings as well as an extended meeting that was attended by representatives of Grupo SURA, Suramericana, Sura Asset Management and Arus.

- **Compliance Area.** Grupo SURA reinforced its compliance risk management function by creating a Compliance Area that reports directly to the Chief Corporate Legal Affairs Officer. This has enabled the Company to make a great deal of progress with identifying, evaluating and designing improvement plans and reporting the different conduct and compliance risks, based on a management model that observes and incorporates international standards according to the needs and complexities of our business, ensuring an adequate balance between the interests of our shareholders, investors, senior officers, employees and other stakeholders.
- **A New Compliance Panel** As a result of setting up a new Compliance Area, in 2018 we set up a new Ethics and Compliance Panel, made up of representatives of Grupo Sura, Suramericana and Sura Asset Management, this for the purpose of approving different concepts, standards and best practices in the field of Compliance, as well as drawing up working arrangements on topics in which our Companies have a shared interest, these based on recognizing the different structures, methodologies and particularities of each line of business, as well as the complexities and requirements of each jurisdiction.
- **Ethics and Compliance Committee.** Grupo Sura's Ethics Committee, as one of its governing bodies, is responsible for encouraging, monitoring and reinforcing ethical conduct on the part of the Organization's employees and associates. Last year, its

scope was extended to overseeing the compliance function and as a result its name was changed to the Ethics and Compliance Committee, having duly amended its rules and regulations to reflect said change as well as to underscore its responsibility in handling and encouraging an ethical culture as part of the Group's business management.

- **IR Award** Again in 2018, Grupo SURA received the IR (investor Relations) award from the Colombian Stock Exchange, in recognition of the practices that the Company has adopted in terms of information disclosure and investor relations, as well as the sound and comprehensive engagement strategy that exists between Senior Management, investors and other stakeholders.
- **Grupo Sura's Integrated Ethics Help Lines Report.** Much headway has been made with consolidating a single report on all those complaints received by the Ethics Help Lines of each of the Business Group's companies in all ten countries where present. For this purpose, we standardized the different categories of complaints, thus allowing Grupo SURA's Board of Directors to gain a comprehensive vision of how these facilities are being used on an individual business and country level.
- **International events attended.**
In October 2018, Grupo SURA participated in the "II International Workshop for Multi-Latina Attorneys", organized by the Universidad Católica de Chile, Berkeley University, California, and the law firm LinkLaters LLP. This workshop was held in Chile's capital, Santiago de Chile. This event addressed various issues regarding corporate governance, sustainability, compliance and the role of the Company Secretary at Multinational companies. Here, Grupo SURA was able to position itself as a main player and an important benchmark for Corporate Governance on both a country and regional level.

Likewise, the Company was invited to take part in the annual meeting of the Latin American Companies Circle, sponsored by the International Financial Corporation (IFC) with the support of the Organization for Economic Cooperation and Development (OECD), held in Bogotá, Colombia. This event gathered together the representatives of different companies that form part of this initiative, as well as non-governmental organizations, investors, stock exchanges, and other players interested in raising Corporate Governance standards throughout the region.

- **Updated Corporate Governance Code and Related Internal Rules and Regulations.** As part of the ongoing process of adopting best corporate governance practices in 2018 Grupo SURA reviewed, amended and implemented new formal commitments to its Code of Good Governance, internal rules and regulations as well as those corresponding to its Board of Directors.

These new amendments included incorporating new independence criteria for the members of the Board of Directors, a more explicit definition of diversity criteria for

appointing its members as well as providing a formal description of the independent status that the Chairman of the Board must enjoy.

In 2019, we shall continue to fine tune the Group's Ethics and Corporate Governance System, with any other new best corporate governance practices and standards that should come to the fore in order to optimize our business management function and for these to be firmly implanted in the Business Group's corporate culture. Likewise, we shall continue to adopt all those mandatory standards issued by the Colombian Government regulating financial conglomerates. This implies designing an inter-company engagement model that includes, amongst other aspects, handling conflicts of interest, standardizing communication and information reporting channels, as well as appropriately coordinating Grupo SURA's ability to comply with all those responsibilities that shall arise in connection with Grupo SURA's role as a financial holding.

II. THE COMPANY'S OWNERSHIP STRUCTURE

1. Share Capital and Ownership Structure

- Authorized Capital COP 112.500.000.000 divided up into 600.000.000 shares
- Subscribed capital COP 109,120,790,250 divided up into 581,977,548 shares
- Paid-in capital COP 109,120,790,250 divided up into 581,977,548 shares
- Ordinary shares: 469,037,260
- Preferred shares: 112,940,288

2. Holders of significant stakes in the Company's share capital at year-end 2018:

SHAREHOLDER	TOTAL	% STAKE
GRUPO ARGOS S.A.	129,721,643	22.29%
GRUPO NUTRESA S.A.	61,386,550	10.55%
FONDO DE PENSIONES OBLIGATORIAS PORVENIR MODERADO	53,994,536	9.28%
FDO DE PENSIONES OBLIGATORIAS PROTECCION MODERADO	53,878,550	9.26%
CEMENTOS ARGOS S.A.	28,183,262	4.84%
FONDO DE PENSIONES OBLIGATORIAS COLFONDOS MODERADO	18,745,691	3.22%
FONDO BURSATIL ISHARES COLCAP	14,959,150	2.57%
FUNDACION GRUPO ARGOS	10,685,767	1.84%

COLOMBIANA DE COMERCIO SA CORBETA AND/OR ALKOSTO SA	10,000,000	1.72%
OLD MUTUAL FONDO DE PENS. OBLIGATORIAS – MODERADO	8,399,866	1.44%
NORGES BANK-CB NEW YORK	8,295,843	1.43%
MINORITY SHAREHOLDERS	183,726,690	31.56%
TOTAL	581,977,548	100.00%

3. Significant family, commercial, contractual or corporate relationships among the Company’s significant shareholders or between the significant shareholders and the Company

The Company and its subsidiaries and affiliates maintain business relationships with certain significant shareholders such as Grupo Nutresa, Grupo Argos and Cementos Argos. All transactions with the aforementioned Companies are carried out on an arm’s length basis and according to objective procurement criteria.

4. Trades conducted by members of the Board of Directors, Senior Management and other executives with regard to stocks and other securities issued by the Company:

In 2018, the Board of Directors authorized its member Jorge Mario Velásquez. to proceed to sell off a total of 12.143 ordinary shares and 164 preferred shares that he held in the Company.

5. Shareholder Agreements

At year-end 2018, the Board of Directors and Senior Management were not aware of any agreements that had been made among Grupo SURA’s shareholders.

6. The Company’s own shares held in its possession.

The Company does not possess any treasury stock

III. Ethics Help Line

The Ethics Help Lines run by Grupo SURA and the other Companies belonging to its Business Group are a safe and confidential means that the public can use to report any

situation that goes against our corporate ethics and principles, which must be upheld by all the Organization’s employees and associates.

Each case reported via the Ethics Help Line is analyzed by the individual Ethics Committees of each Company with the strictest confidentiality. These are responsible for monitoring how our Code of Conduct is being implemented and encouraging an ethical culture throughout the Organization. Similarly, the Boards of Directors of each Company, through their Audit and Finance, Sustainability and Corporate Governance Committees, carry out regular follow-ups on how the Ethics and Corporate Governance System is functioning throughout the SURA Business Group and Ethics Committees have been set up on an individual company level for reviewing all those cases in which top level executives might be involved.

In 2018, Grupo SURA’s Ethics Help Line received an anonymous complaint, which was opportunely handled after a thorough examination of such. This was later considered unfounded and subsequently dismissed by the Ethics Committee, following the formal procedures established in the Code of Conduct and the working rules and regulations of said Committee. In 2017, no cases of corruption were reported, neither were any complaints of possible improper conduct made via the Company’s Ethics Help Line or received by its Ethics Committee.

In this regard, and as mentioned above, we continued to draw up and standardize a comprehensive report covering all those categories of complaints so as to arrive at an all-embracing overview of what is happening with the different lines of business and in all those individual countries where the Business Group is located. The following are the consolidated figures at year-end 2018, corresponding to the Ethical Help Lines:

Country	No. of Cases Reported - 2018
Colombia	436
Mexico	223
Panama	4
Chile	105
El Salvador	3
Dominican Republic	5
Argentina	1
Brazil	1
Uruguay	0
Peru	4
TOTAL	782

Status	
Proven	220
Unfounded	343
Pending	191
Ethical queries	28
Total	782

Similarly, upon evaluating and handling complaints where improper conduct was found to exist, the corresponding corrective measures were taken and the required disciplinary action applied, thereby ensuring that the Company's Ethics and Legal Compliance are duly upheld.

IV. BOARD OF DIRECTORS - STRUCTURE AND PERFORMANCE

1. Members of the Board of Directors and its Board Committees as well as their background.

The members of the Company's Board of Directors were appointed by the General Assembly of Shareholders at their annual meeting held on March 23, 2018 for a period of two (2) years. There are a total of seven (7) principal members, four (4) of whom enjoy an independent status, these representing 57% of the entire Board. Both the Chairman and the Vice-Chairman of the Board of Directors enjoy an independent status.

The following shows information regarding the board member profiles, as well as other aspects relating to their performance on the Board in 2018:

LUIS FERNANDO ALARCON MANTILLA**Chairman of the Board of Directors - Independent Member****Current Period:** 2018 - 2020 **Length of service:** 4 years

Holding a degree in Civil Engineering from the Universidad de los Andes, Mr. Alarcon completed post-graduate studies in Economics, at this same University and obtained a Master of Science degree in Civil Engineering from the Massachusetts Institute of Technology, MIT. He also attended the Advanced Senior Management program at Oxford University and served as General Manager of ISA as well as Chief Executive Officer of Asofondos de Colombia. He was also the Colombian Minister and Deputy Minister of Finance.

Age: 67**Board Meeting Attendance:** 16 out of a total of 17 Board Meetings
94%**Board Committee Meeting Attendance and Remuneration:**

i) Audit and Finance Committee:	5 out of a total of 5 Committee Meetings	100%
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ii) Appointments and Remuneration Committee	4 out of a total of 4 Committee Meetings	100%
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Total Annual Remuneration (Board of Directors and Support Committees): COP 148,800,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 1,061	Preferred shares: 1,617
Total shares: 2,678	Percentage Stake: 0.0005

JAIME BERMÚDEZ MERIZALDE***Vice-Chairman of the Board of Directors - Independent Member*****Current Period:** 2018 - 2020 **Length of service:** 8 years

Mr. Bermúdez holds a degree in law from the Universidad de los Andes and a Ph.D. in Political Science majoring in Public Opinion from Oxford University (Great Britain). He served as a consultant to the President of Colombia (1991-1993) as well as to the Colombian Minister of Foreign Relations (1993-1994). He was also an observer for the United Nations at the presidential elections that took place in South Africa in 1994. In 1996, he served as Executive Director of the Consorcio Iberoamericano de Investigadores de Mercados y Asesoramiento (CIMA), and has worked as a private consultant in the field of communications, public affairs and crisis management strategizing for multinational companies and government institutions. He also served as a Communications Consultant to the President of Colombia between 2002 and 2006, whereupon he was appointed the Colombian Ambassador to Argentina between 2006 and 2008. He later served as Chancellor of Colombia between 2008 – 2010. He is currently the Chairman of Banca de Inversión MBA - Lazard in Colombia.

Age: 52**Board Meeting Attendance:** 17 out of a total of 17 Board Meetings
100%**Board Committee Meeting Attendance and Remuneration:**

i) Audit and Finance Committee:	5 out of a total of 5 meetings	100%
ii) Risk Management Committee	0 out of 1 meeting	0%

Total Annual Remuneration (Board of Directors and Support Committees): COP 120,900,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

SERGIO PABLO MICHELSEN JARAMILLO*Independent member***Current Period:** 2018 - 2020 **Length of service:** 4 years

Holding a degree in Law from the Universidad de los Andes, Mr. Michelsen obtained his Master's Degree in Commercial Law from the University of Paris and pursued studies in the American Legal System and Comparative Law at the University of Texas. He has also attended various complementary courses at the Universidad de Los Andes, the Euromoney Institute in New York and Harvard University. He is currently a partner of the law firm, Brigard & Urrutia Abogados, and is in charge of Mergers and Acquisitions, Wealth Management and TMT. Prior to this, he was a member of Hughes Hubbard & Reed LLP, serving as a Visiting Partner for the firm's Miami office, He also worked for different companies in Colombia belonging to the multi-national, Shell and served as Company Secretary to the Bogotá Stock Exchange, a foreign associate of the US firm, Baker & Botts, an associate of Cavelier Abogados and a senior officer of the Colombian Superintendency for Foreign Exchange Controls

Age: 58**Board Meeting Attendance:** 17 out of a total of 17 Board Meetings
100%**Board Committee Meeting Attendance and Remuneration:**

i) Sustainability and Corporate Governance Committee:	5 out of a total of 5 Committee Meetings	100%
(ii) Risk Management Committee	1 out of 1 meeting	100%

Total Annual Remuneration (Board of Directors and Support Committees): COP 128,400,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

CARLOS ANTONIO ESPINOSA SOTO***Independent member*****Current Period:** 2018 - 2020 **Length of service:** 6 years

Mr. Espinosa holds a degree in Economics from the University of Louisiana and attended the Senior Management program at the Universidad de la Sabana's Business School (INALDE) along with other programs at the Wharton School and Harvard Business School. He was the Chief Executive Officer of Acegrasas S.A. and currently serves as Chief Executive Officer of both Grupo Espinosa and Racafe & CIA SCA

Age: 69**Board Meeting Attendance:** *17 out of a total of 17 Board Meetings*
100%**Board Committee Meeting Attendance and Remuneration:**

i) Audit and Finance Committee:	5 out of a total of 5 Committee Meetings	100%
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Total Annual Remuneration (Board of Directors and Support Committees): COP 120,900,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

Jorge Mario Velásquez Jaramillo**Equity member****Current Period:** 2018 - 2020 **Length of service:** 4 years

Holding a degree in Civil Engineering from the Escuela de Ingeniería de Antioquia, Mr. Velasquez received a specialization in Industrial Operations, majoring in the cement industry in Great Britain. He also attended the CEO's Management program at the Kellogg School of Management and obtained his Supply Chain Strategist qualifications from Stanford University. He has also attended various specialization programs at the Universidad de los Andes's Senior Government Management School. Mr. Velasquez currently serves as Chief Executive Officer of Grupo Argos. After serving as Chief Executive Officer of Cementos Argos S.A. Prior to that, he served as General Manager of Cementos del Nare, the Chief Executive Officer of Cementos Paz del Río and Chief Logistics Officer for Cementos Argos.

Age: 58**Board Meeting Attendance:** 17 out of a total of 17 Board Meetings
100%**Board Committee Meeting Attendance and Remuneration:**

I) The Sustainability and Corporate Governance Committee	5 out of a total of 5 Committee Meetings	100%
ii) Appointment and Remuneration Committee	4 out of a total of 4 Committee Meetings	100%

Total Annual Remuneration (Board of Directors and Support Committees): COP 149,100,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

CARLOS IGNACIO GALLEGO PALACIO**Equity member****Current Period:** 2018 - 2020 **Length of service:** 5 years

Holding a degree in Civil Engineering as well as a Master's degree in Business Administration from the Universidad Eafit, Mr. Gallego studied Supply Chain Management and Strategy at the Massachusetts Institute of Technology, MIT, Marketing programs at Kellogg School of Management at North Western University, as well as the CEO program at this same university. He first joined Compañía Nacional de Chocolates S.A. in 1991, and scaled various positions, including Chief Industrial Officer until becoming Chief Executive Officer of Grupo Nutresa, a position he currently holds. He has also served as Chief Executive Officer of Servicios Nutresa S.A.S, General Manager of the Nutresa Foundation, Chief Executive Officer of Grupo Nutresa's Chocolate Division as well as its Chief Executive Officer for the Southern Strategic Region.

Age: 54**Board Meeting Attendance:** 16 out of a total of 17 Board Meetings
94%**Board Committee Meeting Attendance and Remuneration:**

i) Sustainability and Corporate Governance Committee	5 out of a total of 5 Committee Meetings	100%
ii) Appointment and Remuneration Committee	4 out of a total of 4 Committee Meetings	100%

Total Annual Remuneration (Board of Directors and Support Committees): COP 149,100,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

ALEJANDRO PIEDRAHITA BORRERO**Equity member****Current Period:** 2018 - 2020 **Length of service:** 3 years

Holding a degree in Business Administration from the Universidad Eafit, Mr. Piedrahita went on to obtain a Master of Science degree in Development Policy from the London School of Economics. He has studied Senior Business Management at the Universidad de la Sabana and also attended a business management program at Harvard. He has served as Head of Economic Research, Manager of Derivative Structuring and Chief Executive Officer for Capital Market Structuring in Bancolombia. He is currently Chief Corporate Finance Officer for Grupo Argos.

Age: 46**Board Meeting Attendance:** 17 out of a total of 17 Board Meetings
100%**Board Committee Meeting Attendance and Remuneration:**

i) Risk Management Committee	1 out of a total of 1 Committee Meeting	100%
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Total Annual Remuneration (Board of Directors and Support Committees): COP 92,700,000**Amount of Company Shares Held (at year-end 2018)**

Ordinary shares: 0	Preferred shares: 0
Total shares: 0	Percentage Stake: 0

2. Members of Grupo SURA's Board of Directors who are also members of the Boards of Directors or the Senior Management teams of other companies belonging to the SURA Business Group.

None of the members of Grupo SURA's Board of Directors is a member of the Boards of Directors or the Senior Management team of its subsidiaries or associates.

3. Policies approved by the Board of Directors:

In 2018, Grupo SURA's Board of Directors reviewed and approved the following rules and regulations governing its Ethics and Corporate Governance System:

Introduced for the first time	Updated
<ul style="list-style-type: none"> • Gift and Invitation Policy • Reputational Risk Management Policy Framework • Tax Policy Framework 	<ul style="list-style-type: none"> • Code of Good Governance: • Rules and regulations governing the Board of Directors. • Rules and regulations governing all four Board Committees

	<ul style="list-style-type: none"> • Personal Investment Policy • Rules and Regulations governing the Ethics and Compliance Committee. • Social Investment Policy. • Responsible Investment policy • Sustainability Commitment
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4. Appointing Members of the Board of Directors

The members of the Board of Directors were appointed by the General Assembly of Shareholders in 2018 in compliance with all that stipulated in the Company's By-Laws as well as the procedure established for appointing these.

The following is a brief description of this appointment process:

- i. Publication of the Notice calling for a meeting of the General Assembly of Shareholders, this including the corresponding agenda.
- ii. The Shareholders present the Company with a list of candidates for the Board of Directors.
- iii. The individual profiles of the proposed candidates are evaluated by the Appointments and Remuneration Board Committee, which also includes analyzing eventual incompatibilities.
- iv. The Board of Directors is presented with the Committee's report, as previously mentioned, on the different candidates put forward by the shareholders.
- v. The shareholders are presented with the names of the candidates, subsequent to the aforementioned vetting procedure, with said information being made available on the Company's website as well as at the Company Secretary's office within the legally established term for exercising shareholders' rights of inspection. This information includes the individual profiles of the proposed candidates, letters of acceptance stating their eligibility, and statements regarding the independent status of all those candidates being considered for the positions of independent members.
- vi. This list of candidates, as previously made known to the shareholders, was then submitted for the consideration of the shareholders at their Ordinary Annual Meeting held on March 23, 2018, in Medellín, Colombia,
- vii. The shareholders proceeded with said appointments by means of a majority vote, pursuant to that stipulated in the Company's by-laws, which was duly stated in the minutes corresponding to this meeting.

- viii. Once appointed, the new members of the Board of Directors provided the Company with letters accepting their new posts.
- ix. These appointments were duly recorded before the Chamber of Commerce in Medellín.

5. Remuneration policy governing the Board of Directors and other aspects regarding the remuneration paid to said governing body, the Statutory Auditor and members of Senior Management

The Company has put into place a General Appointments, Remuneration and Succession Policy for the Board of Directors, as previously approved by the shareholders, which establishes the parameters for ensuring that the persons serving in such capacity are suitable and adequately remunerated this based on the responsibilities inherent to their positions, their personal and professional qualities, the amount of experience they offer and the amount of time they must dedicate to their respective functions.

This policy has been made available on the Grupo SURA's website, www.gruposura.com

Similarly, and in accordance with the Company's by-laws, the General Assembly of Shareholders is responsible for assigning the remuneration to be paid to its Statutory Auditor

In 2018, the General Assembly of Shareholders approved monthly fees of COP 7.2 million for each board member. Likewise, an overall budget was drawn up for the Board's proper working order, this amounting to COP 1,220,000, which included the fees to be paid for attending both Board meetings and those held by its different Support Committees as well as travel and accommodation expense, training programs for the Board Members and the expense incurred with the Board's Performance Evaluations.

With regard to the remuneration paid to members of its Senior Management, Grupo SURA applies its Remuneration Policy as approved by the Board of Directors, which stipulates the minimum criteria for maintaining a fair and equitable remuneration system, along with other objective principles that ensure that employees are more aligned with the Company's strategy. Similarly, under these same parameters, the Appointments and Remunerations Committee defined and verified the performance compliance indicators on the part of Senior Management.

The Company has reported the amounts paid to Senior Management personnel in an annex to the financial statements, pursuant to that provided in Article 446 of the Colombian Code of Commerce.

6. Board of Director Meetings and Quorum

As stipulated in the Company's by-laws the Board may discuss and validly decide on matters brought before it with the presence and votes of the majority of its members, except in the event of the Company choosing to guarantee or endorse the obligations of its related companies, in which case the unanimous vote of all its members is required.

Highlights - 2018:

Number of Board Meetings held during the year	17
Meetings attended in person:	12
Meetings not attended in person for which written votes were cast	5
Percentage of meetings at which the quorum required to deliberate and decide on matters was met:	100%
Average board member attendance	98%

7. Functions and key matters within the purview of the Board's Chairman and Secretary

In 2018, the Chairman of the Board, Mr. Luis Fernando Alarcón (Independent Member), with the support of the Company Secretary, ensured the Board's normal working order and that its members received accurate, complete and timely information. He also oversaw the effective implementation of the Board's annual work plan and chaired the Board Meeting that was held without the presence of the members of Grupo SURA's Senior Management for the purpose of analyzing in detail the performance self-assessments of the Board, its Committees as well as Senior Management.

On the other hand, the Secretary to the Board of Directors is the person mainly responsible for calling for board meetings in accordance with the established schedule for such, providing timely information to the Board, maintaining corporate documents in safe-keeping, drawing up accurate minutes of each Board Meeting and attesting to the agreements made by the Company's governing bodies. He or she must also ensure the formal legality of the actions taken by the Board of Directors and that their own rules of governance as well as procedures are duly abided by. This position is currently held by the Company's Chief Legal Affairs Officer

8. Handling Board Information

The Chairman of the Board and the Company Secretary are responsible for the Board of Directors receiving timely, adequate, accurate and reliable information so that everything they need for making the corresponding decisions is placed at their disposal. This information, which is of great strategic importance to the Company, is managed based on the strictest privacy standards so that business plans and secrets are adequately protected.

All information that must be disclosed based on current legal requirements is provided to the market on a timely basis in the form of relevant information, which is a mechanism laid on and published by the Colombian Superintendency of Finance for said purpose and simultaneously made available on the Company's website www.gruposura.com.

9. Relationships between the Board and the Statutory Auditor, financial analysts, investment banks and rating agencies:

A representative from the Statutory Auditing firm attended meetings of the Company's Audit and Finance Committee, at the latter's invitation, and the corresponding reports were submitted to the Board after being considered by this Committee. Also, the Board was informed at its respective meetings of the coverage given by international analysts regarding the Group's shares.

10. External consultancy services received by the Board

In 2018, the Board of Directors, as part of its annual training program, received advisory services from the external consultancy firms Sullivan and Cromwell LLP, Control de Riesgos S.A. (Control Risks), Mauricio Reina and Protección S.A., this for the purpose of being able to conduct in-depth discussions on the following issues: shareholder activism, cyber risks, pension reforms, the Venezuelan migration crisis and its impact on business management in Colombia and other countries within the region.

The Board did not hire any other outside consultancy services in carrying out its functions.

11. Board Committee Activities

The Board's support committees are governed by formally established rules and regulations, which define their respective functions and proper working order. Grupo SURA's Board of Directors has four (4) Committees, i) Audit and Finance; ii) Risk Management; iii) Sustainability and Corporate Governance, and Appointments and Remuneration. Their

respective management reports have been signed by their corresponding chairpersons and can be found included at the end of this report

12. Board of Director and Senior Management Performance Evaluations:

The Board of Directors self-assesses its own performance and that of its Committees on an annual basis. The performance self-assessment, that was carried out in 2018, was based on certain formats which allowed for different aspects of the Board's performance to be rated, these including its structure, level of dynamics, intervention matters, roles, responsibilities and its relations with Senior Management. The results obtained were amply discussed by the members of the Board at a meeting that was held without any members of the Senior Management attending. The most relevant findings and recommendations produced as a result are listed below:

- Continue with the deployment of all those projects and initiatives contemplated in the Company's strategic planning and continue to drill down on its analysis of all those economic, political and business issues arising in the countries where both Grupo SURA and the companies belonging to its Business Group are present
- This included evaluating new trends coming to the fore, using exacting, standardizable and innovative methodologies.
- Continue reviewing the profitability of different lines of business, with a view to providing greater added value over the long term.

Similarly, and in accordance with the Company's Code of Good Governance, every two years an external performance evaluation of the Board is carried out by an independent consultancy firm for the purpose of analyzing the strengths and room for improvement with the performance of this governing body. In accordance with this guideline, this external performance evaluation is scheduled for this year.

V. TRANSACTIONS WITH RELATED PARTIES AND CONFLICTS OF INTEREST

1. Board of Director attributions and formally established mechanisms for handling transactions with related parties

Grupo SURA's Board of Directors is the highest governing body in charge of drawing up general-purpose guidelines with regard to handling transactions between related parties, ensuring that these are always carried out with the utmost transparency, fairness and impartiality while correctly handling any possible conflicts of interest that could arise

Transactions between the companies belonging to the SURA Business Group are carried out pursuant to the guidelines contained in the Related Party Transaction Policy Framework.

Should any conflict of interest arise between our companies during the normal course of business, these should be handled according to the guidelines stipulated in the SURA Business Group's Code of Good Government and Code of Conduct, which have been made available on the Company's website www.gruposura.com- as well as any other internal policy and procedures that the companies may have put into place for this same purpose.

Conflicts of interest between the Companies belonging to the SURA Business Group. In 2018, the Boards of Directors of our core subsidiaries Suramericana S.A. and Sura Asset Management S.A. were able to apply established procedures to avoid an eventual conflict of interest arising with regard to the former's purchase of an insurance company belonging to the latter. The market was duly informed of this transaction through the relevant information mechanism. Apart from this, there were no conflicts of interest between the companies that required us to apply the measures established by the Business Group.

2. Main transactions carried out with related parties

At the end of the year, in both the Business Group's special report, as well as in the corresponding note to their financial statements, the subsidiaries belonging to the SURA Business group disclose their contractual arrangements and more important related party transactions carried out with other companies belonging to the Group as well as other related parties.

3. Conflicts of interest and how they were dealt with by the members of the Board in 2018:

Based on the guidelines contained in the Company's Code of Good Governance, the members of the Board of Directors must avoid situations or refrain from making decisions that involve any personal interest, or may be incompatible with the fiduciary duties and legal or contractual obligations that they are required to observe in exercising their roles as members of the Company's Board of Directors.

For this purpose, Grupo SURA has put into place its Code of Conduct and Code of Good Governance, that contain guidelines and rules of conduct that must be observed by the members of the Board of Directors, the Senior Management and other employees in exercising their functions with the aim of preventing any possible conflict of interest from arising. Likewise, and in order to manage situations that could well produce a conflict of interest, the Company has established mechanisms for settling disputes that have been duly regulated in the Company's Conflict of Interest Policy, By-Laws, Code of Conduct and the Code of Good Governance, all of which have been made available on the Company's website www.gruposura.com.

In 2018, the members of the Board of Directors were not involved in any permanent conflicts of interest that could have otherwise prevented them from continuing to carry out their duties.

Finally, certain members of the Board abstained from taking part in discussions or making decisions that could have entailed a possible conflict between their own particular interests and those of the Company. The following is a summary of the situations that gave rise to such abstentions:

Name	Issue
Jaime Bermúdez and Sergio Michelsen	These abstained from providing their opinions on an issue relating to Electricaribe and withdrew from the corresponding meeting since they were acting as consultants to certain interested parties involved in this matter.
Alejandro Piedrahita Jorge Mario Velásquez	Upon discussing a potential business arrangement relating to Grupo Argos, both members withdrew from the meeting when this matter was brought up, thereby abstaining from providing their opinions or making any decisions in this respect.
Jorge Mario Velásquez	<p>He abstained from voting in the decision whereby the Board of Directors gave permission for him to proceed with the sale of the ordinary and preferential shares held in Grupo SURA of which he was the rightful owner.</p> <p>This was carried out according to that stipulated in Article 31 of the Company’s By-Laws as well as in Section 2.1 of the Rules and Regulations governing the Board of Directors.</p>

VI. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Our Internal Control System is made up of a series of activities that ensure that the Company obtains a reasonable degree of operating security, thus allowing it to attain its objectives in a lawful and transparent manner. For this purpose, Grupo SURA has placed a set of regulations and policies firmly in place aimed at managing and mitigating risk, preventing fraud and adequately handling information, among others.

Grupo SURA's Internal Control System is structured under the 2013 Coso Control Standard, and is monitored by means of the evaluations performed by the Group's own assurance areas, as well as the follow-ups carried out every quarter by the Audit and Finance Board Committee, which subsequently reports to the Board of Directors, offering a series of recommendations covering not only the Holding Company's activities but those of its subsidiaries and associates. Based on these recommendations different monitoring and control solutions are drawn up. Furthermore, the Board of Directors of each subsidiary monitors its own Internal Control System in much greater detail and depth and reports the most relevant findings to Grupo SURA's Audit and Finance Committee

A more detailed report on the Group's Internal Control System can be found on the Control Architecture report that is included in the Internal Control Chapter of the Company's Annual Report which has been made available on the Company's website.

VII. GENERAL ASSEMBLY OF SHAREHOLDERS.

1. Differences between the minimum requirements defined by current legislation and the Company's own internal rules and regulations governing the Company's General Assembly of Shareholders:

In 2018, Grupo SURA maintained the guarantees and rights of its shareholders as stipulated in the regulatory amendments introduced in 2015, which are included in the Company's by-laws, the Rules and Regulations governing the General Assembly of Shareholders and the Company's Code of Good Governance, as relating to the exclusive and non-delegable powers granted to shareholders, the right to perform specialized audits, a longer term for giving prior notice of ordinary shareholder meetings (30 calendar days) publishing the agenda of the shareholder meeting to be held in the same notice calling for such, publishing shareholder proposals and the possibility that these have for submitting new proposals according to the terms and conditions set out in the Company's By-Laws and the Rules and Regulations governing the General Assembly of Shareholders and the publication on the Company's website all the information required in order for shareholders to adequately exercise their right to inspection, amongst other aspects. These rules and regulations have been made available on Grupo SURA's website, www.gruposura.com.

2. Measures adopted during the year to encourage shareholder participation and shareholder communication channels:

In 2018, the Company ensured that timely, accurate and sufficient information for its shareholders was made available on the website. Also, the notice for the Annual Shareholder Meetings was given 30 calendar days beforehand. Furthermore, shareholders were provided with the format for drawing up the required powers of attorney so as to facilitate their representation at said meeting, and conference calls were staged for

shareholders, analysts and the general public, at which the Company presented its quarterly results.

Similarly, Grupo SURA guaranteed fair and equal treatment for its shareholders, allowing and encouraging them to exercise their rights, which included providing them with free access to the Company Secretary when requesting further information; participating in quarterly conference calls, and accessing information that the Company publishes at regular intervals, so that the shareholders and the general public may remain fully informed of what is happening with the Organization; making recommendations with regard to the Company's corporate governance; and receiving clear, accurate and timely information regarding the Company's financial information.

3. Shareholder information and communications.

Shareholders may lodge their concerns, make requests and receive information regarding their shares, dividend payment dates and share certificates, etc. by contacting the Company Secretary's Office as well as Fiduciaria Bancolombia's Shareholder Office. Also, an Investor Relations Office has been set up at the following address: Carrera 43A #5A - 113, in Medellin, which can be contacted via the following email addresses: gruposura@gruposura.com.co; ir@gruposura.com.co, or by calling the toll-free number 018000521555

A schedule of corporate events has been made available on Grupo SURA's website www.gruposura.com, this for the purpose of informing shareholders, investors and the market at large of matters regarding: The General Assembly of Shareholders, the dividend payment periods, publication of the Company's results on the Colombian Superintendency of Finance's website, presentations regarding meetings or activities held for the purpose of reporting the Company's earnings to the market, amongst other aspects

4. Number of requests for information and applications received by the Company from its shareholders:

REQUESTS FOR INFORMATION- 2018	
APPLICATION	QUANTITY
VISITS TO SHAREHOLDER OFFICE	33
TELEPHONE CALLS	273
TOTAL SHAREHOLDERS ATTENDED	306

TYPE OF REQUEST / APPLICATION	QUANTITY
TAX CERTIFICATES	902
NEW DATA UPDATES	1
CHANGING NAME OF DIRECT DEPOSITOR	39

GENERAL-PURPOSE CERTIFICATES	10
DIVIDEND PAYMENT INFORMATION	6
SHARE TRANSFERS OUTSIDE THE STOCK MARKET	6
RIGHT OF PETITION	3
PAST SHARE CERTIFICATES	8
TAX WITHHOLDING PAYMENTS OR RETURNS	1
DEPOSIT RECEIPTS	6
CANCELLATIONS OF SHARE PLEDGE ARRANGEMENTS	1
TOTAL REQUESTS RECEIVED	983

5. Attendance data and main agreements made at the General shareholders ' meeting of 2018

The quorum recorded for the Annual Ordinary Meeting of the General Assembly of Shareholders, held on March 23, 2018, which included holders of ordinary and preferred, was as follows:

Out of a total of 469,037,260 ordinary shares outstanding 413,190,069 were represented in the Annual Shareholders' Meeting, that is to say 88.9% of the total amount outstanding.

The proposals voted on by the General Assembly of Shareholders along with the most important decisions taken by these at their meetings are simultaneously published as relevant information on the website of the Colombian Superintendency of Finance as well as on the Company's own webpage. Here, the following decisions and approvals were issued by the Shareholders at their Annual Meeting held in 2018:

- Approval for the Management Report from the Board of Directors and Chief Executive Officer;
- Approval for both the separate and consolidated financial statements at year-end 2017;
- Approval for the Distribution of Profits obtained in 2017 and the allocation of funds for social outreach initiatives.
- Approval for the Merger Agreement between Grupo de Inversiones Suramericana S.A. (the absorbing company) and its subsidiaries: Gruposura Finance and Grupo de Inversiones Suramericana Panamá S.A. (the companies to be absorbed)–.
- Appointing the members of the Board of Directors and the Statutory Auditor for the period 2018 – 2020.
- Approval for the fees to be paid to the members of the Board of Directors and the Statutory Auditor for the period beginning in April 2018 and ending in March 2019.

Attachment: BOARD COMMITTEE REPORTS

REPORT FROM THE AUDIT AND FINANCE COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

MANAGEMENT REPORT - 2018

Grupo SURA's Board of Directors hereby presents the shareholders with the following report from the Audit and Finance Committee which contains basic information regarding this Committee and the main activities carried out in 2018:

INFORMATION REGARDING THE FINANCE AND AUDIT COMMITTEE			
MEMBERS	PERSONS ATTENDING BY INVITATION	No. MEETINGS HELD	ATTENDANCE
Jaime Bermúdez Merizalde Luis Fernando Alarcón Mantilla Carlos Antonio Espinosa Soto	David Bojanini García - Grupo SURA's Chief Executive Officer Juan Carlos Llanos - Internal Auditor Ricardo Jaramillo - Chief Corporate Finance Officer Representative - Statutory Auditing Firm Juan Luis Múnera – Chief Corporate Legal Affairs Officer	5	100%

Overview of the performance and the more important matters discussed by the Committee which were then submitted for to the Board for their final decision:

Subject	Detailed Description
Financial performance	Separate and Consolidated Quarterly Financial Statements
	Review of the amendments and impacts on accounting policies
Company Reports	Findings of the Auditing and Internal Control Report for 2017
	Approving the 2018 Audit Program
	Follow-ups on the Audit Plan
	Approval was given to the Company's Annual Corporate Governance Report.
	Review of the status of the Internal Auditing Activities
Subsidiary Reports	Subsidiary Internal Control reports
	Maturity Levels of the Individual Control Systems
	Follow-up on the role played by Internal auditing
	Assurance Auditing Report
Special topics	Selecting candidates for the position of internal auditor
	Recommending a Tax Framework Policy to the Board of Directors
	Quality Assurance and Improvement Program
Statutory Auditing Firm	Evaluating candidates for the post of Statutory Auditor
	Statutory Auditing Opinions on the Financial Statements
	Progress made with the External Auditing Plan

JAIME BERMÚDEZ MERIZALDE
Committee Chairman

JUAN LUIS MÚNERA GÓMEZ
Company Secretary

**REPORT FROM THE SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE TO THE
GENERAL ASSEMBLY OF SHAREHOLDERS**

MANAGEMENT REPORT - 2018

Grupo SURA's Board of Directors hereby presents the shareholders with the following report from the Corporate Governance Committee which contains basic information regarding this Committee and the main activities carried out in 2018:

INFORMATION REGARDING THE SUSTAINABILITY AND CORPORATE GOVERNANCE COMMITTEE			
MEMBERS	PERSONS ATTENDING BY INVITATION	No. MEETINGS HELD	ATTENDANCE
Sergio Michelsen Jaramillo Jorge Mario Velásquez Jaramillo Carlos Ignacio Gallego Palacio	David Bojanini García - Grupo SURA's Chief Executive Officer Tatiana Orozco – Chief Corporate Affairs Officer Juan Luis Múnera – Chief Corporate Legal Affairs Officer	5	100%

Overview of the performance and the more important matters discussed by the Committee which were then submitted to the Board for their final decision:

Subject	Subtopics
Periodic reports	Annual Corporate Governance Report
	Reports: Relevant information reporting, ballot abstentions, Board and Board Committee Meeting Attendance, External Requirements, and all those cases relating to Grupo SURA's Ethics Committee.
	Progress made with the Corporate Governance Work Plan
	Comprehensive Report on the Ethical Help Lines operated by the SURA Business Group.
Corporate Governance Issues	Closing gaps with the Dow Jones Sustainability Standards
	Compliance program
	Progress made with the plan to close gaps in terms of Corporate Governance.
	Review of Grupo SURA's Internal Rules and Regulations
	Dissemination and training plan for the Ethics and Corporate Governance System.
	Recommendations to the Board for approving the Company's Gift and Personal Investment Policies.
Sustainability Issues	Drafting the Sustainability Declaration of both Grupo SURA and SURA Asset Management
	Sustainability projects
	Recommendations to the Board for approving the Company's Sustainability Commitment, Social Investment and Responsible Investment Policies.
	Analysis of the results obtained by the Company with the Dow Jones Sustainability index.

SERGIO MICHELSEN JARAMILLO
Committee Chairman

JUAN LUIS MÚNERA GÓMEZ
Company Secretary

REPORT FROM THE RISK COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS
MANAGEMENT REPORT - 2018

Grupo SURA's Board of Directors hereby presents the shareholders with the following report from the Risk Committee which contains basic information regarding this Committee and the main activities carried out in 2018:

INFORMATION REGARDING THE RISK COMMITTEE			
MEMBERS	PERSONS ATTENDING BY INVITATION	No. MEETINGS HELD	ATTENDANCE
Sergio Michelsen Jaramillo Jaime Bermúdez Merizalde Alejandro Piedrahita Borrero	David Bojanini García - Grupo SURA's Chief Executive Officer Tatiana Orozco – Chief Corporate Affairs Officer Juan Luis Múnera – Chief Corporate Legal Affairs Officer	1	67%

Overview of the performance and the more important matters discussed by the Committee which were then submitted for to the Board for their final decision:

Subject	Subtopics
Periodic reports	Defining the Risk Management Plan
Special topics	Projects: Inter-company coordination with regard to risk management, GTR 2.0, internal risk management and the risks inherent to the new Financial Conglomerates Law.
	Presenting the new Financial Conglomerates Law
	Recommendations to the Board for approving the Reputational Risk Management Policy.

SERGIO MICHELSEN JARAMILLO
Committee Chairman

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JUAN LUIS MÚNERA GÓMEZ
Company Secretary

REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

MANAGEMENT REPORT - 2018

The Board of Directors of Grupo SURA hereby presents the shareholders with the following report from the Appointments and Remunerations Committee which contains basic information regarding this Committee and the main activities carried out in 2018:

INFORMATION REGARDING THE APPOINTMENTS AND REMUNERATION COMMITTEE			
MEMBERS	PERSONS ATTENDING BY INVITATION	No. MEETINGS HELD	ATTENDANCE
Luis Fernando Alarcón Mantilla Jorge Mario Velásquez Jaramillo Carlos Ignacio Gallego Palacio	David Bojanini García - Grupo SURA's Chief Executive Officer Tatiana Orozco – Chief Corporate Affairs Officer Juan Luis Múnera – Chief Corporate Legal Affairs Officer	4	100%

Overview of the performance and the more important matters discussed by the Committee which were then submitted for to the Board for their final decision:

Subject	Subtopics
Periodic reports	Scoreboard Results for 2017
	Proposed KPI scorecards for 2018
	Performance remuneration
	Human Talent Results - Dow Jones
Special topics	Incompatibility analysis of candidates for the Board of Directors
	Long-term perspectives
	Upgrading the employee recognition system to include exceptional achievement
	Changes to how the work climate is measured.
	Senior Management Succession Policy
	International Allocations Policy
	Overall results on the part of the competition
	Assessment and Analysis: TAP and emerging talent
Evaluations of candidates for the post of Internal Auditor	

LUIS FERNANDO ALARCÓN MANTILLA
Committee Chairman

JUAN LUIS MÚNERA GÓMEZ
Company Secretary