

# ANNUAL SHAREHOLDERS GENERAL MEETING



## PROXY STATEMENT

### ANNUAL MEETING OF THE GENERAL ASSEMBLY OF SHAREHOLDERS - 2020

Grupo Sura upholds a sound Ethics and Corporate Governance System containing rules and regulations that are mandatory for both the Company and all the other companies that make up the SURA Business Group. This also includes the means employed to ensure their effective compliance.

Having set up and deployed the aforementioned system shows the Company's firm commitment to best corporate practices and its constant search for greater transparency and integrity for all its businesses in every country where present, while strictly abiding by applicable legislation in these parts of the world.

So far, we are the only Latin American company from the Diversified Financial Service Sector to be admitted to the Dow Jones Sustainability Index (DJSI), which tracks companies who have become global benchmarks thanks to the best practices they have adopted from the economic, environmental and social standpoints. Furthermore, Grupo SURA was included for the ninth year running in RobecoSAM's Yearbook, a publication that lists, analyzes and recognizes all those top-performing companies from the economic, social and environmental standpoints.

In keeping with the transparency principles that govern the Company with regard to its investors, a more detailed outline of the proposals that Grupo SURA's Board of Directors and its Senior Management shall submit for the consideration of the General Assembly of Shareholders at their upcoming Annual Meeting, can be found below, this in accordance with the Agenda proposed for said meeting:

1. Verification of the quorum.
2. Reading out the meeting's agenda.
3. Appointing a commission for inspecting the ballots and approving and signing the minutes of this meeting.
4. Presenting the Management Report from the Board of Directors and Chief Executive Officer.
5. Presenting the Separate and Consolidated Financial Statements.
6. Statutory Auditor Reports.
7. Approving the Management Report from the Board of Directors and Chief Executive Officer.
8. Approving the Separate and Consolidated Financial Statements.

# ANNUAL SHAREHOLDERS GENERAL MEETING



9. Repurchasing the Company's own shares.
10. Presenting and approving the proposed distribution of dividends, setting up the Company's reserves and allocating funds for social outreach programs.
11. An amendment to the Company's By-laws.
12. Appointing the members to the Company's Board of Directors.
13. Appointing the Company's Statutory Auditing firm.
14. Setting the fees to be paid to the members of the Board of Directors.
15. Setting the fees to be paid to the Statutory Auditing firm.

## **SEQUENCE OF PROPOSED ITEMS**

### **I. Appointing a committee for inspecting the ballots and approving and signing the minutes of this meeting. - Item 3 of the meeting's agenda.**

This proposal recommends appointing a commission made up of three (3) shareholder representatives to review and approve the contents of the Minutes of this Annual Meeting so as to ensure that all that stated in said document corresponds to what was actually discussed and decided by the General Assembly of Shareholders

### **II. Approving the Management Report from the Company's Board of Directors and Chief Executive Officer and approving the Financial Statements at Year-End 2019 - Items 7 and 8 of the meeting's agenda**

By law, specifically that stipulated in Article 446 of the Colombian Code of Commerce, the Company's Board of Directors and Legal Representative must submit to the shareholders, for their corresponding approval, the year-end financial statements as well as other documents, including the Management Report, addressing the main events that took place in 2019..

Prior to approving the financial statements, the Statutory Auditing firm's Opinion on said financial statements shall be read out, which includes, as of 2019, given that stipulated in Decrees 2170 of 2017 and 2270 of 2019, an explanation of the key audit matters (KAM), which consist of all those aspects that, in the opinion of the Statutory Auditing firm, represented greater significance for its audits of the financial statements.

The Management Report and detailed information regarding the financial statements can be found by clicking on the following [link](#).

### **III. Repurchasing the Company's own shares - Item 9 of the Meeting's Agenda**

The Board of Directors proposes that General Assembly of Shareholders grant due authorization for repurchasing the Company's own shares up to a total amount of three hundred billion pesos (COP 300,000,000,000) during a maximum period of three years, beginning on the date this decision is adopted. For this purpose, it is proposed that this amount be appropriated from the taxable component of the Occasional Reserve in order to set up a "Reserve for Repurchasing the Company's Own Shares".

Likewise, it is proposed that the General Assembly of Shareholders delegate the Board of Directors with the task of defining the terms and conditions, according to which these share repurchases would be carried out, this including determining the manner in which this is to be accomplished, the number of shares and/or the amounts to be repurchased, and the opportunities to do so, within a maximum term of three years, the type of share to be repurchased (ordinary and/or preferred), establishing the repurchase price through a technically recognized procedure, adopting mechanisms that ensure equal treatment for all shareholders and utmost transparency with the market, as well as the disposal of such shares, this in accordance with all applicable legislation.

These decisions, once made, shall be relayed to the market through the Relevant Information mechanism, as provided by the Colombian Superintendency of Finance.

The Board of Directors may delegate to the Company's legal representative the task of defining the dates and the number of shares and/or amounts to be repurchased, this within the terms duly approved by the General Assembly of Shareholders. Furthermore, the Board of Directors may authorize the Company's legal representative to perform all that required to complete these repurchase transactions.

Finally, the General Assembly of Shareholders shall authorize the Board of Directors to abstain in whole or in part from repurchasing the shares should there be no appropriate internal and market conditions for proceeding with these transactions.

### **IV. Proposed Distribution of Dividends, setting up the Company's reserves and allocating funds for social outreach programs.**

The Board of Directors proposes that the Shareholders decree an ordinary dividend of five hundred and eighty-three pesos (COP 583.00) per share, payable in four (4) installments on the following dates: April 20, 2020, July 1, 2020, October 1, 2020 and January 4, 2021. They also propose declaring an extraordinary dividend of fifty-one pesos (COP 51.00) per share, payable in a single installment on July 1, 2020.

This proposal represents a 6% increase in the ordinary dividend which would be paid out compared to the previous year, which brings the year-on-year increase in the combined ordinary and extraordinary dividend to 15.27%.

Dividend payments shall be appropriated from the tax-exempt component of the Occasional Reserve set up using the profits obtained until December 31, 2016.

# ANNUAL SHAREHOLDERS GENERAL MEETING



Similarly, the Board of Directors proposes freeing up a reserve for social outreach programs as set up in 2019 and setting up a new reserve in the amount of six thousand and sixty-three million, seven hundred and fifty thousand pesos (COP 6,063,750,000.00), the purpose of which is to invest in initiatives that provide a true social impact, specifically in the areas of education, culture and the Company's own volunteer work

Finally, and in keeping with the aforementioned Item III, the Company proposes setting up a reserve for repurchasing the Company's own shares in the amount of three hundred billion pesos (COP \$300,000,000,000).

The latter two reserves shall be appropriated from the taxable component of the Company's Occasional Reserve.

The complete text of the aforementioned proposed dividend distribution can be found by clicking on the following [link](#).

## **V. Amendment to the Company's By-laws -Item 11 of the meeting's agenda.**

The Board of Directors proposes that the Shareholders approve an amendment to the Company's by-laws, the main objectives of which are:

- a. To change the wording of these by-laws so as to clarify certain concepts, without this entailing any changes whatsoever to the rights of our shareholders.
- b. To eliminate the time limit during which a member of the Board of Directors can be considered to enjoy an independent status, without this changing the independence criteria as defined by the Company.
- c. To recognize the involvement of other areas in the Company's control architecture.

The complete text of these proposed amendments can be found by clicking on the following [link](#).

## **VI. Appointing members of the Board of Directors - Item 12 of the meeting's agenda**

A proposal shall be submitted for the consideration of the General Assembly of Shareholders for appointing the following members to the Board of Directors, as proposed by the Shareholders during the term duly stipulated in the Company's by-laws, this for the period April 2020 - March 2022:

- Jorge Mario Velásquez Jaramillo
- Carlos Ignacio Gallego Palacio
- Alejandro Piedrahita Borrero
- Jaime Bermudez Merizalde (Independent Member)
- Sergio Michelsen Jaramillo (Independent Member)
- María Carolina Uribe Arango (Independent Member)
- Lina María Echeverri Pérez (Independent Member)

# ANNUAL SHAREHOLDERS GENERAL MEETING



For more information regarding these candidates, their profiles and a summarized evaluation of any possible disqualifications and incompatibilities as carried out by the Board's Appointments and Remuneration Committee, please click on the following [link](#).

More information regarding the Board of Directors' performance for 2019, can be found on our Corporate Governance Report that has been made available at the following [link](#).

## **VII. Appointing the Company's Statutory Auditing Firm - Item 13 of the meeting's agenda**

The Audit and Finance Committee, through the Company's Internal Auditing Department, evaluated the services provided by the Statutory Auditing Firm over the last two years, the results of which were gratifying. Consequently, and based on the recommendation of the Audit and Finance Committee, Grupo SURA's Board of Directors shall submit for the consideration of the General Assembly of Shareholders a proposal for appointing the firm Ernst & Young Audit S.A.S. as the Company's Statutory Auditing firm for the fiscal years of 2020 and 2021.

The proposal for reappointing the current Statutory Auditing firm can be found by clicking on the following [link](#).

## **VIII. Setting the fees to be paid to the members of the Board of Directors - Item 14 of the meeting's agenda**

A proposal regarding the amount of fees to be paid to members of the Board of Directors for the period April 2020 to March 2022 shall be submitted for the consideration of the General Assembly of Shareholders.

Once this proposal has been submitted, it shall be published on the Company's website.

## **IX. Setting the fees to be paid to the Statutory Auditor - Item 15 of the meeting's agenda**

A total of COP 316,567,629 is also proposed as fees for the Company's Statutory Auditing firm for the period 2020 - 2021.

The Company's Board of Directors considers these proposed fees to be reasonable, after due analysis on the part of the Audit and Finance Committee, taking into account market parameters, the level of commitment as well as the obligations and responsibilities required from the Statutory Auditing Firm in performing its duties with the Company.

The complete text of these proposed amendments can be found by clicking on the following [link](#).