

**Decree No. 642**

**April 26, 2022**

**Whereby the Rules of Procedure of the Management Committee of the Board of Directors of Empresas Públicas de Medellín E.S.P. are amended.**

**THE BOARD OF DIRECTORS OF EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**, in exercising the powers conferred by Article 11 of its Rules of Procedure, contained in Decree 579 of June 29, 2021, “Whereby the Rules of Procedure of the Board of Directors of Empresas Públicas de Medellín E.S.P., Annex 5 of the Code of Corporate Governance, are amended,” and

**WHEREAS**

1. Article 11 of the Rules of Procedures of the Board of Directors establishes that *“The Board of Directors shall create such committees as it deems necessary, whether permanent or temporary, depending on the subject matter. When it creates committees, the Board shall regulate their operation.”*
2. In accordance with the best Corporate Governance practices and EPM’s needs as the holding company of the EPM Group, it is advisable for the Board of Directors to have a committee to advise it on issues inherent to the administrative structure, human talent management, corporate governance practices, appointments and remuneration, the communications strategy, follow-up on the results achieved by Senior Management and matters inherent to the autonomy of this collegiate body.
3. The Management Committee, in exercising the power provided in Clause 1.3 of Article 7 of Decree 398 of May 24, 2016, requested comprehensively analyzing the support committees of the Board of Directors and adjusting their rules of procedure. This was in order to adapt them to their dynamics and operations, aligning the practices and functions of the Board and its support committees and complying with the best corporate governance practices in terms of structure and the content of the Rules of Procedure.

4. The Management Committee, in the meeting held on April 18, 2022, analyzed the proposal to amend the Rules of Procedure of the committees that support the Board of Directors and recommended the Board of Directors to approve it. This proposal was approved by the Board of Directors in the meeting held on April 26, 2022.
5. Consequently, it is necessary to modify the Rules of Procedure of the Management Committee provided in Decree 398 of May 24, 2016. According to these considerations, the Board of Directors:

### **HEREBY DECREES**

**Article 1.** To amend the text of the Rules of Procedure of the Management and Corporate Governance Committee of the EPM Board of Directors.

**Article 2.** To compile the Rules of Procedure of the Management and Corporate Governance Committee of the EPM Board of Directors in this Decree.

**Article 3.** This decree is effective as of its date of issuance and repeals any regulations otherwise, particularly Decree 398 of May 24, 2016.

Issued in Medellín on April 26, 2022.

**CHAIRMAN,**

**DANIEL QUINTERO CALLE**

**SECRETARY,**

**MARÍA CRISTINA TORO RESTREPO**

## **Empresas Públicas de Medellín E.S.P.**

### **Rules of Procedure of the Management and Corporate Governance Committee**

**Article 1. OBJECTIVE.** These Rules of Procedure define the regulations and procedures that regulate the operation of the Management and Corporate Governance Committee, as well as the rules of conduct of its members.

**Article 2. SCOPE OF APPLICATION.** These Rules of Procedure are directly applicable to the Management and Corporate Governance Committee, as a collegiate body, and to its members who, individually considered, contribute to forming the will of said body.

**Article 3. BINDING NATURE.** It is the duty of the members of the Management and Corporate Governance Committee to understand, comply with and enforce compliance with these Rules of Procedure. The EPM Board of Directors shall adopt the appropriate measures to make sure these Rules of Procedure are widely spread among the various stakeholders.

**Article 4. INTERPRETATION.** These Rules of Procedure are complementary and supplementary to the provisions established for the Board of Directors in the Bylaws of EPM, Rules of Procedure of the Board of Directors and commercial rules that, in each case, may apply.

The Board of Directors is responsible for resolving any doubts regarding the interpretation and application of these Rules of Procedure, pursuant to the legal and statutory regulations that apply to the principles and recommendations derived from EPM's Code of Corporate Governance.

**Article 5. APPROVAL AND AMENDMENT.** The Rules of Procedure of the Management and Corporate Governance Committee shall be approved by the EPM Board of Directors, and it is up to the Board to amend them when required.

**Article 6. NATURE OF THE COMMITTEE.** The Management and Corporate Governance Committee is a permanent advisory body to the Board of Directors and shall be governed by the EPM Bylaws, Rules of Procedure of the Board of Directors and these Rules of Procedure. The main objective of the Management and Corporate Governance Committee is to support and advise the Board of Directors in matters related to the administrative structure, human talent management, appointment and remuneration of

members of the Board and Senior Management, corporate governance and the communications strategy.

**Article 7. DUTIES AND POWERS.** The Management and Corporate Governance Committee shall have the following duties:

1. Guiding the operation of business management. In this sense, it shall:
  - 1.1 Promote the development of tools to improve the management of intellectual capital, the communications strategy and corporate image.
  - 1.2 Advise the Board of Directors on the most appropriate structure for its committees in terms of size and balance among the different classes of members existing at any given time and with respect to the necessary skills, knowledge and experience. To this end, the Committee shall periodically review the structure and management of the Board of Directors' committees, especially when any vacancies arise within such bodies.
  - 1.3 Analyze in detail the proposals made by Management regarding the administrative structure in terms of the creation, merger and elimination of departments and jobs it deems necessary for its operation and advise the Board of Directors on the analyzed topics.
2. With respect to appointments and compensation, it shall have the following duties:
  - 2.1 Analyzing in detail the proposals made by Management related to the selection, appointment and remuneration of first level employees in EPM's structure and advising the EPM Board of Directors on the analyzed topics.
  - 2.2 Evaluating the skills, knowledge and experience of the members of the Board of Directors.
  - 2.3 Analyzing the criteria to be followed for the composition of the Board of Directors, proposing guidelines regarding composition and the functional and personal profiles required on the Board of Directors, and evaluating the suitability of candidates considered by the Mayor of Medellín. This is for the profiles to be taken into account when appointing them, presenting recommendations to the Board of Directors whenever there are changes to its members.

2.4 Analyzing and reporting, when appropriate, on the independent status of candidates for membership on the Board of Directors.

2.5 Being aware of actions related to the conduct of members of the Board of Directors that may be contrary to the provisions of the Bylaws of EPM, Rules of Procedure of the Board of Directors and other rules, as well as any actions that may negatively affect the operation of the Board of Directors or reputation of EPM, which shall be reported to the Board of Directors when necessary, in the Committee's opinion.

It shall also inform the Board of Directors when one of its members is involved in any of the cases of incompatibility, ineligibility, legal prohibition or non-compliance.

2.6 Evaluating and informing the Board of Directors of continuous or sporadic incompatibility, ineligibility or conflict of interest situations in which members of the Board of Directors could be immersed directly, indirectly or through a related party.

2.7 Proposing the regulations for the succession of members of the Board of Directors and Senior Management to the Board of Directors.

2.8 When requested, evaluating the candidates for CEO and proposing their removal when deemed necessary.

2.9 Analyzing the remuneration proposals and guidelines of the members of the Board of Directors and Senior Management and providing the recommendations it deems relevant to the Board of Directors.

2.10 Ensuring compliance with and periodically reviewing the applicable rules and guidelines on the remuneration of members of the Board of Directors and Senior Management, as well as the transparency and disclosure of their compensation.

2.11 Making sure information on the remuneration of members of the Board of Directors and Senior Management is included in the Board of Directors' Management Report.

- 2.12 Coordinating the annual evaluation of the Board of Directors, reviewing the results of the process, and making suggestions for the Board of Directors to improve its operations.
  - 2.13 Participating in EPM's annual CEO performance evaluation process. In addition, being aware of the results of evaluating CEOs of subsidiaries.
  - 2.14 Proposing the regulations for EPM's Human Talent Management.
3. Regarding Corporate Governance practices, it shall have the following duties:
- 3.1 Making sure the requirements and procedures for electing the members of the EPM Board of Directors are complied with and defining the general criteria for the composition of the Boards of Directors of other subsidiaries of the EPM Group.
  - 3.2 Coordinating the orientation process of new members of the Board of Directors and promoting their training and updating on topics of interest to the Board of Directors.
  - 3.3 Making sure the EPM Group's Corporate Governance practices, business and administrative conduct and behavior are in accordance with the provisions of the Code of Corporate Governance and other regulations and rules of procedure.
  - 3.4 Analyzing the proposed amendments to the Bylaws and Code of Corporate Governance and submitting the proposed amendments it deems necessary and relevant.
  - 3.5 Making sure investor observations regarding corporate governance practices, provisions and measures are addressed in a timely manner.
  - 3.6 Periodically monitoring the negotiations carried out by members of the Board of Directors and Managers with shares issued by the Group's subsidiaries and, in general, their performance in the stock market.
4. Analyzing all other entrusted management matters with Management in greater detail and providing its recommendation for consideration by the Board of Directors, prior to meetings of the Board of Directors.

5. Reporting to the Board of Directors on the work carried out by the Committee.

**Paragraph.** The scope of the support committees of EPM's Board of Directors does not cover the entire business group. However, the Typical Agenda of each Committee meeting should include information on matters of their interest, with a Group-wide scope.

**Article 8. COMPOSITION.** The Management and Corporate Governance Committee shall be comprised of three (3) members of the EPM Board of Directors, preferably independent. EPM's General Secretary shall participate in the Committee, with voice but without vote. The Committee's members shall have knowledge, skills and experience related to the issues and functions of the Committee, to understand the scope and complexity these matters entail in EPM.

**Paragraph.** Depending on the agenda or the nature of the specific topics addressed in meetings, the Committee may invite members of EPM's Senior Management and those it considers necessary for the meeting's good performance to participate in meetings through the Secretary. The Committee must approve guests' participation at the meetings and shall leave a record of it in the minutes.

Those who participate as guests and are external to EPM must sign a confidentiality agreement before participating in any Committee meeting, which shall only be signed once.

**Article 9. CHAIRPERSON AND SECRETARY.** The Committee shall appoint a Chairperson from among its members, who shall be an independent member, with sufficient capacity and availability to perform such role. In the event of the temporary absence of the Chairperson of the Committee, they shall be replaced by the member appointed for said purpose by the other members present at the meeting.

EPM's Vice President of Human Talent and Organizational Development shall be the Committee's Secretary. The Secretary of the Committee shall appoint the person to replace them in the event of temporary absences and shall inform the Committee in advance.

**Article 10. DUTIES OF THE CHAIRPERSON OF THE COMMITTEE.** The Chairperson of the Committee shall be responsible for:

1. Presiding over meetings and organizing the discussion of the topics submitted for consideration by the Committee, promoting the active participation of the other members and attendees.
2. Presenting the Committee's reports and recommendations regarding the issues and topics submitted to its consideration in all meetings of the Board of Directors, after analysis and review.
3. Presenting a consolidated report once (1) a year to the Board of Directors with the topics the Committee analyzed and with the secretary's support.
4. Making sure Committee meetings address the topics and discussion in depth and generate recommendations for the Board of Directors, while presenting the conclusions, recommendations and main agreements generated in the Committees to the Board of Directors.

**Article 11. DUTIES OF THE SECRETARY OF THE COMMITTEE.** The Secretary of the Committee shall perform the following duties:

1. Calling for ordinary meetings according to the work plan and the availability of the members of the Committee, or extraordinary meetings, if necessary.
2. Preparing and publishing the agenda for the Committee's meetings.
3. Inviting employees or advisors who must present the Committee's topics, in order to support or elaborate on the information on each item on the Agenda.
4. Coordinating the timely delivery of documentation to members of the Committee and standing guests.
5. Preparing the minutes of the meeting in which the topics discussed, reports and recommendations to be submitted to the EPM Board of Directors are recorded.
6. Coordinating any other logistical aspects necessary for the Committee's normal operation.

**Article 12. APPOINTMENT AND CESSATION OF DUTIES OF MEMBERS.** Committee members shall be appointed by the Board of Directors to perform their duties for the same period corresponding to each one of them as member of the Board of Directors. They may be removed at any time and cease their functions:

1. When they lose their status as members of the Board of Directors.
2. When they are no longer independent members (when it applies).
3. By decision of the Board of Directors.

4. By resignation accepted by the Board of Directors.

**Article 13. CALL FOR MEETINGS.** The call for Committee meetings shall be carried out through the Board of Directors' information system and taking the following parameters into account:

1. At the beginning of each fiscal year, the Committee shall approve a schedule of ordinary meetings, which shall consult the agenda of the EPM Board of Directors and the availability of the members of the Committee.

If changes are made to the planned agenda, the Secretary shall coordinate the required adjustments to the Committee's agenda, as well as the necessary logistics for its development.

2. When necessary, extraordinary meetings shall be called, for which the Secretary of the Committee shall report the date and time of the meeting. However, Committee meetings shall also be valid when all its members are present and agree to hold the meeting.
3. The Committee's face-to-face meetings shall be held at EPM's headquarters or where indicated in the notice of meeting, although its members may designate another place for a meeting. In any case, the Committee may also meet remotely, through the mechanisms established in the Rules of Procedure of the EPM Board of Directors.
4. The agenda shall be submitted to the Committee through the Board of Directors' information system at least three (3) calendar days in advance.

**Article 14. QUORUM AND MINUTES.** A Committee meeting shall be considered validly constituted when the majority of its members are present. The Committee's recommendations shall be adopted by a simple majority and be recorded in minutes.

Committee meetings must be documented in minutes signed by the Chairperson and Secretary of the Committee or the people acting in their stead, and held in a minute's book of the Committee, to be kept by the Secretary. Minutes must be approved and signed at the end of the ordinary meeting of the month after their completion. A copy of the minutes shall be sent to all members of the Board of Directors.

**Article 15. CONFLICTS OF INTEREST.** When the topics to be discussed at meetings of the Management and Corporate Governance Committee directly affect any of its members or a related party and, in general, when said member could fall into a conflict of interest situation (according to the terms established in the Rules of Procedure of the Board of Directors and the Conflict of Interest Manual), said member shall state it at the beginning of the meeting, in order to temporarily withdraw while the topic is being discussed. This situation shall be recorded in the corresponding minutes.

Doubts regarding the configuration of a situation that implies a conflict of interest related to a given topic does not exempt the Committee member from the obligation to abstain from participating in the respective deliberations.

**Article 16. ACCESS TO AND CONFIDENTIALITY OF INFORMATION.** Committee members may have free access, through the Secretary of the Committee, to the information or documentation available at EPM considered necessary for compliance with their duties.

It is the duty of Committee members to preserve the reservation and/or confidentiality of the information or documentation submitted for their consideration, when so indicated in the respective document or as advised by the area responsible for the information, and they may only use it for the Committee's own purposes.

**Paragraph.** The Committee may determine that the information to be submitted for consideration by the Board of Directors with respect to a matter shall not be previously published on the Board's information system or subsequently provided to members of the Board. In this case, the decision shall be reported to the other members of the Board of Directors prior to the respective meeting.

**Article 17. OPERATION OF THE COMMITTEE.** The Committee shall meet at least every two (2) months when called by its Secretary and, extraordinarily, at any moment, at the request of at least two (2) of its members or the Chairperson of the Committee. At the first meeting of each year, the Committee shall approve its typical agenda in accordance with its functions and the typical agenda of EPM's Board of Directors.

**Article 18. OPERATIONAL RULES OF THE MEETINGS:** The Committee must observe the following operational rules to optimize times and ensure compliance with its functions:

1. Listening to presenters before speaking. Committee members may question presenters when formulating questions or to request clarification of an aspect related to the topic being presented.
2. Being concise, clear, and constructive in presentations. Always seeking to enrich discussions and analysis.
3. Not repeating what other Committee members already stated.
4. The following must be taken into account during discussions: (i) The Chairperson's prior authorization is required to take the floor; (ii) The Chairperson shall give the floor in the order it was requested; (iii) The discussion shall be ended when the Committee Chairperson decides the topic has been sufficiently presented and analyzed; (iv) Committee members shall only refer to the topic currently under discussion.
5. Once the Committee has analyzed and concluded a topic, it shall only discuss it again if new elements arise.

**Article 19. EXTERNAL ADVISORS.** The Committee may request contracting external and independent advisors at its discretion and with the approval of the Board of Directors, to effectively fulfill its functions.

**Article 20. PRINCIPLES APPLICABLE TO THE COMMITTEE'S ACTIONS.** The Committee's actions must be in accordance with EPM's values and principles.

**Article 21. EVALUATION OF THE COMMITTEE.** The members of the Committee shall conduct an annual review of their work in the form of a self-evaluation and report the results to EPM's Board of Directors.

**Article 22. REMUNERATION OF THE COMMITTEE.** Committee members shall have a right to receive remuneration for attending and participating in meetings, according to the current provisions.

**Article 23. COMMITMENTS TO ACT.** In addition to their duties and responsibilities as members of the Board of Directors and those established in these Rules of Procedure, Committee members must attend meetings, prepare the topics to be discussed and maintain the confidentiality of the Committee's discussions.

**Article 24. TERM.** This decree is effective as of its date of issuance and repeals any regulations otherwise, particularly Decree 398 of May 24, 2016.

Issued in Medellín on April 26, 2022.

**CHAIRMAN,**

**DANIEL QUINTERO CALLE**

**SECRETARY,**

**MARÍA CRISTINA TORO RESTREPO**