

**INTERNAL REGULATION OF OPERATION OF THE BOARD OF DIRECTORS OF FINANCIERA DE  
DESARROLLO NACIONAL S.A. – FDN**

The Board of Directors of Financiera de Desarrollo Nacional S.A. – FDN (the “Company”), in exercise of the powers set out in Articles 16.8 and 17(a) of the Bylaws, approved the following Regulation (as amended from time to time, the “Regulation”).

1. **Purpose.** The purpose of this Regulation is to define the basic rules of operation of the Board of Directors of the Company, as well as the basic principles of conduct of its members. The above, in accordance with the provisions of the applicable laws and the Bylaws.
2. **Scope of Application.** This Regulation shall apply to members of the Board of Directors of the Company and its sessions, whether regular or special. As far as relevant, the administration of the Company shall also be covered by the provisions of this Regulation where necessary to summon and participate in the sessions of the Board of Directors.
3. **Knowledge of the Regulations.** Members of the Board of Directors must know the Regulation, comply with it and enforce it. For the above purpose, the Secretary of the Board of Directors will send by email a copy of the Regulation in force to each member of the Board of Directors and any amendments thereof. The delivery of the Regulation may also be made at the induction session for new board members.
4. **Meetings.**
  - 4.1. The Board of Directors shall meet regularly at least once (1) a month and may meet extraordinarily where necessary whenever convened by the Chairman of the Board of Directors, by the President of the FDN, by the tax auditor or by three (3) of its members. Calls for Board meetings, whether regular or special, shall be made by written communication addressed to the address recorded in the Company by each member of the Board of Directors, or by e-mail addressed to each of its members (to the address they have previously informed the Company by e-mail addressed to [secretariageneral@fdn.com.co](mailto:secretariageneral@fdn.com.co)) at least five (5) Business Days in advance.
  - 4.2. Notwithstanding the foregoing, the Board of Directors may validly meet any day and anywhere (including distance meetings) without prior call, when all of its members are present.
  - 4.3. The Board of Directors may also hold distance meetings, where by any means all members of the Board of Directors may deliberate and decide by simultaneous or successive communication and fully complying with other legal requirements. In accordance with Article 2.2.1.16.1. added by Decree 398/2020 to Decree 1074/2015 when reference is made to "all partners or members" it is understood that they are those participating in the distance meeting, provided that the number of participants needed to deliberate as established by law and the Bylaws is present.
  - 4.4. Decisions of the Board of Directors shall also apply where, in writing, all members of the Board of

Directors express the sense of their vote, provided that it is done in accordance with the applicable legal provisions.

5. **Meetings Schedule.** The Board of Directors shall annually approve, at the last regular session of the year, the meetings schedule for the following year. The Board of Directors shall hold at least twelve (12) sessions each year. The schedule to be approved by the Board of Directors will include at least one (1) session aimed at defining, reviewing and monitoring the FDN's strategy.
6. **Agenda and Supporting Documents.**
  - 6.1. The agenda of the sessions of the Board of Directors shall be prepared by the Secretary of the Board of Directors as defined with the Chairman of the Board of Directors and the President of the Company. In any case, the agenda should take into account the requests of the other members of the Board of Directors and senior management (as defined in the Code of Corporate Governance), if any.
  - 6.2. Together with the agenda, the minutes of the previous session and the supporting documents of the matters to be discussed at the respective session will be published on the Diligent Boards platform (or the one used by the General Secretariat instead), at least five (5) calendar days in advance.
  - 6.3. The Chairman of the Board of Directors and the Secretary of the Board of Directors shall ensure that the delivery of information and other supporting documents is timely, complete and contains sufficient and necessary material for the development and decision-making at each session of the Board of Directors.
  - 6.4. The agenda may be amended between the date of publication on the platform and the date of the respective meeting when the Chairman of the Board of Directors, the President of the Company and/or the Secretary of the Board so define due to the importance of the topics to be addressed. At the relevant session, the Secretary of the Board of Directors shall inform the other Board members of the amendment(s) and, if applicable, explain the reasons for the change. Similarly at the relevant session, members of the Board of Directors will approve the respective agenda, and may propose and approve changes thereto.
  - 6.5. The agenda shall always include, in addition to the matters proposed by the Chairman of the Board and Company management:
    - 6.5.1. An item assigned to the affairs of the President of the FDN, to submit an activity report or to address last-minute issues or matters to be addressed.

6.5.2. Before the matters to be discussed and/or decided, an item at which the members of the Board of Directors state whether or not they are in a conflict of interest situation concerning the issues to be discussed at that session. In the event that any manifests the existence of a situation of potential conflict of interest, it must comply with the provisions of the Policy and Procedure for the Administration of Conflicts of Interest of FDN Administrators approved by the General Shareholders' Assembly.

## **7. Meeting Attendance.**

- 7.1. All members of the Board of Directors shall be summoned to all its meetings.
- 7.2. The President of the Company and the Vice-Presidents of the Company who the President of the Company deems appropriate shall also attend the sessions of the Board of Directors, with a voice but without a vote.
- 7.3. Likewise, and as the Chairman of the Board of Directors or the President of the Company deems it necessary for the topics to be discussed, the meetings of the Board of Directors may attended, with a voice but without a vote, by officials of the Company and/or outside guests that they deem necessary. In these cases, both officials and guests will only be able to attend during the discussion of the point that warrants their presence, reason why they will enter at the beginning of the discussion of the item and leave at the conclusion of the item. They will not be able to attend discussions on other matters, even concerning their same area or vice presidency.
- 7.4. All attendees of the sessions of the Board of Directors whether members, officials of the Company or guests shall have an obligation to keep in reserve the information and content of the discussions of the sessions of the Board of Directors.

## **8. Election Process of Board Members.**

- 8.1. For the nomination and election of the members of the Board of Directors, the process provided for in Article 5.2.2 of the Code of Corporate Governance shall be followed. Prior to the election of new members of the Board of Directors, the Corporate Governance, Remuneration and Appointments Committee will verify compliance with the general qualities that candidates must have, as well as the special conditions required to be considered as an Independent Director. It shall also verify the existence of inabilities and incompatibilities that prevent the appointment as a member of the Board.
- 8.2. The Board of Directors shall ensure that the process of nominating and electing the members of the Board of Directors is carried out in compliance with the provisions of the Company's Bylaws, the Code of Corporate Governance and other rules established for this purpose.
- 8.3. Members of the Board of Directors may only carry out their duties in such capacity once their possession is authorized by the Superintendence of Finance of Colombia.

## **9. Induction of New Members and Training.**

- 9.1. Where the General Shareholders' Assembly of the Company appoints a person as a member of the Board of Directors who has not previously served as such, the Administration shall provide the new member with detailed information on the FDN, its operations, the rules of operation of the Board of Directors and committees and other information necessary to understand the dynamics of the Company.
- 9.2. The Board of Directors, through the Corporate Governance, Remuneration and Appointments Committee, shall coordinate with the Administration the process of induction for the new members of the Board of Directors.
- 9.3. The General Secretariat shall submit annually a training plan to the members of the Board of Directors, which takes into account issues related to their duties, obligations and responsibilities as administrators of the Company, as well as matters that may be of interest to the activities carried out by that body.

#### **10. Composition of the Board of Directors.**

- 10.1. FDN Board of Directors is composed of nine (9) members elected by the General Shareholders' Assembly for periods of two (2) years. Six (6) of the members of the Board of Directors are nominated by the Nation – Ministry of Finance and Public Credit, of which at least three (3) must be Independent Directors. Each of IFC, CAF and Sumitomo Mitsui Banking Corporation shall have the right to nominate one (1) member of the Board of Directors, provided that supranational investors (these being the IFC and CAF; hereinafter the "Supranational Investors") together hold at least 5% of the Company's ordinary and outstanding shares.
- 10.2. In order to serve as an independent member of the Board of Directors, the respective member shall comply with the criteria of independence defined in Law 964/2005 and in addition those provided for in article 42 of the Company's bylaws.

#### **11. Chairman of the Board of Directors.**

- 11.1. The Board of Directors shall have a Chairman elected from its members who shall initially be elected for the same period as the Board (i.e. 2 years), and may be re-elected indefinitely while serving as a member of the Board.
- 11.2. The member of the Board of Directors who is nominated to be Chairman (i) shall have the quality of independent; and (ii) meet the criteria set out in Article 38 of the Company's Bylaws. In the absence of the Chairman of the Board of Directors, the respective session shall be chaired by the member of the Board of Directors appointed by that body as ad-hoc for the relevant session.

#### **12. Functions of the Chairman of the Board of Directors.**

The Chairman of the Board of Directors, in development of his office, will have the following functions:

- 12.1. Ensure that the Board of Directors efficiently sets and implements the strategic direction of the Company;
- 12.2. Coordinate and plan, with the support of the President of the Company and the Secretary, the operation of the Board. For this purpose, an annual work plan shall be defined and the agendas of the respective sessions shall be prepared;
- 12.3. Act as a liaison between Shareholders and the Board of Directors;
- 12.4. Ensure the timely and correct delivery of information to be provided to the members of the Board of Directors with the support of the Secretary of the Board;
- 12.5. Chair meetings, moderate discussions, ensuring the active participation of all actors;
- 12.6. Ensure and follow up, with the Secretary's support on the requests and decisions of the Board of Directors;
- 12.7. Lead, with support from the Corporate Governance, Remuneration and Appointments Committee, the annual evaluation process of the Board of Directors and Committees, except for their own assessment
- 12.8. Monitor, with the support of the Secretary, the assistance, timeliness and permanence of the members of the Board at the meetings of the Board;
- 12.9. Coordinate with the Secretary and the President of the Company, the call to special sessions in accordance with the provisions of the Bylaws;

**13. Secretary of the Board of Directors.**

- 13.1. The Secretary of the Board of Directors shall be an officer of the Company, appointed by the Board of Directors, on the basis of the proposals submitted by the President of the FDN. In any event, in the development of his duties as Secretary of the Board of Directors, he shall report directly to it and shall enjoy independence in the exercise of those functions.
- 13.2. In the absence of the Secretary, the Board of Directors shall appoint an ad-hoc secretary for the relevant session.
- 13.3. In addition to the functions established by the Law or the Bylaws, the Secretary of the Board of Directors shall have the following functions:
  - 13.3.1. Coordinate with the President of the Company and the Chairman of the Board of Directors, the organization of the sessions of the Board of Directors, including the preparation of the Agenda of each session and the call to the sessions in accordance with the annual schedule;

- 13.3.2. Deliver in a timely manner the information and other supporting documents for the development and decision-making by the Board of Directors;
  - 13.3.3. Reflect in the minutes of the Board of Directors what happened at its meetings, in accordance with the terms provided for in the law and properly preserve company documentation;
  - 13.3.4. Ensure proper compliance with the rules applicable to the Board of Directors and its members, as well as that the decisions and actions of that body are carried out within the legal framework, while ensuring that government procedures and rules are respected and regularly reviewed.
  - 13.3.5. Follow up on commitments and requests made by the members of the Board of Directors; and
  - 13.3.6. Provide the members of the Board of Directors with the assistance and information they require for the performance of their duties, as well as process requests for information from members of their own affairs for the performance of their duties.
14. **Committees of the Board of Directors.**
- 14.1. The Board of Directors shall constitute and maintain the following Committees which, except for a special provision in this Regulation or the Bylaws, shall be composed of at least three (3) members of the Board of Directors of which at least one shall have the status of independent member of the Board of Directors:
    - 14.1.1. Audit Committee;
    - 14.1.2. Investment Committee,
    - 14.1.3. Risks Committee, and
    - 14.1.4. Corporate Governance, Remuneration and Appointments Committee.
  - 14.2. Each Committee shall have a Chairman, elected from the independent members who are part of the respective Committee, for the same period as the Board of Directors (i.e. 2 years), and may be re-elected indefinitely while serving as a member of the respective Committee.
  - 14.3. The Audit and Corporate Governance, Remuneration and Appointments Committees shall be mostly independent.
  - 14.4. In the selection of the members of each Committee, the Board shall take into account the knowledge and experience of each member in relation to the functions and subject matter of each of the Committees.
15. **Remuneration of the Members of the Board of Directors.**

Members of the Board of Directors shall be entitled to receive remuneration approved by the General Shareholders' Assembly in accordance with the provisions of the Bylaws and in the Remuneration and Reimbursement Policy approved by the Assembly for their attendance at each session of both the Board of Directors and the Committees to which they belong (for clarity purposes, if any member of the Board of Directors attends a committee session as a guest, he shall not be entitled to receive remuneration for such Attendance).

They shall also be entitled to reimbursement of expenses in accordance with the Shareholders Agreement and the Remuneration and Reimbursement Policy approved by the General Shareholders' Assembly.

**16. Minutes.**

16.1. What happens at the meetings of the Board of Directors shall be recorded in minutes to be signed by the Chairman of the Board of Directors and the Secretary. In the cases referred to in Articles 19 and 20 of Law 222/1995 and numerals 4.3. 4.4. of this Regulation, the minutes shall be signed by the legal representative and the secretary of the Company.

16.2. The minutes shall contain at least: the place, date and time of the meeting, the quorum, the matters discussed, the decisions made and the number of votes cast in favor, against or blank, with the exceptions provided by the law, the written records submitted by the attendees, the designations made and the date and time of closure; in addition to the above, will be headed by its consecutive number.

**17. Functions of the Board of Directors.**

17.1. Pursuant to Article 17 of the Bylaws, the following are functions of the Board of Directors:

17.1.1. Determine its own regulations;

17.1.2. Lead the selection process (in line with the provisions of the Code of Corporate Governance) and appoint the President of the Company and its alternates and indicate their remuneration, without prejudice to their removal at any time. Likewise, the board of directors will determine the remuneration policy of the Second Line of Management, based on the recommendation of the corporate governance, remuneration and appointments committee;

17.1.3. Through the Corporate Governance, Remuneration and Appointments Committee, know and give an opinion on candidates to hold positions on the Second Line of Management;

- 17.1.4. Designate for the corresponding periods the persons who will make up the Committees, as well as establish the creation of committees, other than those established in Article 16.3 of the Bylaws, when it deems it necessary or appropriate or when it is to be created in accordance with the law, as well as to define its functions;
- 17.1.5. Determine and modify, whenever it deems necessary, the policies to be fulfilled in the operation of the Committees;
- 17.1.6. Serve as an advisory body to the President of the Company;
- 17.1.7. Examine the Company's account books, documents and cash, verify stocks and other securities at any time and order the preparation of special purpose financial statements at any time whenever it deems convenient, by its own or through commissions;
- 17.1.8. Call the general shareholders assembly to regular or special meetings;
- 17.1.9. Act, through the Chairman of the Board, as a liaison between the Company and its shareholders;
- 17.1.10. Establish branches, agencies or other offices of the Company, inside or outside the country, with the authorization of the SFC;
- 17.1.11. Approve and/or modify the Company's Business Plan and Strategic Plan and follow up on them (including the Company's budget and management indicators or objectives);
- 17.1.12. Establish general policies for the management of the entity, including financial and investment policies;
- 17.1.13. Issue credit regulations;
- 17.1.14. Authorize credit operations, and indicate, where deemed appropriate, the amount of credit operations that the President may approve without prior consultation with the Board of Directors;
- 17.1.15. Define the characteristics of the securities issued by the Financial Institution;
- 17.1.16. Consider intermediate balance sheets and income statements;
- 17.1.17. Submit to the general shareholders assembly, together with the financial statements for the end of the financial year, the management report provided for in the law and the respective proposal for profit distribution or cancellation of losses;
- 17.1.18. Enforce the guidelines of the general shareholders assembly and their own decisions and ensure strict compliance with statutory provisions;



- 17.1.19. Interpret the provisions of the bylaws that offer doubt and temporarily fix their meaning while the general shareholders assembly meets and ultimately resolves;
- 17.1.20. Approve the organization chart of the Company and the succession policy up to the Second Line of Management;
- 17.1.21. Approve any agreement under which any guarantee, indemnity or bond is constituted with respect to the obligations or solvency of any third party or any similar obligation, provided that they are guarantees, indemnities and bonds outside the ordinary course of the Company's business as a credit establishment;
- 17.1.22. Define, approve and supervise the implementation of general strategies and policies related to the Company's internal control system. As well as oversee the suitability, and reliability of internal systems, including the independence and integrity of the internal audit function;
- 17.1.23. Designate the person in charge of the internal audit area and approve sufficient resources for its operation;
- 17.1.24. Define and approve the entity's policies and manuals on market risk management, liquidity risk, credit risk, risk of money laundering and terrorism financing, operational risk and others defined by applicable law;
- 17.1.25. Periodically monitor, with the support of the Risk Committee, the Company's exposure to risks, in accordance with the risk appetite framework, policies and limits defined by the Board of Directors;
- 17.1.26. Appoint judicial legal representatives and their alternates, who will be responsible for the representation of the Company in all civil, commercial, administrative, criminal, labor, police and in general all those procedures of a governmental, contentious administrative and judicial nature in which the Company has participation. They may also act on behalf of the Company in out-of-court proceedings in cases defined by the Board of Directors for that purpose. Judicial legal representatives must take office before the Colombian Superintendence of Finance of Colombia;
- 17.1.27. Approve the regulations for the subscription of shares, bonds and other securities;
- 17.1.28. Delegate in the President or one of the vice-presidents the functions not attributed exclusively to him by law;
- 17.1.29. Approve and follow up on compliance with the Code of Corporate Governance and the FDN Code of Ethics and Conduct, which shall include, among others, policies related to anonymous reporting systems;

- 17.1.30. Submit annually to the General Shareholders' Assembly a follow-up and compliance report on the Corporate Governance practices of the Company;
- 17.1.31. Propose to the General Shareholders' Assembly the succession policy of the Board of Directors;
- 17.1.32. Approve a policy for the appointment of the Tax Auditor which must be disclosed to shareholders;
- 17.1.33. Lead the process of selecting the Fiscal Auditor, through the Audit Committee, and recommend to the Assembly its appointment;
- 17.1.34. Annually evaluate the performance of the President of the Company and know the evaluations of the Second Line of Management, through the Corporate Governance, Remuneration and Appointments Committee;
- 17.1.35. Appoint the Secretary of the Board of Directors, in accordance with Article 16.12 of these bylaws, without prejudice to the fact that it may remove him at any time;
- 17.1.36. Approve investments, disinvestments or other transactions that, by their amount and characteristics, are classified as strategic or affect strategic assets and/or liabilities. For this purpose, any disposal or agreement for the disposal of the Company's assets or business in one or more transactions representing together up to twenty percent (20%) net value thereof is deemed strategic;
- 17.1.37. Approve the execution of operations, job offers or agreements with any Related Party;
- 17.1.38. Know and manage conflicts of interest within its competence, in accordance with the policies defined for this purpose;
- 17.1.39. Ensure that the nomination and election process of the members of the Board of Directors is carried out in compliance with the provisions of the Bylaws and other rules established for this purpose;
- 17.1.40. Propose to the General Shareholders' Assembly the Remuneration and Reimbursement Policy of the Board of Directors;
- 17.1.41. Approve the subscription of any obligation outside the normal course of business that may involve the payment of sums over five million dollars (USD\$5,000,000);
- 17.1.42. Approve the Company's information disclosure policy, which shall provide, among others, for communication mechanisms with shareholders and other stakeholders; and
- 17.1.43. The others that correspond to it under the law or these bylaws, as well as those assigned to it by the general shareholders assembly.

17.2. The functions provided for in the previous article cannot be delegated and are exclusive of the Board of Directors except as set out in the sections 17.1.6, 17.1.8, 17.1.10, 17.1.14, 17.1.17, and 17.1.18.

**18. Quorum and Majorities.**

18.1. Deliberative quorum of the Board of Directors shall be deemed to exist where the majority of the members of the Board of Directors are present or attend the meeting, this is half plus one of the members, provided that at least one Independent member and one of the members nominated by IFC and CAF are present at the same session.

18.2. Decisions of the Board of Directors shall be taken with the majority of members present, with the exception of the special majorities provided for in the Law and Article 37 of the Bylaws and Article 19 of this Regulation.

**19. Special Majorities.**

19.1. In the terms provided for in Article 37 of the Bylaws, the approval of the matters listed below requires a majority of votes from the members present at the meeting, including the consent of at least one of the members nominated by IFC or CAF, provided that IFC or CAF maintains and has exercised their respective rights to nominate a director:

19.1.1. Approval or modification of the Business Plan (including the Company's budget);

19.1.2. Any disposal or agreement for the disposal of the Company's assets or business in one or more transactions representing together up to twenty percent (20%) the net value thereof;

19.1.3. The subscription of any obligation outside the normal course of business that may involve the payment of sums over five million dollars (USD\$5,000,000); and

19.1.4. Execution of operations, job offers or agreements with any Related Party.

19.2. Provided that Sumitomo Mitsui Banking Corporation maintains the right to nominate a member of the Board of Directors and/or exercises such right, the consent of that member shall be required for the purpose of approving any of the decisions or actions referred to in sections 19.1.3 and 19.1.4 above.

20. **Inabilities and Incompatibilities.** Members of the Board of Directors shall be subject to the rules of the Organic Statute of the Financial System and other provisions of a legal, regulatory or statutory nature, concerning inabilities and incompatibilities for exercise of the office.

**21. Duties of Board Members.**

21.1. In addition to the provisions of the Law, members of the Board of Directors shall have the following

duties, which they shall comply subject to the principle of good faith:

- 21.1.1. Duty of Diligence or Care: Under this duty, members of the Board of Directors shall act in accordance with current standards and comply with the policies and processes of the FDN. In addition, the members of the Board of Directors undertake to be sufficiently and appropriately informed for decision-making within the Board of Directors.
- 21.1.2. Duty of Loyalty: The members of the FDN Board of Directors will act in a fair and loyal manner with the Company. In order to ensure the duty of loyalty, members of the Board of Directors shall, among others, (i) disclose any situation that may cause a potential conflict of interest; (ii) avoid exercising their powers for purposes other than those for which those powers were granted to them; and (iii) act righteously in order to develop the corporate purpose of the FDN.
- 21.1.3. Duty of Non-Compete: Under this duty, members of the Board of Directors may not carry out activities directly or indirectly involving competition with the FDN, either for their own benefit or for the benefit of third parties.
- 21.1.4. Duty of Secrecy: The information received by the members of the Board of Directors for the exercise of their duties is confidential. In this sense, they may not disclose it, even after the termination of their relationship with the Company.
- 21.1.5. Duty of Not Using Company Assets for Own Benefit: Members of the Board of Directors may only use company assets for the performance of their duties. In no way will Board members use company assets for their own benefit or for a third party.

## **22. Conflicts of Interests.**

- 22.1. Members of the Board of Directors shall act with due diligence and loyalty refraining from acting in situations of real or potential conflict between their duties to the Company and their personal and/or professional interests. To this end, in the event where they are faced with, or have doubts about, the existence of the conflict of interest, they must comply with the provisions of the Policy and Procedure for the Administration of Conflicts of Interest of the FDN Administrators approved by the General Shareholders' Assembly.
- 22.2. Where a member of the Board of Directors refrains from participating in a decision for being in a potential conflict of interest, the Secretary of the Board shall record the abstention in the respective minutes.
- 22.3. In any event, and in line with the provisions of the Policy and Procedure for the Administration of Conflicts of Interest of FDN Administrators, the Chairman of the Board may, according to the circumstances of each case, take additional measures to adequately manage conflict-of-interest situations, such as the decision to separate the respective member from the deliberation of the relevant item.

23. **Hiring Advisors.** The Board of Directors may request the Administration hire independent external advisors where it deems it necessary for the proper development of its functions.
24. **Evaluation.** The Board of Directors will conduct a comprehensive performance assessment process annually before the end of each calendar year. The Board's evaluation process should include self-assessment processes, as well as processes with external advisors.
25. **Prevalence.** In the event of any discrepancy or inconsistency between this Regulation, the provisions of the Bylaws or the Code of Corporate Governance, the provisions of the latter shall prevail in any case.