

# Requirements for proxies and unauthorized practices

Article 184 of the Colombian Code of Commerce provides the legal requirements for proxies so as to shareholders may be represented in the shareholders' meetings:

**“ARTICLE 184. REPRESENTATION OF MEMBERS IN THE SHAREHOLDERS' OR PARTNERS' MEETING:** Each member may be represented in the meetings of Shareholders or partners through a proxy granted in written, indicating the name of the legal representative, the person to whom they may replace, if applies, the date or time for which the power is granted and other requirements indicated in the bylaws.

Proxies granted abroad will only require the formalities described herein.”

According to Article 185 of the Colombian Code of Commerce, it is forbidden for shareholders to grant proxies to administrators and employees of the Company:

**“ARTICLE 185. INCOMPATIBILITIES FOR ADMINISTRATORS AND EMPLOYEES:** Except in the cases of legal representation, while the corporation's administrators and employees are in exercise of their positions they may not represent shares other than their own at the shareholders' or partners' meetings and they are not allowed either to substitute the proxies granted to them.”

“They may also not vote the balance sheets and year-end accounts or those of the liquidation.”

## **External Circular 24, 2010 (Basic Legal Circular 028, 2014 – Part III, Title I, Chapter VI) by Financial Superintendence of Colombia.**

This Circular sets out illegal, unsafe and unauthorized practices regarding representation of shareholders of securities issuers in shareholders' meetings:

### **Illegal, unauthorized and unsafe practices of securities issuers**

#### **1.1. Regarding representation of shareholders of securities issuers in shareholders' meetings**

Since they may constitute a contravention to the provisions of articles 184 and 185 of the Commercial Code and article 23 of Law 222 of 1995, particularly numbers 2, 6 and 7, securities issuers shall refrain from carrying out, directly or indirectly, the following:

1.1.1 Encouraging, promoting or suggesting to shareholders the granting of proxies in which the name of the representative for the shareholders' meetings of the respective corporations is not clearly defined.

1.1.2 Receiving from shareholders proxies for shareholders' meetings in which the name of the respective representative is not clearly defined.

1.1.3 Admitting as valid for participation in the shareholders' meetings proxies granted by shareholders without full compliance with the requirements established in article 184 of the Commercial Code.

1.1.4 In the case of those who according to the bylaws hold the legal representation of the corporation, of liquidators, and of all other officials of the corporation issuing the shares, suggesting or determining the name of those who shall act as shareholders' proxies at the meetings.

1.1.5 In the case of those who according to the bylaws hold the legal representation of the corporation, of liquidators, and of all other officials of the corporation issuing the shares, recommending shareholders to vote for a certain ballot.

1.1.6 In the case of those who according to the bylaws hold the legal representation of the corporation, of liquidators, and of all other officials of the corporation issuing the shares, suggesting, coordinating or agreeing with any shareholder or shareholders' representative, the presentation to the meeting of motions to be submitted for its consideration.

1.1.7 In the case of those who according to the bylaws hold the legal representation of the corporation, of liquidators, and of all other officials of the corporation issuing the shares, suggesting, coordinating or agreeing with any shareholder or shareholders' representative, the voting in favor or against any motion submitted for its consideration.

At any rate, managers and employees of the corporation issuing the shares may exercise their political rights inherent to their own shares and to those represented by them when acting as legal representatives.

## 1.2 Corrective measures.

In the event of any of the situations established above, it shall be proceeded as follows:

1.2.1 Managers shall return to the constituents of their proxies any proxy that may contravene the provisions above.

1.2.2 Managers shall inform shareholders that proxies may not be granted to persons that are directly or indirectly related to the corporation's management or employees.

1.2.3 Managers may not receive special proxies prior to the convening notice that informs the issues to be dealt with at the respective meeting.

1.2.4 Managers shall adopt any necessary measures so that officials of the respective corporation act neutrally with regard to shareholders.

1.2.5 Prior to the shareholders' meeting, managers shall adopt any appropriate and sufficient measures to guarantee effective participation of shareholders at the meeting as well as the exercise of their political rights.

1.2.6 The boards of directors of corporations issuing shares shall be bound to establish in writing appropriate and sufficient measures aimed at ensuring compliance with the provisions of number 1 hereof. Such measures shall be directed to legal representatives, managers and other officials of the respective corporation so as to ensure that they give equitable treatment to every shareholder thereof.

1.2.7 For matters hereof, the respective board of directors shall adopt control mechanisms in writing and shall design and implement specific procedures and designate officials responsible for verifying correct compliance with such procedures.

1.2.8 Prior to every meeting, the members of the board of directors shall request officials in charge the verification of the procedures referred to above so that they are informed of compliance with the provisions hereof, and they shall take the necessary measures to remedy eventual failings detected by the mentioned officials responsible of verification.

1.2.9 Prior to the execution of the respective shareholders' meeting, the measures and mechanisms referred to herein shall be reported by the chairman of the board of directors to the market in general through the Delegate Superintendent for Issuers, Investment Portfolios and Other Agents.

Consult here the communication sent by the [Chairman of ISA's Board of Directors to the Superintendence delegated for Issuers, Investment Portfolio and other agents](#), where actions to comply with the External Circular 24 of 2010 (Basic Legal Circular 028 of 2014 – Part III, Title I, Chapter VI).

## **PROXY TEMPLATES**

In order to facilitate a duly representation of shareholders in the shareholders' meeting, ISA provides the following proxy templates, which may be used as the case may be.

These proxy templates are not mandatory. They are only referents that shareholders may use or not. In any case, proxies granted must comply with the legal requirements before indicated.

The templates include the agenda items and the corresponding propositions or proposals of Agreement that will be subject to the consideration of shareholders, so shareholders, if they deem appropriate, indicate the sense of their vote to their proxy.

Consult [here](#) the different proxy templates for the shareholders meetings.