



**MANUAL ON CONFLICT OF
INTEREST, USE OF PRIVILEGED
INFORMATION AND RELATIONS
WITH RELATED PARTIES
GRUPO BOLÍVAR S.A.**

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Conflict of Interest and Use of Privileged Information Manual

NOTE: In compliance with the Corporate Governance Code of Grupo Bolívar S.A., the Board of Directors has set a number of principles and rules encompassing this Conflict of Interest and Use of Privileged Information Manual.

SECTION I. General Aspects

Art. 1 **.-Purpose.** By means of this Conflict of Interest and Use of Privileged Information Manual, Grupo Bolívar S.A. provides the principles, policies and measures to detect, prevent and manage possible conflicts of interest that may arise in virtue of the performance and development of the various activities conducted by the Company.

Art. 2 **.-Scope of Application.** This Conflict of Interest and Use of Privileged Information Manual shall apply to the managers¹, employees and any individuals involved in the different areas of Grupo Bolívar S.A.

Art. 3 **.- General Policies for Conflicts of Interest with Grupo Bolívar S.A.** In accordance with article 23 No. 7 of Law 222 of 1995², the managers, senior directive officers and employees of the Company must refrain from participating by themselves or through others, for any personal or third party interest, or cease any activity, in such matters that may compete with the Company, or in any acts respect to which there is a conflict of interest, except for express authorization from the competent authority.

Any question about the configuration of an eventual conflict of interest, shall not excuse such people mentioned above who are obliged to refrain from participating in conflict-generating activities.

SECTION II. General Conflict of Interest

Art. 4 **.- General duties.** The managers, senior directive officers and in general any employees or people related to the areas of Grupo Bolívar S.A. shall:

- 4.1. Inform their immediate supervisors of the existence of eventual conflicts of interest in which they might be involved as a result of family, personal or business relationships.
- 4.2. Keep confidentiality and secrecy on such information on Grupo Bolívar S.A. to which they might have access in virtue of their functions or work, or by virtue of the position they hold.
- 4.3. Refrain from using privileged information for their or third parties' benefit.
- 4.4. Refrain from providing inaccurate or untrue information about the Company.
- 4.5. Take undue advantage of the benefits provided exclusively by Grupo Bolívar S.A. in favor of its employees or related people, for the benefit of others.

Art. 5 **.- Situations and Conducts Generating Conflict of Interest.** Following are, without limitation, certain situations that might give rise to conflict of interest:

¹ In accordance with article 22 of Law 222 of 1995 managers are: "the legal representative, the liquidator, the factor agent, the members of boards or directive councils and those who hold or exercise such duties according to the bylaws".

² Article 23 Numeral 7 of law 222 of 1995 provides: "Managers shall act in good faith, with loyalty and diligence as a good businessman. The activities thereof shall be performed in interest of the company, taking into account the interests of its associates. In compliance with their duties, managers shall: ...7. Refrain from participating by themselves or through others, for any personal or third party interest in such activities that might compete with the company, or in any acts respect to which there is a conflict of interest, except for express authorization from the board of partners or the general assembly of shareholders".

- 5.1. The acquisition or procurement by Grupo Bolívar S.A. of fixed assets from managers or employees of the Company, when those participating in the analysis or the respective decision-making are the owners of the assets or the spouses, permanent companions or relatives up to the second degree of consanguinity, second affinity or single civil degree with the owners thereof.
- 5.2. The acquisition or procurement by Grupo Bolívar S.A. of fixed assets from corporate entities, respect to which the manager or employee of the Company participating in the analysis or decision-making, is a partner of the corporate entity in an interest greater than ten percent (10%) in the capital stock, or is the spouse, permanent companion or relative up to the second degree of consanguinity, second affinity or single civil degree of such partner that holds ten percent (10%) in the capital stock.
- 5.3. Decisions regarding the appointment of senior management, legal representatives, committee members when whoever makes the decision is part of the list of candidates for such offices, or involves individuals who are spouses, permanent companions or relatives up to the second degree of consanguinity, second affinity or single civil degree of the individual making the decision to designate or appoint the respective officer, subject to that provided in the existing regulations.
- 5.4. The analysis and approval of credit operations requested by individuals who are spouses, permanent companions or relatives up to the second degree of consanguinity, second affinity or single civil degree of such individual involved in the process of review and approval, subject to that provided in the existing regulations.

Art. 6.- **Procedure for resolution and disclosure of conflicts of interest.** When any manager, officer or individual related to a specific area of Grupo Bolívar S.A. finds that in the exercise of his/her functions he/she might be facing a conflict of interest, either directly or indirectly through third parties, he/she shall immediately inform to his/her superiors, describing the situation and providing any information that is relevant to make the corresponding decision and, in any case, shall not participate in the discussion and decision of the matter generating the conflict of interest.

6.1. Management of conflict of interest when an officer is involved: The superior of the officer shall evaluate the situation and decide on the actual existence of the conflict of interest and will respond in writing to the officer involved informing the decision made and also sending copy of this decision to the Corporate Governance Management for purposes of records.

In the event that the superior considers the actual existence of the conflict of interest, he/she shall designate another officer to continue with the activities, if the case may be.

6.2. Management of conflict of interest when a Senior Management member of the Company is involved: When a Senior Management member of the Company faces a conflict of interest, he/she shall report such situation to the President of the Company, describing the situation and providing any information that is relevant to make the corresponding decision.

The President shall evaluate the situation reported and, if deemed necessary, he/she may raise the query of the

situation to the Corporate Governance Committee for analysis and opinion. The answer on the matter brought to its attention should be provided in writing to the senior management member involved, informing the decision made and also sending copy of this decision to the Corporate Governance Management for purposes of records.

6.3. Management of conflict of interest in which the President or a Board member is involved: When the President of Grupo Bolivar S.A. faces a conflict of interest he/she shall report such situation to the Board of Directors on the next meeting held by this body.

Likewise, when a Board member faces a conflict of interest, he/she shall report such situation to the Board of Directors, either directly or through the General Secretary on the next meeting held by this body.

The President or the Board member who considers being under an eventual conflict of interest shall describe the situation and provide the Board with any information that is relevant to make the decision.

The Corporate Governance Committee shall evaluate the conflict of interest faced by the President or a Board member and shall make the necessary proposals to the Board to address the situation.

The relevant decision shall be made by the members of the Board, except for the member under conflict of interest. The above is without prejudice to the Board's prior assessment of the particular situation concluding that the Board member or the President is not involved in conflict of interest.

In the event that the potential conflict of interest involves several members of the Board and in virtue thereof it is not possible having a deliberative quorum for this corporate body, the situation shall be resorted to the General Assembly of Shareholders and addressed by this body.

Paragraph: In any case, the particular solution of the conflict of interest involves the disclosure thereof and the definition of its handling in the way it is deemed most appropriate for the respective situation.

Art. 7.- Permanent conflicts of interest. Conflicts of interest may be sporadic or permanent. Sporadic conflicts of interest shall be handled following such procedure set forth in Article 6 above.

If the conflict of interest involving a Manager or member of the Senior Management of the Company is permanent, and after analysis by the Corporate Governance Committee it considers that this situation affects all operations of the Company or the members of the Grupo Bolivar Companies, it shall be understood as a ground for mandatory resignation by the affected party since it is impossible to hold the office, unless it ends the situation generating a permanent conflict of interest situation.

Art. 8. Obligation to disclose information by the Board members, the President and Senior Management of Grupo Bolivar S.A. The members of the Board of Directors, Legal Representatives and members of the Senior Management of the Company shall periodically inform the Board of Directors about any relations, direct or indirectly, held among them or with other Companies belonging to Grupo Bolivar or their suppliers, or with customers or with any other Stakeholder that might lead to any conflicts of interest or influence the direction of their

opinion or vote.

SECTION III. Use of privileged information

Art. 9. Use of privileged information. No manager or officer of GRUPO BOLÍVAR S.A. may provide to third parties any data or information encompassing Privileged Information³, except for express authorization, which shall be provided only in such cases that so warrant, and for a purpose other than speculation. Such information may be neither used for their own or third parties' benefit.

Notwithstanding the above, there is no use of privileged information in the following cases:

- 9.1. When the President of GRUPO BOLÍVAR S.A. and/or the Board of Directors expressly authorizes other managers, senior directive officers or employees to raise the secrecy;
- 9.2. When information is provided to such authorities entitled to request the same and upon their request in this regard;
- 9.3. When it is made available to the bodies entitled to learn the same, such as the General Assembly of Shareholders, the Board of Directors, the Statutory Auditor, Internal Audit, shareholders exercising the right of inspection and external advisors for such issues to which they have been entrusted, prior subscription and acceptance to the handling of confidentiality of information released to them.

Art. 10. Trading of shares using privileged information (insider trading). The members of the Board of Directors and the Senior Management may not use inside information to which they have access because of their position to obtain benefits or avoid losses, for themselves or others, by conducting any type of operation with securities which the inside information relates to or with instruments which return is determined by these securities.

To that end, and in furtherance of the existing rules on the matter, the Members of the Board of Directors and Senior Management from the time they are aware of the filing of a public offering of shares or other significant transactions such as mergers or demergers, and until such information is not publicly available on equal terms to the various market participants, they shall refrain from dealing Company shares, either directly or indirectly through an intermediary.

SECTION IV. Relations with related parties

CHAPTER I. DEFINITIONS AND SCOPE.

Art. 11. Purpose. The provisions on transactions with related parties contained in this section are designed to:

1. Establish the means and procedures to ensure the correct treatment of these operations within the framework of the Corporate Governance system of the Company.
2. Properly manage potential conflicts of interest that might be generated by related party transactions.
3. Ensure full transparency when holding these operations and the proper disclosure of information to

³ The Superintendence of Companies has provided that there is improper use of privileged information "when whoever holds the same and is obliged to keep secrecy thereof, incurs in any of the following behaviors, regardless that such performance involves benefits or not for the same: a. When it is provided to those who are not entitled to the same; b. When used in order to procure a benefit for its own or third parties; c. When concealed maliciously in prejudice to the company or in its own or third parties' benefit; d. When it is publicized at any undue opportunity; also, there shall be improper use of information when having the obligation to disclose, it is not publicized and it is revealed in a close environment or not revealed at all". (External Circular 20 of November 4, 1997).

Stakeholders.

Art. 12. **Definition of related parties.** For the purposes of this Manual, related parties are understood as⁴:

1. The affiliates and subsidiaries of GRUPO BOLÍVAR S.A.;
2. The shareholder(s) or beneficial owners that hold ten percent (10%) or more of GRUPO BOLIVAR S.A. stock composition;
3. The corporate entities on which the Company is the beneficial owner of ten percent (10%) or more of the stock composition;
4. Such foundation or non-profit organization on which Grupo Bolivar S.A. holds significant influence⁵
5. The managers of GRUPO BOLÍVAR S.A. and the Companies composing Entrepreneurial Group Bolívar.
6. The companies where:
 - a) A shareholder of the company with 10% more of the capital stock or outstanding shares, or
 - b) Managers of the CompanyHolding an interest, direct or indirect, equal or above 10% of the outstanding shares or its quotas on the corporate interest.

Art. 13. **Classification of transactions.** Each transaction carried out by the Company with its related parties, is framed within one of the following contexts:

- a) Market transactions: Such transactions in the process of issuance, placement, distribution and trading of securities registered in the National Registry of Securities and Issuers - RNVE.
- b) Ordinary course transactions: Such transactions set forth in the corporate purpose and authorized by law to the entities supervised by the Financial Superintendence of Colombia.
- c) Administrative or support transactions: Such transactions directly related to the ordinary course activities and which are designed to exercise the rights or comply with legal or contractual obligations derived from the existence and activity of the company.

Paragraph. In the event of a transaction that cannot be classified in any of the above, it shall be understood as a special transaction and it shall follow all the processes and procedures for administrative or support transactions.

CHAPTER II. APPLICATION CRITERIA

Art. 14. **Related party transactions.** The Company may enter into transactions with related parties, provided that they are held under such conditions and rates in effect in the market where the transaction is performed.

Rates shall be calculated taking into account the prevailing market conditions in the country in which the person, natural or legal, who provides the services is located.

Art. 15. **Criteria to understand that market rates are handled.** It is understood that there are market rates if one of

⁴ [This definition is consistent with International Accounting Standard - IAS 24.](#)

⁵ [According to IAS 28, it is understood there is "significant influence" when there is power to participate in the financial and operating policy decisions of the investee, without reaching absolute control or joint control thereof.](#)

the following criteria are present:

1. When handling prices and profit margins obtained under comparable transactions with or between unrelated parties, or
2. When performed in virtue of contracts which conditions are standardized and by applying values normally handled with customers procuring the same kind of goods or services.
3. When having differences in these values, they do not significantly affect the price or amount of the consideration or the profit margin that would be obtained if the transaction were performed with an unrelated party to the Company.

In any case, the prices adopted by the Company for the handling of such transactions with related parties must be within the principle of free competition.

Paragraph. In the event that the above criteria are not applicable to a transaction intended with a related party, the responsible Vice-President shall, prior approval of the operation and under the analysis set forth by art. 19 of Chapter III of this Section, provide the reasons why it shall not take place at market rates. This situation must be informed by the Accounting Management and Control Manager to the Audit Committee in the quarterly report submitted on transactions with related parties pursuant to art. 24.

CHAPTER III. PROCEDURES AND RESPONSIBILITIES FOR ENTERING INTO TRANSACTIONS.

Art. 16. Procedures. In order to comply with the criteria established in the previous chapter and provide all transactions with transparent and fair procedures, the Company shall address the following processes according to the type of transaction held with each of its related parties, as follows:

Art. 17. Transactions in the Stock Market. As a general rule, transactions with related parties conducted through the stock market shall be made through trading systems, following regulations applicable to security trading in this market and as provided in the Financial Risk Management Manual - MARF.

Transactions allowed with related parties in the OTC market shall be those provided for in the Rules of Operations in the Counter Market (OTC) included in the Financial Risk Management Manual - MARF.

The analysis, review and authorization of transactions shall follow the definitions on limits and powers set forth by the Board of Directors through the Financial Risk Management Manual - MARF.

Art. 18. Ordinary business transactions. The analysis, review and authorization of related party transactions with respect to the granting or acquisition of goods or services, among others, included within the ordinary course of business of the Company shall be made in accordance with such rules provided in various manuals held by the Company. In any case, the ordinary course transactions whose value is equal to or greater than the criterion of materiality expressed within this chapter shall be submitted to the Board for approval.

Art. 19. Administrative or Support Transactions. The analysis, review and authorization of related party transactions shall follow the definitions in recruitment established by the management of the Company through the corresponding manuals. In any case, administrative or support transactions whose value is equal to or greater than the criterion of materiality expressed within this chapter shall be submitted to the Board for approval.

Art. 20. Criterion of Materiality. For purposes of the provisions of this section, it shall be understood that a transaction entered into with a related party is material when its value is equal to or greater than:

- a. For Ordinary Course Transactions: COP 1,000,000,000 (billion pesos).
- b. For Administrative or Support Transactions: COP 250,000,000 (two hundred fifty million pesos).

The above values shall be updated annually according to the CPI.

The ordinary course and/or administrative or support transactions planned to be made with a related party whose value is equal to or higher than the criterion of materiality mentioned above shall:

- a. Be submitted to the Board for analysis and approval, accompanied by the study pointed out in art. 19 of this section.
- b. Be signed by the Legal Representatives who took office before the Financial Superintendence of Colombia.

Paragraph. Such transactions whose conditions are standardized or conducted at prices or rates generally established shall not require analysis and approval by the Board.

Art. 21. Conditions applicable to all transactions. Such areas that plan conducting a related party transaction shall be responsible for verifying compliance with the conditions set forth in Chapter II and III of this section. In the case of ordinary course and administrative or support transactions, it shall be required to prepare, prior to approval under the terms provided above, an analysis evidencing compliance with these conditions (Chapter II and III of this section), signed by the Vice President who requests and submits the transaction.

CHAPTER IV. CONTROL AND FOLLOW UP.

Art. 22. Interim Report of operations. Such areas that conduct related party transactions whose value is equal to or greater than the criterion of materiality shall be responsible to inform them immediately to the Manager of the Accounting Control and Management of the Company. In the case of ordinary course and administrative or support transactions, in addition to reporting, it shall be required to provide the analysis set forth in article 19 of the preceding chapter.

Art. 23. Verification. The Management of the Accounting Control and Management area shall verify compliance with the conditions set forth in Chapter II and III of this section for all transactions entered into with related parties whose value is equal to or greater than the criterion of materiality.

Art. 24. Verification of market rates. The Management of the Accounting Control and Management area, when monitoring related party transactions whose value is equal to or greater than the criterion of materiality, shall check the following items in order to determine if they meet any of the criteria defining market rates according to the provisions of Article 12:

1. The value of the assets or services affected by the operation.
2. The benefits attributable to such assets or when the service is offered by the Company to an independent third party under similar conditions. This information shall be made available to the accounting area by the area that has managed the relevant operation.
3. The agreed price and method of payment.

Art. 25. Monitoring. The Management of the Accounting Control and Management area shall verify compliance with the approved conditions in the execution of all related party transactions whose value is equal to or greater than the criterion of materiality.

Art. 26. Report to the Audit Committee. The Management of the Accounting Control and Management area shall quarterly report to the Audit Committee on the ordinary course transactions and administrative support transactions whose value equals or exceeds the criterion of materiality, indicating the degree of compliance with the conditions set out in Chapter II and III of this section.

Art. 27. Settlement. The Management of the Accounting Control and Management area of Grupo Bolivar S.A. and the Chief Finance Office of Banco Davivienda S.A. shall monthly settle such transactions that took place between the member companies of Bolivar Business Group, for which:

- a. The Finance Department of Banco Davivienda S.A. shall consolidate the information relating to the operations carried out between the Bank and its affiliates.
- b. The Management of the Accounting Control and Management area of Grupo Bolivar S.A. shall consolidate: (i) the information on the operations carried out between Companies and their affiliates and subsidiaries other than the Bank and its affiliates and subsidiaries thereof, (ii) Information regarding operations carried out between the member companies of the group other than those entered into by Banco Davivienda.

CHAPTER V. FILING AND CONSULTING INFORMATION.

Art. 28. Filing information on related party transactions. The Management of the Accounting Control and Management area shall hold files on administrative and support transactions conducted by the entity with its related parties with a value equal to or greater than the criterion of materiality.

The filing of instruments legalizing stock market and ordinary course of business transactions, such as contracts, acceptance of offers, addenda, mortgages, warranties, notes, extensions, etc. shall be managed and filed in accordance with the policies for archiving and preservation established within the Company for each type of transaction, according to Operation Manuals and shall be available for virtual inquiry at any time as required by the Management of the Accounting Control and Management area of the Company.

CHAPTER VI. REPORTING AND DISCLOSURE.

Art. 29. Consolidated Reports. The Management of the Accounting Control and Management area shall present consolidated and detailed report of related party transactions whose value is equal to or greater than the criterion of materiality to the Audit Committee at each regular meeting of this body, and such report shall include the result of verification of compliance in the execution and performance of transactions described in Article 24.

Similarly, the Management of the Accounting Control and Management area shall present consolidated and detailed report of the related party transactions to the Board of Directors, at the end of each accounting period, also including the result of verification of compliance in the execution and performance of transactions described in Article 24.

Art. 30. Disclosure of transactions with related parties. The Company shall report on related party transactions as

provided in the applicable laws, in particular, to the provisions for disclosure in the notes to financial statements and disclosure of relevant information. The foregoing is without prejudice to the decisions made by the Management to disclose this information to its stakeholders or a portion of them, in the form, timing or content defined by the same.

SECTION V. Final provisions

Art. 31 .- **Approval of Manual.** The Board shall have exclusive power to approve this Manual, and disclose it to the managers, employees and respective authorities, for which it may entrust the President of the Company.

Art. 32 .- **Interpretation of Manual.** The Board of Directors shall be competent to construe and define the scope and application of the provisions provided in this Manual.

Art. 33 - **Amendment and Repeal of Manual.** The Board of Directors shall have exclusive power to amend or repeal this Manual at the initiative of this body or any of its members for which the subject shall be discussed at a Board meeting. When amendment is decided, the proposal shall be accompanied with the reasons and scope of the amendment sought.