



CORPORATE AFFAIRS POLÍCY

RC.P.01 – CORPORATE AFFAIRS

Version

08

Date

2 de AGOSTO DE 2018

PURPOSE

Define the principles, parameters and guidelines based on which is conducted the management of intangible assets of the organization in order to ensure the stability of the business and protect its reputation.

1 EXTENT

This policy applies to the sub processes of Public Affairs, Communications and Sustainability, with extent Colombia and subsidiaries of the company.

2 GENERAL

a. **Process:** Corporate Affairs

b. **Owners:**

- i. Vice President of Corporate Affairs
- ii. Director of Corporate Affairs

c. **Sustainability Area:** in charge of directing, advising, integrating, coordinating, and materializing Organización Terpel's work in sustainability in the economic, environmental, and social areas, in benefit of all stakeholders.

3 GUIDELINES

3.1. SUSTAINABILITY

In Terpel we keep the purpose of being the safest investment for our shareholders, the best partner for our customers, the best client for our supplier, the best place to work and the best neighbor.

3.1.1. Terpel sustainable management model

At Terpel we understand sustainability as an integrated vision of the economic, social, and environmental arenas in order to remain viable on a planet where we can live and experience equality. This implies taking all stakeholders into account when the company makes decisions, under a holistic strategy that generates value that can be measured and improves our ability to compete.

Through our model we integrate all those work dimensions that are relevant for Terpel. These dimensions are the colored circles that form a gear and generate traction within the company thus ensuring transversality of sustainable management.



Country Partner: We frame our business strategy in a wider concept, which we call “Country Partner”. This means we work and grow responsibly with sustainability criteria.

Integrated Management System (IMS): A tool that provides the framework for the foundations of our business model in order to fulfill our mission and move toward achieving the vision.

Dimensions of Sustainability: reflects the way in which our economic growth, our social contribution and environmental care materializes through an integrated vision of these three dimensions.

- In the economic dimension, we seek that our partners and shareholders obtain the expected profitability of their investments and continue seeing this brand as their best choice of business in a competitive and demanding market environment.
- In the social dimension, we carry fuel to every corner of the country generating progress in the regions. We contribute to the wellbeing of our employees and neighboring communities and contribute to the future of Colombia with quality education programs of Terpel Foundation.



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- In the environmental dimension, Terpel is committed with the improvement of the quality of life in the areas where it operates, by caring for the environment and implementing initiatives oriented towards mitigating the impact of its chain of production and reducing its ecological footprint.

Core elements of competitive strategy: A business strategy that aims to position us as the number one brand in the heart of consumers. Offering the consumer, the best price, and modern and renewed infrastructure and a service differentiated for its warmth and excellence is the triad that supports our strategy and allows us to grow in a sustainable and responsible manner.

Sustainability action fronts: These are the focuses of our work to create value for our stakeholders.

- **Pleasant experiences:** The company works to best meet the needs of its consumers, to be a reliable partner in all its journeys and to support with facts their preference.
- **Network consolidation:** Terpel has a relation of mutual benefit with its commercial partners, to consolidate a single and homogeneous network.
- **Corporate Governance:** Terpel is a safe and profitable investment for shareholders and investors. It acts with respect, trust and highest standards of integrity.
- **Growth of the Terpel Team:** We contribute with the wellbeing of our employees, who identify with our values and with the strategy, and thanks to their vocation of service with orientations to achieve the number one brand in the hearts of consumers.
- **Development of the suppliers:** The organization grows hand in hand with its strategic partners, to generate value and mutual benefit that strengthen their business
- **Welfare of the communities:** Terpel is active in the communities where it operates and seeks to contribute to their development and wellbeing.
- **Environmental commitment:** We are committed to improving the quality of life in the places we operate by taking care of the environment, implementing initiatives to mitigate the impact of our value chain, and reducing our ecological footprint.

The **center of the model** places people in a privileged place: at Terpel the human being is the pillar of all company decisions and that is why we define ourselves as a company dedicated to serving people and not vehicles.

Note: This sustainability model must be disclosed and implemented at all levels of the company and in all of its operations, taking into account the development of local strategies for engaging with stakeholders.



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3.1.2. Stakeholder Engagement

Systematically engaging with stakeholders is important in order to:

- Increase stakeholder comprehension of the current and future economic, social, and environmental context.
- Focus interaction and outreach efforts by identifying topics that are relevant for the organization and its stakeholders (materiality analysis).
- Identify and manage risks and opportunities.
- Create incentives for innovation based on information gathered during the process of dialogue.
- Build relationships of trust and cooperation,
- Strengthen the reputation.

3.1.2.1. Stakeholders

Stakeholders are all those (persons or organizations) that can have an impact on our operation or can be impacted by our activities. Our stakeholders play a vital role in decision-making and managing our business strategy and sustainability model.

Internal

- Employees

External

- Shareholders
- Investors
- Customers and business allies in each business segment
- Consumers
- Suppliers
- Community: Neighboring communities and those connected with the Terpel Foundation
- The national government
- Local governments
- Authorities
- Trade Associations
- Competitors
- Opinion Leader



3.1.2.2. Engagement Process

The engagement process is based on a periodic cycle updated every two years, or more frequently as necessary.

1. A Stakeholder Map helps:
 - Formulate segmented and differentiated engagement strategies.
 - Establish with whom to engage and how.
 - Define whom decisions should target

Stakeholders must be prioritized, as well as those responsible for engaging with those stakeholders. During the exercise to establish priorities, criteria such as the following are taken into account: Influence of the stakeholders on the company's performance, and Terpel's influence on the needs of the stakeholders.

2. Engage to:
 - Determine needs and expectations.
 - Identify real and potential impacts.
 - Integrate diverse points of view.
 - Establish commonly-held objectives.
 - Opinion Leader.

Based on qualitative research techniques, we engage with representatives of the stakeholders that form a part of the different contexts in which we operate. We also analyze the results of the participation of the different groups using the different communication channels we have available.

3. Response through:
 - Implementation of initiatives.
 - Annual sustainability report.
 - Other instances for engagement.
 - Leader

3.1.3. Instances for Engagement

We have diverse venues for engagement depending on the context, profile, and particularities of each group, and those venues are managed by those who have a direct relationship with the group. We use them to inform, render accounts, communicate, and receive valuable input for our decision-making and management processes.



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3.1.4. Basic Conditions for Engagement

- Establish a climate of trust.
- Generate benefits for everyone.
- Adapt the engagement process to the needs of each context and its specific conditions.
- Promote transparent communication.

3.1.5. Sustainability Committee

The Sustainability Committee is the highest decision-making body in sustainability matters. Its periodicity is quarterly and in it are approved all the investments of the company related to sustainability management.

At the conclusion of every committee meeting, the development of the session and the decisions adopted are recorded in the minutes.

When an in-kind donation is requested for emergency disaster response, the donation must be made immediately with prior authorization of the President of the Company. However, in the 48 following the execution, the Director of Corporate Affairs in coordination with the owners of the processes involved must meet the minimum requirements for a donation in order to ensure the normalization of the processes.

3.1.5.1. Members

Principals:

1. President
2. Vice President of Corporate and Legal Affairs
3. Commercial Vice President
4. Vice President of Human and Organizational Management
5. Vice President of Operations and Logistics
6. Vice President of Marketing
7. Environmental Director
8. Director of Terpel Foundation
9. Director of Corporate Affairs

Secretary: Head of Sustainability

3.1.5.2. Topics usually addressed in the Sustainability Committee

- Approval of the framework related to the sustainable management of organization Terpel.
- Follow-up of the action plans according to company's sustainability model.
- Monitoring of process for engaging with stakeholders and rendering of accounts through the preparation of the Sustainability Report.
- Steps to be followed / action plans to advance in Sustainability.



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3.1.6. Social Investment and Donations

At Terpel, we give proper orientation to social investment through donations to the communities that are most relevant for the operation and support for activities that help develop the regions. Our purpose is to follow through on our commitment to be a partner to the country in its most urgent needs.

Our resources are delivered to non-profit organizations that are aligned with Terpel's values and purposes. In addition, we make it explicit that this company may make no contributions to campaigns, candidates, or political movements. The organization makes contributions, other than donations, only to strategic industry associations for the functioning of the operation.

3.1.6.1. Who do we want to benefit with the donations?

- Relevant communities for Terpel.
- Civil organizations close to the values and purposes of the company.

3.1.6.2. With what purpose?

Strengthen the relationships with communities relevant for the operation. Facilitate in complex environments the license to operate.

3.1.6.3. Possible impacts

- Reputational risks
- Legal risk – Bribery
- Political risks

Notes:

- For cases that do not warrant a meeting, the request for donations and projects must be approved by the Vice President of Corporate Affairs of the Company by e-mail
- Donations are approved in the company's sustainability committee but are disbursed through Terpel Foundation.



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3.1.6.4. Donations selection criteria

Table No. 1 Terpel Relevance, coverage, education, innovation and technology.

Selection criteria	Disbursement criteria	Levels of approval
Proximity (Geographic location) Relevance for Terpel Coverage Education Innovation and technology	Background: The foundation or institution receiving the information must have one year of existence in which it has demonstrated management. Capacity for rendering of accounts: the receiving organization must be able to demonstrate the development of projects and meet all the company's requirement for donations. Reliability: the institution must be noted for its credibility and reputation.	All donations will be approved or denied in the sustainability committee.

(*) For the donation of fixed assets of the company, must be considered:

- Assets or goods of the company that are functional and have been retired, can be offered to social organizations that have been involved with it.
- The beneficiary organization has a period of one (1) month to accept the donation and collect the good, if no answer is received it must be donated to another foundation.
- The Savannah Branch for Colombia is responsible for the donation of goods retired in Savannah and Headquarters
- Goods that require repairs must be donated to those who are able to fix them, the company does not commit to perform maintenance or repairs to goods given in donation.
- Retired computer equipment are handled directly by the Sustainability Committee.



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3.1.6.5. Other Criteria to take into account:

Table No. 2 Additional Criteria

TYPE OF DONATIONS	SELECTION CRITERIA	SUPPORT OF OT	INDICATORS
Donation to specific projects in Education, Health, Culture and Environment and Innovation	<ul style="list-style-type: none">▫ Background: <i>The receiving institution must have one year of existence; in which it has demonstrated management capacity.</i>▫ Reliability: The institution must be noted for its credibility and responsibility.▫ Capacity for rendering of accounts. The receiving organization must be able to demonstrate the development of the project and meet all the company's requirement for donations.	<ul style="list-style-type: none">▫ Amount. No region of the country can receive more than 25% of the total allocated budget.	<ul style="list-style-type: none">▫ Invested resources. Amount of resources valued in money by region.▫ Beneficiaries by region. Number of people benefited by programs of each region.



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<p>Topics of national scope and impact through social organizations</p>	<ul style="list-style-type: none"> ▫ National coverage. Is worked with institutions that handle topics that impact across the country. ▫ Relevance of the topic for the nation. The topic must be important for the development of the country, as construction of peace and reduction of corruption, among others. The relevance of the topic will be defined by the Sustainability Committee. ▫ Reliability. The institution must be noted for its credibility. 	<ul style="list-style-type: none"> ▫ Amount. Support for over \$15MM, which can be allocated for paying operating expenses of the organization. ▫ Long term relation. They must be long or medium term partner relationships. The convenience of continuing must be reviewed annually. ▫ Participation. It is desirable that members of the Company 	<ul style="list-style-type: none"> ▫ Invested resources. All Resources Invested annually by the beneficiary foundation ▫ Company Investment: All resources valued in money that were contributed for each beneficiary foundation. ▫ Impact indicators of the foundation. All the foundations must have impact indicators, which must also be taken into account by the Company.
<p>Disaster response</p>	<ul style="list-style-type: none"> ▫ Priority for colleagues. Colleagues directly and indirectly affected have priority to be attended ▫ Reliability. The institution must be noted for its credibility and responsibility. ▫ Experience. Disaster response requires specific knowledge, therefore it is desirable it is made to organizations with background, specialized in the topic. 	<ul style="list-style-type: none"> ▫ Speed. The response to the disaster must be efficient and fast, therefore an acceptance by members of the committee via email is sufficient. ▫ Donation. Usually for the relief of the disaster donation of fuels is made. 	<ul style="list-style-type: none"> ▫ Invested resources. Resources valued in money or in-kind for the disaster response. ▫ Population served. Number of people that has been cared for.



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3.1.7. Sustainability Report

The company annually must publish its sustainability report, to make known and inform stakeholders the progress and results of the organization in economic, social and environmental topics.

3.1.8. Corporate voluntary work

The purpose of serving the community and being a Country Partner in places where the company operates, becomes a reality through the voluntary work program, where more than 400-member team Terpel (employees), in seven branches work in the renovation of the physical infrastructure of educational institutions of scarce resources.

3.1.9. Terpel Foundation

In developing its role of Country Partner, Organización Terpel, through its social arm that is the Terpel Foundation works for quality education on Colombia in the most remote regions of Colombia. Through its programs, the Foundation focuses on strengthening basic skills as mathematics and language and potentiates leadership in Colombian children. Efforts are developed with national government to reach the goal of national education quality.

Governing Board Terpel Foundation: The Terpel Foundation has a Governing Board, which is the highest authority that decides on investments and program strategy of the Foundation. The board is composed of three principals and three (3) deputies that are elected for periods of two years, and can be reelected indefinitely or removed freely before the expiration of his/her term.

Representatives of the Board are part of Terrell's Board of Directors and its Executive Committee.

3.1.9.1. Terpel Foundation Programs

Programs focused on Education:

Escuelas que Aprenden® (Schools that learn) is a comprehensive strategy to strengthen institutions in their managerial, academic, pedagogical, didactic and community aspects. This initiative has an impact in the teachings children receive in mathematics and language, areas of knowledge that contribute to logic reasoning and communication skill for adequate problem solving.

My Future Now: My Future Now! has as purpose to support the technical and technological training of island attendants or their children, that are part of the Service Stations of the PITS Program of Organización Terpel.

Programs focused on Leadership:

Diseña el Cambio® (Design the Change) is a contest of education institutions, whose purpose is to offer children and young people the opportunity to express their own ideas to change the world and the problems of their surroundings, as well as the space to implement them.



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Líder en Mí® (The leader in me) is a leadership model based on the seven habits of effective management by Franklin Covey, addressed to teachers of public schools to incorporate them into educational activities of primary school children.

3.2. CORPORATE COMMUNICATIONS AND REPUTATION

Strategic communication allows Organización Terpel to show its results, interact with their stakeholders, prevent crisis situations and act appropriately and timely in situations that can affect its reputation. Communicate with strategic sense helps to support corporate objectives and plans by defining specific strategies for each case. Having clear the effect sought when communicating allows Organización Terpel to shape the messages and corporate narrative it wants to tell.

An effective communication is built from the veracity of the information and transparency; these are the basis of credibility. Thus the information transmitted must be timely, true and verifiable. To achieve the desired impact at the time of communicating, the message must be clear, concise, conclusive, consistent and credible.

This policy document comes from the conviction that strategic communication is a fundamental tool to strengthen and make more effective the company's effort to realize its competitive strategy.

All external communications are centralized in the Direction of Corporate Affairs except for the activities of the marketing process and internal communications.

The area of external communications is responsible for meeting the communication needs of the company in its different areas and provide effective and assertive solution. Also, to build and implement the external communication strategy to help achieve corporate purposes and reputation.

3.2.1. Brand identity

The Company has a Visual Identity Manual (Marketing document), which must be previously consulted in order to ensure the proper use of the brand in all corporate communications

3.2.2. Spokesperson and crisis management

All information submitted in case of risk or reputation crisis must be addressed by the Direction of Corporate Affairs. No employee is an official source and information handler until Validated and approved by the Presidency of the Organization, following the guidelines of the Reputational Risk and Crisis Manual.

The guidelines of corporate communications (External), for related companies of the company are oriented by the Direction of Corporate Affairs.

The Direction of Corporate Affairs and General Manager of subsidiaries are responsible for external communications and management of reputation crisis in their subsidiary.



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3.2.3. External Communication with Mass Media

- The official and sole spokesperson for all external communications is the President of the company. In related companies the official spokesperson is the General Manager of the country, or depending on the request and/or the strategy proposed by the communications area.
- The information about projects, plans, corporate purposes and results of the management of the company is given to the media by the president or in his/her absence the Vice Presidents, for related companies it must be the General Manager.
- All company information addressed to the various relevant audiences is directed, administered and published by the Direction of Corporate Affairs and approved by the Vice President of Corporate Affairs and President, following the public statements guidelines established by of shareholders.
- **No employee is authorized to make declarations to or answer questions from the media.**
- All written public statement or any other official statement should be addressed and validated by the Direction of Corporate Affairs.
- All statements before mass media are centralized in the Direction of Corporate Affairs. No employee is authorized to give releases and responses to the media.
- The Direction of Corporate Affairs consistently monitors and properly records its various appearances in the media in a historical file.
- No contractor performing works on behalf of the company may give statements or other information about the company. It is the obligation of the area responsible for the contract to inform the contractor about this rule.
- Managerial positions of Terpel Foundation and the employees' Fund Fenalter, have the power to issue written and oral statements in the media, provided they are in line with the basic function of the body and specific projects they undertake. Communications of Terpel Foundation are handled by the Direction of Corporate Affairs.

3.2.4. Crisis communication and risk management

For proper risk management and/or public information crisis Organización Terpel has an agile, simple and dynamic protocol that allows the company to identify, prepare for crisis situations and act and face the post-critical phase.

The President of the company will be the spokesperson to address crisis situations or in his/her absence the Vice President, who is appointed for such purpose by the Presidency.

The Director of Corporate Affairs is responsible for designing the strategy of risk mitigation or management of reputational crisis and follow up at the end of the episode, in the media. Likewise, he/she also is responsible for coordinating training in crisis reputation and spokesperson.

***Note:** Crisis management protocol is attached



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3.2.5. Communications Committee

Highest decision-making body in matters of communications. Committee members define, assess and follow up to the communication strategy of the company. The committee meets in quarterly basis.

3.2.5.1. Principals

- President
- Commercial Vice President
- Vice President of Marketing
- Vice President of Corporate Affairs
- Director of Corporate Affairs
- Head of External Communications

3.2.5.2. Alternate Members: communications consultants (guests) and others that are specified.

3.2.6. Website

Digital communication tool addressed to external audiences and shareholders and investors. This page is updated by a supplier on a weekly basis or according to the communication needs of the company. The website hosts all corporate news and information of Terpel and is overseen by a website committee, which is held on a quarterly basis.

3.2.6.1. The committee consists of:

- Vice President of Marketing
- Vice President of Corporate Affairs
- Director of Relationship Marketing
- Director of Corporate Affairs
- Head of External Communications
- Website administration company

3.3. PUBLIC AFFAIRS

At Terpel we are aware that it is necessary to develop strategies beyond the market since business conditions depend on outside circumstances and thus through Public Affairs we handle the surroundings.

Corporate positions compromise not only the image but the trust of stakeholders of Terpel in Colombia and abroad. Holding a clear position with each one of the stakeholders to manage the agenda of public and social affairs and relations of the Company, is a strategic piece of management in each commercial, legal, corporate, operational, academic, social and internal space thereof. Each message sets a perception of the degree of compliance of the commitments and relationships with the environment.

Additionally, management of risks inherent in the agenda of Public Affairs, constitutes an imperative to contribute to creating conditions of the legal-regulatory, political, institutional and social environment; for



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optimum operation of the Company.

Likewise, management of public affairs is responsible for:

- Define the guidelines for the proper management of institutional relations of the Company.
- Achieve the strategic positioning of the Company among the institutional public of interest.
- Provide the tools to ensure proper management of institutional relations of the Company (map of relations and strategic positioning, analysis of political, economic, social and media context).
- To promote strategic synergies with institutional actors, particularly decision-makers and opinion-makers.
- Effectively advise and manage social and institutional risks of the operation of the Company.
- Manage the institutional relations in crisis contexts, preserving corporate reputation.
- Effectively manage the social and institutional risks of operating environment.

3.3.1. Principles

- Opportunity: The activities that are developed should be implemented promptly, responding to business needs.
- Transparency: The activities to be carried out should be clear, objective and verifiable. Additionally, the handling of information must be clear and truthful.
- Trust: Management of institutional relations of the Company must provide security and become part of the principles of the Company.
- Availability: The managers of institutional relations of the Company must be available to the internal client and institutional stakeholders.
- Effectiveness: Management of institutional relations of the company should be achievement-oriented or accomplishing the desired and expected effect by the company.
- Legal: All activity will be developed in full compliance with existing laws

3.3.2. Roles and processes

- Monitoring and follow up of government agendas at national and local levels, in order to manage public affairs of the Company and identify risks and opportunities for business.
- Analyze and technically manage the risks and needs of the Company in matters of institutional design, and contribute to the achievement of incentive structures for the competitiveness of the Company.
- Design and implement strategies that respond to the problems and needs of the Company derived from its regulatory and socio-political environment, and work on creating the conditions of these environments for the operation of the Company.
- Promote and coordinate around the corporate discourse, relations among all the areas and branches of the Company, and of these with the political, regulatory and social interest public.
- To advise and manage the Company in the strategic reading of sociopolitical environments of its operation, ensuring consistency with the corporate discourse and the guidelines on sustainability.
- Production of inputs to support decision-making process in matters of Public Affairs.



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- Design and implementation of strategies of engagement with different stakeholders with emphasis on the public, trade union and community sectors.
- Prevention and management of political and social crisis, and safeguarding corporate reputation

3.3.3. Procedures

- The Vice President, Manager or Director that deems appropriate to make an approach for the creation, maintenance or improvement of a relationship with a stakeholder or institutional actor, must address it to the Manager of Corporate Affairs for approval.
- Requests for creation, maintenance or improvement of relationship of the company with a stakeholder or institutional actor, must be made in writing to the Manager of Corporate Affairs for approval, referral and management.
- Every Manager or Director must follow in their interactions with any stakeholder the guidelines established by the Company.
- The speech associated with each of the stakeholders or institutional actor, is a permanent tool of consultations of the President, Vice Presidents and Managers, creating a corporate culture, with regards to the discipline of positioning the Company's strategic messages.
- All requests of management on matters affecting the dynamics of the business, should be forwarded to the area of Corporate Affairs for management, accompaniment or advisory

4. CHANGE CONTROL

Name of document	Code	Version	Description of Changes

5. APPENDICES

Prepared by	Reviewed by	Approved by
Name: Andrea Cheer	Name: Daniel Perea	Name: Daniel Perea
Position: Director of Corporate Affairs	Position: Vice President of Corporate and Legal Affairs	Position: Vice President of Corporate and Legal Affairs