



Compensation Management at ISA

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INTRODUCTION

En At ISA and its companies, compensation is regarded as a key enabler of business strategy and organizational performance. It is aligned with the Corporate and Talent strategies, which emphasize innovation, leadership, and the connection between people and business objectives. The compensation system is dynamic and designed to support the organization's current and future business needs, adapt to both external and internal conditions, and accompany employees throughout their professional journey.

JUSTIFICATION

It is essential to standardize compensation management concepts, processes, and methodologies to facilitate their understanding and consistent application across the Group's companies. This will contribute to fostering talent mobility, strengthening information management, and supporting informed decision-making.



PURPOSE

The purpose of these Corporate Guidelines is to define the principles and directives that establish the reference framework for Compensation Management across the Group's companies.

SCORE

This guideline applies to all ISA subsidiaries and affiliated companies.

Philosophy and Objectives of Compensation

- **Strategic Alignment:** Compensation is an integral part of ISA's business strategy, organizational culture, and employer brand, as well as those of its companies.
- **Credibility and Trust:** We have simple and transparent compensation plans that are managed objectively and with discipline, supported by a governance system that ensures consistency and timely compliance.
- **Diversity and Equity:** Our compensation policy recognizes the diversity of our workforce and is guided by principles of equity, ensuring equal treatment and freedom from discrimination based on religion, race, gender, diversity, ideology, disability, or any other personal characteristic.
- **Flexibility and Innovation:** We are constantly vigilant and proactive in supporting the growth of our current businesses and paving the way for future ones to ensure sustainability. We develop innovative and competitive compensation programs that take into account the differences among businesses, subsidiaries, and countries, and that respond to internal and external changes.
- **Competitiveness:** Our compensation packages are continuously benchmarked against the labor market in each country to maintain adequate levels of competitiveness.

Components of Compensation

The total compensation package for ISA and its companies consists of four components designed to ensure that we attract, motivate, and retain talent, in line with our compensation principles.

Total Compensation Structure: It consists of four key components designed to attract, motivate, and retain talent.

Fixed Compensation: Based on the responsibilities of the position, the evaluation, and market value. Includes annual cash payments, both those required by law and any additional fixed payments (if applicable).

Variable Compensation: It recognizes individual and organizational contributions. It is not guaranteed; it depends on the short-, medium-, and long-term results.

Benefits: They support the well-being of employees and their families. They may include monetary benefits that improve cash flow and help build personal wealth.

Emotional Salary: Non-monetary initiatives that promote work-life balance and a positive work environment. It recognizes the diversity of the workforce and represents a competitive advantage.



Market Benchmarks

The benchmark market is the group of companies against which the ISA Group and its subsidiaries compare their compensation practices. It is used to determine the level of external competitiveness and establish the wage structure.

Market Composition to define the relevant market for each subsidiary, the following criteria must be considered:

- Companies engaged in similar economic activities
 - Companies with equivalent revenue
 - Companies in other industries that compete for the same talent
 - Companies with strong human talent management practices
- In addition, the following conditions must be taken into account:
- The reference market should ideally include at least 12 companies.
 - In exceptional cases, it may include as few as 9 companies due to data limitations.
 - At least 75% of the selected companies must remain in the sample over time to ensure comparability.
 - Significant changes in the market's composition should only occur if there are major shifts in the business's strategy or purpose.

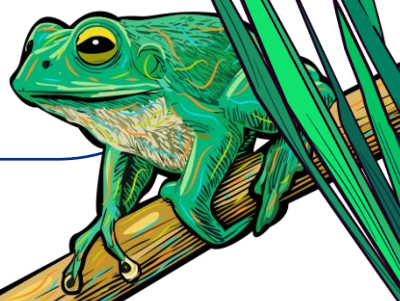
Substantive Labor Code

Annual Leave (Vacation)

- Employees are entitled to 15 consecutive business days of paid vacation for each year of continuous service.
- The employer must schedule vacation time within the year following the period in which it is earned.
- Employees must be notified at least 15 days before the start of their vacation.
- Employers are required to maintain a vacation record, including hire dates, vacation periods, and corresponding payments.

Overtime and Working Hours

- The maximum legal workweek in Colombia is 42 hours, as established by Law 2101 of 2021.
- These hours may be spread over 5 or 6 days, ensuring at least one day off.
- Flexible work schedules (between 4 and 9 hours per day) are permitted without overtime pay, provided that the total number of hours worked per week does not exceed 42 and is specified in the employment contract.



Internal Regulations

Overtime and Working Hours

Article 35: Overtime is defined as any work that exceeds the regular workday and, in any case, exceeds the legal limit on working hours.

Article 37: Under no circumstances may overtime, whether during the day or at night, exceed two (2) hours per day and twelve (12) hours per week, except in the cases provided for in Article 163 of the Substantive Labor Code.

When the workday is extended by mutual agreement between the employer and the employees to ten (10) hours per day, no overtime may be worked on that same day. Paragraph: Overtime, except in the cases specified in Article 163 of the Substantive Labor Code, must be expressly authorized by the employer. Article 38: Overtime work will be paid by the COMPANY as follows

- Overtime work performed during the day is compensated with the premium provided for in Article 168 of the Substantive Labor Code, based on the rate for regular daytime work.
- Overtime work performed at night is compensated with the premium provided for in Article 168 of the Substantive Labor Code, based on the rate for regular daytime work.

Internal Regulations

Annual Vacation

Article 57: Employees with one year of service are entitled to consecutive paid vacation, in accordance with current agreements and in compliance with the legal minimum wage. For contracts shorter than one year, vacation pay is calculated on a pro-rata basis according to the time worked.

Article 58: The company must schedule vacation time within the year following the year in which it accrues, either proactively or at the employee's request, without disrupting operations. Notice must be given at least 15 days in advance. Paragraph: A fixed vacation period may be established for part or all of the workforce; in that case, employees with less than one year of service will be considered to be on advance vacation, which will be deducted at a later date.

Article 62: During vacation, the employee receives their regular pay for the first day, excluding premiums for mandatory rest periods and overtime. If the salary is variable, it is calculated based on the average of the last 12 months. Paragraph: The company must keep detailed records of each employee's vacation time, including dates and payments.



Commitments

☐ Payment of a Living Wage

See: Compensation components and market composition

☐ Avoid or reduce overtime or excessive working hours

At ISA and its affiliated companies, overtime is worked in compliance with the labor regulations in effect in each of the countries where we operate.

Work Disconnection Program – Derecho a desconectarse: ISA tiene un horario laboral definido para sus empleados. Las comunicaciones (como mensajes internos, correos electrónicos y llamadas telefónicas) deben evitarse fuera de este horario. Tampoco deben programarse reuniones fuera de la jornada laboral. El objetivo es garantizar el descanso y bienestar de los empleados.

Reduction in Working Hours: ISA ha implementado una jornada laboral que es 2,75 horas menor al máximo permitido por la ley. Algunas de sus empresas ofrecen jornadas más cortas los viernes e incluso una tarde de viernes libre al mes. Otras cuentan con un banco de horas compensatorias, que permite a los empleados acumular tiempo y disfrutar de días de vacaciones totalmente remunerados en ocasiones especiales como Navidad y Año Nuevo.

Workplace flexibility: Se promueve un entorno adaptable que equilibra las necesidades del negocio con el bienestar de los empleados.

Horario flexible: Permite a los empleados ajustar sus horas de entrada y salida, cumpliendo con el total semanal requerido.

Flexilugar: Posibilita trabajar desde distintos lugares, incluyendo la oficina, el hogar u otros espacios aprobados.

Flexitrabajo: Combina flexibilidad en tiempo y lugar, fomentando la autonomía y la productividad.

Commitments

☐ Establishment of maximum working hours See: Overtime and working hours (pp. 4, 5) and working hours (p. 7).

☐ Equal pay for men and women See: Compensation philosophy and objectives (Diversity, Criteria) (p. 3).

☐ Vacation pay for employees all employees of the company are entitled to the vacation days established by law, in accordance with the Substantive Labor Code.

ISA grants up to seven (7) additional days beyond those required by law, based on each employee's length of service. Each of ISA's companies, in their respective countries, ensures compliance with the right to vacation in accordance with applicable local laws.

☐ Establishment of minimum consultation or advance notice periods prior to mass layoffs.

This does not directly apply to our current operations, as mass layoffs are not part of our standard practices. However, we fully comply with labor laws and employment regulations in all the countries where we operate. Should situations of this nature arise, they will be handled in accordance with national law, with full respect for human rights and transparent communication





Workday Benefits and Assistance

NUESTRA
ENERGÍA



For many years, the company's weekly work hours have been below the legal requirement, which for 2022 was set at a total of 48 hours per week. At ISA, the standard workweek is 41.25 hours (8.25 hours per day). With regard to Law 2101 of 2021, which gradually reduces the number of working hours, ISA's work schedule would remain 0.75 hours below the annual reduction through 2026.

Asistencia y Benefits and Asistance

	Cost	Days
Births	0,61 (current statutory monthly minimum wages)	
Marriage	0,54 (current statutory monthly minimum wages)	
Death	Employee 4,4 (current statutory monthly minimum wages)	
	Family members 1,25 (current statutory monthly minimum wages)	

Voluntary Employee Benefits

	Years of service	Additional business days
Vacations	With less than 5 years of continuous or intermittent service at ISA	2 business days
Additional workdays beyond those established	With 5 or more but less than 10 years of continuous or intermittent service at ISA	3 business days
	With 10 or more but less than 20 years of continuous or intermittent service at ISA	4 business days
	With 20 or more but less than 30 years of continuous or intermittent service at ISA	5 business days
	With 30 or more but less than 35 years of continuous or <u>intermittent service</u> at ISA	6 business days
	With 35 or more years of continuous or intermittent service at ISA	7 business days