



CORPORATE GUIDE No 49 COMPENSATION MANAGEMENT – ISA

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3.1.1 Labor Practices Commitment



INTRODUCTION

At ISA Group, compensation is seen as a **key enabler of business strategy and organizational performance**. It is aligned with both the Corporate and Talent Strategies, which emphasize innovation, leadership, and connecting people with business goals. The compensation system is dynamic, designed to support current and future business needs, adapt to external and internal conditions, and **accompany employees throughout their careers**.

JUSTIFICATION

It is necessary to standardize concepts, processes, and methodologies for compensation management in order to facilitate their understanding and application across the Group's companies. This will help promote talent mobility, information management, and decision-making.



PURPOSE

To define the corporate guidelines that establish the framework for Compensation Management within the companies of the Group.

SCOPE

This guide applies to all companies (subsidiaries) of the ISA Group.

COMPENSATION PHILOSOPHY AND OBJECTIVES

- **Strategic Alignment:** Compensation is framed within our business strategy, organizational culture, and the employer brand of ISA Group and its companies.
- **Credibility and Trust:** We have simple and understandable compensation schemes that are managed with objectivity and discipline, supported by a governance system that ensures consistency and timely compliance.
- **Diversity and Equity:** Our compensation policy recognizes the diversity of the workforce and is managed with principles of equity, ensuring equal treatment and non-discrimination based on religion, race, gender, diversity, ideology, disability, or any other personal characteristic.
- **Flexibility and Innovation:** We are constantly attentive and proactive in supporting the development of current businesses and enabling future ones to ensure sustainability. We develop innovative and competitive compensation programs that recognize differences among businesses, subsidiaries, and countries, and that respond to internal and external changes.
- **Competitiveness:** Our compensation schemes are continuously benchmarked against the labor market in each country to maintain appropriate levels of competitiveness.

COMPONENTS OF COMPENSATION

ISA Group's total compensation consists of four components designed to ensure the attraction, motivation, and retention of talent, in alignment with our compensation principles. Total Compensation Structure: Composed of four key components aimed at attracting, motivating, and retaining talent.

1. **Fixed Compensation:** Based on job responsibilities, evaluation, and market value. Includes annual cash payments, both legally required and additional fixed payments (if applicable).
2. **Variable Compensation:** Rewards individual and organizational contributions. Not guaranteed; depends on short-, medium-, and long-term results.
3. **Benefits:** Supports employee and family well-being. May include monetary benefits that improve cash flow and help build personal wealth.
4. **Emotional Salary:** Non-monetary initiatives promoting work-life balance and a positive work environment. Recognizes workforce diversity and serves as a competitive advantage.



REFERENCE MARKET

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

Market Composition

- To define the reference market for each subsidiary, the following criteria must be considered:
 - Companies with similar economic activities
 - Companies with equivalent revenue
 - Companies from other sectors that compete for the same talent
 - Companies with strong human talent management practices.

Additionally, the following conditions must be taken into account:

- The reference market should ideally include at least 12 companies.
- In exceptional cases, it may include a minimum of 9 companies due to limited data.
- At least 75% of the selected companies should remain over time to ensure comparability.
- Significant changes to the market composition should only occur if there are major shifts in business strategy or purpose.

Colombian Substantive Labor Code (Código Sustantivo del Trabajo)

Annual leave (vacation)

- Employees are entitled to 15 consecutive working days of paid vacation for each year of continuous service.
- The employer must schedule vacations within the year following the period in which they are earned.
- Employees must be notified at least 15 days in advance of the start of their vacation.
- Employers are required to maintain a vacation record, including dates of employment, 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 can be distributed over 5 or 6 days, ensuring at least one day of rest
- Flexible schedules are allowed (between 4 and 9 hours per day) without overtime pay, as long as the weekly total does not exceed 42 hours and is agreed upon in the employment contract.



Internal Labor Regulations

Overtime and Working Hours

Article 33: Overtime work refers to any work that exceeds the ordinary work schedule and, in any case, surpasses the legal maximum working hours.

Article 34: Under no circumstances may overtime hours, whether daytime or nighttime, exceed two (2) hours per day and twelve (12) hours per week, except in the cases outlined in Article 163 of the Substantive Labor Code.

When the workday is extended by mutual agreement between the employer and employees to ten (10) hours per day, no overtime may be worked on the same day.

Paragraph: Overtime work, except in the cases specified in Article 163 of the Substantive Labor Code, must be expressly authorized by the employer.

Article 35: Overtime work shall be compensated by the Company as follows:

- Daytime overtime: with a 25% surcharge over the regular daytime wage.
- Nighttime overtime: with a 75% surcharge over the regular daytime wage.

Internal Labor Regulations

Annual leave (vacation)

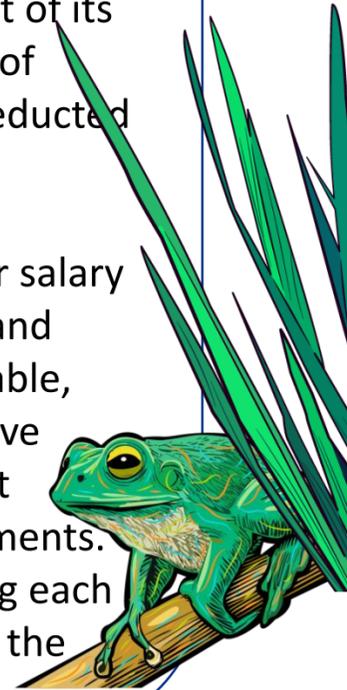
Article 53: Employees who have completed one (1) year of service are entitled to consecutive paid working days of vacation, as established in current individual and collective agreements. This period shall not be less than the minimum number of working days required by labor law. For fixed-term contracts of less than one (1) year, employees are entitled to vacation pay proportional to the time worked, regardless of the duration.

Article 54: The vacation period shall be determined by the Company no later than the year following the year in which the vacation was accrued. Vacations must be granted either proactively by the Company or upon formal request by the employee, without affecting operations or the effectiveness of the rest period. The Company must notify the employee at least fifteen (15) days in advance of the scheduled vacation start date.

Paragraph: The Company may establish a fixed vacation period for all or part of its workforce. In such cases, employees who have not yet completed one year of service will be considered to be taking vacation in advance, which will be deducted from the vacation accrued upon completing one year of service.

Article 58: During the vacation period, the employee will receive the regular salary earned on the day the vacation begins. Therefore, mandatory rest day pay and overtime will be excluded from the vacation calculation. If the salary is variable, vacation pay will be calculated based on the average earnings over the twelve months preceding the vacation. The provisions in this chapter apply without prejudice to any additional benefits granted under current collective agreements.

Paragraph: The Company shall maintain a special vacation register, recording each employee's start date, the start and end dates of their annual vacation, and the corresponding compensation received.



Commitments

Paying a living wage

See: Components of compensation & Market composition

Avoiding or reducing overtime or excessive working hours

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

“Desconexión laboral” program - Right to Disconnect:

- ISA has a defined working schedule for its employees.
- Communications (such as internal messages, emails, and phone calls) should be avoided outside of this schedule.
- Meetings should also not be scheduled outside of working hours.
- The goal is to ensure employees' rest and well-being.

Reduced working hours:

- ISA has implemented a work schedule that is 5 hours shorter than the maximum allowed by law.
- Some of its companies offer shorter workdays on Fridays.
- Others have a compensatory hours bank, allowing employees to accumulate hours and enjoy fully paid vacation days during special occasions such as Christmas and New Year.

Workplace flexibility: Encourages an adaptable environment that balances business needs and employee well-being.

- Flexible Schedule: Allows employees to adjust their start and end times while meeting the required weekly hours.
- Flexiplace: Enables work from various locations, including the office, home, or other approved spaces.
- Flexwork: Combines flexibility in both time & location, promoting autonomy & productivity.

Commitments

Setting maximum working hours

See Overtime and Working Hours (pp 4, 5) and working hours (pp 7).

Equal remuneration for men and women

See: Compensation philosophy and objectives (Diversity, criteria) (pp 3).

Paying workers for annual leave

- All employees of the company are entitled to the vacation days established by law, in accordance with the Substantive Labor Code.
- ISA grants two (2) additional days beyond those required by law.
- For every five (5) years of service, one (1) additional day is added to the company-granted vacation days.
- Each of the ISA Group companies, across different countries, ensures the right to vacation is honored in accordance with the applicable local legislation.

Setting minimum consultation or notice periods before mass terminations

This is not directly applicable to our current operations, as mass terminations are not part of our standard practices. However, we fully comply with labor laws and employment regulations in every country where we operate. If such situations were to occur, they would be handled in accordance with national legislation, with full respect for human rights and transparent communication.





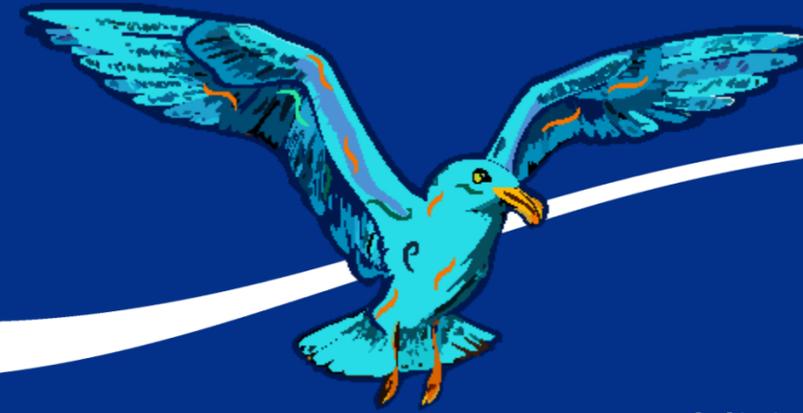
Working hours & Assistance & benefits



For many years, the company's workweek has been below the legal requirement, which mandates a total of 48 hours per week. At ISA, the standard workweek is 41.25 hours (6.75 hours per day). With the new labor reform that reduces the legal number of working hours, ISA's schedule would still remain 0.75 hours below the new annual requirement.

Type of work schedule	Weekly hours	Difference in equivalent annual days is lower at ISA
Legal work schedule (until a few years ago)	48	35 days (7 weeks)
ISA work schedule	41,25	

Assistance and benefits		
	Cost	Days
Childbirth	0.61 (current legal monthly minimum wages)	3 a 5
Marriage	0.54 (current legal monthly minimum wages)	5
Death(Passing)	Employee 4,4 (current legal monthly minimum wages)	5
	Relatives 1,25 (current legal monthly minimum wages)	5
Voluntary employee benefits		
Annual leave	Additional working days beyond those established by law	a. With less than fifteen (15) years of continuous or non-continuous service in the Company: two (2) additional working days b. With fifteen (15) or more years and less than twenty (20): three (3) additional working days c. With twenty (20) or more years and less than twenty-five (25): four (4) additional working days d. With twenty-five (25) or more years and less than thirty (30): five (5) additional working days e. With thirty (30) or more years: six (6) additional working days



Training or reskilling to mitigate negative effects of industrial or climate transition changes

In addition, employee surveys are regularly conducted to identify the most valued programs and offerings. The insights gathered from these surveys help guide the development of initiatives that better respond to employee needs and expectations, reinforcing our commitment to continuous improvement and employee well-being.



As part of our ongoing commitment to constructive labor relations and transparent dialogue, ISA and its affiliated companies conduct monthly meetings and training sessions with representatives of both the collective pact and trade unions. These sessions are designed to address sector-specific topics, share best practices in labor relations, and discuss key negotiation issues that are expected to be reflected in future agreements.

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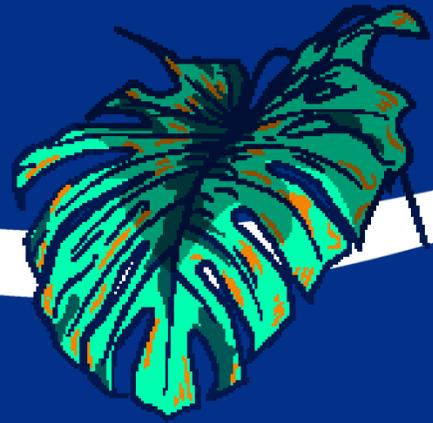
Trade unions at ISA and its subsidiaries

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Collective agreements at ISA and its subsidiaries

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Collective bargaining agreements at ISA and its subsidiaries

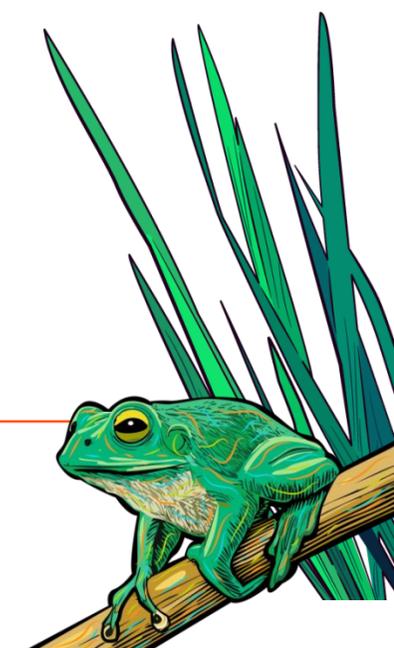


Labor Practices Programs



Labor relations in one view

Topic	Action Taken	Description of the Action	Impact	Scope
Ensure adequate wages at or above cost of living estimates or benchmarks	As a corporate guideline, we continuously benchmark against the labor market in each country (specifically companies within the sector) to maintain competitive salary levels across all job grades, including executives, specialists, analysts, and support staff.	We benchmark against market companies in terms of fixed pay, variable pay, and benefits. By definition, our comparison is based on the market median, which allows us to establish a competitive salary structure.	Maintaining salary competitiveness	All employees
Monitor working hours including overtime management & Ensure employees are paid for overtime work	<p>Internal work regulations state the following:</p> <p>Article 33: Overtime work refers to any work that exceeds the ordinary work schedule and, in any case, surpasses the legal maximum working hours.</p> <p>Article 34: Under no circumstances may overtime hours, whether daytime or nighttime, exceed two (2) hours per day and twelve (12) hours per week, except in the cases outlined in Article 163 of the Substantive Labor Code.</p> <p>When the workday is extended by mutual agreement between the employer and employees to ten (10) hours per day, no overtime may be worked on the same day.</p> <p>Paragraph: Overtime work, except in the cases specified in Article 163 of the Substantive Labor Code, must be expressly authorized by the employer.</p> <p>Article 35: Overtime work shall be compensated by the Company as follows:</p> <p>Daytime overtime: with a 25% surcharge over the regular daytime wage.</p> <p>Nighttime overtime: with a 75% surcharge over the regular daytime wage.</p>	ISA has a labor relations and compensation team that monitors rest and compensation periods through a platform called SuccessFactors	Ensuring employee well-being and recognition	All employees



Labor relations in one view

Topic	Action Taken	Description of the Action	Impact	Scope
Regularly engage with workers' representatives on working conditions	Engagement Sessions and Working Groups with Employee Representatives	Regular Dialogue: We hold regular engagement sessions and working groups with employee representatives to listen to and understand their needs, in alignment with the current collective agreement and based on identified priorities.	Positive Labor Relations: We maintain strong and constructive relationships with representatives of the collective agreement	All employees
Routinely monitor the gender pay gap to achieve equal remuneration for men and women	We conduct monthly monitoring of the pay segregation indicator, which allows us to track gender pay gaps across all salary grades. This is complemented by the occupational segregation index, which shows the number of male and female employees in each role.	Each salary grade is reviewed, and actions are taken where individual adjustments are feasible. During our annual merit-based salary adjustment process, gender pay gap analysis is a key criterion. In line with market best practices, the company aims to maintain the pay segregation index below 5%.	Deliberate Actions to Reduce the Gender Pay Gap	All employees
Expand social protection coverage for workers beyond public programs	Provision of Health Plans through the Collective Agreement	The company offers health plans to employees as part of the collective labor agreement. Additionally, ISA provides private health insurance coverage for employees and their immediate family members..	Promoting Employee and Family Well-being	90% of employees



Labor relations in one view

Topic	Action Taken	Description of the Action Impact	Scope
Ensure employees are taking their paid annual leave entitlements	<p>Internal work regulations state the following: Annual leave (vacation) Article 53: Employees who have completed one (1) year of service are entitled to consecutive paid working days of vacation, as established in current individual and collective agreements. This period shall not be less than the minimum number of working days required by labor law. For fixed-term contracts of less than one (1) year, employees are entitled to vacation pay proportional to the time worked, regardless of the duration.</p> <p>Article 54: The vacation period shall be determined by the Company no later than the year following the year in which the vacation was accrued. Vacations must be granted either proactively by the Company or upon formal request by the employee, without affecting operations or the effectiveness of the rest period. The Company must notify the employee at least fifteen (15) days in advance of the scheduled vacation start date. Paragraph: The Company may establish a fixed vacation period for all or part of its workforce. In such cases, employees who have not yet completed one year of service will be considered to be taking vacation in advance, which will be deducted from the vacation accrued upon completing one year of service.</p> <p>Article 58: During the vacation period, the employee will receive the regular salary earned on the day the vacation begins. Therefore, mandatory rest day pay and overtime will be excluded from the vacation calculation. If the salary is variable, vacation pay will be calculated based on the average earnings over the twelve months preceding the vacation. The provisions in this chapter apply without prejudice to any additional benefits granted under current collective agreements. Paragraph: The Company shall maintain a special vacation register, recording each employee's start date, the start and end dates of their annual vacation, and the corresponding compensation received.</p>	<p>Application of the Internal Work Regulations in Accordance with the Laws of Each Country</p> <p>Ensuring employee well-being, rest, and recognition</p>	All employees

