

VARIABLE COMPENSATION SYSTEM



COLOMBINA SYSTEM PHILOSOPHY

Our executive compensation framework is designed to align management decisions with:

- Long-term value creation
- Strategic business objectives
- Shareholder interests
- Sustainability commitments

The framework combines:

- Short-term performance incentives
- Long-term value creation incentives
- Financial and non-financial performance indicators
- Sustainability-related objectives

VARIABLE COMPENSATION FRAMEWORK

Executive Employees

Short-term
incentive
(annual)

Performance
matrix

Financial + ESG
KPI

All executives

Long-term
incentive
(3 year horizon)

Phantom stock
plan

EVA + Δ EVA

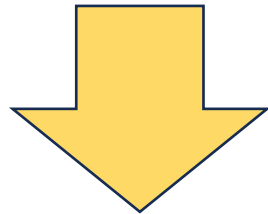
CEO + Senior
Management

The compensation architecture combines annual operational performance with long-term value creation indicators, ensuring alignment between management actions and the sustainable growth of the organization.

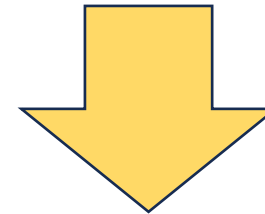
VARIABLE COMPENSATION SYSTEM

- The Variable Compensation System seeks to align employee performance with the company's strategic objectives, fostering teamwork, long-term vision, and commitment to the sustainability strategy.
- This scheme is based on both financial and non-financial indicators, encompassing economic results as well as performance in environmental, social, and governance (ESG) matters. In this way, it promotes a culture of comprehensive responsibility, where the achievement of individual and collective goals translates into the creation of sustainable value for the organization and its stakeholders.

This system is structured around two approaches



A. SHORT-TERM
PROGRAM



B. LONG-TERM
PROGRAM



VARIABLE COMPENSATION SYSTEM

A. SHORT TERM PROGRAM

→ **Objective:** Recognize excellence in employees' annual performance through evaluation matrices.

→ **Coverage:** 800 employees.

The short-term variable compensation is structured according to the organizational level, with amounts equivalent to multiples of the monthly salary:

Organizational Level	Multiple of Monthly Salary
CEO	3,5
Vice Presidents	2
Business Unit Managers	1,5
All other employees	1

Compensation is distributed based on corporate objectives, sustainability criteria, and performance indicators specific to each responsible area, according to the following components:

Indicator	Variable Compensation Distribution
Areas specific indicator	60%
Corporate objectives	30%
Sustainability indicator (CSA S&P Global Percentile)	10%

VARIABLE COMPENSATION SYSTEM

A. SHORT -TERM PROGRAM

PERSPECTIVE	KEY INDICATORS	UNIT
FINANCIAL	1 ROIC (Return On Invested Capital)	%
	2 Sales Growth Sales	% COP \$MM
	3 Contribution Margin	%
	4 EBITDA Margin EBITDA	% COP \$MM
	5 Working Capital / Sales	%
MARKETS	6 Share of Market (Nielsen) Colombia	%
	7 Plan 50 Success	%
	8 # SKUS with Clean & Clear improvements	#
	9 Perfect Orders	%
PROCESSES	10 Cost of Serving / Sales	%
	11 Colombina 100% Sales - COP\$MM	COP \$MM
	12 Cost of Transport / Sales	%
	13 Labor Productivity (\$ Direct Labor / Kg Produced)	\$MOD/Kg
	14 EGP (Global Efficiency - Production Plants)	%
HUMAN CAPITAL	15 Working Environment	Score
	16 Total Payroll / Sales	%
SUSTAINABILITY	17 Sustainability Assessment Scorecard	Percentile

All the indicators used in these matrices are aligned with the 17 corporate KPIs that make up the organization's Balanced Scorecard. At Colombina, we have enhanced this system by incorporating a new sustainability perspective, which integrates the indicator associated with the results of the corporate sustainability assessment (CSA).

These matrices include both financial and non-financial indicators, allowing variable compensation to reflect, in a balanced way, economic results as well as performance in environmental, social, and governance (ESG) matters.

VARIABLE COMPENSATION SYSTEM

B. LONG- TERM PROGRAM

- **Objective:** Recognize the creation or destruction of value through a phantom stock scheme, with the purpose of aligning executives with the organization's long-term strategic objectives and with the sustainability vision and value creation shared by shareholders.
- **System Philosophy:** Management is responsible for ensuring that the company's operations and investments are conducted under strategic direction, driving long-term sustainable value creation. For this reason, the compensation scheme is tied to a three-year period and uses EVA and EVA variation (ΔEVA) as performance indicators, which comprehensively reflect the generation of economic value.
- **Coverage:** 16 senior executives (CEO, Vice Presidents, and Business Unit Managers).
- **Target Bonus:** This system is designed to be equivalent to approximately two monthly salaries.

EVA: Linking Business Performance to Long-Term Value Creation

What is EVA?

**Economic
Value
Added**

Why EVA?

- *Value Creation
- *Efficiency
- *Long-Term Focus



Business performance



EVA



Long-Term Value



Long-Term Compensation



Aligning leadership performance with sustainable value creation

Economic Value Added (EVA) measures the company's economic value creation, considering not only the results achieved but also the resources required to generate them.

EVA enables the company to link long-term compensation to sustainable value creation, aligning leadership performance with Colombina's strategic objectives and shareholders' interests.