



# **COLCX Program Governance Model**

## *Version 2.0*



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## 1 INTRODUCTION

The COLCX Registration and Certification Program is an initiative developed by Canal Clima S.A.S., a company specialized in climate services, mitigation solutions and environmental monitoring. Canal Clima is a subsidiary of Grupo RFC, a corporate holding company that integrates companies focused on sustainable development, environmental markets and technological innovation in Latin America.

In this context, COLCX is consolidated as a strategic business line that promotes transparency, permanence and trust in voluntary and regulated carbon markets. The definition of a governance model within COLCX ensures that all program operations are conducted under ethical, impartial and technically solid principles, fostering trust among stakeholders and granting carbon credits adequate to the needs of the national and international market.

This model ensures coherence between the program's activities, the Canal Clima guidelines and the RFC Group's strategic guidelines, facilitating articulated and results-oriented management.

This document describes the governance structure of the COLCX program, defines the composition, functions and responsibilities of the governing bodies, and establishes the procedures for decision making and the criteria for selection and evaluation of related personnel, with the objective of ensuring adequate and coherent management with the objectives of the program.

## 2 GOVERNANCE STRUCTURE

COLCX's governance model is designed to ensure efficient and transparent management, allowing for adequate decision making and oversight of program activities. Its structure includes different instances that work in a coordinated manner to ensure compliance with strategic and operational objectives.

The main bodies that comprise this structure, their composition and their responsibilities within the framework of the program are detailed below.

### 2.1 BOARD OF DIRECTORS

#### 2.1.1 Characteristics and composition

The Board of Directors (BoD) is the highest-level body of Canal Clima within its governance structure. Its main function is to oversee the financial and strategic aspects of the program, ensuring its economic viability, the efficient use of resources and the overall alignment with the institutional objectives defined by Canal Clima.

It is composed of three (3) principal members, each with one (1) personal alternate. At least one (1) of the directors, together with his or her alternate, must be independent of the activities related to the program.

To be considered independent of the program, a person must meet the following criteria:

- Not having been an employee or officer of the program during the year prior to appointment



- Do not have direct or indirect links with organizations that may present conflicts of interest with COLCX

For more information on the characteristics and composition of the Board of Directors, please refer to the corporate bylaws of Canal Clima.

### 2.1.2 Main functions

The main functions include:

1. Oversee the financial aspects of the program, reviewing and approving budgets, financial statements, audit reports and other relevant financial documents.
2. Appoint and oversee the Executive Director, defining their responsibilities, evaluating their performance, and ensuring alignment with the institutional vision of the program.
3. Oversee the functioning of the Management Committee and the Ethics Committee, issuing recommendations to strengthen the transparency, independence and integrity of their processes.
4. Authorizes the initiation of GHG initiative certification processes whose estimated cost exceeds 250 Monthly Legal Minimum Wages (MLMW) in Colombia, based on a prior review of technical, financial, legal, and reputational risks.
5. Issues strategic guidelines for the use and management of financial resources, including control policies, investment criteria and economic sustainability strategies.
6. Delegates technical, operational and strategic functions to the Advisory Council, while maintaining responsibility for the overall program governance framework.
7. Requests any strategic, technical or financial information necessary for the fulfillment of its functions.
8. Convene extraordinary meetings or make decisions through non-face-to-face or written mechanisms, in accordance with legal and organizational conditions.

These functions are executed within the institutional framework of Canal Clima, and are complemented by the provisions of its bylaws, which define the general attributions and the formal structure of the Board of Directors as the governing body.

### 2.1.3 Meetings

The Board of Directors meets annually in person or virtually and may also hold extraordinary meetings when necessary.

- Call: made by any of its members or by the Executive Director, with at least 15 days' notice.
- Quorum: minimum of two (2) principal members.
- Decisions: adopted by simple majority.

Decisions are formalized in minutes. The minutes shall be signed by a chairman and a secretary elected for each session and filed as documentary support of the program.

#### **2.1.4 Confidentiality**

All information provided to BoD members in the exercise of their duties must be used exclusively for the purposes established by the COLCX program. Members are obliged to maintain confidentiality and protect the interests of the program, ensuring ethical and responsible handling of data. Likewise, all decisions, suggestions and reports issued by the BoD are kept in strict confidentiality and will be applied to the activities of the program for its improvement.

#### **2.1.5 Selection criteria**

##### **General requirements:**

- Be a natural person, of legal age, and have professional experience in executive or managerial positions.
- At least five (5) years of experience in areas such as finance, administration, governance, sustainability, carbon markets or strategic management.
- Minimum postgraduate academic level.

##### **General Competencies:**

- Capacity for strategic analysis and financial decision making.
- Leadership skills, governance and institutional vision.
- Commitment to the mission, principles and values of the organization.

#### **2.1.6 Evaluation process**

- Participation in the BoD shall be in accordance with Canal Clima's bylaws and may be modified or terminated by the decision of the General Shareholders' Meeting.
- The Board of Directors may be freely appointed and removed by the shareholders' meeting.

These criteria are exercised within the institutional framework of Canal Clima, and are complemented by the provisions of its bylaws, which define the formal structure of the Board of Directors as the governing body.

#### **2.2.6 Relationship with other governance bodies**

The BoD plays an articulating role within the governance structure of the COLCX program, ensuring integration and coordination among the different decision-making and operational bodies of the system.

In particular, it is related to:

- Advisory Council: strategic and technical body to which the BoD delegates operational, methodological and program expansion decisions. The BoD approves its composition and reviews its recommendations.
- General Manager: executes BoD decisions, submits reports and proposals, and acts as liaison between the committees, the Advisory Board and the BoD.
- Management Committee: the body responsible for operational planning and general coordination. It reports to the Executive Director and may submit proposals to the Board of Directors for strategic review.
- Technical Committee: body responsible for the evaluation of projects and methodologies. Its analysis serves as the technical basis for the decisions of the Director General and the BoD, when necessary.
- Ethics Committee: oversee compliance with ethical principles and the management of non-conflicts of interest. It may be consulted by the BoD in sensitive situations that compromise institutional integrity.

The BoD may convene these bodies or their representatives for informational or consultative sessions, to strengthen integrated governance, transparency and evidence-based decision making.

## **2.2 ADVISORY COUNCIL**

The Advisory Council is a strategic advisory body that oversees the governance of the COLCX program. It provides strategic direction and supports decision making on technical, regulatory and market issues facing the program, especially in the context of voluntary and regulated carbon markets.

### **2.2.1 Characteristics and composition**

The Advisory Board is comprised of a group of three (3) members with strategic expertise in sectors of the economy, including sustainability, climate change, environmental regulation, carbon markets, climate finance and low carbon development.

The members act in a personal capacity, and are selected for their background, technical knowledge and ability to contribute relevant perspectives to the development of the program. The designation and any modification in the number of members will be the responsibility of the Board of Directors, through one of its members designated as representative to the Advisory Council, always respecting the minimum and maximum number established. Two of the members of the Advisory Council must be external to Canal Clima, i.e., not having a direct labor or contractual relationship with the organization, which seeks to ensure independence and diversity in the recommendations issued.

Members will be appointed for a period of two (2) years, with the possibility of renewal for up to three additional consecutive terms, if they maintain compliance with the technical requirements demanded by the program and express their interest in continuing. Likewise, the Advisory Council may invite external experts or representatives of interest groups to its meetings when their opinion or experience is required on specific topics related to the technical, strategic or regulatory development of the program. These people will participate only with voice, without the right to vote.



The Board of Directors, through one of its members designated as liaison to the Advisory Council, shall review at least every two (2) years the criteria for the selection, composition and performance of the Council. This review shall consider aspects such as professional diversity, sector experience, reputation, and strategic needs of the program.

It shall not be a requirement to have an employment or contractual relationship with COLCX to be part of the Advisory Council. When the participation of a member is terminated either by expiration of the term, resignation, decision of the Board of Directors or force majeure, the replacement may be proposed by the Board of Directors, the Chief Executive Officer or the members of the Advisory Council. The appointment of the new member shall be the responsibility of the Board of Directors.

### 2.2.2 Main functions

The Advisory Council strengthens the strategic and technical direction of the COLCX program, providing independent expertise and medium and long-term vision for its positioning in the carbon market. Its main functions are:

1. Strengthens the vision, mission and objectives of the COLCX program, ensuring alignment with global trends in climate action and quality standards in carbon markets.
2. Recommends actions to address technical, reputational or regulatory risks, as well as propose strategic adjustments when relevant regulatory changes or new opportunities for the growth and positioning of the program arise.
3. Represents the Board of Directors on strategic issues of a technical nature, providing specialized support in decision making and in interaction with market players.
4. Recommends actions for registering the COLCX program under international regulatory and integrity frameworks, such as ICROA, ICVCM, CORSIA, or other similar mechanisms, ensuring compliance with technical, operational, and governance requirements.
5. Advice on expanding the scope of the program by including new sectors, geographic regions, and methodologies.
6. Advice on expanding the scope of the program to include new sectors, geographic regions and methodologies.

### 2.2.3 Meetings

The Advisory Council meets once (1) a year in person or virtually and may hold extraordinary meetings when necessary. Meetings shall be called by the Director General or by the Board of Directors.

#### Minimum requirements for meetings:

- Quorum more than 50% of the members.
- The COLCX team must submit a report at least three days prior to the meeting with the topics to be discussed.
- All meetings must be formalized by means of minutes.

### 2.2.4 Confidentiality

All members of the Advisory Council shall maintain the confidentiality of the information to which they have access, in the performance of their duties, including technical, strategic, financial, operational or any other information reserved by the COLCX program.

The information discussed at the meetings, as well as the recommendations issued, must be used exclusively for the purposes established by the program and may not be disclosed to third parties without the authorization of the Board of Directors.

Each member of the Advisory Board must sign a confidentiality statement as part of the engagement process, in which they agree to:

- Not to disclose internal or sensitive information of the program, during their tenure on the Board and until at least two (2) years after they have ceased their duties.
- Refrain from using the information obtained in their role as advisor for their own benefit or that of third parties, respecting and applying the confidentiality agreement signed with Canal Clima.
- Immediately disclose any conflict of interest that could compromise their independence or the confidentiality of their participation.

Failure to comply with this obligation may result in the suspension or removal of the member, in accordance with the mechanisms established by the Board of Directors.

### 2.2.5 Selection criteria

General requirements:

- Minimum 5 years of experience in at least one of the following areas: carbon markets, climate change, environmental regulation, sustainable development, climate finance, project validation/verification, or mitigation methodologies.
- Academic background in related areas (engineering, economics, law, environmental sciences, among other similar sciences, etc.).
- Postgraduate studies in related areas.

Suggested competencies:

- Knowledge of international certification standards and carbon-related regulatory frameworks.
- Analytical skills and strategic thinking to formulate technical and governance recommendations.

### 2.2.6 Evaluation process

- Each member will be evaluated annually based on their level of participation, quality of their contributions and ethical compliance.
- The renewal of their participation will be subject to their interest in continuing and to a positive evaluation by the Board of Directors and the Executive Director.

## 2.3 EXECUTIVE DIRECTOR

### 2.3.1 Appointment

The COLCX Program has one (1) Executive Director, appointed by the BoD for an indefinite term, without prejudice to the possibility of being freely removed at any time.

In all cases in which reference is made to the legal representative, it shall be understood to refer to the Executive Director, who may act individually on behalf of the program, without the need for the concurrence of other representatives.

### 2.3.2 Powers and Responsibilities

The Executive Director of COLCX is responsible for leading the institutional strategy, ensuring compliance with the program's objectives and legally representing the organization. His/her management must ensure the growth, sustainability and integrity of the program, aligning with the values of Canal Clima and the guidelines of the Board of Directors.

This position involves strategic, financial and operational responsibilities, with a long-term vision that contributes to the positioning of COLCX as a robust, reliable program aligned with the best practices of the national and international market.

Its main functions include:

- Legally represent the program before interested parties and control entities.
- Make management reports to the BoD on the operational, technical and financial performance of the program.
- Identify strategic risks and opportunities, proposing action plans to address them.
- Evaluate and present to the Board of Directors a financial analysis of GHG initiatives whose estimated cost exceeds 250 Monthly Legal Minimum Wages (MLMW) in Colombia, ensuring the economic viability of the project and the proper use of the program's financial resources.

### 2.3.3 Selection criteria

The Executive Director is selected based on strategic and leadership criteria, in accordance with Canal Clima's recruitment and selection procedure (RFC-GEH-PR-02).

Minimum requirements:

- Educational background: Graduate degree in Engineering, Management, Strategic Management or related disciplines.
- Professional experience: Minimum 10 years of general experience, including at least 5 years in management positions.
- Expertise: Project management, strategic planning, budget execution, financial analysis, basic labor regulations and information technology. Experience in carbon markets, sustainability, energy or climate change is an asset.

Competencies:

- Strategic and institutional leadership.
- Decision-making and analytical thinking skills.
- Communication and influencing skills.
- Efficient management of teams, resources and external relations.
- Focus on results and continuous improvement.

### 2.3.4 Evaluation Process

The performance of the Executive Director is evaluated by the Board of Directors, considering compliance with the program's strategic and financial objectives, organizational leadership capacity, effectiveness in the management of teams and resources, and compliance with internal and external regulations. Their ability to represent the program to stakeholders, their contribution to institutional positioning and their capacity to drive continuous improvement processes will also be assessed. These evaluations identify opportunities for strengthening and define the continuity of the position based on the results achieved and alignment with the organization's guidelines.

The selection and evaluation criteria for the position are complemented by the criteria defined in the Position Profile of the Executive Director, defined by Canal Clima. For the development of formal selection processes, these documents should be consulted as a normative and operational reference.

## 2.4 EXECUTIVE STAFF

The executive staff of the COLCX program is comprised of a leadership team headed by the Executive Director, who acts as the legal representative and primary liaison between the BoD and the Executive Staff. This group includes the Technical Manager, Administrative and Financial Manager, IT Manager and Commercial Manager.

In addition, the BoD and/or the Executive Director may appoint consultants according to the strategic needs of the program. This organizational structure ensures efficient coordination and compliance with objectives, with each member reporting directly to the Executive Director on their performance.

### 2.4.1 Technical Manager

The Technical Manager is responsible for leading, supervising and coordinating the certification and registration process of GHG mitigation initiatives. Its main goal is to develop and execute effective strategies for certification within the COLCX program, promoting practices that guarantee its permanence and ensuring compliance with international and local regulations.

This role includes strategic planning, coordination of multidisciplinary teams, efficient resource management and representation of the program to carbon market agencies and other stakeholders to position the program nationally and internationally. The Technical Manager supervises the Technical Leader and reports directly to the Executive Director.

### 2.4.1.1 Main functions and responsibilities

- Provide technical support to the Executive Director in strategic decision making.
- Ensure technical excellence in the certification of GHG mitigation initiatives, strengthening the program's methodologies, providing continuous improvement in internal processes and promoting tools for the adequate management of results.
- Ensure compliance with all national and international regulations and standards related to the program,
- Verify the application of principles and guidelines defined by COLCX for the formulation and certification of GHG mitigation initiatives.

#### 2.4.1.1 Selection Criteria

The Technical Manager is selected based on technical criteria and specific experience in the field of GHG mitigation projects, following Canal Clima's recruitment and selection procedure (RFC-GEH-PR-02).

Minimum requirements:

- Academic background: University degree in Industrial Engineering, Environmental Engineering or related areas.
- Professional experience: Minimum 5 years of experience in GHG mitigation, project certification or implementation of technical methodologies.
- Expertise: Experience in regulation, design, evaluation or application of greenhouse gas mitigation methodologies, and up-to-date knowledge of national and international certification frameworks.

Competencies:

- Technical expertise in mitigation projects and carbon methodologies.
- Ability to lead technical and quality certification processes.
- Ability to structure and improve regulatory and operational processes.
- Analytical and technical writing skills for documents and reports.
- Ability to train teams and transfer specialized technical knowledge.
- Ability to make objective technical decisions with integrity criteria.

#### 2.4.1.2 Evaluation process

Performance of the Technical Manager is evaluated by the Executive Management, considering aspects such as quality in the implementation of methodologies, effectiveness in the technical certification of projects, compliance with internal procedures and management of technical knowledge within the program. Their contribution to the strengthening of the COLCX certification system, the updating of standards and the ability to coordinate inter-institutional processes or with external actors are also evaluated.

These evaluations identify opportunities for improvement and ensure that the program maintains the highest technical standards, consistent with the principles of quality and credibility defined by Canal Clima.

This information is complemented with the Position Profile of the Technical Manager, defined by Canal Clima. For selection or evaluation processes, this document should be used as a normative and operative reference.

## **2.4.2 Administrative and Financial Manager**

The Administrative and Financial Manager is responsible for managing the economic resources of the COLCX program, ensuring its financial sustainability and compliance with budgetary objectives.

### *2.4.2.1 Main functions and responsibilities:*

- Manage the budget and supervise the accounting and financial activities of the program.
- Ensure the financial sustainability of the program through adequate planning and use of resources.
- Monitor financial reports and present results to the Executive Direction.
- Developing administrative policies to optimize resource management.

### *2.4.2.2 Selection Criteria*

The selection of the Administrative and Financial Manager is based on technical criteria, experience in organizational management and administrative capabilities, following Canal Clima's recruitment and selection procedure (RFC-GEH-PR-02).

Minimum requirements:

- Academic background: University degree in Business Administration, Economics or related areas.
- Professional experience: Minimum 5 years in positions related to general administration, finance or human talent management.
- Technical knowledge: Budget management, labor regulations, payroll processes, ERP systems (such as SAP), basic accounting, procurement management, and financial control. Experience with quality or sustainability management systems is also valued.

Competencies:

- Budget planning and execution.
- Efficient management of human, accounting and financial resources.
- Ability to control and monitor administrative and purchasing processes.
- Regulatory knowledge in organizational management and integrated systems.
- Skills in teamwork, operational leadership and effective communication.
- Focus on compliance, transparency and continuous improvement.



### 2.4.2.3 Evaluation Process

The performance of the Administrative and Financial Manager is evaluated by the Executive Direction, considering aspects such as budget compliance, quality in the execution of payments, control over resources and suppliers, human talent and welfare management, and compliance with the regulatory requirements of the Integral Management System. Their ability to articulate with other areas, their administrative leadership and their contribution to the fulfillment of the program's operational and financial objectives will also be assessed. These evaluations allow them to verify their suitability and support decision making for their permanence or improvement of their performance in the position.

These criteria are complemented by the Administrative and Financial Manager Position Profile, defined by Canal Clima. For formal selection or evaluation processes, this document should be used as a normative and operational reference.

### 2.4.3 Information Technology Manager

The IT Manager oversees the development, maintenance and functionality of the COLCX system for the registration, issuance and retirement of carbon credits.

#### 2.4.3.1 Main functions and responsibilities

- Manage the COLCX registration platform, ensuring its proper functioning and alignment with the needs of the carbon market and COLCX users.
- To implement technological improvements to optimize the registration and certification processes.
- Coordinate with the technical and administrative areas the technological integration of the program operations.
- Guarantee the security and reliability of the information on the platform.

#### 2.4.3.2 Selection Criteria

The selection of the IT Manager is based on technical criteria, leadership and experience in technological environments, in accordance with Canal Clima's recruitment and selection procedure (RFC-GEH-PR-02).

Minimum requirements:

- Academic background: Graduate degree in Systems Engineering or related areas.
- Professional experience: Minimum 4 years of experience in software development, systems architecture or technology management.
- Technical expertise:
  - Technical team leadership.
  - Programming languages such as J2EE and .NET (C#), HTML5, CSS, JavaScript, JSON.

- Web application development and implementation.
- Administration of servers (Tomcat, IIS), databases (SQL Server).
- Structured and object-oriented design, software architecture, and information systems security standards.

Competencies:

- Ability to design and improve technological solutions applied to the carbon market.
- Skills in the development and management of digital platforms.
- Technical knowledge in systems architecture, development methodologies and version control.
- Analytical ability to solve complex problems and optimize technological processes.
- Effective communication and collaborative work with interdisciplinary teams.

#### 2.4.3.3 Evaluation process

The performance of the Information Technology Manager will be evaluated periodically by the Executive Direction, taking into account aspects such as the continuity and efficiency of the technological platforms, the quality of the implemented developments, the capacity to respond to internal or external requirements, and the management of infrastructure and security of the systems. Its contribution to the technological sustainability of COLCX and its alignment with the strategic objectives of the program will also be evaluated. This evaluation will ensure that the position is kept up to date with the operational, regulatory and technological needs of the carbon market.

These criteria are complemented by the IT Manager Position Profile, defined by Canal Clima. This document should be consulted as an official guide when making decisions on the selection or evaluation of this position.

### 2.4.4 Commercial Manager

The Commercial Manager is responsible for designing, coordinating and supervising the marketing strategy of the COLCX program, ensuring its positioning and growth in national and international markets. The role focuses on managing the commercial team, identifying business opportunities and strengthening strategic relationships with clients and partners.

#### 2.4.4.1 Main functions and responsibilities

- Define and lead the commercial strategy, promoting the acquisition of new clients, strategic alliances and positioning of the program in national and international markets.
- Supervise and coordinate the sales team, ensuring the achievement of sales and expansion targets.
- Identify and develop new business opportunities, establishing strategic relationships with customers and partners.
- Guarantee customer satisfaction and loyalty, ensuring timely responses aligned with their needs.

#### 2.4.4.2 Selection Criteria

The selection of the Commercial Manager of the COLCX program is based on strategic, commercial and leadership criteria, in accordance with the recruitment and selection procedure Canal Clima (RFC-GEH-PR-02).

This position plays an important role in defining, executing and monitoring sales strategies, institutional positioning and customer management, aligned with the program's growth objectives.

Minimum requirements:

- Academic background: Professional degree in business administration, commercial engineering, marketing, economics or related areas. Postgraduate training in business management, strategy or business management is an asset.
- Professional experience: At least 5 years of experience in management or commercial coordination positions, including experience leading sales teams and B2B or B2G negotiation processes.
- Technical knowledge: Sales and marketing strategies, commercial planning, market analysis, customer relationship management, key performance indicators (KPIs), bidding processes, and CRM tools. Experience in environmental sectors, sustainability, or technical services is valued.

Competencies:

- Commercial leadership and results orientation.
- Strategic vision and data-driven decision making.
- Ability to design and implement sales and market expansion plans.
- Effective communication, influence and collaborative work.
- Ability to adapt to dynamic environments and handle multiple priorities.

#### 2.4.4.3 Evaluation process

The performance of the Commercial Manager is evaluated by the Executive Direction, in coordination with the Administrative and Financial Management, considering criteria such as compliance with the sales budget, growth in new markets, customer loyalty, execution of commercial strategies, and management of the sales team. Its capacity of articulation with other areas of the program and its contribution to the institutional positioning of COLCX will also be considered.

## 2.5 EXTERNAL PROFESSIONALS

### 2.5.1 Senior Program Consultant

The COLCX Senior Program Consultant is responsible for supporting the implementation of strategic, regulatory and normative guidelines for the operation of the program, performing the following functions and responsibilities:

- Provide support to the Executive Direction and the Technical Manager in the definition and execution of the strategic lines of action defined for the program.
- Coordinate the implementation of strategic actions to ensure the fulfillment of organizational objectives.
- Establish and update the regulatory and technical guidelines necessary for the operation of the program, ensuring alignment with national and international standards.
- Overseeing and managing accreditation and recognition processes before carbon market agencies.
- Provide support in the identification of strategic and regulatory risks that may impact the operation and growth of the program.

### 2.5.2 Advisors

To ensure regulatory and technical compliance of the COLCX program, specialized external advisors provide support in specific consultations, strengthening decision-making within the program.

- Legal Advisor: Advises on the interpretation and application of national and international regulations, assessing legal risks, reviewing documentation and issuing recommendations in cases requiring legal validation. Its function is to ensure that the program's decisions and operations are carried out with full transparency and in compliance with the legal framework in force.
- Technical Advisor: Evaluates methodologies, standards and technical procedures, analyzing specific cases and issuing well-founded recommendations to ensure the quality and viability of projects. It also contributes to the updating and improvement of technical criteria, ensuring that the program is maintained with the best practices and national and international standards.

### 2.5.3 Certifier

The COLCX Certifier is an internal or external professional responsible for evaluating GHG mitigation initiatives, ensuring their compliance with the program's guidelines and the established quantification methodologies.

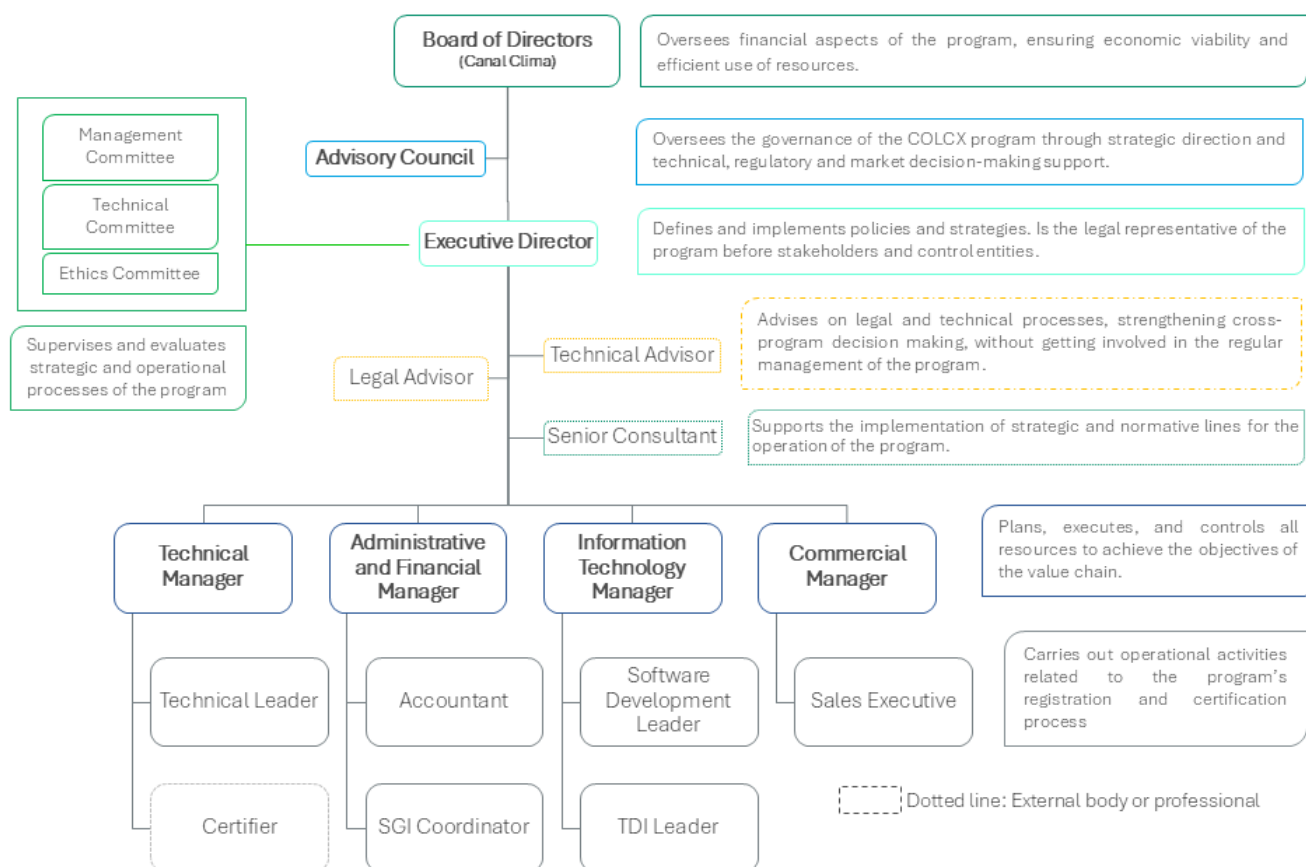
Its main function is to analyze the technical documentation, verify the correct application of standards and methodologies, and evaluate the conformity of the project with the certification requirements.

Through a detailed analysis, the certifier issues a technical criterion that contributes to decision-making in the certification process. This information is reviewed by the Technical Leader and, subsequently, the Technical Manager makes the final decision on the approval of the project.

## 2.6 Organizational Chart

The governance structure of COLCX and its main functions are summarized below:

Figure 1. COLCX Organizational Chart



### 3 INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) of the COLCX program ensures efficient performance of program activities, based on a set of policies, principles, standards, procedures, and mechanisms aimed at guaranteeing the accuracy, consistency, and timeliness of financial and operational information, and at verifying that all actions comply with legal regulations, bylaws, and the program's internal policies.

To achieve these objectives, the Internal Control System (ICS) is based on the following principles:

- *Self-monitoring*, where each member of the program is responsible for evaluating and monitoring their work, identifying deviations and proposing improvements
- *Self-regulation*, whereby the program continuously develops and improves its internal methods and procedures
- *Self-management*, which ensures efficient and effective coordination, execution and evaluation of its functions
- *Diligence and commitment* are also promoted, ensuring that processes are carried out with quality and within established deadlines, and that expected outcomes are delivered on time for both internal and external stakeholders

Within this framework, specialized committees monitor, evaluate and improve strategic and operational processes. These committees are designed to ensure transparency, efficiency and regulatory compliance, contributing directly to the achievement of program objectives.

The ICS has three standing committees:

- **Management Committee:** Provides strategic support and makes the necessary decisions to ensure the implementation of the program's objectives.
- **Technical Committee:** Ensures the quality and alignment of methodologies, standards and projects with regulations, scientific advances and technical criteria, through analysis, review and strategic decisions.
- **Ethics Committee:** Ensures transparency, integrity and compliance with ethical and regulatory principles, managing conflicts of interest and preventing reputational risks in the program.

Each committee has specific functions aimed at monitoring risks, evaluating internal processes and proposing corrective or preventive actions when necessary. In particular, the BoD has the power to create additional committees as needed to address specific needs and ensure the effectiveness of the program. Together, these specialized committees strengthen the governance of the COLCX program, ensuring that operations are conducted under standards of quality, transparency and compliance.

### **3.1 MANAGEMENT COMMITTEE**

The COLCX Management Committee is composed of a representative of the BoD, the Executive Director, the managers of the program areas (technical, operational, administrative and financial), as well as other members appointed by any member of the committee, according to the strategic needs of the program.

#### **3.1.1 Objective**

The objective of the Management Committee is to coordinate the implementation of the strategies and policies defined by the BoD, ensuring the alignment of decisions with the strategic objectives of the program.

#### **3.1.2 Functions**

The Management Committee ensures the effective execution of strategic policies and coordinates program operations. Its main functions include:

##### **Strategic planning**

- To put forward strategic proposals aligned with program objectives, considering risk and opportunity analysis.
- Monitor the implementation of the strategic plans and adjust based on the goals achieved.
- Analyze technical, financial and administrative performance indicators to evaluate program progress.



### Financial analysis

- Review of the financial statements to ensure program sustainability
- Review of the program's annual budget and ensure its proper execution
- Optimize the use of financial resources and ensure the correct distribution of funds within the program

### Human talent and organizational development

- Define policies that promote the well-being, professional development and commitment of employees.
- Coordinate training programs for internal and external staff, ensuring continuous updating on technical and regulatory issues.
- Oversee the selection of staff ensuring that candidates meet the program guidelines

### Technology and innovation

- Propose technological initiatives to improve the operational and technical efficiency of the program.
- Identify opportunities to incorporate new technologies and methodologies to strengthen the quality of certified initiatives.
- Ensure the functionality and security of the digital platforms used for program management (registration system and webpage).

## 3.1.3 Operation

### Meetings

The Management Committee meets every three months and in extraordinary sessions when necessary. The meetings will be called by a representative of the BoD and/or the Executive Director.

### Quorum

Decisions are adopted with the presence of at least half plus one of the members of the Committee.

### Documentation

Minutes are taken for each meeting detailing the topics discussed, decisions made and those responsible for their implementation. These minutes will be filed as documentary support.

## 3.2 TECHNICAL COMMITTEE

The Technical Committee is a specialized body of the COLCX program in charge of ensuring the technical and methodological quality of the program and GHG mitigation initiatives. Composed of qualified experts in climate change mitigation, sustainability, certification and national and international regulations, this committee ensures that the standards applied to GHG mitigation initiatives are technically sound, up-to-date and aligned with global best practices.

### 3.2.1 Objective

Guarantee the technical quality of the COLCX program's methodologies, standards and procedures, ensuring their alignment with national and international regulations, scientific advances and technical considerations. To this end, the committee performs analysis, reviews and issues strategic recommendations that minimize technical impacts and strengthen the program.

#### Particular Objectives

1. Ensure that the methodologies and standards applied in the program are technically sound and up to date with current scientific norms and advances.
2. Evaluate and approve technical deviations and special cases of projects, verifying compliance with the requirements established by the program and mitigating technical risks.
3. Provide technical advice to the BoD and the Executive Director, contributing to informed strategic decision making.
4. Design and implement technical training programs for stakeholders, strengthening their capacities and promoting understanding of the technical aspects of the program.
5. Guarantee the effective implementation of the approved methodologies, evaluating their performance in the certification processes and promoting their updating and continuous improvement to ensure their effectiveness and alignment with the program's progress.

### 3.2.2 Functions

1. Provide guidance in the design and updating of methodologies applicable to the program, incorporating scientific and technological advances, and recommending modifications to improve its effectiveness and alignment with national and international standards.
2. Provide advice in the evaluation of technical documentation submitted by the owners and/or proponents, making detailed analyses and issuing recommendations when decisions on specific technical aspects are required.
3. Provide technical support to the BoD and Executive Director, respond to technical inquiries from stakeholders and participate in national and/or international events to exchange best practices.
4. Provide support in the design of technical training for owners, proponents, validators and verifiers, and disseminate updated normative guidelines to stakeholders.
5. Determine the appropriateness of exceptions, methodological deviations and project requests, ensuring alignment with program, standards and methodologies.
6. Oversee the operation of COLCX Registry, issuing recommendations to strengthen the transparency, independence and integrity of its processes.
7. Evaluate and issue technical recommendations to the Board of Directors on the viability of GHG initiatives whose estimated cost exceeds 250 Monthly Legal Minimum Wages (MLMW) in Colombia, considering potential technical risks and ensuring compliance with applicable methodological and regulatory standards.

The committee may meet in interim periods when short-term decisions are required.

### 3.2.3 Operation

#### Meetings

The Technical Committee meets monthly to review the current status of the projects, evaluate the need to update methodologies and analyze program progress. When necessary, it may be convened at interim periods to address specific revisions or make very short-term decisions.

#### Composition

The committee is comprised of the Technical Manager, the Technical Leader and the Senior Consultant, with the participation of the Executive Director when necessary. It also has the power to call on professionals specialized in different sectoral areas, such as energy, transportation, waste management, forestry, reforestation, livestock and agriculture, among others, when their technical knowledge is required for the analysis and evaluation of specific projects or situations.

To guarantee the suitability of these experts, Technical Management defines a list of authorized professionals, who must demonstrate their competence and knowledge in the required areas before participating in this activity.

#### Competency criteria

The members of the Technical Committee are selected based on:

##### Technical Competence

- Knowledge of national and/or international certification standards and/or quantification methodologies applicable to multiple sectors.
- Proven experience in the formulation of GHG mitigation projects or validation and/or verification of GHG projects and/or carbon markets.
- Academic background and/or certifications in relevant disciplines (energy, transportation, waste, forestry, reforestation, livestock, agriculture, among others).

##### Professional Experience

- At least 3 years of experience in the implementation, evaluation or certification of GHG mitigation projects, and/or
- Participation in validation and verification processes under carbon standards, and/or
- Contribution to the development and improvement of methodologies in the field of carbon markets

##### Complementary skills and abilities

- Ability to work as part of a team and contribute to the technical development of the program
- Ability to analyze, review and issue technical recommendations
- Availability of participating in meetings and technical evaluations according to the committee's needs

## Quorum

Meetings are held with the presence of at least half plus one of its members, and decisions are adopted by simple majority.

## Documentation

The committee's decisions and agreements are recorded and documented in the minutes of each meeting, which must include the topics discussed, the decisions made and those responsible for their implementation. All minutes shall be kept on file as supporting documentation.

To ensure impartiality and objectivity, each technical aspect is reviewed by at least two committee members prior to approval. This documentation will serve as official evidence of the discussions and conclusions adopted.

## Reporting and follow-up

When necessary, the Technical Manager will present detailed reports to the Management Committee on strategic issues, ensuring that decisions are technically supported. These reports may include:

- Impact and feasibility of projects based on the strategic objectives of the program
- Alignment of methodologies and technical standards with national and/or international trends and current regulations
- Identification of technical risks together with mitigation proposals
- Opportunities for improvement and innovation in the program's technical processes

## 3.3 ETHICS COMMITTEE

The Ethics Committee is an independent advisory body responsible for addressing and resolving non-technical issues related to ethical and reputational risks within the program. Its task is to identify and analyze situations that may affect the perception and reputation of the COLCX program, offering recommendations to the BoD to strengthen transparency and trust in its processes.

### 3.3.1 Objective

The Ethics Committee ensures transparency, integrity and compliance with the program's ethical principles. It is responsible for reviewing and promoting the organization's principles and values, as well as its ethics and compliance policy.

### 3.3.2 Functions

1. Promote the application of ethical principles established in the regulations and organizational, national and international standards in the processes of the COLCX program.
2. Analyze situations that may compromise the impartiality of the actors involved in the program, including owners, proponents, validation and verification bodies, among others.

3. Ensure transparency in decision making, promoting policies and procedures that reinforce integrity and mitigate reputational risks within the program.

Each case will be evaluated individually by the committee, which will determine its applicability and issue specific recommendations according to the particularities of each situation.

### **3.3.3 Operation**

#### **Meetings**

The Ethics Committee meets once a year to evaluate the implementation of ethical actions within the COLCX program. It may also call for extraordinary meetings when necessary to address specific situations that may compromise the integrity of the program.

#### **Composition**

The Ethics Committee is comprised of a representative of the Board of Directors, Executive Director, Technical Manager, Compliance Officer and an external advisor with experience in reputational issues. This composition seeks to ensure a multidisciplinary perspective in decision-making, promoting a balance between regulatory compliance, transparency in program management and the inclusion of stakeholders in the analysis of ethical risks.

The Committee also has the autonomy to call in additional specialized professionals or stakeholders, depending on the characteristics of each situation. This includes experts in specific areas such as ethics, law, governance, sustainability and environmental regulations, as well as representatives of local communities or strategic sectors, where their knowledge and experience are essential for the analysis and evaluation of specific cases.

#### **Quorum**

For Ethics Committee meetings to be valid, at least half plus one of its members must be present. Decisions shall be adopted by simple majority, ensuring that each case is analyzed rigorously and from an impartial approach.

#### **Documentation**

All decisions and recommendations of the Committee are recorded and documented in the minutes of each meeting to ensure traceability and transparency in their execution. These minutes will be archived as documentary support of the decision-making process.

#### **Reporting and follow-up**

The Ethics Committee prepares an annual report, which includes:

- Identification and analysis of ethical risks identified during the period
- Cases analyzed and resolutions adopted

- Measures implemented to mitigate risks
- Recommendations for strengthening ethics and transparency within the COLCX program

When necessary, the Executive Director will present this information to the Management Committee, ensuring that strategic decisions have the appropriate ethical backing and facilitating the implementation of corrective measures if required.

## 4 COLCX PROGRAM DECISION-MAKING PROCESS

The COLCX program's decision-making process is designed to ensure that every decision made is transparent, informed and aligned with the program's strategic, technical, operational and policy objectives. This process covers all system decisions: methodologies, alliances, procedures, designations, institutional relationships, organizational structure, inclusion of new positions, among others.

The process is structured in different stages that ensure technical and strategic analysis, the participation of governance bodies, documentary traceability and the follow-up of each decision taken.

### 4.1 TYPE OF DECISIONS AND RESPONSIBLE PARTIES

Each management is autonomous in making decisions within its area of competence. The following are the types of decisions and their responsible parties:

Type of decisions	Responsible partie
Strategic	Executive Director
Administrative	Administrative and Financial Manager
Financial	Administrative and Financial Manager
Technical	Technical Manager
Commercial	Commercial Manager

Any request requiring a decision should be presented in a structured manner and include:

- Objectives, scope and justification
- Context
- Alternatives evaluated.
- Analysis of impacts, risks and benefits
- Resources required

### 4.2 DECISION RESOLUTION

When a decision exceeds the competence of a management, either because of its complexity or strategic impact, the following escalation flow of resolution is activated:

- Corresponding management: Analyzes and tries to resolve the request internally within a maximum of 10 working days.



- Executive Director: If no solution is reached, the request is submitted to the Executive Director, who may make a direct decision or request support from other bodies. The analysis and resolution, including the intervention of support bodies if applicable, must be completed within a total period of up to 15 working days.
- Supporting bodies (optional): At the discretion of the Executive Director or at the request of management, the following bodies may be involved in providing specialized advice:
  - Advisory Council: Issues independent technical and strategic recommendations, based on its expertise.
  - Management Committee: Supports strategic, structural or high impact decisions.
  - Technical Committee: Provides guidance on projects, methodologies, standards and operational adjustments.
  - Ethics Committee: Evaluates situations related to integrity, conflicts of interest and ethical principles.
- Board of Directors: If the previous instances do not reach a resolution, the case is transferred to the Board of Directors, which will act as the last instance. The Board of Directors will have up to 15 working days to decide, with the possibility of extending the term depending on the complexity of the matter.

The total estimated time for decision making or resolution is up to 30 working days, except for exceptional situations that require an extension, including the participation of external experts for an additional technical or strategic evaluation.

### 4.3 EXECUTION AND FOLLOW-UP

The approved decisions must be implemented by means of an operational action plan, which should contain:

- Defined objectives and assigned responsibilities
- Human, technical and financial resources required
- Detailed execution schedule
- Performance indicators and monitoring criteria

The areas responsible must report progress to stakeholders, ensure traceability of actions taken and submit periodic reports. These reports will be reviewed by the Executive Director, the corresponding body (if applicable) and, when required, by the Advisory Board.

The purpose of monitoring is to:

- Identify deviations or delays in execution
- Apply timely corrective adjustments
- Document learnings to strengthen the decision-making process.

#### 4.4 RECORDING AND PROCESS OPTIMIZATION

To ensure the transparency and traceability of the decision system, every request must be registered and must include:

- Decisions taken with their respective justification.
- Minutes, technical reports and analysis reports.
- Follow-up measures implemented and results obtained.

This documentation system allows continuous process improvement, allowing for the identification of opportunities to optimize COLCX program management.

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##### History of the Document

<b>Version</b>	<b>Date</b>	<b>Description</b>
1.0	24/02/2025	Initial version
2.0	25/04/2025	Update to the governance model, inclusion of the Advisory Council