

## RELATED PARTY RELATIONSHIP POLICY



This Related Party Relationship Policy between the companies related to Grupo Empresarial Argos (hereinafter the "Policy" or "Related Party Relationship Policy") aims to establish the rules and principles that must be upheld by the companies part of the Grupo Empresarial Argos, its Directors, Administrators, and Employees, both in their economic, legal, administrative, and operational relationships, as well as by seeking to contribute to strengthening the businesses' value, preserving its corporate reputation, consolidating its organizational identity, and unifying its criteria.

This Relationship Policy provides a general action framework to adopt and strengthen management and government practices, always founded on integrity as the underlying principle, and considering at all times the respect to the institutionalism that every company has adopted.

### **I. OVERVIEW**

#### **1. Scope of Coverage**

The principles and norms contained in this Relationship Policy apply to all companies comprising the Grupo Empresarial Argos, its Directors, Administrators, and Employees.

#### **2. Definitions.**

The terms included in this Glossary, or which are defined in other sections of this document and appear with initial capital letters in the text of this document, have the meanings assigned below. The terms denoting the singular also include the plural, and vice versa, as long as the context so requires it. The terms not expressly defined shall be understood as having the meaning assigned to them by the corresponding technical language or, failing that, in their natural and obvious sense, according to their general use.

**Minority Shareholder:** Individual or legal person who holds a non-controlling equity interest in any of the companies comprising the Grupo Empresarial Argos.

**Administrators:** The President, Vice Presidents, legal representatives, liquidators, and those who act in accordance with the bylaws of the companies comprising the Grupo Empresarial Argos or the function manuals, exercise or possess administrative functions.

**Directors:** Members of Boards of Directors of the companies that comprise the Grupo Empresarial Argos.

**Employees:** All persons connected via an employment contract to the companies that make up the Grupo Empresarial Argos.

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<b>Related Companies:</b>	All companies in which Grupo Argos has, directly or indirectly, a stake equal to or greater than 50% of the total share capital.
<b>Listed Affiliates<sup>1</sup>:</b>	All companies in which Grupo Argos directly holds more than 50% of the share capital or decision-making power under agreement or contract, and their shares are listed in a securities exchange.
<b>Unlisted Affiliates:</b>	All companies in which Grupo Argos directly holds more than 50% of the share capital or decision-making power under agreement or contract, and their shares are not listed in a securities exchange.
<b>Grupo Argos:</b>	Refers to the company Grupo Argos S.A., parent company of Grupo Empresarial Argos.
<b>Grupo Empresarial Argos:</b>	The group of companies registered in the business registry as subordinate companies of Grupo Argos, and amongst which exists unity of purpose and direction.
<b>Subsidiaries:</b>	All companies in which Grupo Argos, with the support of any of its affiliates or other affiliates, holds more than 50% of the share capital or decision-making power under agreement or contract.
<b>Related Not Controlled:</b>	All companies in which Grupo Argos, directly or indirectly, holds 50% of the share capital.

### **3. Validity.**

With the approval of the Board of Directors of Grupo Argos and the Boards of Directors of Cementos Argos, Celsia, and Odinsa, the Relationship Policy is valid for all Related Companies. The scope of this Policy includes the Directors, Administrators, and Employees of all Related Companies.

During the term of validity of the Policy, any of the Related Companies may suggest adjustments, revisions, or updates, which will be channeled through the Secretary General of Grupo Argos, but its implementation will require prior approval by the Board of Directors of Grupo Argos and the Boards of Directors of Cementos Argos Boards, Celsia and Odinsa.

### **4. Publicity.**

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<sup>1</sup> For Colombia, the definition of subsidiary and affiliate vary from the US definition. For this purpose, we will use the Colombian definition, which is: An entity is subordinated or controlled when its decision-making power is subject to other persons, the parent company or controlling company, either directly, in which case the controlled company is called an affiliate, or indirectly by using subordinated companies of the parent or controlling company, in which case the controlled company will be a subsidiary.

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This Relationship Policy will be published on the Grupo Argos website and those of each Related Company, and must be updated every time a modification to it is approved.

### **5. Mandatory.**

This Relationship Policy shall be binding and mandatory for Grupo Argos and Related Companies, their Directors, Administrators, and Employees.

## **II. STRATEGIC ORIENTATION**

### **1. Purpose and Direction Unit**

The Grupo Empresarial Argos is a conglomerate of companies committed to generating long term sustainable value, where innovation is the basis for future growth of their businesses and investments. Through the adoption and implementation of high international standards of corporate governance, an appropriate relationship with its stakeholders, and a balanced vision regarding the sustainability of the business organization, the Grupo Empresarial Argos promotes its corporate activities, drawing on human talent as its founding pillar, always maintaining integrity as its general operating principle.

The Grupo Empresarial Argos transforms resources into products and services, creating value responsibly, with a balance between economic profitability, development, and social inclusion, and reducing environmental impact, applying as action guidelines the principles of the Global Pact and good corporate governance. Within a framework of transparent, ethical, and innovative performance, sustainability is the strategic center of the Grupo Empresarial Argos. With a long term vision, the Grupo Empresarial Argos aims towards sustainability and competitiveness for the businesses in which it invests.

The Grupo Argos and the Related Companies have their own autonomous administrations, which are organized into separate administrative and governance structures, but designed for the purpose of focusing on business activities that seek to constantly create value for its shareholders, with long term criteria. In this sense, within the Business Group there are different levels of responsibility, which are determined by the nature of the corresponding corporate structure.

While the activities of the companies of the Grupo Empresarial Argos are aligned with the overall corporate strategy defined by the Board of Directors of the Grupo Argos, each of the Related Companies establishes autonomously and independently the competitive and expansion strategy for their business.

### **2. General Corporate Strategy.**

The General Corporate Strategy of the Grupo Empresarial Argos focuses on investing in the responsible transformation of natural resources to generate products and services in key sectors of the economy, where there exist natural barriers to entry with long

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business cycles, which allows attaining constant adequate returns above the capital cost.

To ensure their permanence in time, the Grupo Empresarial Argos seeks the sectoral and geographical diversification of its investments, establishing as principle the separation of its business into individual strategies for each of its Related Companies.

Overall, the business activities of the Grupo Empresarial Argos are oriented around the following fundamental premises:

- Ethics and integrity as guiding principles for a clear and transparent performance;
- Alignment of the businesses with the corporate overall strategy of the Grupo Empresarial Argos, seeking the focus and consolidation of the Related Companies;
- Positioning towards excellence through continuous improvement of economic results, starting from efficiency in operations, pursuing responsible, profitable and sustainable growth;
- Sustainability as a strategic pillar of the businesses, seeking to reduce the impact of the operations, planning for the use of resources, and the permanent search for new sources of production, while maintaining high levels of environmental and social responsibility;
- Development and retention of the best human talent, based on a policy of inclusion, diversity, and respect for human rights; and
- Promoting constant innovation in each of its activities, companies, and businesses.

### **3. Principles of Behavior.**

The behaviors of Grupo Argos and its Related Companies are encompassed within the following general principles:

- Guide and review their strategy, their main projects and their business plan in order to verify compliance with the established goals set under the framework of Unity of Purpose and Direction. For such they must maintain a long term vision incorporating efficiency and innovation, without neglecting the creation of short term value;
- Observe the ethical guidelines established in the Code of Conduct of the Grupo Empresarial Argos, which includes each of the Related Companies. This Code is the only parameter of conduct for all Directors, Administrators, and Employees of all the companies of the Grupo Empresarial Argos. As consequence, any company can suggest adjustments, revisions, or updates to the Code of Conduct, which will be channeled through the Secretary General of Grupo Argos, but its implementation will require prior approval by the Board of Directors of the Grupo Argos and the Boards of Directors of Cementos Argos Boards, Celsia and Odinsa;

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- Acknowledging the existence of risks that can affect the achievement of the objectives and the continuity of the business, identify, mitigate, offset, or transfer the generated risks, thru the adoption of safe practices, and for the prevention of incidents, ensuring the continuous improvement of operations;
- Build the business goals from the basis of economic, social, and environmental balance;
- Maintain a careful handling of information. Information is disclosed to interest groups subject to considerations of confidentiality, legality, and opportunity; and
- Consider the management of knowledge and innovation as key factors for the generation of value, promoting at all times the integral development of employees. Continuously strengthen organizational learning, incorporating new knowledge and taking advantage of best practices existing within the companies of the Business Group.

#### **4. Protecting Minority Shareholders.**

The decisions made by the Grupo Empresarial Argos are guided by respect, protection, and promotion of the rights of minority shareholders of the companies comprising the Business Group.

In accordance with the above, the companies of the Grupo Empresarial Argos aim for the compatible exercise of the Purpose and Direction Unit with the interests of Minority Shareholders. To ensure this, the Grupo Empresarial Argos will conduct due process of decisions by consulting the statutory governing bodies established in each of the Related Companies.

### **III. ORGANIZATIONAL STRUCTURE**

#### **1. Corporate Structure.**

The Grupo Empresarial Argos is a conglomerate whose parent company, Grupo Argos S.A., has strategic investments and a portfolio of investments. Grupo Argos is an issuer of securities in whose shareholding are included strategic investors, institutional investors, and individuals and legal entities who invest through the securities exchange, without any of the above having a controlling share.

The strategic investments of Grupo Argos are made in companies listed in the Securities Exchange, as well as unlisted private companies, holding in most a controlling share, which are divided into the following categories:

- Listed Affiliates;
- Unlisted Affiliates;
- Subsidiaries;

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- **Related Not Controlled.**

### **2. Relationship Model.**

The Board of Directors of Grupo Argos is the highest body providing the strategic direction of the Grupo Empresarial Argos, and therefore maintains a general and consolidated overview of all the businesses, endeavoring simultaneously to identify global trends.

In turn, the Boards of Directors of the Related Companies are the highest body of strategic direction and supervision of each of its businesses, identifying growth opportunities and guiding the respective business activities.

The Board of Directors of the Grupo Argos facilitates achieving the following corporate objectives:

- Consolidation of the organizational identity of the Grupo Empresarial Argos, strengthening the corporate reputation and sense of ownership;
- Comprehensive vision of the businesses and synergies at the corporate level, highlighting the joint capacity for innovation and negotiation;
- Comprehensive management of the risks that may affect the achievement of the consolidated strategic objectives, providing a global vision of the actions to manage efficiently and effectively;
- Identify the trends, opportunities for growth and development for the businesses and their collaborators;
- Sectoral and geographic diversification, analyzing accesses to new businesses and markets; and
- Allocation of capital among the different businesses and investments, with structures that allow access to different types of international financial and capital markets.

For purposes of ensuring the proper implementation of the strategy and corporate policies, and in view of that described in this Policy regarding the administrations of the Related Companies and the protection of the Minority Shareholders, the direction of the Grupo Argos it is done through the participation of its Related Companies in the Boards of Directors. In this sense, the Grupo Argos promotes the application of the guidelines and principles contained in this Policy through the following mechanisms:

- In the Listed Affiliates, at least two members of the Grupo Argos' Senior Management are members of the respective Board of Directors, seeking that the majority be composed of independent members. In the Listed Affiliates, the aim is for the President of Grupo Argos to be the President of the Board of Directors of said companies;

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- In the Unlisted Affiliates, at least two members of the Grupo Argos' Senior Management are members of the respective Board of Directors, and one of them is the President of the Board of Directors. In the Unlisted Affiliates, the aim is to have independent members;
- In the Related Non Controlled, the direction is exercised thru the participation of Senior Management of the Grupo Argos in its Boards of Directors as defined by their respective Assembly of Shareholders and, if any, in accordance to that decided in the shareholder agreements.

Additionally, as opportunities for analysis and discussion of specific issues that contribute to the construction of the corporate guidelines and monitoring of their implementation, there are focal and good practice committees in the Business Group, which are composed of officials from the Grupo Argos and each one of its Related Companies. These committees are advisory bodies responsible for reviewing guidelines, analyzing best practices, and proposing actions to the formal directing bodies of the Related Companies. The committees do not act as directing bodies and, therefore, are not decision-makers to substitute or replace the governing bodies of the Grupo Argos or the Related Companies.

### **3. Synergies.**

Based on the assumptions derived from the separation of the different businesses, no co-administration of operations, and the different levels of responsibility, the Grupo Argos is organized to identify, promote, and share best practices among its Related Companies, creating in this manner synergies in the movement of human talent, in knowledge, innovation, and management, among others. The Grupo Argos aims that those progressive practices identified in any of its Related Companies, or in other contexts, be disseminated throughout the Business Group.

The Grupo Empresarial Argos will promote and facilitate the appropriation of those synergies that add value to their business, allowing for the highest standards in matters of human talent, continuous transactional operations, finance, information technology, procurement of goods and services, among others, where it is ensured that the price and quality conditions benefit each of the Related Companies. Synergies may materialize through the existence of shared service centers or centers of excellence, seeking the implementation of common practices and operations designed to benefit Grupo Argos and the Related Companies.

### **4. Guidelines and Policies.**

Seeking compliance with the corporate strategy and the adoption of best practices, in the exercise of its corporate role the Grupo Argos establishes guidelines and policies regarding important matters for the cohesive direction of its Related Companies, among which are:

- Ethics, conduct, and transparency;

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- Strategy;
- Sustainability;
- Reputation, brand, and corporate image;
- Corporate governance;
- Comprehensive risk management;
- Internal control;
- Development and welfare of collaborators;
- Technical unification of criteria.

### **5. Information management.**

Information is a necessary asset for the proper administration, competitiveness, and sustainability of the Grupo Empresarial Argos; to this extent, for the purpose of constructing corporate guidelines, monitoring risks, and supervising the execution of consolidated strategic objectives, the Grupo Argos will have full access to the information regarding the operation of all its Related Companies.

The access to and use of information of the Related Companies by the Grupo Argos is a mechanism to ensure the proper performance of its duties as a parent company, and its decision rights within the Business Group, which facilitates the proper planning of economic and financial policies. Additionally, it allows for compliance with the legal duties established by the applicable norms relating to the Business Group.

The provision of information shall be governed by the following principles:

- **Transparency:** The supply of information is conducted seeking to ensure that there are timely, sufficient, and clear flows of information;
- **Proper use:** The supply of information of the Related Companies is conducted to fulfill the purposes described above;
- **Quality:** The supply of information of the Related Companies is conducted under conditions in order to meet the following criteria:
  - **Confidentiality:** The companies of the Business Group have mechanisms to allow for the protection of the information.
  - **Integrity:** The information supplied is accurate, coherent, complete, and current.
  - **Availability:** The information is supplied in a timely manner and in the required format.
- **Efficiency:** The processing and supply of information is conducted using the available resources in the best manner.



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The use and adequate handling of information are regulated in a general policy applicable to the Grupo Argos and its Related Companies. To guarantee the quality, confidentiality, integrity, and availability of the information, the Policy for the Use and Management of Information will include the mechanisms and channels, thru which are clearly defined levels and authorized officials, for the supply and knowledge of the information within the Grupo Empresarial Argos.

For the accounting records of the operations and the adequate consolidation of the Financial Statements, there is a permanent coordination in the Business Group between the relevant areas of the Grupo Argos and the Related Companies, allowing for the timely and reliable transmission and disclosure of the information with the results of the business organization.

### **6. Related Party Transactions.**

In the Grupo Empresarial Argos, the decisions to be taken with respect to operations conducted between the Grupo Argos and its Related Companies, or between Related Companies, are conducted as provided in the Company Bylaws of the respective companies. In this vein, operations are valued under the arm's length principle. This means that the benchmark to establish the value of these transactions is that which two independent companies in comparable circumstances would have established and accepted. It is up to the Board of Directors of the companies involved in the respective operations to approve those transactions that have material impact, are conducted outside the ordinary course of business or, eventually, must be conducted under different terms than those of the market.

## **IV. CONTROL ARCHITECTURE**

The Grupo Empresarial Argos is committed to the strengthening and constant improvement of the internal control systems that allow for a proactive risk management. In this manner, the Grupo Argos promotes the proper corporate behavior, a transparent and efficient management and disclosure, always in compliance with the laws of the geographies in which it operates, which is achieved by implementing the following activities:

- Homologation of the fundamentals of the internal control system and definition of the minimum controls required to ensure its performance;
- Coordinated adoption of risk management structures schemes in the administration of the businesses;
- Monitoring the functioning of the internal control systems and determining the actions required for its improvement;
- Adoption of the proposed actions and recommendations collected to manage risks and improve the internal control measures;

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- Consolidation and unification of accounting criteria, and for disclosure and presentation of financial information.

This coordination is carried out in the Grupo Argos and its Related Companies through a common and shared vision of the following bodies:

- Audit, Finance, and Risk Committees of the respective Boards of Directors;
- Internal audits of each of the companies;
- Fiscal Auditors;
- Risk Management Areas;
- Compliance Areas; and
- General Corporate Comptroller of the Grupo Argos.

To ensure the proper operation of the risk and audit teams, considering in addition the functional dependence of the Internal Audit areas to the Boards of Directors or Audit Committees, in the Grupo Empresarial Argos there will be risk and audit policies which must be approved by the Audit, Finance, and Risk Committees of the Boards of Directors of each of the companies.

### **V. CONFLICT RESOLUTION**

In the event there arise conflicts of interest within the Grupo Empresarial Argos, their resolution will strictly comply with the principles laid down in the Bylaws of the companies and the Codes of Good Governance.

The Business Group has a general policy of resolving conflicts of interest, which is administered and supervised by the Audit, Finance, and Risk Committees of the Board of Directors of the companies.