

# **CODE OF GOOD GOVERNANCE**



**GRUPO ARGOS**

Investments that transform

**Tabla de contenido**

<b>CHAPTER I</b>	<b>6</b>
<b>RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS</b>	<b>6</b>
1 Specific rights of the Shareholders	6
2 Fair treatment for Shareholders and Investors	8
<b>CHAPTER II</b>	<b>9</b>
<b>SHAREHOLDERS' ASSEMBLY</b>	<b>9</b>
<b>OPERATING REGULATIONS</b>	<b>9</b>
1 Information for the Shareholders' Assembly	10
2 Callings	10
3 Voting	11
4 Representation	11
5 Assembly operation	11
<b>CHAPTER III</b>	<b>12</b>
<b>BOARD OF DIRECTORS</b>	<b>12</b>
<b>OPERATING REGULATIONS</b>	<b>12</b>
1 Principles of action of Directors	12
2 Rights of Directors	13
3 Responsibilities of the Board of Directors	14
4 Selection criteria for Directors	14
5 Election and constitution of the Board of Directors	15
6 Nonconformity of Directors	16
7 Directors' Term	16
8 Attendance of the Corporation's officials	17
9 Rules of operation of the Board of Directors	17

9.1	Chairman of the Board of Directors	17
9.2	Corporation CEO	17
9.3	Secretary of the Board	18
9.4	Meetings of the Board of Directors	18
9.5	Referral and quality of information	19
9.6	Meetings without Senior Management attendance	19
9.7	Acts	19
9.8	External communications	19
10	Budget	<b>19</b>
11	External advisors	<b>20</b>
12	Intranet or any other means of information and communication for analysis, discussions and documents	<b>20</b>
13	Provision of available positions	<b>20</b>
14	Criteria to define the remuneration of the Board of Directors	<b>20</b>
15	Availability	<b>21</b>
16	Performance Appraisal of the Board of Directors and Directors	<b>21</b>
17	Training, education and induction of Directors	<b>21</b>
18	Access to company officials and facilities	<b>22</b>
19	Committees to support the management of the Board of Directors	<b>22</b>
19.1	Audit, Finance and Risks Committee	22
19.1.1	Members	23
19.1.2	Duties	23
19.2	Talent and Compensation Committee	24
19.2.1	Members	24
19.2.2	Duties	24
19.3	Sustainability and Corporate Governance Committee	25
19.3.1	Members	25
19.3.2	Duties	25
	<b>CHAPTER IV</b>	<b>27</b>
	<b>INFORMACION MANAGEMENT</b>	<b>27</b>
1	Information on the performance of the Company	<b>27</b>

<b>2</b>	<b>Internal control structure of the Group</b>	<b>28</b>
2.1	Audit, Finance and Risks Committee	28
2.2	Department responsible for Internal Auditing	29
2.3	Compliance department	29
2.4	Risk Map	29
2.5	Statutory Auditor	29
<b>3</b>	<b>Control Architecture of the Business Group</b>	<b>30</b>
<b>4</b>	<b>Information for Shareholders, Investors and the market in general</b>	<b>30</b>
4.1	Investor Relationship Office	31
4.2	Relevant information. Disclosure procedure	31
4.3	Identifying the main beneficial owners of the Company's shares	31
	<b>CHAPTER V</b>	<b>31</b>
	<b>GENERAL DISPOSITION</b>	<b>31</b>
1	Code of Conduct	31
2	Negotiation of Shares by Directors	32
3	Retirement age for Directors and the CEO of the Corporation	32
4	Relationship with the Subsidiaries	32
5	Regulatory framework	32

Grupo Argos S.A. (hereinafter "Grupo Argos" or the "Corporation/Company") is a public limited company established in accordance with Colombian laws. It was founded on February 27, 1934, and it is in the city of Medellin, Colombia. It is the parent company of the Grupo Argos business group.

**The Grupo Argos business group is a conglomerate of Companies committed to creating sustainable value in the long term** by adopting and implementing high standards of corporate governance and a balanced vision of the sustainability of the business organization, the Grupo Argos business group develops its activities by always making integrity a general principle of action.

## CODE OF GOOD GOVERNANCE

This code is a letter of introduction to Shareholders, securities market, and society in general. The business parameters of Grupo Argos are enshrined in it, so that those who have an interest in investing in securities issued by the corporation learn about the commitments acquired by Grupo Argos for the purpose of developing its management.

Consequently, the purpose of this Code of Good Governance is to adopt measures regarding the governance of the corporation, the management practices and the behavior of its officers, the management of its information, and make it public how it is managed. This is done in such a way that it respectfully ensures the rights of those who invest in the shares of the company or in any other value that it issues.

### CHAPTER I

#### RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

All the Shareholders and Investors have, among others, the possibility of exercising their rights that the law, the Bylaws or the respective Prospect of Issuance confer upon them. They may make observations to the Administration and proposals that are appropriate and legal for the better performance of the corporation.

**Based on respect for its Shareholders and Investors, Grupo Argos is committed to:**

- a. Recognize and defend the rights of its Shareholders and Investors.
- b. Provide timely and comprehensively any information of public nature and the relevant information required to make its decisions.
- c. Plan and execute the assemblies so that Shareholders and Investors may have access according to the rights conferred to them as holders.
- d. Grant fair treatment for Shareholders and Investors who are on equal terms.

#### 1. Specific rights of the Shareholders

In addition to the rights established in the laws and in the Bylaws of the Corporation, the Shareholders of Grupo Argos will have the following rights:

- a. Transfer their shares, as established in the law, the Bylaws, and the Shareholders' agreements, if any; know the methods of registering the shares and the identity of the main Shareholders of the company, in accordance with the law.
- b. When there are shareholders with the right to vote and participate at the Shareholders' General Assemblies, they may do so accordingly, as well as take part in decisions for the appointment of body corporate and persons that according to the law and the Statutes are responsible for it.
- c. Make recommendations to improve the corporate governance of the Company.

- d. Participate in the benefits of the company, in proportion to their participation and in the conditions established in the corresponding issuance and placement regulations, when applicable.
- e. Request for the Company's Management to authorize, at the expense and under the responsibility of the Shareholder, Specialized Audits on matters other than those audited by the Corporation's Statutory Auditor. For the purposes of carrying out such audits, the following procedure will be applied:
  - i. The Shareholder or group of Shareholders representing at least 5% of the subscribed capital of the Company may request a Specialized Audit, by means of a letter addressed to the General Secretary of the Company.
  - ii. In the afore mentioned letter must include the following: (i) the firm designated to carry out the Audit work; (ii) the reasons and facts that determine having the audit (iii) the specific matters subject to Audit and the information to which they wish to have access to; (iv) the time set for the audit. In no case are audits of a general, undefined, or ambiguous nature admissible.
  - iii. The Grupo Argos Board of Directors may reject the audit firms that are designated by the Shareholder or group of Shareholders, as long as it discloses the reasons for which it proceeded with the aforementioned rejection. In the event of being rejected, the Shareholder or group of Shareholders may designate a new audit firm.
  - iv. The audits must be carried out during the period of the call and the business day prior to holding the General Shareholders' Meeting.
  - v. The firm designated to carry out the audit must comply with the same qualifications required to be a Statutory Auditor of the Company and must certify that it meets independence criteria regarding competitors and / or counterparties at Grupo Argos.
  - vi. When the percentage required to request the Specialized Audit, according to a plural number of Shareholders, a representative must be appointed with whom the entire procedure will be completed.
  - vii. Under no circumstances may they advance on industrial secrets, or on privileged information or protected by confidentiality agreements.
  - viii. Specialized audits may only cover the examination of information and documentation held by the Company that is no more than 5 years old.
  - ix. Both the Shareholders who request the audit and the firm designated for its execution must sign a confidentiality agreement with the Company.
  - x. The work papers provided to the firm that conducts the audit, as well as the results of the audit, will be subject to reservation and will remain under the Company's custody. Grupo Argos reserves the right to take the necessary measures to guarantee the reservation of documents and the disclosure of information that is considered confidential.
  - xi. The results of the Specialized Audit will be disclosed to the Board of Directors in the session following the date of receipt, so that it determines whether, in accordance with the provisions of this Code, it must be delivered to the other Shareholders.

- xii. Under no circumstances with the excuse of having specialized audits, will the Corporation allow its rights to be violated or its information and contracts. This information constitutes a competitive advantage and in general, all those documents that are considered privileged or reserved or owned by third parties.
  - xiii. In no case may they imply an impairment of the autonomy of the Administrators, according to the legal and statutory powers.
- f. In the event that a merger, spin-off, segregation or transformation operation is to take place and which may lead to the dilution of the capital of minority shareholders, within the term for exercising the right of inspection, they must receive a detailed explanation of such operation. This is to be done with a report presented by the Board of Directors, which must be accompanied by an opinion on the terms of the respective transaction, issued by an independent external adviser of fairness opinion. The advisor will be appointed by the Board of Directors.

## 2. Fair treatment for Shareholders and Investors

In order to ensure equal treatment for all Shareholders and Investors, Grupo Argos will comply with the following rules:

- o The Board of Directors shall ensure that all the Shareholders and Investors of the company are treated fairly. This means Shareholders or Investors who are on equal terms and, consequently, the Board will be responsible for verifying that the following guidelines are met:
  - a. The decisions that are adopted by Grupo Argos are aimed at respecting, protecting and promoting Shareholders or Investors.
  - b. Ensuring all of its Shareholders or Investors have fair treatment and are under equal conditions.
  - c. Shareholders and Investors always get a timely and complete answer to their concerns regarding matters whose disclosure is mandatory, or that is not prohibited by any restriction of legal or contractual confidentiality.
  - d. That the full and timely payment of dividends and returns of the Company be made, among others, in accordance with what was agreed on or ordered by the relevant body corporate.

The following are prohibitions addressed to officials and executives of Grupo Argos, to ensure that they provide fair treatment to all Shareholders. Consequently, they will refrain from:

- a. Encouraging, promoting or suggesting Shareholders they are granted powers where the name of the representative for Shareholders' Meetings is not clearly defined.
- b. Receiving special powers from the Shareholders before the calling of the assemblies.
- c. Accepting as valid powers conferred by the Shareholders, without full legal requirements; that is, the powers of attorney must be granted in writing. It must indicate



the name of the person holding the power, the person who is being substituted, if applicable, and the date or time of the meeting. Legal persons that grant powers must attach a recent certificate proving their existence and representation in accordance with the law.

**d.** Suggesting or determining the name of those who will act as attorneys in Shareholders' meetings.

**e.** Recommending Shareholders that they vote for a certain person to be part of the Board of Directors.

**f.** Suggesting, coordinating or agreeing with any shareholder or any representative of Shareholders to present proposals at the meeting which must be submitted for consideration.

**g.** Suggesting, coordinating or agreeing with any shareholder or any representative of Shareholders to vote in favor of or against any proposal that is presented.

**h.** The described behaviors will also be prohibited when they are performed by an interposed person.

**i.** In accordance with the Corporate Bylaws, Top Management and employees of Grupo Argos may not exercise powers to represent third party shares at the General Shareholders' Meeting. Nor may they substitute the powers conferred to them. Nor can they vote, even with their own shares, on decisions that aim to approve balance sheets and end-of-year accounts or liquidation accounts.

**j.** In any case, Top Management or employees of Grupo Argos may exercise the political rights inherent in their own shares and those they represent when acting in their capacity as legal representatives. The administrator who in turn is a shareholder of Grupo Argos, who decides to represent their shares in a meeting of Shareholders Assembly or be represented in it by granting power to a third party, must expressly inform, when requesting their credential or in the respective power of attorney, his or her degree of shareholder, so that his or her vote is not taken into account in the approval of the financial statements.

- On Grupo Argos' website the financial and non-financial information including the rights and obligations inherent in the status of Shareholder or Investor will be published.
- On Grupo Argos' website, the kinds of shares and securities issued, the number of shares and securities issued and in reserve will be disclosed.

## **CHAPTER II**

### **SHAREHOLDERS' ASSEMBLY**

#### **OPERATING REGULATIONS**

The Shareholders' Assembly is the highest body corporate made up by the Shareholders of the Company. It must hold a regular meeting once a year and as many extraordinary meetings as may be needed for the proper performance of the functions assigned to it in the Bylaws.

The development and calling of the Assembly is determined by the provisions of the law, the Bylaws and this Code.

## **1. Information for the Shareholders' Assembly**

Shareholders will have appropriate information to participate and make decisions at the Shareholders' Assembly. This information will have, among others, the following characteristics:

- a. During the calling period, Shareholders will be able to check on the website and in the General Secretariat of the Company, any documents related to the Assembly. Likewise, following the procedure established in the Bylaws, they may request the information and clarifications they deem pertinent, as well as ask any questions they want in relation to the matters included in the agenda and with the documents provided for them. They may also request that new proposals or proposals be considered alternatives to those presented by the Administration.
- b. During the same term, at the express and written request of any Shareholder, a copy of the documents that are specifically indicated may be checked out in any place where the company has administrative offices. When the assembly calls for electing members of the Board of Directors, the information available to Shareholders must contain the proposal of each candidate that is to be part of the Board. For this purpose, the Shareholders must send their proposals for calling the Assembly in advance and with a notice of no less than 5 business days to that of holding of the meeting.
- c. The board proposal for being part of the Board of Directors must include a copy of the members' resumes, as well as the letters of acceptance to be included in the board and the Declaration of Independence signed by the persons who have such character.
- d. The Company will provide Shareholders with electronic means that will allow for the development of the assembly, so that those Shareholders who cannot attend may have information of what is happening there.

## **2. Callings**

The calling for the Assembly shall be carried out with no less than 25 calendar days in advance and for extraordinary meetings no less than 5 calendar days in advance. The call will be made by the means established in the Bylaws and attending to the following rules:

- a. The call, the proposals of the Administration to each item of the agenda, as well as the relevant information for decision making that may be disclosed to the general public, will be available on the Company's website, and on any other electronic means that are considered pertinent such as emails or social media.
- b. In the agenda of each meeting, the different topics to be dealt with will be disaggregated so that they are not confusing for others, thus giving the agenda a logical sequence of topics, except for those topics that should be discussed together because they are related to each other, a fact that will be notified.
- c. In no case will points such as "Miscellaneous" or "Other Matters" or similar be included. This will allow everyone to know exactly all the issues to be discussed in the meeting.
- d. In the events in which the Assembly intends to deal with a substantial change of corporate purpose, waives the right of preference in the subscription of regular shares,

change of corporate location, early dissolution or segregation<sup>1</sup> of the Company, such matters must be indicated expressly in the calling.

### **3. Voting**

As a general rule, the decisions of the Assembly will be adopted by a majority of votes corresponding to the shares represented at the meeting, taking into account that each share will grant one vote, including the exceptions determined by law and the Bylaws. If necessary, voting for members of the Board of Directors or of commissions will be carried out in accordance with the law and the Bylaws, using the electoral quotient system.

### **4. Representation**

The Shareholders may be represented before the Company to deliberate and vote at the Shareholders' General Assembly, for collecting dividends and for any other purpose, by means of a power of attorney granted in writing, in accordance with the law and within the terms and conditions set forth in the Social Statutes.

During the term of the calling, the Company will publish on its website the Powers Regulations where the conditions and characteristics to be fulfilled by the powers to be considered valid will be indicated in detail. The suggested models of power where the proposed Agenda for the meeting, the Proposals presented by the Administration and the express indication that the Company, will in no case, be responsible for verifying that the person with the power complies with the voting instructions given by the Shareholder.

### **5. Assembly operation**

For purposes of a properly developing the meeting, the following behavior rules will be observed:

- a. The Shareholders Assembly shall be presided over by the President of the Company, by any of the legal representatives and in the absence of the above, by the Shareholder or representative of shares designated by the Shareholders Assembly itself. The lead table of the Shareholders Assembly shall also be composed of the Directors and the General Secretary.
- b. The meeting will strictly be held in accordance with the agenda proposed in the calling. Once the agenda has ended, and as requested by any Shareholder, new topics may be proposed. These can only be dealt with if approved by a majority of the votes present at the meeting.

---

<sup>1</sup> For the purposes of this Code, segregation means the operation by which a company, named "segregated", allocates one or several parts of its assets to the incorporation of one or several companies or to the capital increase of existing companies that are called "beneficiaries". As consideration, the segregating company receives shares, quotas or interest in the beneficiary company. It is only considered a contribution of segregation when as a result of a business line, one or several commercial establishments or due to a significant change in the development of the corporate purpose, it is decided to segregate a company. It is presumed that there has been a significant change in the development of the corporate purpose of the segregated when the net value of the goods equals or exceeds 25% of the total equity of the respective company or when the assets contributed generate 30% or more than the operating income of it, based on the financial statements corresponding to the previous year.

- c. All the members of the Board of Directors will attend the meetings of the Shareholders' Assembly, especially the chairmen of the different Board Committees, in order to answer the concerns of the Shareholders.
- d. When commissions must be set up for the approval of the minutes, the verification of votes or similar events, in the event that they are not elected unanimously, these will be done through the electoral quotient system.
- e. Once the presentation of each of the points on the agenda has been completed and before voting, the company CEO will provide an opportunity for the Shareholders to ask their questions or make observations that they consider necessary.
- f. In order for all Shareholders to participate the interventions of each Shareholder may not be more than 10 minutes long.
- g. The Shareholder who, for whatever reason, has a special interest or conflict with the Company in relation to a specific issue, must state this at the time of registering to participate in the Meeting and refrain from participating in the analysis and/or voting of the issue.

## **CHAPTER III**

### **BOARD OF DIRECTORS**

#### **OPERATING REGULATIONS**

The Board of Directors of Grupo Argos is the highest strategic management body of Grupo Argos and, as a result, maintains a general and consolidated vision of all the Business Group's businesses, providing at the same time for the identification of global trends. The activity of the Board of Directors of Grupo Argos is mainly aimed at making decisions regarding the corporate strategic goals, supervising the activities of Senior Management, and monitoring risks, thus always in the search of the best interest for the Company and its Shareholders.

It is the responsibility of the Board of Directors to direct and support Senior Management in the management of the businesses and the risks that the Company faces. Therefore, it may request information it deems necessary. The Board must ensure that Senior Management preventively identifies the main risks to which the Company is exposed to, indicating the probability of occurrence and the consolidated financial exposure, as well as the measures and procedures that must be implemented for preventing and mitigating these risks.

The organization, functions, periodicity of the meetings and calling of the Board are determined by the regulations established in the law, Bylaws and in this Code.

#### **1. Principles of action of Directors**

To exercise their functions, and to maintain the greatest objectivity, independence and knowledge in decision-making, Directors, individually and as a collegial body, must consider the following principles:

- a. Act in good faith, with integrity, loyalty and with due diligence and care, always seeking that their decisions are in the best interest of the Company and its Shareholders.
- b. Treat the different groups of Shareholders and Investors in a fair manner in their decisions.
- c. Promote, as far as their functions are concerned, compliance with applicable laws, the Bylaws, the Code of Good Governance and other rules and regulations accepted by the Company.
- d. Keep strict confidentiality of the information and documentation to which they have access in the exercise of their role. They must refrain from using this information for their own benefit or that of a third party, especially those directly or indirectly related to the strategic plans of the Company, even after their functions have ceased as a member of the Board of Directors.
- e. Refrain from misusing privileged information.
- f. Refrain from using the assets of the Company for personal use or using their position to obtain a financial advantage.
- g. Objectively exercise their own criteria independently.
- h. Know the plans, strategies and goals of the Company, its financial and operational condition, the important segments of the business and the risks associated with them.
- i. Actively participate in the meetings of the Board and the committees to which they belong to and know and review in advance the study and analysis material for which the Administration will provide them with in an appropriate and timely manner.
- j. Hold back from participating directly or through an interposed person, in the personal interest of third parties, in activities that imply competition with the Company or in acts that create a conflict of interest.
- k. Properly disclose conflicts of interest with the Company. Be very aware and careful in the handling of any of these events, describing the situation in formal session of the Board of Directors, documenting the conflict, and abstaining from voting on the matter. For this purpose, the Directors must inform the Board of any direct or indirect relationships that they may have with the Company, suppliers, customers or with any other stakeholders where a conflict of interest may arise and influence your opinion or vote.

## **2. Rights of Directors**

To exercise their functions, and to maintain the greatest objectivity, independence and knowledge in decision-making, the Directors, individually and as a collegial body, must consider the following principles:

- a. Receive and request information they require for the proper performance of their duties, as well as, have in advance all the information related to the matters to be discussed in the meetings of the Board or the Committees.
- b. To hire, acting as a collegiate body, external advisors when they deem it necessary for the best performance of their functions.
- c. Receive compensation for their work, in accordance with the criteria established in this Code and the Appointment, Compensation and Succession Policy of the Board of Directors.
- d. Receive induction about the Company and its subordinates.

- e. Receive ongoing training regarding the relevant economic sectors, global trends in business developments and other issues that may be relevant for the proper development of their functions.

### **3. Responsibilities of the Board of Directors**

The duties of the Board of Directors are those expressly described in the Bylaws and in any internal policy or document where additional functions are assigned.

### **4. Selection criteria for Directors**

The Shareholders' Assembly must consider, when proceeding with the election of the members of the Board of Directors, in addition to what is established in the Appointment, Compensation and Succession Policy of the Board of Directors and of the recommendations proposed by the Sustainability and Corporate Governance Committee, among others, the following aspects:

- a. Directors may not be older than 72 years old. They must have experience in participating in Boards of Directors and provide a professional specialty that is relevant to the activity performed by the Company.
- b. When constituting the Board of Directors, there is to be a tendency to have Independent Directors with experience on corporate finance and / or internal control, who must be appointed to the Audit Committee.
- c. The constitution of the Board of Directors shall tend to have an adequate diversity of gender, nationality and race, as well as the necessary representativeness to understand and attend to the various businesses of the business group.
- d. All Directors will have basic skills that allow them to exercise an adequate performance of their duties. Among others, they should be analytical and have managerial skills, a strategic vision of the business, objectivity and the ability to present their point of view, and the ability to evaluate higher managerial cadres. Additionally, they must have the ability to understand and be able to question financial information and business proposals and to work in an international environment.
- e. In addition to the basic competences, each Board member will have other specific competences, which will allow them to contribute in one or more dimensions, due to their special knowledge of the industry, financial aspects and risks, legal, environmental, social issues, commercial and crisis management.
- f. On the ballots presented for the relevant election, the number of Independent Members shall represent at least the percentage established in Law 964 of 2005 or the one that replaces, adds or modifies it, and they must declare it when they accept to be part of the board. A member is considered independent, when:
  - i. Neither he/she nor his/her Personal Links<sup>2</sup> are employees or executives of the Company, the parent company or subsidiaries, nor have they been for last five years, except in the case of re-election of an Independent Member.
  - ii. Neither he/she nor his/her Personal Links or the companies where he/she is considered as a majority shareholder, are holders of more than 10% of the

---

<sup>2</sup> For the purposes of this document, Personal Relationships are to be understood as the spouse, relatives up to the third degree of consanguinity, second of affinity and sole civil.

shares in circulation or are shareholders that directly or by virtue of agreement direct, guide or control the majority of the voting rights of the Company, its parent company or subsidiaries or that determine the majority composition of the administrative, management or control bodies of the Company, its parent company or subsidiaries.

iii. Neither he/she nor his/her Personal Links or the companies where he/she is considered as a majority shareholder are partners or employees of associations or companies that provide advisory or consulting services for the Company, its parent company or subsidiaries. When the income for that reason represents for them 20% or more of their operating income of last year.

iv. Neither he/she nor his/her Personal Links are employees or directors of a foundation, association or society that receives important donations from the Company<sup>3</sup>.

v. Neither he/she nor his/her Personal Links Members are administrators of a company whose Board of Directors includes a legal representative of the Company.

vi. Neither he/she nor his/her Personal Links are persons who receive from the issuer any compensation other than the fees as a member of the Board of Directors, the Audit Committee or any other committee created by the Board of Directors.

vii. Neither he/she nor his/her Personal Links or the companies where he/she is considered as a majority shareholder are partners or employees of the firm that acts as Statutory Auditor or as Internal Auditor of the Company, the parent company or the subordinates of this, or any of them, during the previous three years.

viii. Neither he/she nor his/her Personal Links Members are employees of a company where any of the directors of the Company are members or have been members during the last 3 years of the appointments and compensation committee of the company where the Director or its Related Parties Personal are employees.

**4.1. Diversity policy.** Grupo Argos considers that diversity is relevant in the composition of the Board of Directors and therefore promotes that it has diverse skills, professional and industry backgrounds, experiences, cultural backgrounds, genders, ages, races, nationalities, seniorities, and diversity of thought.

Thus, in addition to the general criteria established in the Appointment, Compensation, and Succession Policy of the Board of Directors, in the selection process of Directors, aspects such as the participation of women and experience will be considered as attributes of relevance within the evaluation of the candidates' profile carried out by the Sustainability and Corporate Governance Committee.

## 5. Election and constitution of the Board of Directors

---

<sup>3</sup> Important donations are those that represent 20% or more of the total donations received by the respective company in a given year.

The Board of Directors of Grupo Argos is elected by the Shareholders' Assembly. It will always be constituted by an odd number of members for the proper performance of its duties and will not have substitute members. The Directors may be (i) Executive Members, persons linked to the Company by employment, (ii) Independent Members, persons who prove compliance with the requirements established in subparagraph e of numeral 4 of Chapter III of this Code, or (iii) Patrimonial Members, persons do not have the status of Independent Members and are Significant Shareholders of the Company or persons expressly nominated by a Significant Shareholder or group of Significant Shareholders. For the election of members of the Board of Directors or of any collegiate commission, the electoral quotient system and other provisions contained in the Bylaws and the law will be applied.

On the same date as the notice for the ordinary Shareholders Meeting at which the election of the Board of Directors is to be held is made public, the Shareholders will be informed through the Company's website on the professional profiles that, according to the evaluation made by the Sustainability and Corporate Governance Committee, it recommends candidates to have.

In order to guarantee that the profile of the Directors proposed by the Shareholders complies with the criteria indicated in the Appointment, Compensation, and Succession Policy of the Board of Directors and in this Code, the Sustainability and Corporate Governance Committee will evaluate each of the proposals submitted and will issue its concept in advance of the Assembly meeting where the corresponding election will be held. This statement will be published on the Company's website.

On the website, the information of the Directors must be published, indicating the category they belong to (Independent, Executive or Patrimonial), as well as their resumes, declarations of independence they applied to, and a summary of the performance evaluation of the Board.

## **6. Nonconformity of Directors**

In the Board of Directors there will be no decisional majorities constituted by Executive Members.

The Director who belongs to more than 4 Board of Directors in addition to the Company may not be a Director. For the purposes of determining this limit, the participation in Boards and similar bodies of companies whose purpose is the realization of social responsibility or philanthropic activities will not be taken into account.

There cannot be any majority formed with persons bound together by marriage, or by kinship within the third degree of consanguinity or second of affinity or first civil in the Board of Directors. If the Board is elected contrary to this provision, the previous Board will not be able to act and continue to exercise its functions, which will immediately call the Assembly for a new election.

## **7. Directors' Term**

The elected Directors will have 1-year term and may be re-appointed indefinitely. Directors can be re-appointed and removed freely by the General Assembly even before the expiration of their term.



## **8. Attendance of the Corporation's officials**

The CEO, the Vice President of Corporate Finance and the General Secretary of Grupo Argos will attend the Board meetings. In addition, other officials of the Company may attend if the Administration deems it pertinent or the Board itself so requires, but none of them will earn special compensation for their attendance.

## **9. Rules of operation of the Board of Directors**

### **9.1. Chairman of the Board of Directors**

Only one of its members who has the status of Independent Member can be elected and serve as Chairman of the Board of Directors.

The Chairman of the Board of Directors will be in charge of the functions established in the Bylaws.

### **9.2. Corporation CEO**

The selection, compensation and evaluation criteria of both the Company CEO and the other members of Senior Management are defined in the Appointment, Compensation and Evaluation Policy of the Senior Management of Grupo Argos.

In addition to the functions established by law, the Articles of Association and other regulations or internal codes, The Company CEO's functions regarding the Board, which shall be exercised directly or through its delegates, are the following:

- a. Execute the decisions of the Board of Directors.
- b. Adopt the decisions related to the financial statements of the Company, in accordance with the laws, with the established accounting standards and the provisions of the Board of Directors.
- c. Call the Board of Directors for extraordinary meetings.
- d. Present, along with the Board of Directors at the General Assembly, a written report on the way management has been carried out. Including the measures recommended for the Assembly to implement, and submit a general balance sheet, the complete detail of the income statement and the other annexes and documents required by law. The financial statements will be certified in accordance with the law. This report will contain, among others, a description of the risks inherent to the activities related to the company, and the other aspects related to the operation that are material, in accordance with the regulations in effect.
- e. Provide information to the Board of Directors in a clear, precise and timely manner.

- f. Reveal to the Board of Directors immediately and in detail the possible conflicts of interest that may arise.
- g. Present to the Board of Directors the information related to the performance of the Company, especially on corporate strategies, risks associated with the business and financial and management reports.
- h. Fulfill the functions that are delegated by the Board of Directors.

### **9.3. Secretary of the Board**

The Secretary of the Board of Directors will be in charge of the General Secretary of the Company, whose appointment and removal will be made in accordance with the provisions of the Bylaws.

In addition to the functions established by law, the Articles of Association, the Board of Directors, the Company CEO and other regulations or internal codes are part of the functions of the Secretary General, which shall be exercised directly or through its delegates, under the following:

- a. Call the meetings, in accordance with the Action Plan approved by the Board of Directors.
- b. Delivery information on time to the Directors.
- c. Keep the social documentation, duly reflect in the minutes books the development of the sessions and attest to the agreements of the corporation.
- d. Ensure that the actions of the Board of Directors comply with applicable regulations and ensure that its governance procedures and rules are respected and regularly reviewed, in accordance with the provisions of the Bylaws and other internal regulations of the Company.
- e. Process conflicts of interest that arise in the Company and that should be disclosed to the Board of Directors.
- f. Inform the Board of Directors about the system for registering shares and control situations in the company.
- g. Provide legal advice to the Board of Directors and render reports on legal matters of material importance for the Company's activity and the management of the Directors.
- h. Communicate the decisions of the Board of Directors to the different departments and Company officials.
- i. Fulfill the duties delegated by the Board of Directors.

### **9.4. Meetings of the Board of Directors**

In accordance with the Corporate Bylaws, meetings of the Board of Directors will be held at least once a month. However, when special circumstances warrant it, extraordinary meetings may be held when they are called on in accordance with the Bylaws.

The Board of Directors will meet at least once a year, in a special and widely prepared session, to analyze, evaluate and decide on the planning and strategy of the Company.

In the last quarter of the year, the Board of Directors shall define the Action Plan for the following year, establishing dates of the meetings and topics to be dealt with in each of them. This Action Plan shall be previously prepared by the Chairman of the Board of Directors with the assistance of the Secretary and the Company's President. Directors may request the inclusion of additional topics on the agenda. However, they must notify the Chairman of the Board of Directors at least three working days before the scheduled date of the meeting.

#### **9.5. Referral and quality of information**

In order to achieve a better performance of the Board of Directors, it will be ensured that the information given to its members is relevant, concise and complete, well organized and should be designed in such a way that it is possible to inform the Directors of the material aspects related to corporate matters.

The information required for decision-making in each of the meetings will be disclosed to the Directors, by electronic means specially designed for that purpose, at least 5 calendar days in advance of the scheduled date of the meeting.

#### **9.6. Meetings without Senior Management attendance**

The Board of Directors, as a collegiate body, may hold meetings that are necessary without the attendance of officials belonging to the Administration. These meetings will be carried out when the Board of Directors determine so, and the decisions made there will be fully valid as long as they meet the requirements laid down in the law and in the Bylaws.

#### **9.7. Acts**

In the minutes of the meetings of the Board of Directors will be identified the studies, foundations and other sources of information that served as a basis for decision making, as well as the reasons for and against that were considered for the decision made.

#### **9.8. External communications**

The only person authorized to report through media the decisions of the Board of Directors or any other information that may be disclosed to the general public is the Company CEO or the person that he specifically designates.

The Directors shall refrain from giving information related to the Company to any means of communication, unless there is express authorization from the Board of Directors approved by majority.

### **10. Budget**

The Chairman of the Board of Directors will annually prepare the budget of expenses that the Board requires to advance its management. This budget will consider especially the aspects related to the fees that are necessary to hire external consultants different from those hired by

the Administration. If needed these may refer to national and international displacements, representation expenses, attendance at seminars and events and other expenses that are required to ensure proper management.

#### **11. External advisors**

The Board of Directors, as a collegiate body, may hire external advisors, besides those hired by the Administration when it deems necessary for the best performance of its functions.

#### **12. Intranet or any other means of information and communication for analysis, discussions and documents**

The Company's Management will implement and maintain an electronic information and communication system that allows information to be available for the Directors to carry out discussions and analysis between the Administration and the members of the Board of Directors and between the members of the Board of Directors.

The Company's management will guarantee the security, reliability and confidentiality of the issues addressed therein.

#### **13. Provision of available positions**

When a position of Director is available, the Board may call the General Assembly to fill the position either by partial election or by a new election of the entire Board of Directors, by the electoral quotient system as provided in the Social Statutes.

#### **14. Criteria to define the compensation of the Board of Directors**

The Shareholders Assembly must take into consideration the structure, obligations and responsibilities of the Board of Directors in order to determine the compensation of its members, as well as the personal and professional skills of its members. The time dedicated to this activity and their experience, and meet the provisions of the Appointment, Compensation, and Succession Policy of the Board of Directors.

The compensation of the Chairman of the Board of Directors may be higher, as a result of the scope of their specific functions and their greater dedication of time.

Independent Members and Patrimonial Members shall be entitled to receive additional compensation for their participation in the Board's Support Committees. The compensation will be set by the Shareholders' Assembly.

The Appointment, Compensation, and Succession Policy of the Board of Directors must identify all components of the compensation, including fixed, variable components and payments of all kinds.

If the adoption of a compensation scheme such as the one described is chosen, the applicable methodology for its determination must be measurable in an objective manner and therefore susceptible to be audited and must be disclosed on the Company's webpage.

## **15. Availability**

Each of the members of the Board of Directors is expected to dedicate time and attention to their responsibilities, to attend, prepare and participate actively in the sessions of the Board of Directors and in the committees for which it has been appointed.

The Annual Corporate Governance Report, which must be published on the Company's website, includes a report on the attendance of the Directors to the Board of Directors and its Committees meetings. The Directors must annually attend at least 80% of the meetings that they are summoned to.

## **16. Performance Appraisal of the Board of Directors and Directors**

The Board of Directors and its Board Committees will be annually assessed, alternating with an external assessment and a self-evaluation. An independent firm will carry out the external evaluation and may include peer assessment.

A summary of the conclusions of the aforementioned assessments will be published on the Company's website.

The assessment scheme adopted will analyze the reasonableness of the internal rules, as well as the dedication and performance of the Directors.

The Shareholders' General Assembly must be informed by the Administration about the operation and the main activities developed by the Board of Directors, the Board Committees and the Presidency of the Company in the previous term.

## **17. Training, education and induction of Directors**

New Directors must have an induction process where they are instructed, as a minimum, regarding the following aspects:

- a. Organizational chart of the Corporation and functions of each department.
- b. Social Statutes.
- c. Code of Good Governance, with special emphasis on their duties and obligations as Directors.
- d. Structure and operation of the support committees for the Board of Directors.
- e. Action Plan of the Board of Directors.
- f. Corporative strategy.
- g. Specific characteristics of the sectors where the Company and its subsidiaries carry out their activities.
- h. Risks associated to the activities carried out by the Company and its subsidiaries.

The Administration will design and implement a Training Plan for Directors where they are updated in regard to the Company and its subsidiaries, the businesses they have and the risks associated to those businesses.

### **18. Access to company officials and facilities**

The Board of Directors and each of its members will have direct access to the main executives and other officials they deem necessary to carry out their tasks.

Likewise, the Directors may access any of the Company's facilities, in order to know the activity of the Company, its operation, the personnel assigned to the different departments and, in general, to have a close and direct knowledge of its operation.

### **19. Committees to support the management of the Board of Directors**

The Board of Directors will have three Committees to support its work: the Audit, Finance and Risks Committee; the Talent and Compensation Committee; and the Sustainability and Corporate Governance Committee. These Committees will be made up of Members of the Board of Directors and will be chaired by an Independent Member. For the appointment of the members, the Board of Directors will take into account that the profiles, knowledge and professional experience of the Directors are related to the purpose of each Committee.

The Committee meetings may be attended by any Company official or external advisor, in order to support the members in matters that fall within their competence.

The decisions, agreements and deliberations of the Committees will be recorded in minutes that will be sent to all the other members of the Board of Directors.

In the event that during the course of the meeting, the President of the Assembly so requires, the chairmen of the Committees will inform the Shareholders' Assembly about specific aspects of the work carried out by those Committees.

#### **19.1. Audit, Finance and Risks Committee**

The main purpose of the Committee is to evaluate the accounting procedures, the management of the relationship with the Statutory Auditor and to supervise the effectiveness of the control architecture and the risk management system.

The Committee orders and monitors that internal control procedures are adjusted to the needs, objectives, goals and strategies determined by Grupo Argos, and that these procedures are framed within the objectives of internal control, such as efficiency and effectiveness in operations, sufficiency and reliability in financial information.

The Committee does not substitute the functions of the Board of Directors or of the Administration on the supervising and executing the internal control system.

### **19.1.1. Members**

This committee will be made up of 3 Independent Members, who have knowledge on accounting and financial issues. The members of the Committee must have at least one member that has experience on corporate finance matters and / or matters related to the design and implementation of internal control systems. The Chairman of this Committee may be any of its members according to the designation made by the Committee. The Secretary General of the Company or the person designated by the latter shall act as secretary of this Committee. Likewise, the Company CEO, the Financial Vice President, the Internal Auditor and the Fiscal Auditor will attend the meetings, with voice but no voting rights.

### **19.1.2. Duties**

The following are functions of the Committee:

- a.** Propose to the Board of Directors, for the consideration of the Shareholders Assembly, the candidates for the appointment of the Statutory Auditor and the conditions of their contracting and, if applicable, the annulment or non-renewal thereof, using among others, the assessment that refers to the following number.
- b.** Supervise the services of Statutory Auditor, which includes evaluating its quality.
- c.** Interact with the Statutory Auditor and, in particular, receive their reports, evaluate and inform the Board of Directors of situations that may limit their access to information or put their independence at risk, and ensure that the audit plan is in compliance.
- d.** Verify that Senior Management considers the recommendations of the Fiscal Auditor.
- e.** Know, prior to its presentation to the Board of Directors, the end of year financial statements approved by the Statutory Auditor. If the opinion of the Statutory Auditor contains unfavorable statements or opinions, issue a ruling on its content and scope, which will be disclosed to the Shareholders, and to the public securities market through the Company's webpage.
- f.** Know and evaluate the process of preparation, presentation and disclosure of financial information.
- g.** Know before hand and authorize the dissemination of financial statements for quarterly terms and year end.
- h.** Supervise the internal audit services and inform the Board of Directors of what is relevant.
- i.** Propose to the Board of Directors the appointment, re-election, and removal of the person responsible for the internal audit.
- j.** Analyze and approve the annual work plan of the internal audit and the annual activity report.
- k.** Ensure the independence of the internal audit function, receive periodic information on its activities and verify that Senior Management takes its recommendations into account.
- l.** Know and recommend the Board to approve the operations that the Company carries out with Related Parties, Significant Shareholders or with Members of the Board of Directors, Directors of the Company or with Related Parties of any of the above when

they have Material Impact, are out of the ordinary course of business or are in conditions other than the usual market.

- m.** Propose to the Board of Directors the structure of the internal control system and monitor it.
- n.** Propose the risk policy to the Board of Directors and follow up on it.
- o.** Review and evaluate risk management and propose improvements it deems necessary, seeking to encourage it by establishing a risk profile in accordance with the Company's strategic goals.
- p.** Evaluate and inform the Board of Directors of situations of conflict of interest, temporary or permanent, where a Significant Shareholder, a member of the Board of Directors or Senior Management, is involved, directly or indirectly or through a related party, making the necessary proposals to handle the situation.
- q.** Evaluate and inform the Board of Directors of possible conflicts of interest that may arise between the Company and its Related Parties or between related companies and propose mechanisms to manage the situation.
- r.** Supervise the effectiveness of different components of the Control Architecture applicable to the business group.
- s.** Define mechanisms to consolidate the Company's information on the control bodies to present this information to the Board of Directors.

The reports and observations made by the Committee which are recorded in the minutes will be presented to the Board of Directors, at least twice a year, or on a frequent basis if requested.

## **19.2. Talent and Compensation Committee**

The main goal of this Committee is to support the Board of Directors in the exercise of its functions related to the strategy and integral management of the organization's talent, succession processes, and appointments, and in the exercise of the tasks associated with the compensation guidelines for Grupo Empresarial Argos employees, including the compensation of the Board of Directors and Senior Management.

### **19.2.1. Members**

The Talent and Compensation Committee will be composed of three Directors who are Independent Members. The members of this Committee will be knowledgeable in matters of strategy, best practices and trends in human resources, and related matters related to compensation policies. The Secretary of this Committee will be the Vice President in charge of the talent and administrative areas of the Company, or the person designated by him/her.

### **19.2.2. Duties**

The following are functions of the Committee:

- a.** Analyze, propose and ensure the implementation of best practices in the area of human talent in Grupo Empresarial Argos, including issues related to (i) the processes



of selection, attraction and loyalty of human talent, (ii) promotion of diversity and inclusion, (iii) culture, (iv) development and monitoring of employee performance, (v) mobility and mentoring within the business group, and, in general, related matters and issues related to the organization's human talent.

**b.** Know and study the best practices in compensation of talent and recommend the guidelines that should be observed in this area in Grupo Empresarial Argos to be considered and decided by the competent governing bodies in each of the businesses, as the case may be.

**c.** Know and analyze the best practices in compensation of the Board of Directors and propose, when appropriate, changes to the Appointment, Compensation, and Succession Policy of the Board of Directors to be approved by the Shareholders Assembly in matters within its competence.

**d.** Review the salary competitiveness of the organization's employees, including senior management.

**e.** Propose to the Board of Directors the compensation of the Company's President and other Senior Management members.

**f.** Follow up on the policies and practices of senior management succession matrices.

### **19.3. Sustainability and Corporate Governance Committee**

The main goal of this Committee is to assist the Board of Directors in its role of proposing and supervising the measures of Sustainability and Corporate Governance of the Company.

#### **19.3.1. Members**

The Sustainability and Corporate Governance Committee will be made up of three members of the Board. At least one member must be an Independent Member. The Company's CEO will attend the meetings, with voice but no voting rights, and the Secretary General of the Company, or the person designated by him, will act as Secretary.

#### **19.3.2. Duties**

The following are functions of the Committee:

- a. Providing the Shareholders and the market in general with complete, truthful and timely access to the information of the Company that is to be disclosed.
- b. Review and evaluate the way the Board of Directors complied with its duties during the term.
- c. Coordinate the induction process of the new members and promote the training and updating of competence topics that are relevant to the Board of Directors and the Company's businesses.
- d. Ensure that corporate governance practices comply with the provisions of the Corporate Governance Code.
- e. Study the proposed amendments to the Bylaws and the Code of Good Governance and present the amendments to the provisions related to Corporate Governance.
- f. Receive information on the negotiations that, in development of the authorization granted by the Board, have been carried out by the members of the Board of Directors

- or the employees that, in accordance with the provisions of this Code, require such authorization.
- g. To address within ten (10) calendar days following the complaints from shareholders and investors regarding the non-application of adopted corporate governance policies and measures.
  - h. Be aware of the actions related to the conduct of the members of the Board of Directors which may be contrary to the provisions of the Corporate Bylaws and the Corporate Governance Code, which shall be reported to the Board of Directors when, in the opinion of the Committee, it is necessary.
  - i. Propose and review the criteria that must be followed for constituting the Board of Directors and assessing how suitable the candidates for Directors are in order to be presented to the Shareholders.
  - j. Supervise compliance of the requirements and procedures for the election of Directors.
  - k. Informing, when appropriate, of the independent qualification of the candidates for members of the Board of Directors, for them to present at the Shareholders Assembly.
  - l. Report to the Board of Directors cases where Directors may adversely affect the functioning of the Board of Directors or the reputation of the Company, in particular, when they are involved in any of the cases of incompatibility, disability or legal prohibition.
  - m. Propose to the Board of Directors the modifications to the Appointment, compensation, and Succession Policy of the Board of Directors in matters within its competence, to be approved by the Shareholders Assembly.
  - n. To carry out the selection process and assess the candidates to be proposed to the Board of Directors for the appointment and removal of the Company's CEO within the powers of the Board of Directors. The Board of Directors may delegate to the Sustainability and Corporate Governance Committee the process of evaluating the companies specialized in the selection process and the evaluation of different potential candidates, so that the Board of Directors may make the corresponding decisions.
  - o. Supervise the operation of the Company's website and other information dissemination mechanisms.
  - p. Support the President of the Board of Directors in carrying out the annual assessment of the board and the annual assessment of the Company's CEO. Review the results of the process and make suggestions for the better operation of it.
  - q. Select the firm that will carry out the external assessment to the Board of Directors and the Directors. Coordinate with the firm the preparation of the report which must be presented at the Shareholders Assembly.
  - r. Know and supervise the implementation of the Board's Action Plan for each calendar year.
  - s. Know and supervise the implementation of the Company's sustainability policy<sup>4</sup>.
  - t. Analyze and follow up on the Annual Social Responsibility Activities Program.
  - u. Promote the training of Directors and Administrators in matters of corporate sustainability.
  - v. Support Senior Management in external and independent measurement of the Company's sustainability.
  - w. Supervise the efficiency of the regulatory compliance function and the prevention of money laundering and terrorist financing activities.

---

<sup>4</sup> Grupo Argos has a Sustainability Policy that establishes its commitment to sustainability through conscious investment, leading practices, and the responsible operation of all its businesses, which defines it as a holding company for sustainable investments in infrastructure..

- x. Monitor compliance with the Code of Conduct and the system of anonymous complaints or "transparency lines".
- y. Supervise the processes of the Board of Directors, that includes determining the calendar of meetings and agendas, and the flow of information to the Directors.
- z. Make suggestions for the better functioning of the Board of Directors, taking advantage of available resources and technology.
- aa. Recommend the communication scheme for Shareholders, stakeholders and the market in general.

## **CHAPTER IV**

### **INFORMATION MANAGEMENT**

The Code of Good Governance ensures that the information is presented, in a precise and regular manner, about all material issues relating to the company, including results, financial situation, internal control, market share and corporate governance.

The Company will provide for the Shareholders, Investors and others interested in its activity, information disclosure channels in addition to legal channels.

The use and proper handling of information is regulated in a general policy. It guarantees the quality, confidentiality, integrity, and availability, mechanisms and channels for the degree of clearance that authorized officials require in the supply and knowledge of the information.

For the accounting record of the operations and the adequate consolidation of the Financial Statements, the Business Group is permanently coordinating advances between the relevant departments of Grupo Argos and its subsidiaries. This allows for a timely and reliable disclosure of information with the results of the business organization.

#### **1. Information on the performance of the Company**

Information on the performance of the Company is prepared and presented in accordance with the legal requirements and established accounting standards.

With no disregard to compliance of the rules of Relevant Information, among other matters, Grupo Argos will inform its Shareholders and the market in general about:

- a. The long-term strategic goals that the Board of Directors and Senior Management have established.
- b. The existence of material risks that may affect the achievement of the goals and the continuity of the businesses and the measures taken to mitigate, compensate or transfer them.
- c. The financial statements along with the year-end reports will be audited by the Statutory Auditor, who must be an independent person of recognized prestige.
- d. The general policy that the Company has for the purposes of paying dividends.
- e. The relevant Internal Audit reports and the findings of the Statutory Auditor.

- f. The opportunities and problems that correspond to the evolution of the Company's activity, including information related to its development, the competitive environment, business projects or those that correspond to its own nature.
- g. The Appointment, Compensation and Succession Policies of the Board of Directors and Senior Management.
- h. The relevant contracts between the Company and its Directors or Senior Management, including relatives, partners and other related parties.
- i. The mechanisms and procedures established internally for the purposes of conflict resolution.
- j. The criteria applicable to the negotiations that its Directors and Senior Management carry out with shares and other securities issued by the Company.
- k. The resumes of the members of the Board of Directors, Senior Management and internal control bodies.

## **2. Internal control structure of the Group**

Grupo Argos is committed to strengthening and constantly improving its internal control systems. This allows it to have proactive risk management. Likewise, the Company encourages appropriate corporate behavior, transparent and efficient management, always in compliance of the laws.

For these purposes, the Board of Directors has a solid control environment within the Company and subsidiaries where it seeks to:

- a. Validate the bases of the internal control system, promoting a culture of risk prevention.
- b. Define the roles and responsibilities of the internal control system with clearly established reporting lines.
- c. Implement in a coordinated manner the risk management schemes in the business administration.
- d. Monitor the operation of internal control systems and define the actions required for their improvement.
- e. Adopt actions and recommendations to manage risks and improve internal control systems.
- f. Consolidate and unify the accounting criteria, including the disclosure and presentation of financial information.

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

### **2.1 Audit, Finance and Risks Committee**

The Audit, Finance and Risk Committee was created to support the Board of Directors in the supervising the effectiveness of the internal control system and the risk management system, the sufficiency and reliability of the financial information, for making decisions in regard to the control and improvement of the activity of the Company and its Directors.

## **2.2 Department responsible for Internal Audit**

Grupo Argos has a department responsible for Internal Audit. It develops an independent activity that evaluates the quality and effectiveness of the control system in an objective manner and provides consulting and advice in order to add value in the execution of the Company's operations. It also helps to meet its goals with a systematic and disciplined approach to evaluate and improve the efficiency of the risk management system, controls and governance process.

It also contributes to preventing risks and permanently identifies and communicates opportunities for improvement, using knowledge, information and technology.

The Internal Audit will evaluate compliance with the Code of Good Governance and report its results to the Sustainability and Corporate Governance Committee.

The Internal Audit department will depend directly on the Audit, Finance and Risk Committee and will have the support of a recognized international prestige firm which will be selected by the Audit, Finance and Risk Committee.

## **2.3 Compliance department**

Grupo Argos has a department in charge of promoting the design of procedures aimed at ensuring compliance with all the regulations applicable to the Company, proposing the policies that favor adequate compliance of business conduct and designing training in regard to relevant matters.

## **2.4 Risk Map**

Grupo Argos will have a risk map, based on the business cycle that consists of the vision of the different systems of its activity as a whole, formed by the interrelation of groups and processes of the different activities that it develops.

## **2.5 Statutory Auditor**

Grupo Argos has a Statutory Auditor, who fulfills the functions set forth in the Commercial Code and is subject to what is provided therein, with no disregard to the provisions of other regulations and by the Shareholders Assembly, as long as it is compatible with its legal obligations.

The Shareholders' General Assembly, during the session where it designates the Statutory Auditor, will include the information related to the appropriations foreseen for the supply of human and technical resources destined to the performance of its functions.

The Statutory Auditor of the Company will be in charge of an independent international prestige firm, which will be designated by the Shareholders' General Assembly for 1-year term. It must

previously know the recommendations that the Audit, Finance and Risks Committee must make on this matter.

Within the term of the calling and until the fifth business day prior to the date of the Shareholders' Meeting, where the Statutory Auditor is to be elected, any shareholder may request that the nomination proposal be considered to a certain firm of international prestige to be the Statutory Auditor of the Company. To do so you must attach the application, the presentation of the proposed firm for this position, indicating the experience, and attaching certifications. Likewise, the proposal must include the fees that would be paid to the Statutory Auditor whose appointment is proposed.

The Statutory Auditor's report to the Assembly of Shareholders must include, in addition to the requirements inferred by law, the declaration of being an independent firm and the relevant findings made so that the Shareholders and other Investors have the necessary information to make decisions about the corresponding values.

In the event that before the exceptions and / or paragraphs of emphasis of the Statutory Auditor, the Board of Directors considers that it must maintain its criteria, this position must be adequately explained and justified by means of a written report to the General Assembly.

Neither the Statutory Auditor, nor the natural persons or companies related to this may perform or provide services different from those of their position neither for Grupo Argos nor for any of its subsidiaries.

Within the contract established by the Company and the Statutory Auditor, it will be established that in the event of successive reelections, the maximum term of the total contractual relationship will be 10 years. And the natural persons appointed to exercise the position of principal and alternate must be changed at least every 5 years and these persons will only be able to return to work as Statutory auditors of Grupo Argos at least 2 years after their retirement from office.

### **3. Control Architecture of the Business Group**

The Board of Directors of Grupo Argos will strive to have a Control Architecture with a consolidated, formal scope, and covering all the Related Companies, thus establishing responsibilities in regard to the policies and guidelines on this matter for the Holding. It will have defined reporting lines that clearly allow for a consolidated vision of the risks to which the Holding is exposed to and the implementation of the corresponding control measures.

The Corporate Audit of Grupo Argos will be responsible for the design and coordination with the Related Companies of the elements that make up the Control Architecture.

### **4. Information for Shareholders, Investors and the market in general**

Grupo Argos promotes the creation of different information channels and disclosure of its activity among its Shareholders, Investors and the market in general.

#### **4.1 Investor Relationship Office**

The main goal of the Investor Relationship Office is to help create a preference for investing in Grupo Argos by knowing the Company, the quality of its information, proper disclosure of its activities and permanent contact with the Shareholders, community, Investors and local and international analysts. In addition, the function and Investor service process will serve as a link between the Shareholders and Investors with the governing bodies of the Company. And in general, it will also take care of knowing their needs, requirements and suggestions.

The Shareholders and Investors may submit applications or complaints to the Company when they consider that there has been a breach of the provisions of this Code of Good Governance. In these cases, the Company's Investor Relationship Office will provide a clear answer to the applicant with the greatest diligence and timely manner.

#### **4.2 Relevant information. Disclosure procedure**

Relevant Information is information that would have been considered by a prudent and diligent expert when buying, selling or keeping securities, as well as what a shareholder would take into account when exercising their political rights in the Shareholders' Assembly.

Grupo Argos will define the procedures, those responsible, the deadlines and in general the necessary structure to disclose any Relevant Information that may be of interest to the market.

Grupo Argos will strictly comply with the regulations that regulate the Public Securities Market, sending to the market the information required by law.

#### **4.3 Identifying the main beneficial owners of the Company's shares**

The identification of the main beneficial owners of the shares of Grupo Argos will be done in accordance with the disclosure policies set out in the law and, specifically, in accordance with what the Financial Superintendence requires, taking into account the nature of the public limited company, and out of respect to guarantee the privacy of all Investors, whether they are majority or minority.

## **CHAPTER V**

### **GENERAL DISPOSITION**

#### **1. Code of Conduct**

The Company has a Code of Conduct approved by the Board of Directors, which will regulate the behavior expected by the Company in regard to its Directors, Managers and employees, both in relation to the Company and to the different stakeholders.

## **2. Negotiation of Shares by Directors**

According to the provisions of the Law, the Board of Directors must approve the operations carried out by the Administrators regarding to shares issued by the Company, provided that they are unrelated to speculation.

The applicant for the authorization will be responsible for verifying that he/she is not misusing privileged information.

The approval must be given prior to the completion of the operations and must be given with the favorable vote of two thirds of the members of the Board of Directors, excluding the vote of the applicant. Applications for authorization must be submitted through the General Secretary, where a record of the operations carried out will be kept and the Sustainability and Corporate Governance Committee of the Board of Directors will be informed.

Operations may not be held once Directors are aware of the quarterly results, year-end results or the possible completion of projects of material relevance to the Company, until these results have been disclosed to the market.

## **3. Retirement age for Directors and the CEO of the Corporation**

The Directors must leave their roles at the age of 72 and the Company CEO when they turn 65.

For this purpose, the Directors shall present their resignation letter at the next Shareholders' Assembly on the date which they turn 72 years old. The Company CEO will present his resignation letter at the next meeting of the Board of Directors on the date he turns 65 years old.

## **4. Relationship with the Subsidiaries**

The Company has a Relationship Policy with its subsidiaries which establishes the rules and principles observed by the companies that are part of the Grupo Argos Business Group. This includes its Directors, Managers and Employees, in their economic, legal, administrative and operational, as it seeks to contribute to strengthening the value of business, the preservation of business reputation, the consolidation of organizational identity and the unification of criteria.

## **5. Regulatory framework**

Grupo Argos, as an issuer, strictly complies with the obligation to report matters that it considers relevant or that, according to the regulations of the Financial Superintendence of Colombia and the Stock Exchange, it is obliged to disclose. Likewise, the financial statements are disclosed periodically, in accordance with the instructions of the Financial Superintendence.