

**THE TRANSACTIONS BETWEEN  
RELATED COMPANIES**

# **POLICY**



**GRUPO ARGOS**

Investments that transform

The Argos Corporate Group is a conglomerate of companies committed to generating sustainable value in the long term. With the adoption and implementation of high standards of corporate governance and a balanced vision of the sustainability of the business organization, Argos Corporate Group carries out its activities by always maintaining integrity as a general principle of action.

The objective of this Policy on Transactions between Related Companies (hereinafter the "Policy") is to establish the criteria and general framework applicable to the transactions carried out between two or more companies that are part of different businesses belonging to the Argos Corporate Group (hereinafter "Transaction between Businesses"). For such purposes, business shall be understood to be: (i) Grupo Argos S.A., (ii) the cement business carried out by Cementos Argos S.A. and its subsidiaries (the "Cement Business"), (iii) the energy business carried out by Celsia S.A. and its subsidiaries (the "Energy Business"), (iv) the concessions business carried out by Odinsa S.A. and its subsidiaries (the "Concessions Business"), and (v) the coal business carried out by Sator S.A.S. (the "Coal Business")

For the purpose of this Policy, the following definitions will be taken into account:

**Ordinary Course of Business:** all those activities included within the corporate purpose that a company regularly or ordinarily executes.

**Argos Corporate Group or Corporate Group** it is the group of companies registered in the mercantile registry as subsidiary companies of Grupo Argos which are subject to a unified purpose and direction.

**Material Transaction:** Any Transaction between Businesses that: (i) is not within the Ordinary Course of Business of each company; or (ii) must be carried out under conditions other than those of the market; or (iii) leads the companies that are issuers of securities, to publish relevant information in compliance with the current regulation<sup>1</sup>; or (iv) requires authorization from the Board of Directors in accordance with the provisions of the Bylaws<sup>2</sup>.

Those transactions that do not exceed USD 10,000 in total or its equivalent in pesos, or do not lead to the provision of services between businesses, such as activities or contracts for collaboration, joint developments, search for synergies, among other that pursue a unified purpose and direction, will not constitute Material Operations.

In the Argos Corporate Group, the decisions to be made regarding the Transactions between Businesses, are carried out as provided below:

1. When a Transaction between Businesses is intended to be carried out, the respective companies must present it to the Strategic Committee of the Cement Business, the

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<sup>1</sup> In accordance with the provisions of article 5.2.4.1.5 of Decree 2555 of 2010 "when the amount is equal to or greater than one percent (1%) of the operating income, cost of sales or administrative and sales expenses, as appropriate, obtained in the year immediately prior to the conclusion, modification or termination of the contract", among other situations.

<sup>2</sup> The Bylaws of Grupo Argos S.A. state that it is the function of the Board of Directors to "authorize those acts or contracts whose amount exceeds a value equivalent to 50,000 current monthly legal minimum wages in Colombia currency".

Energy Business or the Concessions Business, as the case may be, to analyze whether it is a Material Transaction or not for the respective company.

2. If it is not a Material Transaction, each company will proceed to its negotiation and execution, according to its Bylaws or other applicable internal regulation.
3. If it is a Material Transaction or there is any doubt as to whether it is or not, the President of the respective company must consult it with its Audit, Finance and Risk Committee and it may only be carried out after meeting compliance of the following:
  - a. Such analysis will be carried out by the Audit, Finance and Risk Committee, with the exclusion of the Director who may have a conflict of interest, after revealing the situation that generates the potential conflict. The analysis will be carried out provided that after the exclusion of the Director or Directors in regard to where a conflict of interest arises, a quorum remains to deliberate and decide.
  - b. If the Audit, Finance and Risk Committee considers that it is not a Material Transaction, it will proceed as indicated in number 2 above.
  - c. The Audit, Finance and Risk Committee must analyse the Material Transaction and prepare a report addressed to the corresponding Board of Directors in which the following is stated:
    - i. The companies that intend to contract with each other.
    - ii. The value of the transaction and the way it has been determined, which may include, among others, studies carried out by an expert or an independent third party, quotes or proposals from other market participants or any other mechanism that provides adequate technical support in the opinion of the Audit, Finance and Risk Committee.
    - iii. That the Material Transaction considers the rights of all the shareholders of the company.
    - iv. The rational justification for the execution of the Material Transaction.
    - v. The recommendation to the Board of Directors regarding whether or not it should be carried out.

In the event that the company that intends to carry out a Material Transaction does not have an Audit, Finance and Risk Committee, it will be up to the Administration to carry out and document the analysis in the terms indicated above.

- d. The Board of Directors of the company that intends to carry out a Material Transaction must analyze the report prepared by its Audit, Finance and Risk

Committee and decide on the approval of the Material Transaction submitted for its consideration.

That decision will be adopted by the Board of Directors, with the exclusion of the Director who may have a conflict of interest to make the decision, after revealing the situation that generates the potential conflict. The decision may be adopted by the Board of Directors provided that after the exclusion of the Director or Directors in regard to where a conflict of interest arises, a quorum remains to deliberate and decide. Otherwise, the authorization of the Company's Shareholders' Meeting may be requested under the terms provided in the applicable law so that Directors who have a potential conflict participate in making the decision.

- e. Once the Board of Directors approves the Material Transaction, the companies may carry out and execute it, as well as all the required acts and contracts.
- f. The report of the Material Transactions held during the year will be included in the special report that is presented in compliance with article 29 of Law 222 of 1995. This report will include a description of the Material Transaction, the companies involved, its value and term.

Cementos Argos, Celsia and Odinsa must adopt the corresponding internal guidelines for the execution of transactions between the companies that belong to the same Business in order to ensure that they comply with the criteria of transparency, impartiality and respect for equal treatment of all shareholders, in accordance with the legislation applicable to each company according to the jurisdiction in which they are located.

## **VALIDITY**

The Policy will enter into force for the companies that make up the Argos Corporate Group once it has been approved by the Board of Directors or the competent body.

During the validity of the Policy, any of the companies of the Corporate Group may suggest adjustments, reviews or updates, which will be channeled through the General Secretariat of Grupo Argos S.A.

## **PUBLICITY**

The Policy will be published on the Grupo Argos S.A. website and in each one of the companies that make up the Corporate Group and must be updated each time an amendment is approved.